



JOSHUA BASIN WATER DISTRICT

P.O. BOX 675 • 61750 CHOLLITA ROAD • JOSHUA TREE • CALIFORNIA 92252
TELEPHONE (760) 366-8438 FAX (760) 366-9528 E-MAIL jbwd@jbwd.com

JOSHUA BASIN WATER DISTRICT
REGULAR MEETING OF THE BOARD OF DIRECTORS
WEDNESDAY FEBRUARY 2, 2011 7:00 PM
61750 CHOLLITA ROAD, JOSHUA TREE, CA 92252

AGENDA

1. CALL TO ORDER
2. PLEDGE OF ALLEGIANCE
3. DETERMINATION OF QUORUM
4. APPROVAL OF AGENDA
5. PUBLIC COMMENT
- pg. 1-4 6. CONSENT CALENDAR
 - A. Approve the Minutes of the January 19 2011 Regular Meeting
- pg. 5-10 7. PROPOSED COUNTY LANDSCAPE ORDINANCE FOR NEW DEVELOPMENT
Recommend that the Board authorize staff to join with the Alliance for Water Awareness and Conservation in commenting on the proposed County Landscape Ordinance.
- pg. 11-12 8. DISTRICT POSITION ON EXTENSION OF PROVISIONS WITH MOJAVE WATER AGENCY FOR CAPACITY IN THE MORONGO PIPELINE.
Recommend that the Board develop a position on whether or not the pipeline capacity provisions of the Morongo Pipeline agreement should be extended beyond 2022.
- pg. 13-29 9. CONSIDER AUTHORIZATION OF UPDATED RATE & FEE STUDY
Recommend that the Board authorize Bartle Wells Associates to conduct a water rate and fee study at a cost not to exceed \$34,500, including 10% contingency.
- pg. 30-32 10. PROJECT PRIORITY LIST
Information only.

11. PUBLIC COMMENT
12. GENERAL MANAGER REPORT
13. DIRECTORS COMMENTS/REPORTS
14. CLOSED SESSION
 1. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
At this time, the Board will go into Closed Session to confer with Legal Counsel on existing litigation pursuant to subdivision (a) of Government Code Section 54956.9. (Re Joshua Basin Water District v. Robert Ellis, San Bernardino Superior Court - Joshua Tree District, Case No. CIVMS 900168).
 2. CONFERENCE WITH LEGAL COUNSEL - POTENTIAL LITIGATION
At this time, the Board will go into Closed Session to confer with Legal Counsel on a matter of potential litigation pursuant to subdivision (c) of Government Code Section 54956.9. (one matter - unidentified).
15. REPORT ON CLOSED SESSION ITEMS
16. ADJOURNMENT

The Board of Directors reserves the right to take action on items reserved for discussion only.

INFORMATION

During either "Public Comment" Item, please use the podium microphone. State your name and have your information prepared and be ready to provide your comments to the Board. The District is interested and appreciates your comments. A 3-minute time limit may be imposed. Thank you.

Any person with a disability who requires accommodation in order to participate in this meeting should telephone Joshua Basin Water District at (760) 366-8438, at least 48 hours prior to the meeting in order to make a request for a disability-related modification or accommodation.

Materials related to an item on this Agenda submitted to the Board of Directors after distribution of the agenda packet are available for public inspection in the District's office located at 61750 Chollita Road, Joshua Tree, California 92252 during normal business hours.

JOSHUA BASIN WATER DISTRICT
Minutes of the
REGULAR MEETING OF THE BOARD OF DIRECTORS
January 19, 2011

1. **CALL TO ORDER** 7:00 PM
2. **PLEDGE OF ALLEGIANCE** Led by: Andy Sells
3. **DETERMINATION OF QUORUM:**
- | | |
|----------------|---------|
| Bill Long | Present |
| Mickey Luckman | Present |
| Mike Luhrs | Present |
| Mike Reynolds | Present |
| Gary Wilson | Present |

STAFF PRESENT:

Joe Guzzetta, General Manager
Susan Greer, Assistant General
Manager/Controller
Keith Faul, GIS Coordinator

CONSULTANTS PRESENT:

Gil Granito, District Counsel
Kathleen Radnich, Public Outreach Consultant
Andy Sells, AWCA/JPIA

GUESTS 9

4. **APPROVAL OF AGENDA**
MSC Long/Reynolds 5/0 to approve the agenda for the January 19, 2011 Regular Meeting of the Board of Directors.

