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ADMINISTRATIVE CODE

Revised: August 2021

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ARTICLE 1

GENERAL

(Resolution No. 04-664 Amending Articles 1-4 Adopted on 02/13/2004)

(Resolution No. 92-366, Amending Admin Code Adopted 05/13/1992)

1.01 TITLE. These Rules and Regulations shall be known as "The Joshua Basin Water District Administration Code."

1.02 SHORT TITLE. This document may be referred to by its short title "Administration Code."

1.03 INTENT. These Rules and Regulations are a result of policies adopted by the Board of Directors of BWD as well as certain statutes passed by the California State Legislature and signed into law by the Governor of California. It is the intent of the Board of Directors with this document to provide interested parties with the policies by which the Board of Directors and its designees operate.

General Definitions

AFSCME – As used in Article 4.04.01 – American Federation of State, County, and Municipal Employees. This is the Labor Union that represents some of the JBWD employees.

Capital Assets – Purchases having a total value of over \$5,000 and a useful life longer than one year.

Presiding Officer – The person who presides over the Board of Directors meetings, typically the Board President.

California Government Codes - <https://leginfo.legislature.ca.gov/faces/codes>

ARTICLE 2
BOARD OF DIRECTORS

(Resolution No. 06-791 Amending Articles 2 and 5 Adopted on 05/19/2006)

2.01 OFFICERS. The Board of Directors shall elect at the last regular meeting of each calendar year the Officers of the Board. The Officers elected shall take office upon their election.

2.01.01 President. The President of the Board shall preside over all meetings. Also called the Presiding Officer.

2.01.02 Vice President. The Vice-President shall act in the President's absence or inability to act.

2.01.03 Director Compensation.

a. Amount of Per Diem Compensation

Directors receive a daily meeting stipend in the amount of \$173.63, pursuant to Ordinance No. 08-7, for each day's attendance at meetings, as defined in this Article. Directors receive compensation when attending meetings in an official capacity subject to daily and aggregate limits consistent with this Article. Such compensation is in addition to any reimbursement for meals, lodging, travel, and expenses consistent with this Article.

b. Purpose of Attendance

Informed, well-connected, and educated Directors are able to provide the best decision-making on behalf of JBWD ratepayers. Training and educational conferences provide an invaluable opportunity for Directors to become and stay educated about issues of significance to JBWD. Networking with various representatives, whether local, state, or federal officials, provides an opportunity for JBWD to have a seat at the table, and affords perspective, insight, and occasion for JBWD to collaborate on similar issues, learn about grant opportunities or gain an understanding of upcoming legislation. Director attendance at various meetings is critical for ensuring that JBWD's concerns, needs, or interests are appropriately shared and represented at many levels of government. Directors serve as the official face of JBWD and their attendance at JBWD-sponsored events such as Water Education Day, JBWD tours, retirements, or celebrations, signifies the importance and value of such events. JBWD belongs to various industry associations and Director attendance at their meetings demonstrates our interest and willingness to be part of the solution.

c. Meetings for Which Prior Approval is not Required.

(Preapproved Meetings, Conferences, Programs, and Activities)

1. A conference or organized educational activity, including mandatory ethics training required by AB 1234 and mandatory harassment training required by AB1661 and AB 1825
2. Meetings of other water agencies where JBWD business is discussed;
3. Meetings of the Local Agency Formation Commission (LAFCO) in which JBWD business is discussed or affected as part of LAFCO's agenda;

4. Meetings with local, state, or federal officials relating to JBWD business, needs or interest;
5. JBWD-sponsored events;
6. Any meeting attended, or service provided at the request of the Board;
7. A meeting of any multi-jurisdictional governmental body on which the Director serves as the JBWD's designated representative;
8. Meetings, conferences, or seminars of the Association of California Water Agencies (ACWA), the Association of the San Bernardino County Special Districts Association, and the California Special Districts Association.
9. Meetings of the Association of San Bernardino County Special JBWDs;

d. Meetings for which Specific Prior Board Approval are Required.

Directors may receive compensation for attendance at other meetings, not listed above, with prior approval from the Board President.

e. Daily Limits

If a Director attends or participates in multiple meetings in a single day, the Director shall be eligible for compensation for only one meeting that day.

f. Aggregate Limits

The number of days for which a Director receives a daily meeting stipend will not exceed the aggregate limits established by state law and Ordinance No. 08-7 or any successor thereto, which provides that Per Diem Compensation shall not exceed ten (10) meetings/days per month.

g. Travel Days

Per Diem compensation shall include travel days to and from authorized meetings as appropriate. Unless specifically approved in advance, Directors shall not count travel to meetings within San Bernardino or Riverside Counties as a reimbursable per diem travel day.

2.02 EXPENSES. Expenses will be reimbursed when associated with attendance at meetings authorized pursuant to Article 2.01.03 (c) and 2.01.02 (d).

To conserve JBWD resources and keep expenses within budget, the following guidelines must be adhered to:

2.02.01 Payment or reimbursement will be made based on the most available economical and efficient mode and class of transportation.

- a. Private automobile mileage will be reimbursed at Internal Revenue Service rates.
- b. Car Rental may be used only when it is the most economical and efficient mode of transportation.
- c. Taxi/Shuttle costs may be reimbursed including 20% gratuity only.

d. When the most economical and efficient mode of travel.

2.02.02 Lodging expenses will be reimbursed if attendance at the event requires an overnight stay. Group or government rates must be used if available.

2.02.03 Meals, including gratuities, may not exceed the daily rate per day, per person, determined for various localities as established by the U.S. General Services Administration (www.gsa.gov/perdiem.) The GSA establishes per diem reimbursement amounts for meals and incidental expenses based on date and location of travel and is adjusted annually.

GSA establishes daily rates that provide break down of breakfast, lunch, dinner, and incidentals expenses. If meals are included as part of attendance at a conference, those meals are not subject to reimbursement and the daily per diem rate is reduced accordingly, i.e., for example, if breakfast and lunch are included with an out-of-town conference, and the daily GSA rate is \$61, including \$14 for breakfast and \$16 for lunch, the daily rate will be reduced to \$31 after deducting \$30 for breakfast and lunch which is already being provided. GSA per diem rates is subject to change on a daily basis.

While JBWD utilizes the GSA per diem rates for reimbursement of daily expenses, JBWD does not enforce all of the GSA travel requirements, and such JBWD travel policies for Directors are contained herein. JBWD will reimburse for actual expenses incurred, up to the amount of the GSA per diem. JBWD Staff can assist Directors in advance of travel to make arrangements and determine GSA per diem amounts.

2.02.04 Reimbursement for Personal expenses such as movies, golf, or loss of personal property are **excluded**.

2.03 EXPENSE REPORTS. All expense reimbursement requests must be submitted on an expense report form provided by JBWD (Exhibit B). **Receipts for all claimed reimbursements must be attached.** Receipts may include written explanations of reasonable expense including tips, parking meters, and baggage handling for which third-party receipts are not provided. Directors should submit their expense reports within 30 days of expense incurred, accompanied by receipts documenting each expense. All expenses are subject to verification of compliance with this policy. The expense report and reimbursements are public records and subject to disclosure under the Public Records act.

2.04 REPORTS TO GOVERNING BOARD. At the next regular board meeting following the attendance at a meeting, each Director shall briefly report on the meetings attended at JBWD's expense, either verbally or in writing. If multiple Director's attend, a joint report may be presented.

2.05 VIOLATION OF THIS POLICY. Use of public resources or falsifying expense reports in violation of this policy may result in any or all of the following:

2.05.01 Loss of reimbursement privileges

2.05.02 A demand for restitution to the JBWD

2.05.03 The Board of Directors will direct staff to report the excess as income to the elected official to state and federal tax authorities.

2.05.04 Civil penalties of to \$1,000 per day and three times the value of the resources used.

2.05.05 Prosecution for misuse of public funds.

2.06 ELECTIONS OF MEMBERS OF THE BOARD OF DIRECTORS. *(Resolution No. 20-1019 adopted on 05/20/2020)*

2.06.01 General. The Joshua Basin Water District is governed by an elected Board of Directors. Pursuant to Ordinance 19-10, elections of Directors are based on a district-based method as of May 1, 2019. Required public hearings were held prior to implementation of the district-based voting districts resulting in a map identifying the five (5) voting districts, one for each Director. The boundaries and identifying number of each voting district shall be as depicted on the Joshua Basin 2019 Districting Map No.103, a copy of which is attached as Exhibit A to Ordinance 19-10.

2.06.02 Process. Members of the Board of Directors shall be elected in the voting districts established by Ordinance 19-10. Elections shall take place by district, meaning that one Director shall be elected from each district by the voters of that district alone. A Director elected or appointed to represent a district, must reside in that district and be a registered voter in that district. Any candidate for the Board must reside in and be a registered voter in the district in which he or she seeks election at the time the nomination papers are issued.

2.06.03 Implementation. The district-based elections system will be implemented beginning with the regular election of the Board of Directors in 2020. Members of the Board of Directors shall be elected in Districts 3,4, and 5 in 2020 and every four years thereafter. The Directors in office as of May 1, 2019, when voting district were established shall continue in office until the expiration of the term for which he or she was elected. In the event a vacancy occurs before the expiration of the term of a Director in office as of May 1, 2019, a person who is appointed or elected by special election to fill such vacancy may reside anywhere in the District. The term of each Director elected to the Board of Directors is four years.

2.06.04 Adjustment of Boundaries. Pursuant to Elections Code 22000, the Board of Directors shall adjust the boundaries of any or all voting districts following each decennial federal census to ensure the districts are following all applicable provisions of law.

ARTICLE 3

MEETINGS

3.01 GENERAL. The JBWD Board of Directors may meet and take action at a Regular, Special, or Adjourned Meeting.

(Amended by Resolution No. 21-1031 on 04/21/2021) (Amended by Resolution No. 16-956 on 04/16/2016)

3.02 REGULAR MEETINGS. Regular Meetings of the Board shall be held on the first and third Wednesday of each month, at 5:30 PM unless said Wednesday falls upon a holiday designated in Section 6700 of the Government Code of the State of California. Such regular meeting shall be canceled or held at a date and time determined by the Board, and the staff shall arrange its affairs accordingly.

3.03. SPECIAL MEETINGS. Special Meetings of the Board may be called at any time by the presiding officer or by a majority of the members of the Board, by delivering personally or by mail written notice to each Board member and to each local newspaper of general circulation, radio, and/or television station requesting notice in writing. Such notices must be delivered at least 24 hours before the time of such meeting as specified in the notice. The call and notice shall specify the time and place of the special meeting and the business to be transacted. No other business shall be considered at such meetings by the Board. Such written notice may be dispensed with as to any member who at or prior to the time the meeting convenes files with the Secretary a written notice of waiver.

3.04 ADJOURNMENT AND ADJOURNED MEETINGS. The Board may adjourn any regular, adjourned regular, special, or adjourned special meeting to a time and place specified in the order of adjournment. Less than a quorum may so adjourn from time to time. If all Directors are absent from any regular, adjourned regular, special, or adjourned special meeting, the Secretary of the Board may declare the meeting adjourned to a stated time and place and shall cause a written notice of the adjournment to be given in the same manner as provided in Section 3.03 for special meetings. A copy of the order or notice of adjournment shall be conspicuously posted on or near the door of the place where the regular, adjourned regular, special, or adjourned special meeting was held within 24 hours after the time of the adjournment.

3.05 NOTICE OF MEETINGS. Notice of the regular meetings of the Board shall not be required. Notice of special, adjourned special, adjourned, and adjourned special meetings of the Board shall be given as provided in the Sections above.

3.06 PLACE OF MEETINGS. All meetings of the Board shall be held at JBWD's Administrative Offices, provided, that if, by reason of fire, flood, earthquake, other emergency, or anticipated attendance exceeding the capacity of JBWD facilities, it would be held at such place as is designated by the Board within the boundaries of the JBWD, in which event notice of such place of meeting shall be given in the manner required for giving notice of special meetings.

3.07 AGENDA. Agendas will be posted at least 72 hours before a Regular Meeting. No action shall be taken on any item not appearing on the posted agenda except for the following:

3.07.01 Emergency Situation. Upon a determination by a majority vote of the legislative body that an emergency situation exists. For the purpose of this Section, "emergency situation" means:

- a. Work stoppage or other activity which severely impairs public health, safety, or both.

- b. Crippling disaster, which severely impairs public health, safety, or both.

3.07.02 Items Needing to Be Addressed Subsequent to Posting the Agenda. Upon a determination by a two-thirds vote of the members of the Board present at the meeting, or, if less than two-thirds of the members are present, a unanimous vote of those members present, the Board of Directors may take action on items if the board determines that there is a need to take immediate action and that the need for action came to the attention of the JBWD subsequent to the Agenda being posted.

3.08 MEETINGS OPEN TO THE PUBLIC. All meetings of the Board shall be Open and Public, and all persons shall be permitted to attend any meeting, except for Closed Sessions of the Board held in accordance with the law.

3.09 PUBLIC PARTICIPATION. Every agenda for regular meetings shall provide an opportunity for members of the public to directly address the Board on any item of interest to the public, before or during the Board's consideration of the item, that is within the subject matter jurisdiction of the Board of Directors provided that no action shall be taken on any item not appearing on the agenda unless the action is otherwise authorized by Section 3.07.02. Because of time constraints, individuals will be limited to three (3) minutes for each topic addressed.

3.10 MINUTES. Board of Director meeting minutes shall be prepared within twenty (20) days or as close thereafter as reasonable. Such minutes shall not include the text of Ordinances, Resolutions, or Contracts approved or adopted, which shall be recorded in separate volumes by the Secretary.

3.11 DISTRIBUTION OF COMMUNICATIONS TO THE BOARD. The General Manager shall provide copies of all items intended for the Board and other important communications received; to the Board of Directors and all consultants unless they already have such copies. Board members' copies may be found in the area provided for such communications at the JBWD office. Consultants' copies will be mailed when appropriate.

3.12 COMMITTEES. The President of the Board from time to time may establish committees to help carry out the Board's responsibilities. To preserve Board integrity, committees will be used sparingly, only when other methods have been deemed inadequate. Committees will be used to minimally interfere with the wholeness of the Board's job.

3.12.01 Committees Not to Represent Board. Board Committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes. Such authority will be carefully stated in order not to conflict with authority delegated to the General Manager.

3.12.02 Committees to Develop Policy. Board Committees are to help the Board do its job, not to help the staff do its job. Committees will assist the Board chiefly by preparing policy alternatives and implications for Board deliberation. Board Committees are not to be created by the Board to advise staff.

3.12.03 Committees to be Non-Interfering. Board Committees shall not exercise any authority over staff, and in keeping with the Board's focus on the future, Board committees will ordinarily have no direct dealings with staff operations. Further, the Board will not impede its direct delegation to the General Manager by requiring approval of a Board Committee before any Board Action.

ARTICLE 4

GENERAL MANAGER

4.01 GENERAL. The General Manager of the JBWD is employed by the Board of Directors to serve as the Chief Executive of the JBWD and, pursuant to the California Water Code Section 30580, is responsible for:

- Implementing the decisions of the Board.
- Determining and executing administrative policies through subordinate General Managers.
- Supervising the operations and staffing of the JBWD as prescribed by the Board.
- Managing all engineering, planning, design, and inspection for construction activities; and supervising and controlling the administrative, operational, and financial affairs of the JBWD, including all administrative, executive, and ministerial powers not specifically reserved by law for the Board of Directors, General Counsel, or JBWD Auditor.

4.02 DIRECTOR - GENERAL MANAGER RELATIONS. The Board of Directors will deal with the administrative services of the JBWD only through the General Manager. Neither the Board of Directors nor any Director will give orders to subordinates of the General Manager. The General Manager shall take his orders and instructions from the Board of Directors only in a duly held meeting of the Board of Directors, and no individual Director will give any orders or instructions to the General Manager, except the officers of the JBWD acting within the scope of their respective offices.

4.03 AUTHORITY OVER EMPLOYEES. The General Manager will have the authority to control and give directions to all employees. The General Manager will also hire, counsel, remove, promote, and demote any employees of the JBWD. Consultants will be recommended and managed by the General Manager or his/her designee.

4.04 GENERAL MANAGER'S POWERS AND DUTIES. The General Manager is the administrative head of the Joshua Basin Water District, under the direction and control of the Board of Directors. He is responsible for the administration of all the affairs of the JBWD under his control. In addition to general administrative powers, the General Manager's powers and duties shall include, but not be limited to, the following:

(Amended by Resolution No. 17-979 on 10/04/2017 4.04.01) (Amended by Resolution No. 18-989 on 08/01/2018 4.04.01)

4.04.01 Employee Positions and Job Classifications. It shall be the duty of the General Manager to establish new JBWD employee positions and job classifications, subject to approval by the Board of Directors.

Minor Revision - This is defined as duties being added/changed/revised/updated, with such amendments not resulting in alteration to the job scope, and/or salary adjustments.

Major Revision - This is defined as duties being added/changed/revised/updated, that result in changes to the job scope, and/or salary adjustments.

AFSCME Revision Process for Minor Revisions:

1. Make the revisions to the description with the employee, supervisor, and/or General Manager involvement.
2. Send the revised description to AFSCME for Union concurrence.
3. After AFSCME concurrence, send to the General Manager for approval.
4. The General Manager has the authority to adopt the newly revised description.

AFSCME Revision Process for Major Revisions:

1. Make the revisions to the description with the employee, supervisor, and/or General Manager involvement.
2. Send to the General Manager.
3. After General Manger approval then send to AFSCME for Union concurrence.
4. After AFSCME concurrence then send to the appropriate committee.
5. After committee review, send the job description to the BOD.
6. After BOD approval, formally adopt the job description.

MSC Revision Process for Minor Revisions:

1. Make the revisions to the description with the employee, supervisor, and/or General Manager involvement.
2. Send to the General Manager for approval.
3. The General Manager has the authority to adopt the newly revised description.

MSC Revision Process for Major Revisions:

1. Make the revisions to the description with the employee, supervisor, and/or General Manager involvement.
2. Send to the General Manager.
3. After General Manager approval, send to the appropriate committee.
4. After committee review, send the job description to the BOD.
5. After BOD approval, formally adopt the job description.

4.04.02 Attendance at Board Meetings. It is the duty of the General Manager to attend all regular and special meetings of the Board of Directors unless excused.

4.04.03 General Manager to be On Call. The General Manager is expected to be on call twenty-four (24) hours a day, and it shall be understood that no compensatory time will be allowed.

4.04.04 Financial Reports. It is the duty of the General Manager to keep the Board of Directors fully advised as to the financial condition and needs of the JBWD. The General Manager shall be responsible for maintaining the JBWD's books of accounts and will have said books audited at the end of each fiscal period by JBWD's Independent Auditor. It is the duty of the General Manager to prepare the quarterly financial report, which shall include such items as determined by the Board.

4.04.05 Budget. It is the duty of the General Manager to prepare the annual budget and submit it to the Board of Directors. The General Manager shall adhere to the budget unless otherwise directed by the Board and shall establish a system of accounting for expenditures. The General Manager shall regularly review the status of the budget with the Board and propose appropriate corrective action if revenues or expenditures vary materially from the approved budget.

4.04.06 Purchasing. It is the duty of the General Manager, as approved in the budget report and quarterly adjustments, to be responsible for the purchase of all supplies and equipment for the JBWD, as approved in the budget, or for emergencies as indicated in the next section. The General Manager has authority to move budget funding within the budget line items as long as the overall budget is still balanced, meaning that the same or more net revenue is projected as from the original Board-approved budget (or Board-approved adjusted budget.) The General Manager will report any budget moves or adjustments made during the quarterly financial reporting. After budget approval, all expenditures for items classified as capital assets, such as autos, office equipment, land, etc., may be purchased when JBWD Staff determines that cash flow supports the purchase.