5. **PUBLIC COMMENT**
None.

6. **CONSENT CALENDAR**
MSC Long/Reynolds 5/0 to Approve the Minutes of the January 5, 2011 Regular Board Meeting and to Approve the December 2010 Financial Report.

7. **PRESENTATION BY ANDY SELLS: ACWA/JPIA UPDATE**
Andy Sells gave a presentation explaining the Joint Powers Insurance Authority programs for Liability, Property and Workers Compensation Insurance Programs, the organizational structure of the JPIA, and the many training programs available. He stressed JBWD's excellent record in risk management stating that JBWD has a surprisingly good "rate stabilization reserve" at the JPIA for being such a new member. Mr. Sells answered questions from Board Members and the public.

8. PIPE REPLACEMENT PROGRAM

The General Manager, Joe Guzzetta recommended to the Board to determine if funds to continue the pipeline replacement program were going to be borrowed from the USDA at a low interest rate or continue the District policy of “pay-as-you go.” Discussion followed with public comment from Steve Whitman to not borrow the funds. Director Michael Luhrs commented that even small jobs will get a good price. It was discussed to have a map with high-leak areas and the 70,000 to 90,000 feet of pipe that is the next priority for replacement specifically including the San Angelo area. President Luckman appointed an Ad hoc sub-committee of Director Luhrs and Wilson, and the Citizens Advisory Committee to review.

9. TEMPORARY EMPLOYEE TO CONTINUE VALVE MAINTENANCE PROGRAM

MSC Long/Reynolds 3/2 to approve staff recommendation to authorize extension of a temporary contract employee for an additional six months, approximately, to complete the initial round of the new systematic valve maintenance program, with funds to come from salary savings (approximately \$15,000) and an additional appropriation of \$8,000. The Board will review status of the program after six months.

Long	Aye
Luckman	Aye
Luhrs	No
Reynolds	Aye
Wilson	No

10. CONSIDER RECLASSIFYING DIRECTORS AS “EMPLOYEES” FOR TAX PURPOSES ONLY

Assistant General Manager/Controller Susan Greer presented the report explaining that the District’s Counsel has advised that Board Members must now be classified as “employees” rather than “contractors” in order to be consistent with IRS regulations. She explained how the change would affect Board Members and the District. Director Luhrs opposed the change with concern that future members may use this as an opportunity to justify District paid health insurance. It was clarified that “employee status” would not be necessary for the Board to receive health benefits.

Linda Camacho, Director, Morongo Basin Ambulance, addressed the Board noting that the directors of the ambulance association are changing their status to “employee” also on the basis that they are required to be at a specific location at a specific time for their meetings.

Steve Whitman, member of the public, noted that IRS regulations require that directors be classified as employees. He also commented on the importance of having the six-month financial report, which appears healthy, be on the discussion calendar.

MSC Long/Reynolds 3/2 to approve staff recommendation to reclassify Directors as “Employees” for tax purposes.

Long	Aye
Luckman	Aye
Luhrs	No
Reynolds	Aye
Wilson	No

11. PROJECT PRIORITY LIST

GM Guzzetta advised that work on the E-2 and D-1 booster project has been completed except for

connection by Edison Company, and that the boosters will be activated as soon as the connection is completed. He also noted in response to questions from the last meeting, that the Outpost mainline was abandoned when the new line was installed, and that parts of the pipe are removed as they become exposed. He noted further that the pipes next to the highway west of the nursery have been covered.

12. PUBLIC COMMENT

Al Marquez commented on the LAFCO hearing earlier in the day about the sphere of influence expansion.

13. GENERAL MANAGER REPORT

GM Guzzetta commented on the LAFCO hearing. He also noted that the Board can use the JPIA to receive mandated sexual harassment training. He reported on attendance at the steering committee of the Alliance for Water Awareness and Conservation, and attendance of himself and Assistant General Manager Greer at the Hi Desert Water District presentation of the waste water treatment assessment district. Director Wilson questioned whether the Canyon Auto contract is based on the original rate schedule or a new rate schedule.

14. DIRECTORS COMMENTS/REPORTS

Director Luhrs requested a copy of A T O M bid documents. He clarified his request for documents and lists made at a prior meeting and agreed to meet with staff to review the information.

Director Long reported attending the Mojave Water Agency meeting where a video was shown of the widening that occurred on the Mojave River due to recent rains, and vehicles that were stranded in the River trying to cross where they shouldn't have.

President Luckman attended the LAFCO hearing noting that the Sphere of Influence for CSA 20 was expanded to be contiguous with that of JBWD. The LAFCO report also recommended that at some time in the future it would be appropriate to consider consolidating CSA 20 and JBWD. She also reported attendance at a workshop on performance evaluation for general managers during the recent conference of the Association of California Water Agencies. She appointed an ad hoc committee of Vice President Reynolds and Director Long to consider the "facilitated review process" of evaluation discussed at the conference and to recommend a process for evaluating the General Manager during the next annual evaluation.

15. CLOSED SESSION

The Board recessed to Closed Session at 8:45 pm to consider the following:

1. Conference with Legal Counsel on existing litigation pursuant to subdivision (a) of Government Code Section 54956.9. (Re Joshua Basin Water District v. Robert Ellis, San Bernardino Superior Court - Joshua Tree District, Case No. CIVMS 900168). Director Luhrs recused himself from this item (for personal, not financial reasons).
2. Conference with Legal Counsel on a matter of potential litigation pursuant to subdivision (c) of Government Code Section 54956.9. (One matter - unidentified). All directors participated in consideration of this item.

The Board reconvened in open session at 9:27 pm.

16. REPORT ON CLOSED SESSION ITEMS

District Counsel Gil Granito reported that the Board has met in closed session. There was no reportable action.

17. ADJOURNMENT

9:29 PM

MC Long 5/0 to adjourn the January 19, 2011 Regular Meeting of the Board of Directors.

Respectfully submitted;

Joe Guzzetta, General Manager

The next Regular Meeting of the Board of Directors is scheduled for Wednesday February 2nd 2011 at 7:00 pm.

DRAFT

JOSHUA BASIN WATER DISTRICT
SUPPLEMENTAL DATA SHEET
AGENDA ITEM #

Regular Meeting of the Board of Directors

February 2, 2011

Report to: President and Members of the Board
From: Joe Guzzetta, General Manager

TOPIC: PROPOSED COUNTY LANDSCAPE ORDINANCE FOR NEW
DEVELOPMENT

RECOMMENDATION: That the Board authorize staff to join with the Alliance for Water Awareness and Conservation (AWAC) in commenting on the proposed County Landscape ordinance to request that the ordinance add provisions specifically oriented to the High Desert areas of Morongo Basin, Victor Valley, and Barstow.

ANALYSIS: The County of San Bernardino has prepared a draft ordinance to require low water use landscape areas for new development. A summary of the 96-page ordinance is attached.

While AWAC and JBWD agree with the intent and major provisions of the ordinance, some provisions are based on the requirements of the wetter areas of the County. AWAC and JBWD have made extensive efforts to develop landscape guidelines specific to the high desert areas of Morongo Basin, Victor Valley, and Barstow. The landscape templates, which are the basis for the Water Wise Landscape Demonstration Gardens, are examples of this.

AWAC is preparing comments to the County suggesting that the ordinance use the standards that have been established for the high desert region where appropriate. The resulting ordinance must be at least as effective as the State's Water Efficient Landscape Ordinance which went into effect last January.

Below are major components of the ordinance:

1. Applies to new and rehabilitated landscapes that are 2500 square feet or more for developer-installed residential and all commercial, institutional and industrial properties, and homeowner-installed landscapes that are 5000 square feet or more.
2. Incorporates a previously implemented requirement for separate landscape water meters for non-residential irrigated landscapes of 2500 square feet or more.
3. Requires that plans are prepared by a landscape architect or

other licensed professional authorized to design and prepare such plans.

4. Annual water budgets must be calculated using formulas for the Maximum Applied Water Allowance and the Estimated Annual Water Use outlined in the ordinance.

Comments on the major issues with the ordinance as proposed are:

1. The AWAC-recommended water budget factor was not applied for the Desert Region and instead uses a high factor applied by the State.
2. The Estimated Applied Water Allowance formula leaves it to a designer's discretion to determine the efficiency of the irrigation system instead of applying existing efficiency standards for drip, spray, and rotary systems.
3. The new requirements are labor intensive. The County should allow exemptions to encourage installation of low water use landscapes that we want to encourage including any landscapes utilizing the six AWAC-developed landscape design templates that are featured in the Joshua Tree Water Wise Demonstration Garden, and landscapes consisting entirely of native plants.