(Amended by Resolution No. 17-980 on 10/18/2017 4.04.07)

4.04.07 Expenditure of Funds for Emergencies. It shall be the duty of the General Manager, or his/her designee, to expend the funds necessary to correct any emergency situation, notwithstanding, the purchasing limits outlined in Article 4.04.06 above. The General Manager, or his/her designee, shall notify the President of the Board as soon as possible as to the nature of the emergency and the estimated funds required to remedy the situation. Actual funds spent shall be reported to the Board within one week.

4.04.08 Public Complaints. It is the duty of the General Manager to investigate all complaints concerning the administration and operations of the Joshua Basin Water District.

4.04.09 Public Property. It is the duty of the General Manager to exercise general supervision over all property belonging to the Joshua Basin Water JBWD. It is the duty of the General Manager to accept, on behalf of the JBWD, easements and other real property rights and interests required for the performance of the JBWD's legitimate functions.

(Amended by Resolution No. 19-1014 on 10/29/2019)

(Amended by Resolution No. 18-988 on 08/01/2018)

4.04.10 Hours of Employment. It shall be the duty of the General Manager to devote his entire time to the duties of his office. The General Manager shall see that the office is open to the public from 7:30 AM to 5:00 PM, excluding Friday's, Saturdays, Sundays, and holidays.

4.04.11 Payment of Bills. It shall be the duty of the General Manager to pay all bills when due.

4.04.12 Preparations for Board Meetings. It is the duty of the General Manager to see that notice of all meetings and agendas are prepared as provided by law. The General Manager will be responsible for providing the services of a recording secretary at all Board Meetings and he will supervise the preparation of the agenda, minutes, Resolutions, and Ordinances of all regular and special meetings.

4.04.13 Correspondence. It is the duty of the General Manager to reply to all correspondence except letters addressed to the Board of Directors requiring an Officer's signature, unless such authority is delegated to the General Manager. The General Manager will keep the members of the Board informed by furnishing copies or memoranda of all vital replies or notices.

(Amended by Resolution No. 06-791 on 04/19/2006)

4.04.14 Annual Independent Audit. It is the duty of the General Manager to submit a draft of the JBWD's Annual Audit to the Board of Directors for its review and approval no later than the end of December of each year.

4.04.15 Filing. It is the duty of the General Manager to keep the JBWD's files up to date.

4.04.16 Director Attendance. It is the duty of the General Manager to keep a record of all Directors in attendance at all regular and special meetings.

4.04.17 Committee Meetings. The General Manager is instructed to attend all committee meetings unless otherwise instructed.

4.04.18 Special Problems. It is the duty of the General Manager to call to the attention of the President special problems which cannot await the next regular Board Meeting.

4.04.19 News Media. It is the duty of the General Manager to prepare and dispense such press releases as depict the growth and activities of the JBWD.

4.04.20 General Manager 's Activities. It is the duty of the General Manager to report the JBWD's activities at the regular Board Meetings.

4.04.21 Petty Cash. It is the duty of the General Manager to record disbursements from the petty cash fund and to replenish said fund as required.

4.04.22 Additional Duties. It is the duty of the General Manager to perform such other duties and exercise such other powers as may be delegated to him from time to time by Resolution or other action of the Board of Directors.

4.04.23 Document Review/Inspection by Board Members. The General Manager shall coordinate all requests by individual Directors to review/inspect the JBWD's records. The General Manager shall schedule any such review/inspection to a date and time mutually agreed upon.

4.04.24 Document Reproduction for Board Members

- a. The General Manager shall provide Directors, at no cost to the Directors, a copy of documents relative to the governance of the JBWD such as the Administration Code, Best Practices, Urban Water Management Plan, Groundwater Management Plan, special studies of the US Geological Survey, information pertaining to the Brown Act, and similar documents.
- b. The General Manager shall coordinate all requests by individual Directors for copies of JBWD records. Requests for copies in excess of 25 pages per month, unless pre-approved by the Board in an open and public meeting, shall be subject to the same fees that are applicable to Public Records Requests from the public-at-large. This includes the requirement to submit a deposit in advance for documents based on the number of pages.

4.04.25 Document Production. The General Manager shall forward all requests by individual Directors for the "production" of a work product (e.g., summaries, reports, and the like) to the Board for the Board's consideration. No such work effort shall be undertaken unless approved by the Board in advance, in an open and public meeting.

4.04.26 Dispute Resolution. Any question concerning the General Manager's compliance with regard to Sections 4.04.23 through 4.04.25 of this Article 4 shall be referred to the Board for consideration at an open and public meeting.

4.05 REMOVAL OF THE GENERAL MANAGER. The removal of the General Manager shall be only upon not less than three (3) votes of the Board of Directors, subject to the applicable provision of the Employment Contract between the General Manager and the Board of Directors.

4.06 TEMPORARY GENERAL MANAGER. The General Manager will recommend, subject to the approval of the Board of Directors, one of the employees of the JBWD to serve as General Manager pro tem during any temporary absence or disability of the General Manager. In the event that the General Manager cannot make the appointment, the President of the Board shall make the appointment subject to approval by the Board of Directors.

4.07 REIMBURSEMENT FOR EXPENSES. The General Manager will be reimbursed for all sums incurred by him in the performance of his duties. Reimbursement will be made when an itemized expense voucher setting forth the sums expended has been presented to the Board of Directors for approval. The JBWD will either furnish an automobile or reimburse the General Manager for the use of his personal automobile at the established rate per mile while on JBWD business at the discretion of the Board of Directors.

(Adopted by Resolution No. 19-1006 on 07/17/2019)

4.08 BOARD SECRETARY. The General Manager, whether Regular or Temporary, shall serve as the Board Secretary, including responsibility to certify or attest to actions taken by the Board when required, sign the minutes of the Board meeting following their approval, sign documents as directed by the Board on behalf of the District, and sign all other items that require the signature of the Secretary, and perform all other duties assigned by the Board. It is also the responsibility of the General Manager, acting as Board Secretary, to ensure that open session meetings of the Board of Directors are recorded, that minutes of each Board meeting are prepared and maintained, and that the Board records and other documents or reports are maintained as required by law.

(Amended by Resolution No. 06-789 on 3/15/2006 Section 4), (Amended by Resolution No. 03-644 on 01/08/2003), (Adopted by Resolution No. 99-598 on 05/07/1999)

4.1 SURPLUS PROPERTY DEFINED. "Surplus Property" shall include, but not be limited to, surplus or obsolete supplies, furniture, inventory, vehicles, and equipment owned by the Joshua Basin Water District.

4.1.1 Surplus Property Recognized Annually. All departments shall periodically submit supplies, office supplies, furniture, inventory, vehicles, and equipment which are no longer used, or which have become obsolete and worn out to the General Manager and be considered surplus property.

4.1.2 Surplus Property; Trade-Ins. The General Manager shall have the authority to exchange or trade-in supplies, furniture, vehicles (with a value of \$500 or less, or if timing would result in a negative opportunity) which cannot be used by any department or which have become unsuitable for District use.

4.1.3 Surplus Property; Sale. The District Manager shall have authority, subject to approval of the Board, to dispose of surplus supplies, furniture, inventory, vehicles, and equipment by auction or by sale or otherwise after receiving bids or proposals which, in his judgement, provide the maximum return for the District. If the surplus property is \$500 or less or if the property exceeds \$500 but would result in a missed opportunity the District Manager could proceed and inform the Board at the next regularly scheduled meeting.

4.1.4 Surplus Property; Donation. The District Manager shall have authority, subject to the approval of the District Board, to donate surplus property subject to the following:

- a. Surplus property may be donated to non-profit organizations located in the District or who benefit the District.
- b. Donations made to eligible entities on a first come, first serve basis.
- c. Prior to transfer of the donated surplus property, the recipient shall provide a statement executed by a person duly authorized to legally bind that the donated property will:
 1. Be accepted “as is” with no express or implied warranties; and
 2. That the property not ever be sold or otherwise transferred for profit;
 3. That the recipient entity shall assume all costs and liability associated with the removal and transportation from the District.

4.1.5 Surplus Property; Scrap. If surplus property is broken, unusable, or inoperable, and cannot be repaired economically, and cannot otherwise be traded in, sold, auctioned, donated, or salvaged, the District Manager shall have the authority to dispose of scrap surplus property.

4.1.6 Proceeds. Any proceeds received from the disposal of surplus property will be credited as miscellaneous revenue to the General Fund.

4.1.7 Surplus Property; Parties Prohibited from Benefiting. Officials or employees of the District are barred from personally benefitting from the disposal of surplus property.

ARTICLE 5

ETHICS AND HARASSMENT TRAINING FOR BOARD MEMBERS AND KEY EMPLOYEES

*(Amended by Resolution No. 19-1016 on 11/20/2019) (Amended by Resolution No. 13-903 on 02/13/2013)
(Amended by Resolution No. 06-791 Amending Articles 2, 4, and 5 on 04/19/2006)*

5.01 Ethics training is required of board members and management members and shall be conducted in compliance with AB 1234. In addition, the Board of Directors or General Manager, may designate any non-elected officials and staff to receive ethics training. Designated staff and board members shall receive ethics training no later than six months from the first day of employment, appointment, or election to the board. Thereafter, individuals subject to this provision must receive two hours of ethics training every two years.

5.02 Anti-Harassment Training is required of board members and all staff members. All staff and board members shall receive Anti-Harassment training no later than six months from the first day of employment or their assumption of the designated position. Thereafter, Board members and management staff members must receive two hours of Anti-Harassment training every two years. All other staff members must receive one hour of Anti-Harassment training every two years. The required training shall be in accordance with AB 1825 and AB 1343.

5.03 Officials must provide the original certificates of attendance to the District and keep a copy of the certificates for their own records.

ARTICLE 6

JOSHUA BASIN WATER JBWD CONFLICT OF INTEREST CODE

(Amended by Resolution No. 20-1026 on 1/20/2021), (Amended by Resolution No. 17-968 on 1/18/2017), (Amended by Resolution No. 14-945 on 11/19/2014), (Adopted by Resolution No. 11-867 on 02/11/2011)

Conflicts of interest exist when a person is in a position to receive personal benefit from actions or decisions made in his or her official capacity. The Political Reform Act prohibits a public official (including employees) from using his or her official position to influence a governmental decision in which he or she has a financial interest. Every state and local agency must adopt a conflict-of-interest code that identifies all officials and employees within the agency who make governmental decisions based on the positions they hold. The individuals in the designated positions must disclose their financial interests as specified in the agency's conflict of interest code. Each designated employee shall file his or her original Statement of Economic Interests, disclosing all reportable financial interests applicable to his or her position.

To help identify potential conflicts of interest, the law requires public officials and employees in designated positions in a conflict-of-interest code to report their financial interests on a form called Statement of Economic Interests (Form 700). The Conflict-of-Interest Code and the Form 700's are fundamental tools in ensuring that officials are acting in the public's best interest and not their own.

6.01 STATUTORY PROVISIONS

The Political Reform Act (Government Code, Section 81000, et seq.) requires state and local government agencies, including the Joshua Basin Water JBWD, to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 California Code of Regulations, Section 18730) which contains the terms of a standard conflict of interest code, which can be adopted by reference. After public notice and hearing, it may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California code of Regulations, Section 18730, and any amendments to it duly adopted by the Fair Political Practices Commission, are hereby incorporated by reference. This regulation, and the attached Appendix designating employees and establishing disclosure categories and the attached Consultant Appendix, shall constitute the Conflict-of-Interest Code of the Joshua Basin Water JBWD.

6.02 PROVISIONS OF CONFLICT-OF-INTEREST CODE

6.02.01 Definitions - The definitions contained in the Political Reform act of 1974, Regulations of the Fair Political Practices Commission (2 Cal. Admin. Code Sections 18100 et seq.), and any amendments to the Act or regulations, are incorporated by reference into this Conflict-of-Interest Code. Of particular interest are the following definitions, which are included for ease.

§18704(a) “Making a Decision.” A public official makes a governmental decision if the official authorizes or directs any action, votes, appoints a person, obligates, or commits his or her agency to any course of action, or enters into any contractual agreement on behalf of his or her agency.

§18704(b) “Participating in a Decision.” A public official participates in a governmental decision if the official provides information, an opinion, or a recommendation for the purpose of affecting the decision without significant intervening substantive review.

§18700(c)(1) “Public Official.” Means every member, officer, employee, or consultant of a state or local government agency.

§18700(c)(2) “Member.” Does not include an individual who performs duties as part of a committee, board, commission, group, or other body that does not have decision making authority (such as the JBWD Citizens Advisory Committee.)

6.02.02 Designated Employees

The persons holding positions listed in Appendix “A,” attached hereto are designated public officials. It has been determined that these persons make or participate in the making of decisions which may foreseeably have a material effect on their financial interests.

6.02.03 Disclosure Categories

This Code does not establish any disclosure obligation for those designated employees who are also specified in Government Code Section 87200 if they are designated in this Code in that same capacity or if the geographical jurisdiction of this JBWD is the same or is wholly included within the jurisdiction in which those persons must report their financial interests pursuant to Article 2 of Chapter 7 of the Political Reform Act, Government Code Sections 87200 et seq.

Such persons are covered by this Code for disqualification purposes only. With respect to all other designated public officials, the disclosure categories set forth in Appendix A specify which kinds of financial interests are reportable. Such a designated public official shall disclose in his or her statement of economic interests those financial interests he or she has which are of the kind described in the disclosure categories to which he or she is assigned in Appendix A. It has been determined that the financial interest set forth in a designated public official’s disclosure categories are the kinds of financial interests which he or she foreseeably can affect materially through the conduct of his or her office.

6.02.04 Statement of Economic Interest: Time of Filing

All designated public officials required to submit a statement of economic interest shall file such statements with the Secretary of the Board of Directors, who acts as the JBWD's Filing Officer.

- a. Initial Statements: All designated public officials employed by the JBWD on the effective date of this Code, as originally adopted, promulgated, and approved by the Board of Directors, shall file statements within thirty days after the effective date of this Code. Thereafter, each person already in a position when it is designated by an amendment to this Code shall file an initial statement within thirty days after the effective date of the amendment.
- b. Assuming Office Statements. All persons assuming designated positions after the effective date of this Code shall file statements within thirty days after assuming the designated positions.
- c. Annual Statements. All designated public officials shall file statements no later than April 1 of each year.
- d. Leaving Office Statements. All persons who leave designated positions shall file statements within thirty days after leaving office.

6.02.05 Contents of and Period Covered by Statements of Economic Interests

- a. Contents of Initial Statements. Initial statements shall disclose any reportable investments, interests in real property and business positions held on the effective date of the Code.
- b. Contents of Assuming Office Statements. Assuming office statements shall disclose any reportable investments, interests in real property and business positions held on the date of assuming office.
- c. Contents of Annual Statements. Annual statements shall disclose any reportable investments, interests in real property, income and business positions held or received during the previous calendar year provided, however, that the period covered by a public official's first annual statement shall begin on the effective date of the Code or the date of assuming office, whichever is later.
- d. Contents of Leaving Office Statements. Leaving office statements shall disclose reportable investments, interests in real property, income and business positions held or received during the period between the closing of the last statement filed and the date of leaving office.

6.02.06 Manner of Reporting

Statements of economic interests shall be made on forms prescribed by the Fair Political Practices Commission and supplied by the JBWD, either on paper or electronically.

6.02.07 Retention of Statements of Economic Interests

Designated public officials shall file their statements of economic interests with the Secretary of the Board of Directors who will make the statements available for public inspection and reproduction upon request during regular business hours. (Government Code, Section 81008.) Upon receipt of the statement(s) of the designated public officials, the Secretary of the Board of Directors shall make and retain a copy and forward the original of the statement(s) to the Clerk of the Board of Supervisors, County of San Bernardino, who is the Filing Officer as required by state law.

6.02.08 Disqualification

No designated public official shall make, participate in making, or in any way attempt to use his or her official position to influence the making of any governmental decision which he or she knows or has reason to know will have a reasonably foreseeable material financial effect distinguishable from its effect on the public generally, on:

- a. Any business entity in which the

No designated public official shall be prevented from making or participating in the making of any decision to the extent his or her participation is legally required for the decision to be made. The fact that the vote of a designated public official who is on a voting body is needed to break a tie does not make his or her participation legally required for purposes of this section.

6.02.09 Manner of disqualification

When a designated public official determines that he or she should not make a governmental decision because he or she has a disqualifying interest in it, the determination not to act must be accompanied by disclosure of the disqualifying interest. In the case of a designated public official who is a board member or commissioner, determination and disclosure shall be made at the meeting during which consideration of the decision takes place and shall be made part of the official record of the board or commission; in the case of a designated public official who is an employee and the head of a department, this determination and disclosure shall be made in writing to his or her appointing authority; and in the case of other designated employees, this determination and disclosure shall be made in writing to the designated employee's supervisor.

6.02.10 Assistance of the Commission and Counsel

Any designated public official who is unsure of his or her duties under this Code may request assistance from the Fair Political Practices Commission pursuant to Government Code Section 83114, or from the JBWD's legal counsel, although nothing in this section requires the JBWD's legal counsel to issue any formal or informal opinion.

6.02.11 Violations

This Code has the force and effect of law. Designated public officials violating any provision of this Code are subject to administrative, criminal, and civil sanctions provided in the Political Reform Act, Government Code Sections 81000-91014.

The filing officer who retains originally signed or electronically filed statements of economic interests may impose on an individual a fine for any statement that is filed late. The fine is \$10 per day up to a maximum of \$100. Late filing penalties may be reduced or waived under certain circumstances.

Persons who fail to timely file their Form 700 may be referred to the FPPC's Enforcement Division (and, in some cases, to the Attorney General or JBWD attorney) for investigation and possible prosecution. In addition to the late filing penalties, a fine of up to \$5,000 per violation may be imposed.

**APPENDIX A
DESIGNATED POSITIONS**

87200 FILERS

Public Officials who manage public investments as defined by 2 Cal. Code of Regs. §18701(b), are NOT subject to the JBWD’s Conflict of Interest Code but must file disclosure statements under Government Code Section 87200 et seq., and are subject to full disclosure, Category 1. These positions are listed here for informational purposes only.

- Board of Directors
- General Manager

CODE FILERS

Public Officials filling designated positions below must file disclosure statements pursuant to the following disclosure categories.

**DESIGNATED POSITIONS
CATEGORY**

DISCLOSURE

ADMINISTRATION

Executive Assistant

3

FINANCE

Director of Finance

3

HUMAN RESOURCES

Director of Administration

3

OPERATIONS

Director of Operations

3

Distribution Supervisor

3

Production Supervisor

3

NEW POSITIONS

1

Individuals serving in a new position created since this Code was last approved that makes or participates in making decisions must file under the broadest disclosure set forth in this Code.

CONSULTANTS

SEE APPENDIX C

**APPENDIX B
DISCLOSURE CATEGORIES**

The disclosure categories listed below identify the types of economic investments that the designated position must disclose for each disclosure category to which he or she is assigned.

Such economic interests are reportable if they are either located in or doing business in the jurisdiction, are planning to do business in the jurisdiction, or have done business during the previous two years in the jurisdiction of the JBWD.