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION**

90

December 14, 2010

Continued from Tuesday, December 7, 2010, Item #82

**FROM: DENA M. SMITH, Director
Land Use Services Department**

**SUBJECT: DEVELOPMENT CODE AMENDMENT TO INCORPORATE PROVISIONS OF
STATE LAW RELATIVE TO LANDSCAPING STANDARDS AND DEFINITIONS**

RECOMMENDATION(S)

1. Conduct a public hearing to consider a proposed ordinance to amend Title 8, Chapter 83.10 of the County Code relative to Landscaping Standards and Division 10 relative to Definitions;
2. Read title only of the proposed ordinance;
3. Waive reading of the entire text;
4. Adopt the findings as recommended by the Planning Commission;
5. Continue to **TUESDAY, JANUARY 11, 2011, at 10:00 a.m.** for adoption of the ordinance; and
6. File the Notice of Exemption.

(Affected Districts: All)

(Presenter: James M. Squire, Assistant Director, 387-4147)

BACKGROUND INFORMATION

Over the years, the State of California has been promoting water conservation for all new development within the State. In a drought-prone California, where approximately 60 percent of all residential water is used in landscape applications, California lawmakers have adopted such legislation as Assembly Bill (AB) 325 (1990), AB 2717 (2004), and AB 1881 (2006) that outline, and in some instances mandate, the practice of water conservation in landscape applications. As part of AB 325, the Department of Water Resources (DWR) was charged to assemble a task force of stakeholders representing the landscape, water, and building industries as well as cities, counties, and other agencies that would help DWR prepare and promote the State's first Model Water Efficient Landscape Ordinance (MWELO). While AB 325 did not require cities, counties, and other agencies within the State to comply with the first adopted MWELO, it did encourage local agencies to implement water conservation techniques into their local ordinances and codes. The County adopted Administrative Guidelines which were amended several times and ultimately given the status of "regulation" when they were incorporated into the Development Code (Chapter 83.10) during the 2007 General Plan Update process.

Page 1 of 4

In 2006, State lawmakers adopted AB 1881, which gave guidelines and timelines for revision of the State's MWELo and mandated that every city, county, or other agency within the State of California adopt the State's revised MWELo, or be in compliance with it through their own ordinance, by January 2010. Local agencies are required to report their final action, along with findings of ordinance effectiveness, to DWR by January 2011. While the County was involved in this process, Senate Bill X7-7 was enacted in 2009. This bill requires the State of California to achieve a 20 percent reduction in urban per capita water use by December 31, 2020; additionally, it requires the State to make incremental progress towards this goal by reducing per capita water use by at least 10 percent by December 31, 2015. These requirements were incorporated into the MWELo and, in February 2008, DWR made a draft of the State's revised MWELo available to all cities, counties, and other agencies within the State. The final version of the revised MWELo was released in September 2009.

Upon review of the final version of the State's MWELo and the provisions of AB 1881, staff determined the County would need to revise Development Code Chapter 83.10 which sets forth landscaping and irrigation standards within the unincorporated areas of the County. In the meanwhile, the County began enforcing the State's revised MWELo in January 2010, as required by law. Once the proposed changes to the Development Code have been adopted by the Board of Supervisors, staff will notify and forward all required information regarding the adoption and effectiveness of the County's Water Efficient Landscaping Ordinance to the State DWR by January 2011 as required by AB 1881.

The proposed Development Code Amendment will revise the landscaping standards to reflect the changes governed by and to be as effective as the State's MWELo, while continuing to recognize the unique character of the regions that make up the County of San Bernardino.

The proposed revisions will require an applicant/developer to:

- ❖ Design and install systems that meet more effective and efficient water conservation standards in all landscaped areas on a project site, including residential;
- ❖ Comply with the revised standards for all new and rehabilitated landscape areas that are 2,500 square feet or more for residential projects that are not homeowner installed, and for all commercial, industrial and institutional projects; and for all new and rehabilitated landscape areas, that are homeowner installed, that are 5,000 square feet or greater. This includes the following:
 - Submit a comprehensive Landscape Documentation Package, which has been prepared by a landscape architect licensed to work in the State of California or other licensed professional authorized to design and prepare Landscape Plans within the State of California;
 - Submit estimated annual water budget calculations for compliance with water conservation practices and the efficient use of water for each new or rehabilitated landscape. Calculations for the annual water budget for a project/site specific landscape

shall use the formulas for the Maximum Applied Water Allowance (MAWA) and the Estimated Annual Water Use (EAWU) outlined in the ordinance;