Category	Description
1	<p><u>FULL DISCLOSURE:</u> What to report? All investments and business positions in business entities, sources of income, including gifts, loans and travel payments, and interest in real property located in the JBWD.</p>
2	<p><u>ALL INCOME, EXCLUDING INTERESTS IN REAL PROPERTY</u> What to report? All investments and business positions in business entities, and sources of income including gifts, loans, and travel payments.</p>
3	<p><u>JBWD/DEPARTMENT-RELATED INCOME</u> What to report? All investments and business position in business entities and sources of income, including gifts, loans, and travel payments if the source is a type which provides, manufactures, or supplies goods, materials, equipment, machinery, or services, including training or consulting services, of the type utilized by or subject to the review or approval of the JBWD or the department in which that person is employed.</p>
4	<p><u>JBWD/DEPARTMENT-RELATED INCOME, REAL PROPERTY</u> What to report? All investments and business positions in business entities and sources of income including gifts, loans and travel payments, and all interest in real property, if the source is of a type which provides, manufactures, or supplies goods, materials, equipment, machinery, or services, including training or consulting services, of the type utilized by or subject to the review or approval of the JBWD or the department in which that person is employed.</p>

**APPENDIX C
CONSULTANT’S APPENDIX**

Only consultants who make a governmental decision or act in a staff capacity as defined in 2 Cal Code Regs. Section 18701 shall be subject to economic disclosure requirements.

Consultants who make governmental decisions shall disclose pursuant to the broadest disclosure category in the Code subject to the following limitation:

The JBWD General Manager may determine in writing that a particular consultant, although a “designated position,” is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in the section. Such written determination shall include a description of the consultant’s duties and based upon that description, a statement to the extent of disclosure requirements. The General Manager’s determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict-of-Interest Code.

Designated Consultants

**Categories
Disclosure**

<p>Consultants who make (not just recommend) governmental decisions, such as whether to approve a rate, rule, or regulation, whether to issue, deny, suspend, or revoke any permit, license, application, certificate, or similar authorization, adopt, or grant JBWD approval to a plan, design, report, study, or adopt or grant JBWD approval of policies, standards, or guidelines for the JBWD.</p>	<p style="text-align: center;">1</p>
<p>Consultants who act in a staff capacity with the JBWD, and in that capacity perform the same or substantially all the same duties for the JBWD that would otherwise be performed by an individual holding a designated position in the JBWD’s Conflict of interest Code.</p>	<p>Disclosure required at the same level as the comparable designated position identified elsewhere in this Code.</p>

Category 1

Designated consultants assigned to this category shall disclose:

- a. All business entities or non-profit corporations in which they are a director, officer, partner, trustee, employee or hold a position of management; interests in real property, investments; and income, including gifts, loans, and travel payments.
- b. When the consultant is a corporation or partnership, only individuals from the firm that participate in JBWD decisions or act in a staff capacity must file disclosure statements.

ARTICLE 7

RULES OF PROCEDURE FOR BOARD AGENDAS & MEETINGS AND RELATED FUNCTIONS AND ACTIVITIES

7.01 BOARD MEETING AGENDA

The General Manager shall prepare an agenda for each regular and special meeting of the Board of Directors in accordance with the Ralph M. Brown Act. Any Director may call or correspond with the General Manager and request any item to be placed on the agenda. Any such request must be in writing and submitted to the General Manager no later than 5:00 P.M. on the ninth day prior to the next meeting date.

7.02 PRESIDENT AND BOARD MEMBER DISPUTE

In the event there is a dispute between the Board President and an individual Board Member as to whether a matter shall be placed on the Agenda, the matter shall be brought to the full Board for consideration of placement on a subsequent Agenda.

7.03 PUBLIC REQUEST

Any member of the public may request that a matter directly related to JBWD business be placed on the agenda of a regularly scheduled meeting of the Board of Directors, subject to the following conditions:

- a. The request must be in writing and be submitted to the General Manager together with supporting documents and information, if any, at least fourteen days prior to the date of the meeting;
- b. The General Manager shall be the sole judge of whether the public request is or is not a "matter directly related to JBWD business." The public member requesting the agenda item may appeal the General Manager's decision at the next regular meeting of the Board of Directors in which case the Board will determine whether or not to place the item on a subsequent agenda.
- c. No matter which is legally a proper subject for consideration by the Board in closed session will be accepted for discussion in open session under this policy.
- d. The Board of Directors may place limitations on the total time to be devoted to a public request issue at any meeting and may limit the time allowed for any one person to speak on the issue at the meeting.

Section 7.03 does not prevent the Board from taking testimony at regular and special meetings of the Board on matters which are not on the agenda which a member of the public may wish to bring before the Board. However, the Board shall not discuss at length or take action on such matters at that meeting.

7.04 POSTING OF AGENDA

At least 72 hours prior to the time of all Regular Meetings, an agenda, which includes but is not limited to all matters on which there may be discussion and/or action by the Board, shall be posted conspicuously for public review at the JBWD office. All information made available to the Board of Directors (except confidential information allowed by State law per legal counsel authority) shall be available for public review prior to the board meeting.

The agenda for a Special Meeting shall be posted at least 24 hours before the meeting in the same location.

7.05 ORDER OF BUSINESS

The business of the Board of Directors shall be taken up for consideration and disposition in the order set out by the General Manager, or, by action of the Board, or the Board President in consultation with the General Manager.

The Presiding Officer or a majority of the Board of Directors may change the order of business at any time during the meeting.

7.05.01 Call to Order

The meeting of the Board shall be called to order by the President, or in his/her absence, by the Vice-President. In the absence of both the President and the Vice President, the Secretary to the Board shall call the Board to order, whereupon a temporary Presiding Officer shall be elected by the Board Members present to serve until the arrival of the Board President or Board Vice- President, or until adjournment.

7.05.02 Roll Call

Before proceeding with the business of the Board, the Secretary to the Board shall call the roll of the Board Members and the names of those present shall be entered in the minutes.

7.05.03 Public Comment

- a. **Time Allotted.** Pursuant to Government Code 54954.3, each agenda for a regular meeting shall provide an item entitled "Public Comment." The purpose of such item shall be to provide an opportunity for members of the public to directly address the Board of Directors on items of interest to the public that are within the subject matter jurisdiction of the board of Directors. In order to assure that the intent of Government Code 54954.3 is carried out, three (3) minutes is the amount of time allocated for each individual speaker. The President or the majority of the Board may, at their sole discretion, grant additional time to the speaker during the Public Comment section of the agenda or at the end of the agenda.
- i. In the event that the number of individuals desiring to address the Board during the Public Comment section of the agenda exceeds the total time allotted for Public Comment, as determined by the Presiding Officer, the Board may continue the Public Comment section of the agenda to a time later in the agenda.

- b. **Referral to Staff.** At any time after the oral communication is commenced, the Presiding Officer may direct that the communication be made instead either to the General Manager during regular business hours, or in writing for subsequent submittal to Board Members.
- c. **Questions of the Board.** If a member of the public wishes to use this opportunity to ask questions of the Board, all questions shall be included within the three-minute allowable Public Comment period. The Board shall refrain from giving any responses until the member of the public has completed his remarks. The Presiding Officer shall then determine whether to respond to any questions, request any Board Member or the General Manager to respond to any questions at that time, or refer any questions to staff for response at a later time.
- d. **Board Action on issue raised during Public Comment.** Government Code 54954.2 provides that no action shall be taken on any item not appearing on the agenda unless the action is authorized by government Code 54954.2 (b). On items of public comment or discussion, any matter raised by the public which does not specifically appear on the agenda shall, upon direction of any Board Members, be automatically referred to the staff for consideration of future action, the next meeting's agenda. It is hereby determined that such requests or direction by a Board Member shall not be considered action taken by the Board on said item raised by the public. Further, Board discussion of the matter shall not be considered action taken.

7.05.04 Consent Calendar. Items of routine nature, and non-controversial, may be placed on the consent agenda. Adoption of the consent calendar may be made by one motion only by the Board of Directors; provided, however, that the Presiding Officer should first advise the audience that the consent calendar matters will be adopted in total by one action of the Board of Directors unless any Board Member or any individual or organization interested in one or more consent calendar items wishes to be heard. In that event, the Presiding Officer may defer action on the particular matter or matters and place them on the regular agenda for consideration in any order he deems appropriate.

7.06 PUBLIC HEARINGS

- a. **Public Hearings - Order.** Generally, public hearings shall be conducted in the following order:
 - (i) Hearing opened by Presiding Officer
 - (ii) Staff Presentation
 - (iii) Questions of Staff by Board
 - (iv) Public testimony opened by Presiding Officer
 - (v) Public testimony Hearing closed
 - (vi) Questions by the Board
 - (vii) Discussion by the Board
 - (viii) Action by the Board Questions or comments from the public shall be limited to the subject under consideration. Depending upon the extent of the agenda, and the number of persons desiring to speak on an issue, the Presiding Officer may, at the beginning of the hearing, limit testimony, but in no event to less than 3 minutes per individual. Any person may speak for

a longer period of time, upon approval of the Board, when this is deemed necessary in such cases as when a person is speaking as a representative of a group or has graphic or slide presentations requiring more time. Quasi-judicial hearings shall be conducted in accordance with the principles of due process, and the JBWD Counsel shall advise the Board in this regard.

- b. Public Hearings - Closing.** When neither the applicant, his opponents, or the JBWD staff have further evidence to produce or when, in the opinion of the Presiding Officer or the majority of the Board of Directors through the Presiding Officer, sufficient evidence has been presented, the Presiding Officer shall order the public hearing closed, at which time no further evidence, either oral or written, will be accepted by the Board of Directors; provided, however, that this rule may be relaxed by the Presiding Officer or the majority of the Board of Directors through the Presiding Officer where it appears that good cause exists to hear further evidence concerning the matter which is the subject of the public hearing.
- c. Public Hearings - Reopening.** A public hearing on any matter once closed cannot be reopened on the date set for hearing. Nothing in this chapter, however, is intended to prevent or prohibit the reopening of a public hearing at any subsequent regular or special meeting of the Board of Directors. No public hearing may be reopened without due and proper notice being given to the applicant and his opponents designating the time and place of the reopening.
- d. Public Hearings - Continuation.** At any time that it appears to the Presiding Officer or a majority of the Board of Directors through the Presiding Officer that inadequate evidence has been presented to afford judicious consideration of any matter before the board at the time of a public hearing, a continuation of the hearing may be ordered to afford the applicant, his opponents, or the JBWD staff adequate time to assemble additional evidence for the Board of Directors' consideration. Any continuation ordered by the Board of Directors through its Presiding Officer shall be to a date certain, which date shall be publicly announced in the Board Room and shall constitute notice to the applicant and his opponent of the time and place that further evidence will be taken. The public announcements provided for in this section shall constitute notice to the applicant and his opponents of the time and place when further evidence will be taken by the Board of Directors.

7.07 PRESIDING OFFICER

7.07.01 Powers and Duties. The Presiding Officer shall preserve order at all meetings have the power to reasonably limit the time of any citizen speaking from the floor, state questions coming before the Board of Directors, announce decisions on all subjects and decide all questions of order; subject, however, to majority vote of the board determining questions of order.

7.07.02 Participation of Presiding Officer. The Presiding Officer may move, second, and debate from the Presiding Officer, subject only to such limitations of debate as are imposed on all Board Members, and the Presiding Officer shall not be deprived of any of the rights and privileges of a Board Member by reason of his acting as Presiding Officer. The Presiding Officer shall vote on all motions. However, the Presiding Officer is primarily responsible for the

conduct of the meeting. If the Presiding Officer desires to personally engage in extended debate on questions before the Board, he should consider turning Presiding Officer over to another Board member.

7.07.03 Question to be Stated. The Presiding Officer shall restate each question immediately prior to calling for the vote. Following the vote, the Presiding Officer shall announce whether the question carried or was defeated. The Presiding Officer may also publicly state the effect of the vote for the benefit of the audience before proceeding to the next item of business.

7.07.04 Signing of Documents. The Board President, Vice-President, or Acting Presiding Officer, in the absence of the Board President, shall sign all ordinances and other documents adopted and approved for signature by the Board of Directors and attested by the Secretary (water Code Section 30528).

7.07.05 Maintenance of Order. The Presiding Officer is responsible for the maintenance of order and decorum at all times. No person is allowed to speak who has not first been recognized by the Presiding Officer. All questions and remarks shall be addressed to the Presiding Officer.

7.08 RULE, DECORUM, AND ORDER.

7.08.01 Points of order. The Presiding Officer shall determine all points of order subject to the right of any Board Member to request full Board of Directors ruling, and the question shall be, "Shall the decision of the Presiding Officer be sustained?" A majority vote shall conclusively determine such question of order.

7.08.02 Point of personal privilege. The right of a Board Member to address the Board of Directors on a question of personal privilege shall be limited to cases in which his integrity, character, or motives are questioned or where the welfare of the board is concerned. A Board Member raising a point of personal privilege may interrupt another board- person who has the floor only if the Presiding Officer recognizes the privilege.

7.08.03 Decorum and Order – Board Members

- a. Any Board Member desiring to speak shall address the Presiding Officer and, upon recognition by the Presiding Officer, shall confine himself to the question under debate, avoiding reference to character and indecorous language.
- b. A Board Member, once recognized, shall not be interrupted while speaking unless called to order by the Presiding Officer; unless a Point of Order is raised by another Board Member; or unless the speaker chooses to yield to questions from another Board Member.
- c. Any Board Member called to order while the Presiding Officer is speaking, shall cease speaking immediately until the question of order is determined. If ruled to be in order, the Board member shall be permitted to proceed. If

ruled to be not in order, the Board member shall remain silent or shall alter his remarks so as to comply with rules of the Board.

- d. Board Members must preserve order and decorum and shall accord the utmost courtesy to each other, to JBWD employees, and to the public appearing before the Board. They shall refrain at all times from rude and derogatory remarks, reflections as to integrity, abusive comments, and statements as to motives and personalities. Board Members shall not by conversation or otherwise delay nor interrupt the proceedings of the board in any way, nor disturb any other member of the Board while speaking, nor refuse to obey the orders of the Board or the Presiding Officer, except as otherwise provided in this resolution.
- e. Any Board Member may move to require the Presiding Officer to enforce the rules and the affirmative vote of a majority of the Board shall require him to so act.
- f. Any Board Member desiring to question the JBWD staff shall, after recognition by the Presiding Officer, address his questions to the General Manager or JBWD Counsel, who shall be entitled either to answer the inquiry himself or to designate a member of his staff for that purpose.

7.08.04 Decorum and Order – Employees. Members of the administrative staff and employees of the JBWD shall observe the same rules of procedure and decorum applicable to member of the Board. The General Manager shall ensure that all JBWD employees observe such decorum. Any staff members, including the General Manager, desiring to address the Board or members of the public shall first be recognized by the Presiding Officer. All remarks shall be addressed to the Presiding Officer and not to any one individual Board Member or member of the public.

Members of the JBWD staff, after recognition by the Presiding Officer, shall hold the floor until completion of their remarks or until recognition is withdrawn by the Presiding Officer.

7.08.05 Decorum and Order – Public. Members of the public attending Board meetings shall observe the same rules of order and decorum applicable to the Board. Any person making impertinent and slanderous remarks or who becomes boisterous while addressing the Board or while attending the Board meeting shall be removed from the room if the sergeant-of-arms is so directed by the Presiding Officer, and such person may be barred from the Board Room.

Unauthorized remarks from the audience, handclapping, stamping of feet, whistling, using profane language, yelling, and similar demonstrations, which conduct disturbs the peace and good order of the meeting, shall not be permitted by the Presiding Officer, who may direct the sergeant-of-arms to remove such offenders from the Board Room.

7.08.06 Enforcement of Decorum. The Secretary to the Board shall serve as Sergeant-of-Arms. He shall carry out all orders and instructions given him by the Presiding Officer for the purpose of maintaining order and decorum in the Board Room. Upon instructions from the Presiding Officer, it shall be the duty of the Sergeant-of-Arms or his representative to eject any person from the Board Room. The Sergeant-of-Arms may call upon the County Sheriff to take such action if deemed necessary.

7.08.07 Remarks of Board Member and synopsis of debate. A Board Member may request through the Presiding Officer the privilege of having a brief summary of his statement on any subject under consideration by the Board of Directors entered in the minutes. If the Board consents thereto, such statement shall be entered in the minutes.

7.08.08 Protest against Board action. Any Board Member shall have the right to have the reasons for his dissent from or his protest against any action of the Board of Directors entered in the minutes. Such dissent or protest to be entered in the minutes shall be made in substantially the following manner: "I would like the minutes to show that I am opposed to this action for the following reasons:

7.08.09 Limitation of Debate. No Board Member normally should speak more than once upon any one subject until every other member choosing to speak thereon has spoken. No member shall speak for a longer time than five minutes each time he has the floor, without approval of the majority vote of the Board.

7.09 ADDRESSING THE BOARD

7.09.01 Manner of Addressing the Board. Any member of the public desiring to address the Board of Directors shall approach the podium, may state his/her name and/or address for the record, but shall not be required to do so, state the subject he wishes to discuss, state whom he is representing if he represents an organization or other persons, and unless further time is granted by majority vote of the board, shall limit his remarks to three minutes. All remarks shall be addressed to the Board as a whole and not to any member thereof or of staff. No questions shall be asked of a Board Member or member of the JBWD staff without obtaining permission of the Presiding Officer.

7.09.02 Time Limitation. Time limitation applicable to public hearings and public comment shall be as set out in Section 7.05.03 of this resolution.

7.09.03 Addressing the Board after motion is made. After a motion has been made, or after a public hearing has been closed, no member of the public shall address the Board without first securing permission by a majority vote of the Board.

7.09.04 Addressing the Board—Spokesman. In order to expedite matters and to avoid repetitious presentations, whenever any group of persons wishes to address the Board of Directors on the same subject matter, it shall be proper for the Presiding Officer to inquire whether or not the group has a spokesman and, if so, that he be heard with subsequent speakers in the group being limited to facts not already presented by the group spokesman. The Presiding Officer shall determine the length of time allocated to the spokesperson for the group and for any subsequent speakers represented by the spokesperson.

7.10 MOTIONS

7.10.01 Processing of Motions. When a motion is made and seconded, it shall be stated by the Presiding Officer. A motion so stated shall not be withdrawn by the mover without the consent of the person seconding it.

7.10.02 Division of Question. If the question contains two or more divisional propositions, the Presiding Officer may, and upon request of a member shall (unless appealed), divide the same.

7.10.03 Procedure of Motions. When a motion is before the Board, no motion shall be entertained except the following, which shall have precedence in the following order:

- (a) Adjourn
- (b) Fix hour of adjournment
- (c) Table
- (d) Limit or terminate discussion
- (e) Amend
- (f) Postpone

7.10.04 Motion to Adjourn (not debatable). A motion to adjourn shall be in order at any time, except as follows:

- (a) When repeated without intervening business or discussion.
- (b) When made as an interruption of a member while speaking.
- (c) When discussion has been ended, and vote on motion is pending.
- (d) While a vote is being taken.

7.10.05 Motion to Fix the Hour of Adjournment. Such a motion shall be to set a definite time at which to adjourn and shall be debatable and shall be amendable by unanimous vote.

7.10.06 Motion to Table. A motion to table shall be used to temporarily by-pass the subject. A motion to table shall be undebatable and shall preclude all amendments or debate of the subject under consideration. If the motion shall prevail, the matter may be “taken from the table” at any time prior to the end of the next regular meeting.

7.10.07 Motion to Limit or Terminate Discussion. Such a motion shall be used to limit or close debate on, or further amendment to, the main motion and shall be undebatable. If the motion fails, debate shall be reopened; if the motion passes, a vote shall be taken on the main motion.

7.10.08 Motion to Amend. A motion to amend shall be discussed only as to the amendment. A motion to amend an amendment is possible but no additional motions to further amendments may be made. Any amendment shall relate to the original motion and not introduce a different matter. Amendments shall be voted first, then the main motion as amended. Alternatively, the original maker of the main motion may agree to revise the original motion and if the second agrees to second the revised motion, the Board may vote on the main motion as revised.

7.11 VOTING PROCEDURES. Any vote of the Board of Directors, including a roll call vote, may be registered by the members by answering “aye” for an affirmative vote or “no” for a negative vote. Every ordinance, resolution or motion requires an affirmative vote of a majority of the Board.

7.11.01 Failure to Vote.

- (a) **Failure to Vote other than for Potential for Conflict of Interest.** Every Board Member should vote unless disqualified by reason of a conflict of interest.

- (b) **Failure to Vote due to Conflict of Interest or Potential for Conflict of Interest.** Any Board Member who is disqualified from voting on a particular matter by reason of a conflict of interest shall publicly state, or have the JBWD Counsel state, the nature of such disqualification in the open Board of Directors meeting. A Board Member who abstains due to reasons of conflict shall, for purpose of the item under consideration, be considered as if absent and if lawful, may remain in the Board Room or may request and be given the permission of the Presiding Officer to step down from the dais and leave the Board Room. In either case such Board Member shall not vote on the matter and shall not make any comments nor indicate support nor opposition to the action being considered. A Board Member stating such disqualification shall not be counted as a part of a quorum and shall be considered absent for the purpose of determining the outcome of any vote on such matter.

7.11.02 Reconsideration. Any Board Member who voted with the majority may move a reconsideration of any action at the same meeting or, within seven (7) calendar days, request in writing to the General Manager that it be agendaized for consideration at the following meeting. If the seventh calendar day falls on a holiday, then the deadline shall be the next business day. In the event that the subject of the reconsideration is a motion that failed as the result of a tie vote, any Board Member who voted against the earlier motion may move for reconsideration within the same seven (7) calendar day period. If the motion to reconsider passes, then the original item may be reconsidered at that time or agendaized for the next meeting which meets any applicable noticing requirements. After a motion for reconsideration has once been acted upon, no other motion for reconsideration thereof shall be made without unanimous consent of the Board.

7.11.03 Tie vote. Tie votes shall be lost motions or “no action” unless an additional motion is made which obtains a majority vote to break the tie.

7.11.04 Changing vote. A member may change his vote only if he makes a timely request to do so immediately following the announcement of the vote by the Secretary to the Board and prior to the time the next item in the order of business is taken up. A Board Member who publicly announces that he is abstaining from voting on a particular matter shall not subsequently be allowed to withdraw his abstention.

7.12 ORDINANCES, RESOLUTIONS, AND MOTION OR MINUTE ACTION

7.12.01 Definition. Typically, legislative acts of the Board (usually a rule of public conduct for long-term application) are taken by ordinance, whereas more routine business and administrative matters (usually more temporary and transitory in nature) are accomplished by “resolutions.” “Non-ordinance” actions are defined as “resolution,” “minute order,” and “motion” (hereafter recorded by minute entry). Technically, all three are equally and legally effective and binding; they just vary in the formality of respective memorialization. The most formal is referred to as a “resolution.” This, in addition to being referenced in the minutes, will be recorded by a separate document, numbered in sequence, and preserved in a separate set of books. Such “resolutions” are used when specifically required by law, when needed as a separate evidentiary document to be transmitted to another governmental agency, or where the frequency of future reference back to its contents warrants a separate document (with the additional “whereas” explanatory material it often recites) to facilitate such future reference and research.

A “minute order” denotes a Board action which is recorded simply by an item entry in the minutes of the meeting at which it was accomplished, and no separate document is made to memorialize it.

7.12.02 Prior approval of ordinances, resolutions, and contracts by staff. All ordinances, resolutions and contract documents shall, before presentation to the Board of Directors, have been approved as to form and compliance with all applicable laws by the JBWD Counsel, and shall have been examined and approved for convenience of administrative application by the General Manager or his authorized representative. No ordinance shall be prepared for presentation to the Board of Directors unless ordered by the whole board, the General Manager, or prepared by the JBWD Counsel on his own initiative.

7.12.03 Reading of ordinances and resolutions. At the time of adoption of an ordinance or resolution, reading of the same shall be deemed waived unless reading is requested by a majority of the Board.

7.12.04 Board Committee. The President of the Board from time to time, may establish committees to help carry out the Board’s responsibilities. To preserve Board integrity, committees will be used sparingly, only when other methods have been deemed inadequate. Committees will be used so as to minimally interfere with the wholeness of the Board’s job.

(a) Committees Not to Represent Board. Board Committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes. Such authority will be carefully stated in order not to conflict with authority delegated to the General Manager.

(b) Committees to Develop Policy. Board Committees are to help the Board do its job, not to help the staff do its job. Committees will assist the Board chiefly by preparing policy alternatives and implications for Board consideration and deliberation. Board Committees are not to be created by the Board to advise staff.

(c) Committees to be Non-Interfering. Board Committees shall not exercise any authority over staff, and in keeping with the Board’s focus on the future, Board committees will ordinarily have no direct dealings with Staff operations. Further, the Board will not impede its direct delegation to the General Manager by requiring approval of a Board Committee before an Administrative Action.

ARTICLE 8

INVESTMENT POLICY

(Investment Policy amended by Resolution No. 06-791 on 04/19/2006)

(Investment Policy adopted by Resolution No. 96-561 on 05/01/1996)

8.01 INVESTMENT POLICY. The Board of Directors of the JBWD hereby adopt an Investment Policy as follows. Any surplus funds or funds held for any length of time for special projects shall only be invested in the following with reputable institutions.

8.01.01 Direct and general obligations (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America) of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including (in the case of direct and general obligations of the United States of America) evidence of ownership of proportionate interests of such obligations. Investments in such proportionate interests must be limited to circumstances wherein;

- (a) a bank or trust company acts as custodian and holds the underlying United States obligations;
- (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations and is a corporation rated A or better by S&P Global, Inc. or the equivalent rating by another recognized rating agency; and
- (c) the underlying United States obligations are held in a special account, segregated from the custodian's general assets and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated (the obligations described in this paragraph are referred to herein as "United States Obligations").

8.01.02 Obligations issued or guaranteed by the following instrumentalities or agencies of the United States of America:

- (a) Federal Home Loan Bank system;
- (b) Export-Import Bank of the United States;
- (c) Federal Financing Bank;
- (d) Government National Mortgage Association;
- (e) Farmers Home Administration;
- (f) Federal Home Loan Mortgage Company;
- (g) Federal Housing Administration;
- (h) Private Export Funding Corp;
- (i) Federal National Mortgage Association;
- (j) Federal Farm Credit Bank;
- (k) Maritime Administration; and
- (l) Public Housing Corporation.

8.01.03 Pre-refunded municipal obligations meeting the following conditions:

- (a) the bonds are
 - (i) not to be redeemed prior to maturity or the applicable trustee has been given irrevocable instructions concerning their calling and redemption, and
 - (ii) the applicable issuer has covenanted not to redeem such bonds other than as set forth in such instructions;
- (b) the bonds are secured by cash or United States Obligations that may be applied only to interest, principal, and premium payments of such bonds;
- (c) the principal of and interest on the United States Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the bonds;
- (d) The United States Obligations serving as security for the bonds are held by an escrow agent or trustee that has a combined capital and surplus of not less than \$50,000,000 and is either subject to supervision or examination by federal or state authority or that is rated A or better by S&P or the equivalent rating by another recognized rating agency;
- (e) the United States Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and
- (f) the municipal obligations are rated AAA by S&P or the equivalent rating by another recognized agency.

8.01.04 Direct and general long-term obligations of any state, to the payment of which the full faith and credit of the state is pledged and that are rated in any of the three highest rating categories by S&P or the equivalent rating by another recognized rating agency.

8.01.05 Direct and general short-term obligations of any state, to the payment of which the full faith and credit of the state is pledged and that are rated in any of the three highest rating categories by S&P or the equivalent rating by another recognized rating agency.

8.01.06 Interest-bearing demand or time deposits or interests in money market portfolios issued by state banks or trust companies or national banking associations that are members of the Federal Deposit Insurance Corporation (FDIC). These deposits or interests must be continuously and fully insured by FDIC and with banks that are rated at least A or better by S&P or the equivalent rating by another recognized rating agency.

8.01.07 Long-term and medium-term corporate debt guaranteed by any corporation that is rated by S&P or the equivalent rating by another recognized rating agency in its three highest rating categories.

8.01.08 Repurchase agreements, the maturities of which are 30 days or less, entered into with financial institutions such as banks or trust companies organized under state law or national banking associations, insurance companies or government bond dealers reporting to, trading with, and recognized as primary dealers by the Federal Reserve Bank of New York and members of the Security Investors Protection Corporation or with dealers or parent holding companies. The financial institutions, dealers, or parent holding companies must be rated at least A or better by S&P or the equivalent rating by another recognized rating agency. If it is a parent holding company that has the required S&P rating or the equivalent rating by another recognized rating agency, then the counterparty must have combined capital and surplus not less than \$50,000,000. If the counterparty is a parent holding company, then the agreement must be unconditionally guaranteed by a financial institution subsidiary with a combined capital and surplus not less than \$50,000,000. The repurchase agreement must be secured by United States Obligations. The United States Obligations must have a fair market value, exclusive of accrued interest, at least equal to the amount invested in the repurchase agreements. The Trustee (who shall not be the provider of the collateral) must have a perfected first lien in, and retain possession of, the collateral. The obligations serving as collateral must be free from all third-party liens.

8.01.09 Prime commercial paper of a United States corporation, finance company or banking institution rated in any of the two highest rating categories of S&P or the equivalent rating by another recognized rating agency.

8.01.10 Public housing bonds issued by public agencies. Such bonds must be fully secured by a pledge of annual contributions under a contract with the United States government; temporary notes, preliminary loan notes or project notes secured by a requisition or payment agreement with the United States; or state or public agency or municipality obligations; provided that all of the above investments are rated in the three highest rating categories by S&P or the equivalent rating by another recognized rating agency.

8.01.11 Shares of a diversified open-end management investment company (as defined in the Investment Company Act of 1940) or shares in a regulated investment company (as defined in Section 851(a) of the Internal Revenue Code of 1986, as amended) that is (A) a money market fund that has been rated in the highest rating category by S&P or the equivalent rating by another recognized rating agency, or (B) a money market account of the Trustee or any state or federal bank that is rated A or better by S&P or the equivalent rating by another recognized rating agency or that has a combined capital and surplus of not less than \$50,000,000.

8.01.12 Units of a money market portfolio rated Am or Am-g by S&P or the equivalent rating by another recognized rating agency composed solely of obligations rated Am-g or better by S&P or the equivalent rating by another recognized rating agency having a federal income tax exclusion.

8.01.13 Tax-exempt obligations rated in any of the three highest rating categories by S&P or the equivalent rating by another recognized rating agency.

8.01.14 Units of a taxable government money market portfolio rated at least Am or Am-g by S&P or the equivalent rating by another recognized rating agency composed solely of obligations issued or guaranteed as to payment of principal and interest by the full faith and credit of the United States Government or repurchase agreements collateralized by such obligations.

8.01.15 Certificates of deposit issued by commercial banks, savings and loan associations and mutual savings banks rated A or better by S&P or the equivalent rating by another recognized rating agency and properly secured at all times by collateral security described in paragraphs (1) and (2) above.

8.01.16 The following investments fully insured by the Federal Deposit Insurance Corporation: (a) certificate of deposit, (b) savings accounts, (c) deposit accounts, (d) depository receipts of banks.

8.01.17 Local Agency Investment Fund

(Investment Policy Re-Approved 09/20/2020 w-no changes)
(Investment Policy Re-Approved 09/18/2019 w-no changes)
(Investment Policy Re-Approved 08/01/2018 w-no changes)
(Investment Policy Re-Approved 07/19/2017 w-no changes)
(Investment Policy Re-Approved 08/03/2016 w-no changes)
(Investment Policy Re-Approved 08/05/2015 w-no changes)

ARTICLE 9

RESERVE FUND POLICY

*(Adopted on 04/18/2018 Resolution No. 18-985 approved on 05/02/2018)
(Amended on 08/21/2019 by Resolution No. 19-1007)*

9.01 PURPOSE. It is the JBWD Board of Director's intent through this Policy to describe how and why specific reserves are established and maintained and to provide JBWD ratepayers and taxpayers with assurance that reserve balances will be maintained at prudent and fiscally responsible levels.

Maintaining adequate cash reserves is an essential part of sound financial management, to meet both short-and long-term financial obligations. Reserves play a critical role in providing reliable service for our ratepayers, financing of long-term capital projects and responding to emergencies. Reserves can provide the savings necessary to balance budgets during periods of diminished revenues, allow for emergency preparedness, assist in maintaining stable water service rates, and preserve the financial stability of the JBWD against present and future uncertainties in an ever-changing environment.

Suggested reserve funding balances are necessary to maintain Joshua Basin Water JBWD's fiscal strength and flexibility and to adequately provide for:

- Compliance with applicable statutory requirements.
- Financing of future capital projects, and repair and replacement of existing assets.
- Cash flow requirements.
- Economic uncertainties, local disasters, and other financial hardships or downturns in the local or national economy.
- Contingencies or unforeseen operating or capital needs.

9.01.01 Guiding Principals

The JBWD will prudently manage the resources entrusted to it by our ratepayers.

1. The JBWD will maintain reserve funds in designated accounts in a manner that ensures its financial soundness and provides transparency to its ratepayers.
2. The JBWD will maintain reserve funds that :
 - Are designated for specific purposes;
 - Are consistent with other financial policies, budgetary practices, JBWD programs and legal requirements;
 - Allow the JBWD to provide a high level of emergency preparedness for our ratepayers;
 - Provide funding for well-maintained infrastructure for current and future ratepayers; and
 - Allow the JBWD to respond to an ever-changing environment, such as drought or new water quality mandates.

9.01.01 Authority. JBWD has authority under Article XIII B of the California Constitution to establish such reserves as are deemed reasonable and proper.

9.01.02 Definitions.

Restricted Reserves - Limitations on the use of restricted reserves are imposed by an outside source such as creditors, grantors, contributors, or laws or regulations of other Governmental entities.

Unrestricted Reserves - Have no externally imposed use restrictions. The use of unrestricted reserves is at the discretion of the JBWD Board of Directors. There are two categories of unrestricted reserves, Designated and Undesignated. Currently, all Unrestricted Reserves at JBWD are Designated Reserves.

Designated Reserves - Set aside for a specific purpose, which is determined at the sole discretion of the Board of Directors. The Board of Directors also has the authority to redirect the use of these reserve funds as the needs of the JBWD change.

9.01.03 Restricted Reserve Funds. JBWD has the following types of restricted reserve funds:

Water Capacity Account – Regulated per Government Code 66013(b)(3). Water capacity charges are used to provide funding for water system infrastructure that will be required in the future or to pay back the JBWD for pre-built water system infrastructure already in existence at the time new water service connection is requested, as a pro-rata share of the costs to construct such facilities. Water capacity charges can fund either future system expansion required because of growth or may be used to reimburse the JBWD for previously funded capital facilities that provide benefit to future users. Investment earnings shall be credited to the water capacity charge reserve fund.

Wastewater/Sewer Capacity Charge Account – Regulated per Government Code 66013(b)(3). Wastewater/sewer capacity charges are used to provide funding for wastewater/sewer system infrastructure that will be required to be constructed in the future, or to payback the JBWD for pre-built water system infrastructure already in existence at the time new wastewater/sewer connection is requested, as a pro-rata share of the costs to construct such facilities. Wastewater/sewer capacity charges can fund either future system expansion required because of growth or may be used to reimburse the JBWD or previously funded capital facilities that provide benefit to future users. Investment earnings shall be credited to the wastewater/sewer capacity charge fund.

Consumer and Project Deposits Account – Good faith guarantee deposits provided by ratepayers for water service accounts or construction projects. Investment earnings shall be credited to the General Fund.

Copper Mountain Mesa Assessment JBWD (CMMAD) Account – The JBWD collects debt service and lien payoffs for the CMMAD, which funds are due to the bondholders. In addition, a reserve fund is established for CMMAD as required by the bonds and those reserve funds will be applied towards the final debt service payment on the bonds. Investment earnings shall be credited to the various CMMAD reserve funds.

9.01.04 Unrestricted Reserve Funds. JBWD has the following types of unrestricted reserve funds:

Operating Reserve Account – The primary purpose of the Operating Reserve is to ensure that the JBWD will, at all times, have sufficient funding available to meet operating and debt service costs. These funds are also available to support operating costs to minimize drastic

fluctuations in rates, such as in the event of a drought when water use decreases, thus impacting operating revenues.

The target of the Operating Reserve fund is to maintain a balance equal to three (3) months average operating and debt service expenses excluding depreciation.

Cash Flow Reserve Account – This reserve is considered a cash flow requirement. It bridges the gap between the time expenses are paid, and revenues are collected from ratepayers, ensuring that the JBWD preserves creditworthiness and provides for liquidity throughout the fiscal year.

The target of the Cash Flow Reserve fund is to maintain a balance equal to three (3) months average operating and debt service expenses excluding depreciation.

The combined target balance for both the Cash Flow Reserve and the Operating Reserve is equal to six (6) months average operating and debt service expenses excluding depreciation. As monies are neither received nor spent in twelve even monthly increments, the Cash Flow Reserve balance may exceed this combined balance as monies are received and held temporarily for disbursement at a later date.

Emergency Capital Replacement Reserve Account - This reserve is provided for emergencies or unplanned infrastructure failures.

The target of the Emergency Reserve fund is to maintain a \$2 million balance.

Capital Reserve Account - This reserve provides funding for infrastructure projects designated in the approved Capital Improvement Plan (CIP), as well as other, Board-approved capital projects. The CIP identifies annual infrastructure projects for pipelines, wells, boosters, and reservoirs.

Funding for capital projects is outlined in the Capital Budget. Depending on the District's cash flow requirements, Capital Reserves, funded during any fiscal year, may or may not be available for use at the start of the fiscal/budget year. Funds deposited into the Capital Reserve Account each year shall be as designated in the most-recent Rate Study.

This reserve is to be used for capital projects that will be reviewed and approved by the Board of Directors, so *no maximum reserve level is recommended*. Because of the discretionary nature of this reserve, the ability to decide which projects will be funded and when *no minimum balance is required*.

Note that capital projects may be concurrently funded and constructed within the same fiscal year, or, because infrastructure project costs are significant, projects may take more than one fiscal year to either plan/construct or be fully funded.

Individual Replacement Reserves Account - In addition to the water infrastructure projects funded via the CIP Reserve (above,) the JBWD has other capital replacement requirements. Individual replacement reserves are established for the following purposes, which are not otherwise funded via the Capital Improvement Plan.

Building Replacement Reserve Account – Is designated for future office building expansion or replacement. Target funding level of \$200,000 is based on 1,000 square foot expansion of office buildings within the next nine years. Replacement cost is based on ACWA/JPIA annually escalated insurance replacement cost.

Equipment & Technology Replacement Reserve Account – Provides for regular replacement of vehicles, heavy equipment and computers, software and peripherals, office equipment and SCADA (Supervisory Control and Data Acquisition computerized monitoring system) with a cost of at least \$1,000. Target funding level is \$500,000. Approximately \$1.7M

will be paid for vehicles/equipment associated with the CIRP pipeline replacement work. In order to fund replacement of this equipment after its ten-year life, the District will need to increase annual funding of the Equipment & Technology Replacement Reserve Account by approximately \$170,000 per year.

Meter Replacement Reserve Account – Target’s replacement of water meters approximately every 20 years. A multi-year meter replacement project has been approved, which began in fiscal year 18/19, and is scheduled to end in fiscal 22/23 at cost of \$2,000,000. In fiscal 23/24, or after meter replacement is complete, the annual funding should decrease so that the meter replacement fund achieves the appropriate balance after 20 years, (based on an updated estimated future replacement cost apportioned over 20 years), to provide funding for the subsequent meter replacement cycle. Any funds remaining in the Meter Replacement Reserve Account after meter replacement is complete will be transferred to the CIP Reserve Account or could be left to kick-start the next cycle of meter replacements. The Board of Directors will make the determination when the current meter replacement cycle is completed, approximately 22/23.

Studies & Reports Replacement Account – Funding for periodic updates to studies and reports such as the Urban Water Management Plan, Rate Studies, Compensation Studies, Water Master Plan. JBWD spends in excess of \$50,000 per year on average for such studies and reports, although individual studies and reports can exceed that cost. Target funding level is \$100,000.

Investment earnings from all Unrestricted Reserves - Will be credited to the General Fund.

9.01.05 Procedures.

Policy Review - The Reserve Policy and its funding levels shall be reviewed every year, prior to the adoption of the budget.

Utilization of Reserves for Cash Flow Purposes - The Operating Reserves may be used at any time to meet cash flow requirements of JBWD operations, as authorized by the Assistant General Manager /Controller. Authority to use the funds will be consistent with all of the JBWD’s financial policies.

Use of the Emergency Reserves can be authorized by the General Manager per Article 4.04.07 of the Administrative Code.

Use of CIP Reserves and the various Individual Replacement Reserves must be authorized through the budget approval process but may occur at other times.

Reallocation of Funds - The Board shall approve any reallocation of funds, transfers among reserve funds, or action that is inconsistent with this policy.

9.01.06 Summary. The Reserve Fund Policy states that designated reserves will be maintained to allow for funding of the JBWD’s operating, capital and debt service obligations, as well as funding for unforeseen events. Reserves will be established, replenished, and used only in a manner, which allows the JBWD to fund costs consistent with the Capital Improvement Plan, Financial Plan, and Rate Study, and other Board adopted actions. The JBWD’s Reserve Fund Policy shall be periodically reviewed and adjusted to meet the needs of the JBWD.

ORDINANCE NO. 08-7

**ORDINANCE OF THE BOARD OF DIRECTORS OF THE
JBWD PROVIDING FOR
COMPENSATION OF MEMBERS OF THE
BOARD OF DIRECTORS**

**THE BOARD OF DIRECTORS OF THE JOSHUA BASIN WATER JBWD, SAN
BERNARDINO COUNTY, CALIFORNIA, DOES ORDAIN** as follows:

Section 1. Purpose. This Ordinance is enacted under Section 20200 et seq. of the Water Code of California, which authorizes an increase in the amount of compensation above the amount of One Hundred Dollars (\$100.00) or more per day that each member of the governing board may receive, provided that such increase does not exceed an amount equal to five percent (5%) for each calendar year following the operative date of the last adjustment of compensation received when the Ordinance is adopted.

Section 2. Compensation. Pursuant to JBWD Ordinance No. 07-6, which was enacted on July 18, 2007, the operative date of the last adjustment of the compensation received by each member of the Board of Directors was September 18, 2007, which amount of compensation is One Hundred Sixty Five Dollars and Thirty Seven Cents (\$165.37) per day for each day's attendance at meetings of the Board of Directors or for each day's service rendered as member of the Board by request of the Board up to a total of ten (10) days in any calendar month.

Section 3. Increase of Compensation and Operative Date. On the effective date of this Ordinance, each Director shall receive an increase in compensation of Eight Dollars and Twenty Six Cents (\$8.26) per day for each day's service rendered, for a total of One Hundred Seventy Three Dollars and Sixty Three Cents (\$173.63) per day for each day's service rendered, not exceeding a total of ten (10) days in any calendar month.

Section 4. Effective Date. Pursuant to California Water Code Section 20204, this Ordinance will take effect on December 1, 2008, sixty (60) days from and after the date of its passage.

THE FOREGOING ORDINANCE was introduced at a meeting of the Board of Directors of the JBWD held on October 1st, 2008 at a public hearing, notice of which was published in The Hi-Desert Star Newspaper once a week for two successive weeks, on Wednesday, September 17th, 2008, and Wednesday September 24th, 2008.

PASSED and ADOPTED by the Board of Directors of the JBWD at a regular meeting held on the 1st day of October 2008.

William C. Long, President, Board of Directors

Joe Guzzetta, Secretary JBWD and of The Board of Directors

EXHIBIT B
JOSHUA BASIN WATER JBWD
Expense/Reimbursement Claim Form

(This form is a public document and a requirement of Assembly Bill 1234)

Claim of: _____ From: _____ to: _____
 Director Name (date) (date)

Event: _____

Location: _____

COMPENSATION: \$173.63 for _____ Days = (a) \$ _____

EXPENSES PREPAID BY JOSHUA BASIN WATER JBWD:

	<u>Credit Card, Check, or PO #</u>	<u>Amount</u>
Transportation	_____	\$ _____
Lodging	_____	_____
Meals	_____	_____
Event Registration	_____	_____
Miscellaneous	_____	_____

TOTAL PREPAID BY JBWD: (b) \$ _____

EXPENSES PAID BY CLAIMANT:

	<u>SUN</u>	<u>MON</u>	<u>TUE</u>	<u>WED</u>	<u>THU</u>	<u>FRI</u>	<u>SAT</u>	<u>TOTAL</u>
Breakfast								
Lunch								
Dinner								
Lodging								
Airfare								
Ground Trans.								
Parking								
Bellman Tips								
# Miles Driven								
Mileage Reimbursement Dollar Amount								

TOTAL PAID BY CLAIMANT (c) \$ _____

TOTAL DUE CLAIMANT OR (DUE JBWD) (d) \$ _____

The undersigned makes the foregoing claim against the Joshua Basin Water JBWD, states that the money claimed was actually expended and/or mileage stated was actually traveled on behalf of said JBWD and in pursuance of the duties of claimant and that said claim is presented in good faith and has not heretofore been paid.

 Claimant (signature) (date)

 Controller (signature) (date)

Please attach receipts for all reimbursable expenses claimed on this form.

ARTICLE 10

DEBT MANAGEMENT POLICY

(Resolution No. 18-990 08/15/2018)

10.01 PURPOSE OF THE POLICY. The purpose of this Debt Management Policy is to establish guidelines for the issuance and management of JBWD debt, and to provide guidance for decision makers with respect to options available for financing infrastructure, and other capital projects, so that the most prudent, equitable, and cost-effective financing can be chosen.

This Policy is intended to comply with Government Code Section 8855(i) and shall govern all debt issued by the JBWD (“JBWD”). The JBWD hereby recognizes that a fiscally prudent debt policy is required to:

- a) Maintain the JBWD’s sound financial position.
- b) Ensure the JBWD has the flexibility to respond to changes in future service priorities, revenues, and operating expenses.
- c) Protect the JBWD’s creditworthiness.
- d) Ensure that all debt is structured to protect current and future taxpayers, ratepayers, and constituents of the JBWD.
- e) Ensure that the JBWD’s debt is consistent with the JBWD’s planning goals and objectives and capital improvement program or budget, as applicable.

It is a goal of the JBWD to provide for the infrastructure and capital project needs of its ratepayers, financing those capital project needs from a combination of current revenues, available reserves and prudently issued debt. Debt financing can be utilized to achieve an equitable allocation of capital costs/charges between current and future system users.

10.02 PURPOSES FOR WHICH DEBT MAY BE ISSUED.

10.02.01 Long-Term Debt

Long-term debt may be issued to finance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment, and land to be owned and operated by the JBWD. The standard term of long-term debt borrowing is 10 to 30 years. Long-term debt financings are appropriate:

- a) When a project to be financed is necessary to provide JBWD services.
- b) When the project to be financed will benefit constituents over several years.
- c) When total debt does not constitute an unreasonable burden to the JBWD and its taxpayers or ratepayers.
- d) When the debt is used to refinance outstanding debt to reduce the total cost of the debt or to realize other benefits of a debt restructuring, such as increased flexibility in the use of cash and reserves.

Long-term debt financings will not generally be considered appropriate for current operating expenses and routine maintenance expenses. The JBWD may use long-term debt financings subject to the following conditions:

- a) The project to be financed must be approved by the Board of Directors.
- b) The JBWD estimates that sufficient revenues will be available to service the debt through its maturity.
- c) The JBWD determines that the issuance of the debt will comply with the applicable state and federal law.
- d) The capital projects financed through debt issuance will not be financed for a term longer than the expected useful life of the project.

10.02.02 Short-Term Debt

Short-term debt may be issued to provide financing for the JBWD's operational cash flows to maintain a steady and even cash flow balance as in anticipation of periodic receipts of property taxes and other revenues. Short-term debt may also be used to finance short-lived capital projects; for example, the JBWD may undertake lease-purchase financing for equipment. The standard term of short-term debt borrowing is 10 years or less.

10.03 TYPES OF DEBT – The following types of debt are allowable under this Policy:

- a) General obligation bonds (GO bonds)
- b) Bond or grant anticipation notes (BANs)
- c) Lease revenue bonds, certificates of participation (COPs) and lease-purchase transactions
- d) Other revenue bonds and COPs
- e) Tax and other revenue anticipation notes (TRANs)
- f) Land-secured financings, such as special tax revenue bonds issued under the Mello-Roo's Community Facilities Act of 1982, as amended, and limited obligation bonds issued under applicable assessment statutes.
- g) Tax increment financing to the extent permitted under State law.
- h) Refunding Obligations
- i) State Revolving Loan Funds
- j) Lines of Credit

The Board of Directors may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Management Policy. Debt shall be issued as fixed rate debt unless the JBWD makes a specific determination as to why a variable rate issue would be beneficial to the JBWD in a specific circumstance.

10.04 RELATIONSHIP OF DEBT TO CAPITAL IMPROVEMENT PROGRAM AND BUDGET.

The JBWD is committed to long-term capital planning. The JBWD intends to issue debt for the purposes stated in this Debt Management Policy and to implement policy decisions incorporated in the JBWD's capital budget and capital improvement plan. The decision to incur new indebtedness should be integrated with the Board-adopted annual operating and capital budgets.

The JBWD shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues (“pay as you go”.) The JBWD shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear.

The JBWD shall integrate its debt issuances with the goals of its capital improvement program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the JBWD’s public purposes.

10.05 POLICY GOALS RELATED TO PLANNING GOALS AND OBJECTIVES.

The JBWD is committed to long-term financial planning, maintaining appropriate reserves, and employing prudent practices in governance, management, and budget administration. The JBWD intends to issue debt for the purposes stated in this Policy and to implement policy decisions incorporated in the JBWD’s annual operations budgets.

It is a policy goal of the JBWD to protect taxpayers, ratepayers, and constituents by using conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical total borrowing costs.

The JBWD will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates, and charges.

When refinancing debt, it shall be the policy goal of the JBWD to realize, whenever possible, and subject to any overriding non-financial policy considerations, (i) minimum net present value debt service savings approximately 3.0% of the refunded principal amount, and (ii) present value debt service savings equal to or greater than any escrow fund negative arbitrage. The cost of refinancing will always be less than the savings.

The JBWD shall seek to avoid the use of debt to fund infrastructure and facilities improvements in circumstances when the sole purpose of such debt financing is to temporarily reduce annual budgetary expenditures. Capital investments intended to reduce JBWD operating costs indefinitely, as by improving the efficiency of its operations, are appropriate for long-term debt.

The JBWD shall not construct or acquire a facility if it is unable to adequately provide for the subsequent annual operation and maintenance costs of the facility throughout its expected life.

The JBWD shall seek to time debt issues to avoid need for unplanned general fund expenditures for capital improvements or equipment.

10.06 INTERNAL CONTROL PROCEDURES.

When issuing debt, in addition to complying with the terms of this Policy, the JBWD shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds. Without limiting the foregoing, the JBWD will periodically review the requirements of and will remain in compliance with the following:

- a) Any continuing disclosure undertakings entered into the by the JBWD in accordance with SEC Rule 15c2-12.
- b) Any federal tax compliance requirements, including, without limitation, arbitrage, and rebate compliance.

- c) The JBWD's investment policies as they relate to the use and investment of bond proceeds.

Proceeds of debt will be held either (a) by a third party trustee or fiscal agent, which will disburse such proceeds to or upon the order of the JBWD upon the submission of one or more written requisitions by the AGM/Controller of the JBWD (or his or her written designee), or (b) by the JBWD, to be held and accounted for in a separate fund or account to ensure debt proceeds are expended only for the purposes for which the debt was issued, the expenditure of which will be carefully documented by the JBWD in records compliant with current accounting standards and subject to the JBWD's annual audit.

ARTICLE 11

RECORDS RETENTION AND DESTRUCTION

11.1 PURPOSE.

The purpose of this policy is to provide guidelines to staff regarding the retention of records of the JBWD (the “JBWD”); provide for the identification, maintenance, and safeguarding of JBWD records and the destruction of obsolete records in the normal course of business; ensure prompt and accurate retrieval of records; and ensure compliance with legal and regulatory requirements.

11.2 PROCEDURE.

- a. The department head completes and signs a “Request for Destruction of Obsolete Records” form, listing the date and description of each document to be destroyed. A sample form is attached to this section as Attachment “A”. The department head submits the forms to the Records Coordinator.
- b. The Records Coordinator checks the documents listed on the submitted form to confirm that each document is: (1) not required to be permanently retained, or (2) has been retained for the legally required period of time. The Records Coordinator also confirms that any applicable reproduction requirements (i.e., imaging, etc.) for each document are complete.
- c. The Records Coordinator submits the form to the General General Manager , who reviews and signs the form and then returns the signed form to the Records Coordinator.
- d. After receiving the signed form from the General General Manager , the Records Coordinator oversees the destruction of the obsolete documents, indicates the method of destruction on the form, signs the form and then files the form.
- e. The Records Coordinator will retain all original signed forms requesting destruction of obsolete records for a minimum period of two years.
- f. The Records Coordinator will retain a permanent record, such as a log or copies of certificates of destruction, in whatever format he/she determines to be convenient for the purpose, to document the destruction of obsolete records of the JBWD.

ATTACHMENT A

REQUEST FOR DESTRUCTION OF OBSOLETE RECORDS

JOSHUA BASIN WATER JBWD

To: General General Manager

From: Records Coordinator

Subject: Request for Destruction of Obsolete Records

I am requesting approval to destroy the obsolete records listed below.

DATE OF RECORD	DESCRIPTION OF RECORD

APPROVED

_____ _____
Department Head Date

_____ _____
General General Manager Date

The obsolete records described above were destroyed under my supervision using the following method:

- Shredding Burning Other (specify method)

I certify that such destruction meets the requirements of the Records Retention and Destruction Policy of JBWD and all applicable requirements of State and federal law.

_____ _____
Records Coordinator Date of Records Destruction

11.3 GENERAL GUIDELINES.

A. The Records Coordinator, designated by the General General Manager , shall be responsible for the administration of this policy and shall assist all JBWD personnel to comply with the provisions of this policy and with the “Records Retention Schedule,” set forth in Attachment “B”.

B. The following general guidelines apply to all JBWD records:

1. Pursuant to Resolution No. adopted by the Board of Directors, except where a record is expressly required to be preserved according to state law, the JBWD may destroy any original obsolete document without retaining a copy of the document as long as the retention and destruction of the document complies with the retention schedule set forth in this Policy (Government Code Section [60201](#)).
2. In addition to the retention periods required under this policy, the JBWD shall retain original administrative, legal fiscal and/or historical records with continued value (i.e., records for long-term transactions and/or special projects until all matters pertaining to such records are completely resolved or the time for appeals has expired. (Government Code Sections [14755\(a\)](#) and [34090](#)).
3. Pursuant to Government Code Section [60201](#), the JBWD shall not destroy any of the following records:
 - a. Records relating to the formation, change of organization, or reorganization of the JBWD;
 - b. Ordinances and resolutions, unless they have been repealed or have become invalid or otherwise unenforceable for five years;
 - c. Minutes of any meeting of the JBWD;
 - d. Records relating to any pending claim, litigation, any settlement, or other disposition of litigation within the past two years;
 - e. Records that are the subject of any pending request for records under the California Public Records Act, whether or not the record is exempt from disclosure, until the request has been granted or two years after the request has been denied by the JBWD;
 - f. Records relating to any pending construction that the JBWD has not accepted or for which a stop notice claim may be legally presented;
 - g. Records relating to any non-discharged debt of the JBWD;
 - h. Records relating to the title to real property in which the JBWD has an interest;
 - i. Records relating to any non-discharged contract to which the JBWD is a party;
 - j. Records that have not fulfilled the administrative, fiscal, or legal purpose for which they were created or received;

- k. Unaccepted bids or proposals, which are less than two years old, for the construction or installation of any building, structure, or other public work;
- l. Records less than seven years old that specify the amount of compensation or expense reimbursement paid to JBWD employees, officers, or independent contractors.

11.4 SPECIFIC GUIDELINES.

A. Accounting Records. Accounting records include, but are not limited to, the following:

1. Source Documents

- a. Invoices
- b. Warrants
- c. Vouchers
- d. Requisitions/purchase orders (attached to invoices)
- e. Cash receipts
- f. Claims (attached to warrants in place of invoices)
- g. Bank statements
- h. Bank deposits
- i. Checks
- j. Bills
- k. Various accounting authorizations taken from JBWD minutes, resolutions, or contracts.

2. Journals

- a. Cash receipts
- b. Accounts receivable or payable register
- c. Check or warrant register
- d. General journal
- e. Payroll journal

3. Ledgers

- a. Expenditure
- b. Revenue
- c. Accounts payable or receivable ledger
- d. Assets/depreciation
- e. Warrants payable
- f. Construction
- g. General ledger

4. Trial balance
5. Adjusting entries
6. Statements (Interim or Certified – Individual or All Fund)
 - a. Balance sheet
 - b. Analysis of changes in available fund balance
 - c. Cash receipts and disbursements
 - d. Inventory of fixed assets (purchasing)
7. Journal entries
8. Reversing entries
9. Payroll and personnel records include, but are not limited to, the following:
 - a. Accident reports, injury claims and settlements
 - b. Applications, changes, or terminations of employees
 - c. Earnings records and summaries
 - d. Fidelity bonds
 - e. Garnishments
 - f. Insurance records of employees
 - g. Job descriptions
 - h. Medical histories
 - i. Retirements
 - j. Timecards
10. Other
 - a. Inventory records (purchasing)
 - b. Capital asset records (purchasing)
 - c. Depreciation schedule
 - d. Cost accounting records

B. General ledgers should be retained a minimum of four years after completion of any annual audit. (Code of Civil Procedure Section [337](#)). Published articles show retention periods of four to seven years as typical. The Secretary of State recommends that general ledgers be permanently retained. (Secretary of State Local Government Records Management Guidelines; Government Code Section [34090](#)).

C. In general, the JBWD should retain original source documents that are detailed in a register, journal, ledger, or statement until audited plus four years. Certain source documents may be retained for a shorter period of time. Refer to the records retention schedule for specific accounting documents.

D. At any time, the JBWD may destroy rough drafts, notes, or working papers (except for audits) that are not retained by the JBWD in the ordinary course of business, including temporary or transitory documents used only for controlling the flow of work (i.e., “Post-it” notes).

E. In addition to any required legal retention period, the JBWD shall not authorize the destruction of any record subject to audit until it has been determined that the audit has been performed. (Government Code Sections [14755\(b\)](#) and [34090](#)).

11.5 LONG-TERM DEBT RECORDS.

A. The JBWD may destroy paid bonds, warrant certificates and interest coupons after 10 years.

B. The JBWD may not destroy any documents relating to any non-discharged debt.

(Government Code Section [60201\(d\)\(7\)](#)).

11.6 JBWD RECORDS

A. The JBWD shall retain original records of the minutes of meetings of the Board of Directors indefinitely. (Government Code Sections [34090](#) and [60201](#)).

B. The JBWD shall retain original resolutions adopted by the board indefinitely. (Government Code Section [60201](#)).

11.7 STATEMENTS OF ECONOMIC INTEREST (SEI) [FORM 700] FILED PURSUANT TO THE POLITICAL REFORM ACT.

A. Filing officers shall retain copies of statements of economic interest (SEI) [Form 700] of elected officials for four years (originals are forwarded to the California Fair Political Practices Commission (FPPC)). The officer does not have to keep more than one copy of a statement. After two years, the copies may be imaged and stored electronically. (Government Code Sections [81009\(f\)](#) and (g)).

B. Filing officers shall retain originals of statements of economic interest (SEI) [Form 700] of designated employees for seven years. After two years, the originals may be imaged and stored electronically. (Government Code Sections [81009\(e\)](#) and (g)).

11.8 CONTRACTS.

A. The JBWD shall retain original contracts for four years after the end of the contracts. (Code of Civil Procedure Section [337](#)).

B. The JBWD shall retain contracts with any person or entity who develops real property or furnishes the design, specifications, surveying, planning, supervision, testing, or observation of construction or improvement to real property for 10 years after the completion of the construction or improvement. (Code of Civil Procedure Section [337.15](#)).

11.9 PROPERTY RECORDS.

The JBWD shall retain original property records, such as title documents, indefinitely, or until the property is transferred or otherwise no longer owned by the JBWD. (Government Code Sections [34090](#) and [60201](#)).

11.10 PAYROLL AND PERSONNEL RECORDS.

A. Payroll and personnel records include, but are not limited to, the following:

1. Accident reports, injury claims and settlements;
2. Medical histories;
3. Injury frequency charts;
4. Applications, changes, and terminations of employees;
5. Insurance records of employees;
6. Timecards;
7. Job descriptions;
8. Performance or rating documents;
9. Earning records and summaries.

Records specifying amounts of compensation or expense reimbursement paid to JBWD employees, officers, or independent contractors must be retained for seven years after date of payment. (Government Code Section [60201](#)).

B. The JBWD shall retain personnel files for three years after an individual's employment terminates. ([29 CFR 1627.3](#)).

C. The JBWD shall retain medical records of employees for 30 years beyond the length of employment. Medical records include records made or maintained by a physician, nurse, or other health care personnel or technician pertaining to employees exposed to toxic substances or harmful physical agents. Medical records do not include first aid records for one-time treatment made on site by a non-physician or observation of minor scratches, cuts, burns, splinters, etc., which do not involve medical treatment, loss of consciousness, restriction of work or motion, or transfer to another job. For

employees who are employed by the JBWD for less than one year, the JBWD does not need to retain the employee's medical records if the JBWD provides the employee with such records upon termination of employment. ([29 CFR 1910.1020](#); 8 California Code of Regulations Section 3204).

D. The JBWD may destroy personnel fidelity bonds two years after termination. Wage garnishments must be retained while active until garnishment is satisfied, then retain until audited plus four years.

E. The JBWD shall retain payroll records containing the name, address, date of birth, sex, job classification, hours worked, and regular and overtime wages for each employee for three years beyond the length of employment and seven years from date of payment. ([29 CFR Part 516.5](#); Labor Code Sections [174](#) and [1197.5](#); and Government Code Section [60201](#)). Payroll registers should be retained for a minimum of seven years from date of payment. Permanent retention of payroll registers is recommended in the Secretary of State Local Government Records Management Guidelines.

F. The JBWD shall retain basic timecards or time sheets, on which are entered daily starting and stopping times of individual employees, for a minimum of three years. The Secretary of State guidelines recommends retaining such documents for six years. ([29 CFR Part 516.6](#); Labor Code Section [1174](#); and Secretary of State Local Government Records Management Guidelines).

G. The JBWD shall retain employment applications and employment referral records and files for three years after such records or files are created or the duration of any claim of litigations involving hiring practices. (Government Code Section [12946](#) and [29 CFR 1627.3](#)).

H. The JBWD shall retain records regarding the race, sex, and national origin of each applicant and for the job for which such applicant applied for two years from the date of the making of the record or the date of the personnel action involved, whichever occurs later. The JBWD may either retain the original documents used to identify applicants or keep statistical summaries of the collected information. (2 California Code of Regulations Section 7287.0).

11.11 EXPOSURE/SAFETY RECORDS AND SAFETY DATA SHEETS (SDS)

A. The JBWD shall retain employee exposure records and exposure assessment records for at least 30 years. Such records should reveal the identity of the toxic substance or harmful physical agent and where and when such substance or agent was used. (8 California Code of Regulations Section 3204).

B. The JBWD may destroy the safety data sheet (SDS) for a hazardous substance after the JBWD stops using the hazardous substance provided it keeps a record of the substance (chemical name if known) and when and where it was used for 30 years. (8 California Code of Regulations Section 3204(d)(1)(B)(2)).

11.12 VIDEO MONITORING, TELEPHONE AND RADIO COMMUNICATIONS – OTHER VIDEO AND AUDIO RECORDINGS

A. The JBWD shall retain recordings of routine video monitoring (e.g., building security taping systems) for at least one year. After the one-year retention period, the JBWD may destroy the video recording upon approval by the JBWD. (Government Code Sections [34090.6](#) and [53160](#)).

B. Upon authorization of the JBWD, recordings of telephone and radio communications maintained by the JBWD may be destroyed after 100 days. (Government Code Sections [34090.6](#) and [53160](#)).

C. If the JBWD keeps another record, such as written minutes, of an event that is recorded on video (other than Board of Directors meetings), the JBWD must keep the video recording of the event for at least 90 days after the occurrence of the event. After 90 days, the video recording may be destroyed or erased, upon approval by the JBWD. (Government Code Section [34090.7](#)).

D. If the JBWD makes or directs the making of recordings of the Board of Directors meetings, such as audio or video recordings, for whatever purpose, the JBWD must keep the recordings for at least 30 days after the meeting date. (Government Code Section [54953.5\(b\)](#)).

E. Other audio or video recordings which are not related to the conduct of the public's business (e.g., educational, or promotional videos) are not considered to be official JBWD records and may be destroyed after they are no longer required, as provided in the resolution adopting this policy. (Government Code Sections [6252\(e\)](#) and [60201](#)).

11.13 RECORDS RETENTION SCHEDULE

The "Records Retention Schedule" is attached to the policy codified in this chapter as Attachment "B" and is incorporated herein by reference. This policy and the records retention schedule comply with the records retention guidelines provided by the California Secretary of State and may be updated from time to time, as provided in the resolution adopting this policy.

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APPENDIX B

RECORDS RETENTION SCHEDULE

Type of Record	Category	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
Accident/Illness Reports	Human Resources	<p>Not a public record</p> <p>For employee medical records and employee exposure records regarding exposure to toxic substances or harmful physical agents – includes safety data sheets (SDS) Does not include: records of health insurance claims maintained separate from employer’s records; first aid records of one-time treatments for minor injuries; records of employees who worked less than one year if records are given to employee upon termination</p>	<p>GC 6254(c)</p> <p>8 CCR 3204(d)(1)(A), (B)</p>	Length of employment plus 30 years
Accidents/Damage to JBWD Property	Administration	Risk management administration	<p>GC 34090</p> <p>CCP 337.15</p>	10 years
Accounts Payable	Finance	<p>Journals, statements, asset inventories, account postings with supporting documents, vouchers, investments, invoices and back-up documents, purchase orders, petty cash, postage, PERS reports, check requests, etc.</p> <p>Expense reimbursements to employees and officers, travel expense reimbursements or travel compensation</p>	<p>CCP 337</p> <p>26 CFR 31.6001-1(e)(2)</p> <p>Sec. of State Local Gov’t. Records Mgmt. Guidelines</p> <p>GC 60201(d)(12)</p>	<p>Until audited + 4 years</p> <p>7 years after date of payment</p>
Accounts Receivable	Finance	Receipts for deposited checks, coins, currency; checks received, reports, investments, receipt books, receipts, cash register tapes, payments for fees, permits, etc.	<p>CCP 337</p> <p>26 CFR 31.6001-1(e)(2)</p> <p>Sec. of State Local Gov’t. Records Mgmt. Guidelines</p>	Until audited + 4 years
Affidavits of Publication/Posting	Administration	Legal notices for public hearings, publication of ordinances, etc.	GC 34090	2 years
Agency Report of Public Official Appointments (FPPC Form 806)	Administration	Report of additional compensation received by JBWD officials when appointing themselves to committees, boards, or commissions of other public agencies, special JBWDs, joint powers agencies or joint powers authorities. Current report must be posted on the JBWD’s website	<p>FPPC Reg. 18702.5(b)(3)</p> <p>GC 34090</p>	Recommended retention: Keep a paper copy of report for 2 years after removal from the JBWD’s website

APPENDIX B

RECORDS RETENTION SCHEDULE

Type of Record	Category	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
Type of Record	Category	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
Agenda/Agenda Packets	Administration	Original agendas/special meeting notices/certificates of posting, etc. – Board of Directors’ meetings	GC 34090 Sec. of State Local Gov’t. Records Mgmt. Guidelines	Current + 2 years
Agenda Reports (Staff Reports)	Administration	Documentation received, created and/or submitted to Board of Directors	GC 34090 Sec. of State Local Gov’t. Records Mgmt. Guidelines	Current + 2 years
Agreements (see also Contracts)	Administration	Original contracts and agreements and back-up materials, including leases, license agreements, service/maintenance contracts, etc. Original contracts/agreements regarding the development of real property, design specifications, surveying, planning, supervision, testing, or observation of construction or improvement to real property; may include records of retention releases, retention withheld, change orders, etc.	CCP 337 , 337.2 , 343 CCP 337.15	4 years after termination/completion 10 years after termination/completion
Annexations/Reorganizations	Administration	Notices, resolutions, certificates of completion	GC 34090 , 60201 (d)(1)	Permanent
Annual Financial Report	Finance	May include independent auditor analysis	GC 34090 Sec. of State Local Gov’t. Records Mgmt. Guidelines	Until audited + 7 years
Appraisals	Finance	For real property owned by JBWD – Not a public record until real estate transaction is complete	GC 6254 (h), 34090	2 years
Articles of Incorporation	Administration		GC 34090 , 60201	Permanent

Type of Record	Category	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
Audit Reports	Finance	Financial services, internal and/or external reports, independent auditor analysis	GC 34090 Sec. of State Local Gov't. Records Retention Guidelines	Current + 4 years Sec. of State Guidelines recommends permanent retention (may be revised at a later time)
Audit Hearing or Review	Finance	Documentation created and/or received in connection with an audit hearing or review	GC 34090	2 years
Backflow Test Reports	Operations	Reports of testing and maintenance – water supply	17 CCR 7605	3 years
Bank Account Reconciliations	Finance	Bank statements, receipts, certificates of deposit, etc.	26 CFR 31.6001-1(e)(2)	4 years Sec. of State Guidelines – recommended retention: until audited + 5 years
Bids, Successful	Administration	Includes plan and specifications, notices/affidavits	GC 34090 CCP 337 , 337.1	4 years
Bids, Unsuccessful	Administration	Unsuccessful bid packages only	GC 34090 , 60201	2 years
Billing records	Finance	Utility bill stubs – submitted with payment	GC 34090	Current + 2 years
Bonds	Finance	Authorization/public hearing records/prospectus/proposals/certificates/notices (transcripts)/registers/statements	CCP 337.5	Upon cancellation, redemption, or maturity + 10 years
Bonds – Employee (Fidelity Bonds)	Finance	Form of insurance that covers employer (JBWD) for losses resulting from fraudulent acts of specified employees	CCP 34090	Current + 2 years
Bonds – Paid/Cancelled	Finance	Paid or cancelled bonds, warrant certificates, interest coupons	CCP 337.5	10 years
Bonds – Unsold	Finance	Unsold bonds	GC 34090 , 43900 et seq.	2 years (specific requirements for disposal of unused bonds)
Bonds – Final	Finance	Final bond documentation, monthly statement of transactions, supporting documents	CCP 337.5	Upon cancellation or maturity + 10 years

Type of Record	Category	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
Bonds, Development	Finance	Housing, industrial development	CCP 337.5	Upon cancellation or maturity + 10 years
Bonds, Surety	Finance	Documentation created and/or received in connection with the performance of work/services for the JBWD	CCP 337	4 years
Brochures/Publications	Administration	Retain selected documents only for historic value	GC 34090	2 years
Budget, Annual	Finance	Annual operating budget approved by the Board of Directors	GC 34090 Sec. of State Local Gov't. Records Mgmt. Guidelines	Sec. of State recommends permanent retention
California – OSHA	Human Resources	Personnel – logs, supplementary record, annual summary (federal and state – California OSHA)	LC 6410 8 CCR 14307	5 years
California State Tax Records	Finance	Forms filed annually, quarterly, and year-end reports	R&TC 19530 , 19704	6 years
Campaign Statements and Other Campaign Reports (Originals) – Board of Directors	Administration	Original statements of candidates and supporting committees; other original reports and statements	GC 81009 (c), (e), (g)	7 years (can image after 2 years)
Campaign Statements and Other Campaign Reports (Copies)	Administration	Copies of reports/statements (if filing officer is not required to keep more than copy)	GC 81009 (f), (g)	4 years (can image after 2 years)
Capital Improvements, Construction	Administration/ Operations	Records on planning, design, construction, conversion or modification of local government-owned facilities, structures, and systems	GC 34090 H&S 19850 Sec. of State Local Gov't. Records Mgmt. Guidelines	Permanent
Checks – JBWD-Issued	Finance	JBWD checks paid – expense reimbursements to employees, payments to independent contractors, etc. Includes check copies, canceled or voided checks, electronic versions of checks	GC 60201 (d)(12) CCP 337	7 years
Citizen Feedback	Administration	General correspondence	GC 34090	2 years

Type of Record	Category	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
Claims Against the JBWD	Administration	Paid/denied	GC 25105.5 , 60201(d)(4)	Until settled + 5 years (may be microfilmed after 3 years)
Collective Bargaining Agreements	Human Resources		29 CFR 516.5	Current + 3 years
Complaints – Customer Complaints – Water Quality, Water Outages	Administration	Customer complaints regarding water quality – odor, taste, appearance; or water outages	40 CFR 122.41(j)(2) 22 CCR 64470	5 years
Complaints – Miscellaneous	Administration	Miscellaneous complaints, not related to specific lawsuits involving the JBWD and not otherwise specifically covered by the retention schedule	GC 34090	2 years
Comprehensive Annual Financial Reports (CAFR)	Finance	Finance	GC 34090 CCP 337	Until audited + 4 years
Conflict of Interest Code	Administration	Conflict of Interest Code – required under Political Reform Act; must be reviewed by July 1st of every even-numbered year and amended if necessary	GC 87300 et seq.	Permanent
Contracts (see also Agreements)	Administration	Original contracts and agreements and back-up materials, including leases, service/maintenance contracts, etc. Original contracts/agreements regarding the development of real property, design, specifications, surveying, planning, supervision, testing, or observation of construction or improvement to real property; may include records of retention releases, retention withheld, change orders, etc.	CCP 337 , 337.2 , 343 CCP 337.15	4 years after termination/completion 10 years after termination/completion
Correspondence	Administration	General correspondence, including letters and email; various files, not otherwise specifically covered by the retention schedule	GC 34090	2 years
Credit Cards, JBWD-Owned	Finance	Credit card bills or statements, and other records related to the use of JBWD-paid credit cards	GC 60201(d)(12)	7 years after date of payment
Deeds, Real Property	Finance	File with recorded documents; originals may not be destroyed	GC 34090 , 60201(d)	Permanent
Deferred Compensation Reports	Finance	Finance – pension/retirement funds	29 CFR 516.5 , 1627.3	3 years

Type of Record	Category	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
Demographic Statistical Data	Administration		GC 34090	Current + 2 years
DMV Driver's Records Reports (DMV Pull-Notice System)	Human Resources	Motor vehicle pulls – personnel record – not a public record	GC 36254(c) , 4090 VC 1808.1(c) Sec. of State Local Gov't. Records Mgmt. Guidelines	Until superseded (should receive new report every 12 months) Sec. of State recommends until termination + 7 years
Easements, Real Property	Administration	File with recorded documents; originals may not be destroyed	GC 34090	Permanent
EEOC Records (Equal Employment Opportunity Commission)	Human Resources	Records, reports showing compliance with federal equal employment requirements (EEO-4 reports, etc.).	29 CFR 1602.30	3 years
Election – Administrative Documents	Administration	Not ballot cards or absentee voter lists/applications	GC 34090	2 years
Election – Affidavit Index	Administration	Voter registration index	EC 17001	5 years
Election – Ballots and Related Documents	Administration	State and local elections: All ballot cards (voted, spoiled, canceled) arranged by precinct, unused absentee ballots, ballot receipts, absent voter identification envelopes, absentee voter applications. May be destroyed subject to any pending contest	EC 17302 , 17306 , 17505	6 months
Election – Ballots and Identification Envelope – Federal Offices	Administration	For elections to federal office (President, Vice-President, U.S. Senator, U.S. Representative)	EC 17301	22 months
Election – Ballots – Prop. 218 (Assessment JBWDs)	Administration	Ballots – property related fees (assessment ballot proceeding)	GC 53755.5(b)(4)	2 years
Election – Canvass	Administration	Notifications and publication of election records used to compile final election results, including tally sheets, voting machine tabulation, detailed breakdown of results, special election results	EC 17304	6 months
Election – Certificate of Election	Administration	Certificates of elections; original reports and statements	GC 81009(a) , (d)	Termination + 4 years
Election – Election Official's Package of Documents	Administration	Package of two tally sheets, copy of index, challenge lists, assisted voters list. Public record – all voters may inspect after commencement of official canvass of voters	EC 17304	6 months

Type of Record	Category	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
Election – Nomination Documents – Successful	Administration	All nomination documents and signatures in lieu of filing petitions	EC 17100	Until term expires + 4 years
Election – Nomination Documents – Unsuccessful	Administration		GC 81009(b)	5 years
Election Petitions – Initiative/Recall/Referendum, Charter Amendments	Administration	Not a public record – documents resulting in an election – retention is from election certification	EC 17200 , 17400 GC 6253.5 GC 34458-60	8 months
Election Petitions – No Election	Administration	Not a public record. Not resulting in an election. Retention is from final examination	EC 17200 , 17400 GC 6253.5	8 months
Election – Precinct Records	Administration	From date of election: precinct official material, declaration of intention, precinct board member applications, orders appointing members of precinct boards and designating polling places includes notice of appointment of office and record of service	EC 17503	5 months
Election – Roster of Voters	Administration	From date of election, initiative, referendum recall, general municipal election, Charter amendments	EC 17300	5 years
Election – Voter Affidavits	Administration	Affidavits of registration (including cancelled affidavits); voter registration index	EC 17000 , 17001	5 years
Election – Voter Registration Signature Copy	Administration	Special JBWD	EC 17000	5 years
Employee Benefits	Human Resources	Benefit plans (include “cafeteria” and other plans), health insurance programs; records regarding COBRA – extension of benefits for separated employees, insurance policies (health, vision, dental, deferred compensation, etc.).	29 USC 1027 11 CCR 560 28 CCR 1300.85.1 29 CFR 1627.3(b)(2)	For life of plan/policy + 6 years
Employee Bonds (Fidelity Bonds)	Administration	Form of insurance that covers the JBWD for losses resulting from fraudulent acts of specified employees	GC 34090	While employed + 2 years

Type of Record	Category	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
Employee Files	Human Resources	Personnel – not a public record	GC 6254(c) , 12946	While current + 2 years
Employee Information, General	Human Resources	Name, address, date of birth, occupation	GC 12946 , 29 CFR 1627.3 , LC 1174	3 years
Employee Information, Payment	Human Resources	Rate of pay and weekly compensation earned	GC 60201	7 years after date of payment
Employee Information – CEIR	Human Resources	Personnel – California employer information report (for employers of 100 or more employees)	2 CCR 7287(a), 12946 7287.0(a), (c)(2)	2 years
Employee Information – And Non-Hired Applicant Identification Records	Human Resources	Personnel – data regarding race, sex, national origin of non-hired applicants and employees	2 CCR 7287.0(b), (c)(2), (c)(3)	Current + 3 years
Employee, Medical and Exposure Records (Toxic Substances or Harmful Physical Agents)	Human Resources	Medical records are part of personnel file – not a public record. Includes medical records made or maintained by a physician, nurse, or other health care personnel, or technician pertaining to employees exposed to toxic substances or harmful physical agents. Does not include first aid records of one-time treatment made on site by a non-physician or observation of minor scratches, cuts, burns, splinters, etc., which do not involve medical treatment, loss of consciousness, restriction of work or motion, or transfer to another job. (For employees of less than one year, no need to retain medical records regarding exposure to toxic substances/harmful physical agents if they are returned to employee upon termination)	GC 6254(c) 29 CFR 1910.1020 8 CCR 3204 (d)(1)(A)(B)	Length of employment + 30 years
Employee, Non-safety	Human Resources	Non-safety employee records may include: release authorizations, certifications, reassignments, outside employment, commendations, disciplinary actions, terminations, oaths of office, evaluations, pre-employee medicals, fingerprints, identification cards (IDs)	29 CFR 1627.3 GC 12946	Length of employment + 3 years
Employee Programs	Human Resources	Includes EAP and recognition	GC 12946 , 34090	Current + 2 years

Type of Record	Category	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
Employee, Recruitment	Human Resources	Alternate lists/logs, ethnicity disclosures, examination materials, examination answer sheets, job bulletins	GC 12946 , 34090 29 CFR 1602 et seq. 29 CFR 1627.3	Current + 2 years
Employee, Reports	Human Resources	Employee statistics, benefit activity, liability loss	GC 34090	Current + 2 years
Employee Rights – General	Human Resources		GC 12946 29 CFR 1602.31	Length of employment + 2 years
Employment Agreements – At-Will Employees; Temporary Employees	Human Resources	Original agreements/contracts for at-will employees or temporary employees	CCP 337 , 343	Length of employment + 4 years
Employment Applications – Not Hired	Human Resources	Applications submitted for existing or anticipated job openings, including any records pertaining to failure or refusal to hire applicant	GC 12946 , 34090 29 CFR 1627.3 (b)(1)(i)	2 years
Employment Eligibility Verification (I-9 Forms)	Human Resources	Federal Immigration and Nationality Act; Immigration Reform/Control Act 1986	8 USC 1324a (b)(3) Pub. Law 99-603	3 years after date of hire, or 1 year after date of termination, whichever is later
Employment – Surveys and Studies	Human Resources	Includes classification, wage rates	GC 12946 , 34090 29 CFR 516.6	
Employment – Training Records, Non-safety	Human Resources	Paperwork documenting internal and external training for non-safety employees, includes any volunteer program training – class training materials, internships	GC 12946 , 34090	Length of employment + 2 years
Employment – Vehicle Mileage Reimbursement Rates	Administration	Annual mileage reimbursement rates set by the Internal Revenue Service	GC 34090	Until superseded
Environmental Quality – Air Quality (AQMD)	Operations	Participants/voucher logs, total daily mileage survey (TDM), various local authorities, commute alternative	CCP 338 (k) GC 34090	3 years
Environmental Quality – Asbestos	Operations	Documents, abatement projects, public buildings	GC 34090	Permanent

Type of Record	Category	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
Environmental Quality – California Environmental Quality Act (CEQA)	Operations	When the JBWD is the lead or responsible agency – notice of exemptions, environmental impact report, mitigation monitoring, negative declaration, notices of completion and determination, comments, statements of overriding considerations	GC 34090 CEQA guidelines	Permanent
Environmental Quality – Congestion Management	Human Resources	Ride sharing, trip management	GC 34090	Completion + 2 years
Environmental Quality – Environmental Review	Administration	Correspondence, consultants, issues, conservation	GC 34090	Completion + 2 years
Environmental Quality – Pest Control	Operations	Pesticide applications, inspections, and sampling documents	GC 34090	Completion + 2 years
Environmental Quality – Soil	Operations	Analysis, construction recommendations	GC 34090	Completion + 2 years
Environmental Quality – Soil Reports	Operations	Final reports	GC 34090	Permanent
ERISA Records (Employee Retirement Income Security Act)	Human Resources	Employee Retirement Income Security Act of 1974 – plan reports, certified information filed	29 USC 1027, 1059	6 years
Ethics Training Records	Human Resources	Records required to be kept under Gov’t Code § 53235.2 . Records must show dates that JBWD officials satisfied the training requirements and the entity that provided the training	GC 53235.2	5 years after receipt of training
Family and Medical Leave Act (Federal)	Human Resources	Records of leave taken, JBWD policies relating to leave, notices, communications relating to taking leave	29 CFR 825.500 GC 12946	While employed + 3 years (federal) or 2 years (state)
Federal Tax Records	Finance	May include Forms 1096, 1099, W-4 and W-2	29 USC 436 26 CFR 31.6001.1-4 26 CFR 31.6001-1(e) 29 CFR 516.5 – 516.6	5 years after file date
Fixed Assets – Inventory	Finance	Reflects purchase date, cost, account number	GC 34090	Until audited + 2 years

Type of Record	Category	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
Fixed Assets – Surplus Property	Finance	Auction; disposal – listing of property; sealed bid sales of equipment	GC 34090 CCP 337	Until audited + 4 years
Fixed Assets – Vehicle Ownership and Title	Finance	Title transfers when vehicle is sold	VC 9900 et seq.	Until sold
Forms	Administration	Administrative – blank		Until superseded
Fund Transfers	Finance	Internal; bank transfers and wires	GC 34090	Until audited + 2 years
General Ledgers	Finance	All annual financial summaries – all agencies	GC 34090 , 60201(d)(10) CCP 337 Sec. of State Local Gov't. Records Retention Guidelines	Until audited + 4 years Published articles show 4 – 7 years' retention as typical. Sec. of State Guidelines recommends permanent retention. (May be revised at a later time by Sec. of State or county officials)
Gift to Agency Report (FPPC Form 801)	Administration	FPPC form showing payment or donation made to the JBWD or to a JBWD official and which can be accepted as being made to the JBWD	FPPC Reg. 18944(c)(3)(F), (G); FPPC Fact Sheet: "Gifts to an Agency – Part 2"	Must be posted on the JBWD's website for 4 years (per FPPC Fact Sheet)
Gifts/Bequests	Finance	Receipts or other documentation	GC 34090	Until completed + 2 years
Grants – Successful Community Development Block Grant (CDBG); Urban Development; Other Federal and State Grants	Development	Grants documents and all supporting documents: applications, reports, contracts, project files, proposals, statements, sub recipient docket, environmental review, grant documents, inventory, consolidated plan, etc.	GC 34090 24 CFR 85.42 24 CFR 570.502	Until completed + 4 years
Grants – Unsuccessful	Administration	Applications not entitled	GC 34090	2 years
Hazardous Materials – Hazardous Waste Disposal	Safety	Documents regarding handling and disposal of hazardous waste (Permanent retention of environmentally sensitive materials is recommended)	CAL OSHA Sec. of State Local Gov't. Records Mgmt. Guidelines	While current + 10 years

Type of Record	Category	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
Hazardous Materials – Permits, Hazardous Materials Storage	Safety	(Permanent retention of environmentally sensitive materials is recommended)	GC 34090 , Sec. of State Local Gov't. Records.	While current + 2 years
Hazardous Materials – Exposure Records, Etc.	Safety	Employee exposure records, name/identity of chemical substance used, when and where chemical substance was used	8 CCR 3204(d)(1)(B)	30 years
Hazardous Materials – Underground Storage Tank	Safety	Compliance: documents regarding: storage, location, installation, removal, remediation, maintenance, and repair	GC 34090	Permanent
Improvements (Lighting, Underground Utility) – Supporting Documents	Administration	Supporting documents – bonds, taxes, construction	GC 34090 Sec. of State Local Government Records Management Guidelines	Permanent
Insurance, Joint Powers Agreement	Finance	Accreditation, MOU, agreements, and agendas	GC 34090	Current + 2 years
Insurance Certificates	Finance	Liability, performance bonds, employee bonds, property Insurance certificates filed separately from contracts, includes insurance filed by licensees	GC 34090	Current + 2 years
Insurance, Liability/Property	Finance	May include liability, property, certificates of participation, deferred, use of facilities	GC 34090	Current + 2 years
Insurance, Risk Management Reports	Finance	Federal OSHA forms, loss analysis report, safety reports, actuarial studies	29 CFR 1904.44 GC 34090	5 years (federal) 2 years (state)
Investment Reports, Transactions	Finance	Summary of transactions, inventory, and earnings report	GC 34090 CCP 337 Sec. of State Local Government Records Retention Guidelines	Until audited + 4 years Sec. of State recommends permanent retention
Invoices	Finance	Copies sent for fees owed, billing, related documents	GC 34090	Until audited + 2 years
Job Descriptions	Human Resources	Descriptions of duties, qualifications, responsibilities for each position/classification/job title	29 CFR 1627.3	While current + 3 years

Type of Record	Category	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
Lease Agreement	Administration	Property or equipment	CCP 337 , 337.2 , 343	Until terminated + 4 years
Legal Notices/Affidavits of	Administration	Notices of public hearings, proof of publication of notices	GC 34090	2 years
Legal Opinions	Administration	Confidential – not for public disclosure (attorney-client privilege)	GC 34090	Until superseded + 2 years
Litigation	Administration	Case files	GC 34090	Until settled or adjudicated + 2 years
Lobbying or Lobbyist Forms (FPPC forms)	Administration	FPPC Form 602 – Lobbying Firm Activity Authorization; FPPC Form 635 – Report of Lobbyist Employer and Reports of Lobbying Coalition – forms used when employing or contracting with a lobbying firm	FPPC Reg. 18615(d)	5 years
Maintenance Manuals	Administration	Equipment service/maintenance	GC 34090	Current + 2 years
Maintenance/Repair Records	Administration	Equipment	GC 34090	2 years
Marketing, Promotional	Administration	Brochures, announcements, etc.	GC 34090	2 years
Meter Operations	Operations	Reader reports, orders, tests, maintenance reports	GC 34090	2 years
Meter Reading	Operations	Reports and rebate reports	GC 34090	Current + 2 years
Minutes – Board Meetings	Administration	Minutes of JBWD board meetings. Documents are to be imaged immediately. Paper records are to be maintained permanently by the board	GC 34090 , 60201(d)(3)	Permanent
Newsletter, JBWD	Administration	May wish to retain permanently for historic reference	GC 34090	2 years
Notices – Public Meetings	Administration	Special meetings	GC 34090	2 years
Oaths of Office	Administration	Elected and public officials – board members	GC 34090 29 USC 1113 Sec. of State Local Gov't. Records Mgmt. Guidelines	Current + 6 years
OSHA	Administration	OSHA Log 200, supplementary record, annual summary (federal and state – California – OSHA); OSHA 300 Log, privacy case list, annual summary, OSHA 301 incident report forms	LC 6410 8 CCR 14307 29 CFR 1904.2 – 1904.6	5 years

Type of Record	Category	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
OSHA (Accident/Illness Reports)	Human Resources	Personnel – employee exposure records and employee medical records Not a public record	LC 6410 8 CCR 3204 8 CCR 14307C 6254(c)	Duration of employment + 30 years
Payroll – Federal/State Reports	Finance	Annual W-2s, W-4s, Form 1099s, etc.; quarterly and year-end reports	GC 60201	7 years
Payroll Deduction/Authorizations	Finance	Finance	29 CFR 516.6(c) GC 60201	While current + 7 years
Payroll Records	Finance	Records that specify compensation paid to employees, officers	GC 60201(d)(12)	7 years after date of payment
Payroll Records, Terminated Employees	Finance	Finance files	29 CFR 516.5 GC 60201(d)(12)	7 years from date of last entry
Payroll, Registers	Finance	Payroll registers, payroll reports Registers that show labor costs by employee and program	29 CFR 516.5(a) LC 1174(d) GC 60201 Sec. of State Local Gov't. Records Mgmt. Guidelines	7 years from date of last payment Sec. of State recommends permanent retention
Payroll, Timecards/Sheets	Finance	Employee	29 CFR Part 516.6 8 CCR 11000 – 11150 LC 1174 Sec. of State Local Government Records Mgmt. Guidelines	3 years Sec. of State recommends until audited + 6 years
Payroll – Wage Rates/Job Classifications	Finance	Employee records	GC 60201	While current + 7 years

Type of Record	Category	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
PERS – Employee Benefits	Human Resources	Retirement plan – annual reports required to be filed under ERISA	29 USC 1027	6 years
		PERS Employee Benefit Plan – original document or copies	29 CFR 1627.3(b)(2)	Current + 2 years
Personnel Records	Human Resources	Other records (not payroll) containing name, address, date of birth, occupation, etc., including records relating to promotion, demotion, transfer, lay-off, termination	29 CFR 1627.3	3 years
Personnel Rules and Regulations	Human Resources	Including employee handbooks, employee manuals, and other policies/procedures	CFR 516.6/CFR 1627	Current + 3 years
Petitions	Administration	Submitted to legislative bodies	GC 34090	Current + 2 years
Policies, Administrative	Administration	All policies and procedures, directives rendered by the JBWD not assigned a resolution number	GC 34090	Current + 2 years
Policies, JBWD Board	Administration	Original policies adopted by the JBWD board	GC 34090	Current + 2 years
Political Support/Opposition, Requests and Responses	Administration	Related to legislation	GC 34090	2 years
Press Releases	Administration	Related to JBWD actions/activities	GC 34090	2 years
Procedure Manuals	Administration	Administrative	GC 34090	Current + 2 years
Property, Abandonment	Administration	Buildings, condemnation, demolition	GC 34090	Permanent
Property Acquisition/Disposition	Administration	JBWD owned. Supporting documents regarding sale, purchase, exchange, lease, or rental of property by JBWD	CCP 337.15	10 years
Public Records Act Requests	Administration	Requests from the public to inspect or copy public documents	GC 34090 or 60201 (d)(5)	2 years
Purchasing RFQs, RFPs	Finance	Requests for qualifications; requests for proposals regarding goods and services	GC 34090	Current + 2 years
Purchasing, Requisitions, Purchase Orders	Finance	Original documents	GC 34090 CCP 337	Until audited + 4 years

Type of Record	Category	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
Recordings – Audio (e.g., for preparation of meeting minutes)	Administration	Audio recordings of board meetings “made for whatever purpose by or at the direction of the local agency”	GC 34090 , 54953.5(b)	Minimum 30 days
Recordings, Video Recordings – Meetings of Legislative Bodies	Administration	Recordings of public meetings made by or at the direction of the JBWD (e.g., board meetings)	GC 54953.5	Minimum 30 days
Recordings, Video – Other Events	Administration	Other than video recordings of public meetings; considered duplicate records if another record of the same event is kept (i.e., written minutes or audio recording)	GC 53161	Minimum 90 days after event is recorded. If no other record of the event exists, the recording must be kept 2 years
Records Management Disposition/Destruction Certification	Administration	Documentation of final disposition/destruction of records	GC 34090 , 60201(d)(10)	Permanent
Records Retention Schedules	Administration		GC 34090	Current + 2 years
Recruitments and Selection	Human Resources	Records relating to hiring, promotion, selection for training	29 CFR 1627.3	3 years
Resolutions	Administration	Vital records	GC 34090 , 60201	Permanent
Returned Checks	Finance	Adjustments – NSF, etc. (not JBWD checks)	GC 34090 CCP 337 , 343	Until audited + 4 years
Salary/Compensation Studies, Surveys	Finance	Surveys of other agencies regarding wages, salaries, and other compensation benefits	GC 34090	Current + 2 years
State Controller	Finance	Annual reports	GC 34090	2 years
State Tax Records	Finance	Filed annually; quarterly	Refer to federal tax records	5 years after file date
Statement of Economic Interest (SEI) – Form 700 (Copies)	Administration	Copies of original statements of elected officials forwarded to Fair Political Practices Commission (FPPC)	GC 81009(f) , (g)	4 years (can image after 2 years)
Statement of Economic Interest (SEI) – Form 700 (Originals) (Non-Elected)	Administration	Originals of statements of designated employees	GC 81009(e) , (g)	7 years (can image after 2 years)

Type of Record	Category	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
Stop Payments	Finance	Finance – bank statements	GC 34090	2 years
Taxes, Special	Finance	Special tax levied by a local agency on a per-parcel basis	CCP 338 (m)	Until audited + 3 years
Underground Utility – Supporting Documents	Administration	Supporting documents for improvements, lighting – bonds, taxes, construction	GC 34090 Sec. of State Local Gov't. Records Mgmt. Guidelines	Permanent
Unemployment Insurance Records	Human Resources	Records relating to unemployment insurance – claims, payments, correspondence, etc.	26 USC 3301 – 3311 Calif. Unemployment Insurance Code CCP 343	Current + 4 years
Utility Services – Applications	Operations	Applications for utility connections, disconnects, registers, service	GC 34090 Sec. of State Local Gov't. Records Mgmt. Guidelines	Current + 2 years
Utility Services – Billing Records	Finance	Customer name, service address, meter reading, usage, payments, applications/cancellations, monthly activity	GC 34090 Sec. of State Local Gov't. Records Mgmt. Guidelines	Until audited + 2 years
Utility Services – Connection Records	Operations	Maps, water line connections	GC 34090 Sec. of State Local Gov't. Records Mgmt. Guidelines	Until audited + 2 years
Utility Services – Meter Reading, Reports	Finance		GC 34090	Current + 2 years
Utility Services – Utility Rebates, Reports	Finance		GC 34090	Current + 2 years
Vouchers – Payments	Finance	Account postings with supporting documents	GC 34090 CCP 337	Until audited + 4 years

Type of Record	Category	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
Wage Garnishment	Human Resources	Wage or salary garnishment	CCP 337	Active until garnishment is satisfied, then retain until audited + 4 years
Warrant Register/Check Register	Finance	Record of checks issued; approved by legislative body (copy is normally retained as part of agenda packet information)	GC 34090	Until audited + 2 years
Workers' Compensation Files	Human Resources	Work injury claims (including denied claims), claim files, reports, etc.	8 CCR 10102 8 CCR 15400.2	Until settled + 5 years

Legal Authority Abbreviations:

CCP Code of Civil Procedure (California)

GC Government Code (California)

LC Labor Code (California)

CCR California Code of Regulations

H&S Health and Safety Code

PC Penal Code (California)

CFR Code of Federal Regulations

IRC Internal Revenue Code

R&TC Revenue and Taxation Code (California)

EC Elections Code (California)

IRS Internal Revenue Service

USC United States Code

Attachment B- RECORDS RETENTION SCHEDULE – Joshua Basin Water JBWD

Destruction of any record must be authorized according to JBWD policy.

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ARTICLE 12

MISCELLANEOUS ADMINISTRATIVE POLICIES

(Resolution No. 20-1019 adopted on 05/20/2020)

12.01 AUTHORIZED BANK ACCOUNT SIGNERS/ELECTRONIC PAYMENT APPROVERS.

The Board of Directors authorizes the following individuals by title as check signers or electronic payment approvers for the District's bank accounts:

- Any legally elected or appointed member of the Board of Directors
- General Manager
- Assistant General Manager
- Director of Finance

All designated signers/approvers may sign an unlimited disbursement amount when the disbursement has been authorized as specified by the Purchasing Policy and/or the Administration Code.

Each Disbursement under \$5,000 requires one Staff and one Director signature. Each Disbursement \$5,000 and over requires three signatures, to include at least one Staff and one Director signature.

There are signature exceptions for emergency checks, allowing for the appropriate number of signers based on the amount of the check, in any combination of Staff and/or Directors. Emergency checks are defined as timely payments required to avoid late payment penalty or credit consequence, and advance payment required to avert or fix an emergency.

12.02 DESIGNATION OF PLAN COORDINATOR FOR ICMA-RC DEFERRED COMPENSATION 457 RETIREMENT PLAN *(Resolution No. 20-1022 adopted on 11/18/2020)*

The District Provides a Deferred Compensation 457 retirement plan for the employee's benefit, currently administered by ICMA-RC. ICMA-RC requires that the District formally designate a Plan Coordinator by Resolution of the Board of Directors.

12.03 CREDIT CARD GUARANTOR POLICY . *(Resolution No. 21-1027 adopted on 01/20/2021)*

The Joshua Basin Water District's credit card user, presently Bank of America, requires that an employee personally guarantee the financial liability incurred by the District's credit card holders. The Joshua Basin Water District pledges to accept such liability as its own and protect the designated guarantor from such personal liability for District-incurred expenses.

Employees who are issued credit cards will be approved by one of three authorized individuals, the General Manager, the Director of Finance, or the Director of Administration, as per Board resolution. For each employee who is issued a card, a Credit Card Issuance and Acknowledgement Form, which contains the basic expectations surrounding card usage, will be completed.

12.04 BUDGET POLICY. *(Resolution No. 21-1030 adopted on 04/21/2021)*

Purpose

The Joshua Basin Water District (District) Operating, and Capital Budgets are developed on an annual basis through the establishment of District-wide goals based on Strategic Planning, the Capital Improvement Plan, and program/departamental goals and objectives. Together, these goals and activities provide a comprehensive plan to deliver efficient services to customers and other stakeholders of the District in a manner that aligns resources with the vision of the District. The formulation of the Operating and Capital Budgets, including the publication of a comprehensive budget document, is one of the most important financial activities that the District undertakes each year.

Authority

The Board of Directors is responsible for establishing policies that guide the District in meeting the mission and vision of the District. This includes the approval of financial policies which establish and direct the operations of the District. The General Manager is responsible for carrying out these policies and managing the day-to-day operations of the District. This policy shall be administered on behalf of the District by the General Manager with the assistance of the Director of Finance.

Scope

This policy shall apply to all Funds under the budgetary and fiscal control of the Board of Directors.

Responsibilities and Calendar

The District's fiscal year runs from July 1 through June 30. Preparation and monitoring of the District's budget is a collaborative effort among the Department Heads, Finance Department, and General Manager. With assistance from the Director of Finance, the General Manager solicits input from Department Heads, appropriate District Committees, the Board of Directors, and other stakeholders and guides the budget development, especially for new or non-routine needs. The Director of Finance is responsible for the compilation, analysis, preparation, and presentation of the District's Operating and Capital budgets.

The Director of Finance shall submit or cause to be submitted annually to the Board of Directors no later than June 30 during a public Board Meeting, a proposed operating budget governing revenues and expenses of all District Funds, for the following year. The Capital Budget shall be adopted as close to the beginning of the fiscal year as possible, but no later than August 1, since budget reports are due to the County by August 31. The budget, after being reviewed and adopted, shall constitute the Board of Directors' authorization of all Funds for such fiscal year and further Board authorization to use funds as outlined in the approved budget is not required (refer to Administrative Code and current Purchasing/Bidding Policy for further guidance).

Quality Control and Quality Assurance

The Director of Finance, in consultation with the General Manager, shall review and assess the applicability and efficiency of the components and direction provided by this Policy on a regular basis to ensure its guidance is applicable to the formulation and adoption of each annual budget. Required or recommended changes shall be brought before the Board for consideration and approval.

Stakeholder Participation

The District shall provide meaningful opportunities, whenever possible, for the stakeholders to provide input into the financial planning and budget process.

POLICY

A) Basis of Budgeting

1. Budgeting is done on an accrual basis (i.e. costs *paid* in the year subsequent to the year in which they were *incurred*, are accrued or posted to the year in which they were incurred), with the following exceptions:
 - a. Compensated absence liabilities are expensed when paid.
 - b. Pension expense is budgeted based on employer contribution rates.
 - c. Principal payments on long-term debt are treated as expenses in the annual Operating Budget.
 - d. Depreciation expense is not recognized in the annual Operating Budget
 - e. Overhead expense is not recognized in the annual Operating or Capital Budgets.
 - f. Changes in the fair market value of investments are not treated as adjustments to revenue in the annual Operating Budget.
 - g. Capital purchases are classified as an expense in the annual Capital Budget.

B) Budgetary Control

1. The District shall adopt an annual balanced Operating Budget on or before June 30 of each year.
2. The Capital Budget shall be adopted as close to the beginning of the fiscal year as possible, but no later than August 1. Funding for capital projects already in progress continues until the new Capital budget is adopted. Funding for new capital projects is not available until the new Capital Budget is adopted. This does not include projects or purchases approved by the Board under special circumstances (such as emergencies) outside of the normal budgeting process.
3. The Director of Finance will provide updates of the District's financial position by regularly reporting to the Board of Directors the status of actual expenditures, expenses, and revenues compared to the adopted operating budget.
4. Capital budget updates will be provided as requested by the Board of Directors but are typically reported on in conjunction with the progress of the related expenditure or project.

C) Balanced Budget

1. Under normal circumstances, the District shall make every attempt possible to adopt a structurally balanced budget for each Fund which this policy covers. A budget is structurally balanced when it does not spend more on ongoing services than it receives in ongoing revenues. A structurally balanced budget is a necessary component of good financial management and financial discipline and helps sustain the consistent delivery of services to our customers. Abnormal circumstances that would allow for an unbalanced budget may include, but are not limited to: program or maintenance start-up funding in which initial costs may exceed the annual revenue, however long term funding of such a program allows for a balanced budget to occur in subsequent years; the one-time purchase of information technology in which the Board and staff understands to be vital to the District's operations; the unforeseen repair, installation or purchase of a facility or piece of equipment that is necessary to provide water to and/or protect the health of the District's customers; or the intentional, planned, "spend-down" of reserves as provided for by an approved rate study or the like.

2. Except under certain circumstances, as provided above, the adoption of an unbalanced budget (spending more than is received) may undermine the District's ability to deal with financial problems, is unsustainable, and may lead to reduced services in the future and inhibit the District's ability to take advantage of opportunities that periodically occur. A structurally unbalanced budget will include an explanation and describe the expected approach and timeframe for achieving structural balance within the context of official revenue and expenditure projections. It is not a violation of this policy to use funds previously set aside in reserve to mitigate temporarily higher costs or lower revenues.
3. Operating Revenues and other funding sources must fully cover Operating Expenditures/Expenses, including debt service. Operating Expenditures/Expenses for the purposes of balancing the annual budget shall include that year's contribution to the various Reserve and Replacement Reserve Funds as determined in the Reserve Policy and as funded by the effective Rate Study.
4. One-time revenue sources and development fees must not be used to fund ongoing operational costs, and thus, are not budgeted.
5. Minimum Reserve Policy levels must be maintained and used in accordance with the purposes permitted by the District's Reserve Policy (see Reserve Policy for further guidance.)
6. The balancing of Operating Revenues with Operating Expenditures (as defined above) is a goal that should be applied over a period of time which extends beyond the current budget. Temporary shortages or operating deficits can and do occur, but they will not be permitted as extended trends.

D) Budget Development

1. Vision – The budget shall be constructed around the Board of Directors' vision for the long-term direction of District services and the associated desired culture and environment. When appropriate, the General Manager shall utilize a Strategic Planning process, including a needs assessment of priorities, challenges, and opportunities to assist with the establishment of both short-term and long-term goals.
2. Departmental Budgeting - The budget shall be based on Departments, which closely mirror the various District Programs, in order to provide insight into the costs of service that the District provides.
3. Financial Information – The budget shall display estimated beginning Cash Balances, estimated revenues and expenses and the estimated year-end Cash Balances.
4. Rate Study – The Finance Department will review the applicable Rate Study with the General Manager at the time each budget is developed. The Rate Study provides projected revenues and expenses based on needs identified as rates were developed, but the Rate Study does not place any automatic restrictions on the budget. Any variance between projected and actual revenues and expenses will impact the reserve balances and could potentially impact long-term operations. As such, it should be the goal of the General Manager to present a budget for approval that adheres as close as possible to the approved rate study but ensures that actual revenues and expenses are reflected within the budget.

E) Revenue Policies

1. Revenues should be conservatively and reasonably estimated.
2. Revenue projections shall be based upon Rate Study information, whenever available. In addition, the District may utilize historic trend analysis to establish baseline estimates of major revenues including incorporating proposed rate increases where applicable.
3. Rate studies shall be considered every five years to update assumptions and ensure that revenues are sufficient to recover operating costs and to provide for annual capital work. The completion of rate studies and the consideration of rate adjustments are important to address on a timely basis. In doing so, the District can adopt rate adjustments that match the continued level of service provided, slowly over time, rather than creating reactionary adjustments that are abrupt and much harder for its customers to adjust to.
4. Interest revenue earned will be distributed among the legally restricted funds named below, proportionate to their balances when interest was earned:
 - a. Water Capacity Fund
 - b. Wastewater Capacity Fund
 - c. CMM Reserve Fund
 - d. CMM Redemption Fund
 - e. CMM Prepayment Fund
5. Grant/loan revenues related to Capital projects shall be categorized as Capital Revenues.
6. Grant/loan revenues related to Operating projects shall be categorized as Operating Revenues.
7. Meter installation fees, capacity fees, plan check and inspection fees, and mainline reimbursement fees, etc. are not budgeted due to their unpredictable, customer-initiated nature and the legally restricted status of some of these revenues.
8. Development customers (from single new meter purchases to major projects) shall contribute revenue to match 100% of costs related to their project, including applicable overhead. One-time exceptions must be approved by the General Manager.
9. One-time revenues will be used only for one-time purposes (i.e. specific grant revenues will be used for the project for which they are granted).

F) Expense Policies

1. The Operating Budget contains regular, recurring, and maintenance-type expenses.
2. The General Manager shall have the authority to move budgets among Operating accounts.
3. The Board of Directors must approve moving budgets between Operating and Capital accounts, except where the original designation was incorrect (i.e. sometimes purchases don't rise to the level of an asset).
4. The District shall coordinate development of the Capital Budget with development of the Operating Budget. Project Managers shall ensure that future operating and maintenance costs associated with new capital improvements are projected and included in Operating Budget forecasts.

5. Overhead accounts are not budgeted.
6. The Equipment Clearing Account is not budgeted, unless that account is utilized to offset equipment costs included in a budgeted capital project.
7. 01-6-XX-XXXXXX “asset expense” accounts are utilized in lieu of asset accounts to enable income statement reporting for assets acquired during the year when the balance sheet is omitted from regular reporting. Such accounts are not budgeted.
8. The Capital Replacement Expense account (depreciation) is not budgeted.
9. Allocations of Benefits, Field, and Office costs are performed on a percentage-of-payroll basis to affected Departments.

G) Salary and Benefits Policies

1. Salary budgets are prepared by the Director of Administrative (Human Resources) in consultation with the Finance Department.
2. Salaries are budgeted at the top step available within the budget cycle, including any contracted or projected CPI adjustments. If such contracted adjustments reflect a range to be determined at a later date, the budget shall reflect the highest possible cost.
3. Standby pay and Callback OT/DT pay are divided equally among all Departments which serve Standby.
4. Salaries are allocated by Department. Some employee salaries are divided among multiple departments when the work performed spans multiple departments, such as for managers that oversee more than one department/function.
5. A projection of Compensated leave pay is deducted from regular salary and budgeted separately.
6. CIRP salary and benefits are budgeted in both the capital project costs and operating costs. To avoid duplicating the expense, the portion attributable directly to the capital CIRP project is budgeted to a clearing account in the CIRP Department.

H) Capital Expenditures

1. The Capital Budget is independent from the Operating Budget.
2. A multi-year water system infrastructure Capital Improvement Plan shall be developed and updated periodically at the discretion of the General Manager, including anticipated funding sources, which shall serve as guidance for capital expenditures. In addition, other non-water system capital improvement projects must be considered each year during the budget cycle.
3. The Capital Budget is approved annually and **costs for ongoing work must be re-budgeted**. An exception may occur where a contract has been executed, thus committing the district to the expenditure.
4. The General Manager shall have the authority to move funds among existing budgeted Capital projects.

5. The Board of Directors must authorize moving of funds between Capital and Operating budgets, except where the original designation was incorrect (i.e. sometimes purchases don't rise to the level of an asset).
6. The District shall coordinate development of the capital budget with development of the operating budget.
7. Prior to undertaking a capital project, all ongoing operational and maintenance costs shall be identified and included as part of the budgeting discussion.

I) Cross Year Policy

Each year's budget is independent and does not carry forward. Any projects in progress at year end must be re-budgeted, for any balance required to complete, in the subsequent year(s). An exception may occur where a contract has been executed, thus committing the district to the expenditure, and the responsible budget manager has not re-budgeted the project or work.

J) Estimates of Revenue, Expenditures, and Expenses

1. Estimates – The District shall take an objective and analytical approach to forecasting revenues, expenditures, and expenses as accurately as possible. Though the District will use the best information available to estimate revenues, absolute certainty is impossible. Should revenues be overestimated, the spending plans and priorities established during the budget process shall be used to propose options to bring the budget into balance.
2. Monitoring – The Finance Department shall monitor revenue incomes and expense outflows to assess the implications of the annual budget in order to provide timely updates on actual financial performance.
3. Long-Term Forecasts – The Finance Department will monitor and update the long-term financial forecasts developed during each Rate Study, in order to help the District assess its long-term financial sustainability.

K) Long-Term Liabilities

The District shall fully fund current portions of long-term liabilities in order to maintain the trust of creditors and shall avoid accumulating excessive long-term liabilities. The Finance Department shall analyze long-term liabilities to determine if opportunity for savings exists, such as by using savings to pay off debt early, or by refinancing.

L) Debt Policies

See Article 10 of the District's Administrative Code for the entire text of the Debt Management Policy.

1. Long-term debt shall not be used to finance ongoing operational expenditures.
2. Whenever possible, alternative sources of funding shall be identified and examined for availability in order to minimize the use of debt financing.
3. Pay-as-you-go financing of capital improvements shall be utilized whenever feasible.

M) Budget Amendments & Adjustments

1. An amendment is a specific change to the overall budget, increasing or decreasing the net revenue. Amendments not falling within the authority of the General Manager (refer to Administrative Code), shall be considered, and adopted by the Board of Directors during a public Board meeting.
2. An adjustment is a change within the existing account lines, generally resulting in no increase or decrease in net revenue. A net revenue decrease (additional cost) requires authorization from the Board as described above under the term “amendment.”
Adjustments may be made for account balance variances of \$5,000 or more to eliminate or reduce line-specific over/underbudget situations by moving funding among various account lines. The net revenue should not decrease but may increase if savings are identified. Smaller variances may be adjusted upon the Finance Department’s discretion.
3. Salary and benefit adjustments will only be made in certain situations due to their complexity. Overbudgeted salaries may generally only be transferred to other salary and benefit accounts. If savings must be identified, salaries will be adjusted for vacancies. If outside labor is substituted for internal labor, funds may be moved to the Temporary Labor account. If salary and benefit adjustments result in a net revenue increase (cost savings), specific salary accounts may remain unadjusted. Only the most cost-significant benefits will be adjusted (I.e. CalPERS, Cafeteria, FICA) as needed.

N) Reserves

Adequate Emergency and Operating Reserves Will be Maintained.

See Article 9 of the District’s Administrative Code for the entire text of the Reserve Policy.

Maintaining adequate reserves is a basic component of a financially strong District. Adequate reserves help sustain the District operations when adverse or unexpected circumstances impact the District. The District has adopted a Reserve Policy including recommended reserve levels. The District will maintain Emergency Capital Reserve, Operating Reserve, and other Reserve accounts in accordance with the funding recommendations of the Reserve Policy. If emergency or operating reserve levels are drawn below the Reserve Policy funding recommendations, a plan will be developed to replenish them, generally from future surpluses or the next Rate Study.

All Reserve budgets designated in the Rate Study and/or the Reserve Policy shall be budgeted for funding through the Operating budget.

O) Grants

Grants are an essential component of District resources. All grants have rules that must be followed, including how the grant funds may be used. Failure to follow the rules may require a return of funds, even after they have been spent, and potential disqualification from future grants. Grants often require a funding match. Grants typically require that the grant-funded project be maintained for a specific timeframe, usually the life of the project, typically decades. A grant may be inappropriate for the District for a number of reasons:

- large matching fund requirement; or
- excessive maintenance costs for the life of the grant-funded project; or
- disallowed or limited ability to recover administrative costs; or
- excessive restrictions on expenditures, compliance risk (return of funds if non-compliance); or
- incompatibility with other District priorities

The District will seek grants that address District priorities and are felt to provide a benefit to the District substantially in excess of the cost of applying for and administering the grant, and the risk of unintentional non-compliance. The District will not seek grants if the purpose does not provide a significant net benefit to the District for existing priorities. Before applying for any grant, staff shall ensure that the above conditions have been met. The General Manager shall provide the Board of Directors with an opportunity to hear the terms and conditions of each grant prior to entering into an agreement. While the issuing agency of most large grants require Board authorization, this will allow the Board the opportunity to reject or encourage the use of grants that do not. The District shall maintain the necessary administrative support and training to ensure compliance with grant terms and requirements. Grants will only be budgeted once appropriate commitments have been made by granting agency.

P) General Fund

All normal and routine activity not applicable to any Reserve Funds described herein shall be transacted via the General Fund and LAIF Operating/Cash Flow Funds.