- Submit a Landscape Certificate of Compliance prepared by the landscape professional who prepared the Landscape Documentation Package conveying the project's compliance with the requirements of Development Code prior to final inspection;
- Planting material within landscaped areas shall be chosen based on the information found in the Water Use Classification of Landscape Species, third edition (WUCOLS III) and the climate zone for the region based on information found in Sunset Western Garden Book;
- Irrigation systems shall be equipped with a "smart" irrigation controller, which automatically adjusts the frequency and/or duration of irrigation events in response to changing environmental conditions.
- Submit a rough and/or precise grading plan on all projects proposing more than 50 cubic yards of grading;
- Submit a soil management report, that includes recommendations for soil modification and/or amendment;
- Submit a project-specific regular maintenance schedule and two project-specific irrigation schedules for those projects subject to the ordinance.

Other provisions of the new regulations include standards for non-potable/recycled water use where it is available and new enforcement standards for compliance with water conservation practices.

Since the State law became effective on January 1, 2010, the Landscape Plan Review Fee was adjusted (Ordinance #4412, June 22, 2010) to reflect the increase in staff time necessary to meet these additional requirements.

The Planning Commission considered this ordinance on October 21, 2010. There was no one from the public at the hearing who wished to address the Commission on this issue. The Commission recommended that the Board adopt the ordinance as presented on a vote of four commissioners in favor with one absent.

The proposed amendment is exempt from the California Environmental Quality Act (CEQA) in accordance with Section 15061(b)(3) of the CEQA Guidelines as the proposed change does not have the potential to cause a significant effect on the environment.

FINANCIAL IMPACT

There is no financial impact associated with the approval of this item. This Development Code Amendment will result in increased plan review for LUSD due to the establishment of new development standards and the increase of projects that would need to comply with the new code provisions. Code Enforcement activities would also increase due to the new established

**BOARD OF SUPERVISORS
DEVELOPMENT CODE AMENDMENT TO INCORPORATE
PROVISIONS OF STATE LAW RELATIVE TO
LANDSCAPING STANDARDS AND DEFINITIONS
DECEMBER 14, 2010
PAGE 4 OF 4**

90

requirements. The increased plan review will be covered by fees which have already been implemented. The increased Code Enforcement activity will be covered by local cost and absorbed by existing staff. Homeowner installed landscape projects in excess of 5,000 square feet will require the homeowners to obtain plans created by a licensed landscape architect and projects will be required to comply with the new irrigation equipment, soil management, plant material, and water use regulations. Once completed, non-homeowner-installed projects in excess of 2,500 square feet and homeowner-installed projects in excess of 5,000 square feet will comply with the water-efficiency regulations in terms of both plant material and equipment. The water efficient landscaping standards will also help the County achieve its goals to reduce greenhouse gases in that the reduction of water usage leads to a reduction in energy usage which helps reduce greenhouse gases.

REVIEW BY OTHERS

This item has been reviewed by LUSD (Nanci Sevelin, Contract Coordinator, 387-4598) on November 9, 2010; County Counsel (Bart Brizzee, Deputy County Counsel, 387-8946) on November 15, 2010; and by the County Administrative Office (Beatriz Valdez, Principal Administrative Analyst, 387-1852) on November 23, 2010.

JOSHUA BASIN WATER DISTRICT
SUPPLEMENTAL DATA SHEET
AGENDA ITEM #

Regular Meeting of the Board of Directors

February 2, 2011

Report to: President and Members of the Board
From: Joe Guzzetta, General Manager

TOPIC: DISTRICT POSITION ON THE EXTENSION OF PROVISIONS
WITH MOJAVE WATER AGENCY FOR CAPACITY IN THE
MORONGO PIPELINE

RECOMMENDATION: That the Board develop a position on whether or not the pipeline
capacity provisions of the Morongo Pipeline agreement should
be extended beyond 2022.

ANALYSIS: The Morongo Pipeline Agreement, approved in 1991, allocates a
percentage of the pipeline capacity to each participating agency
according to the amount of money that was anticipated to be
paid by each jurisdiction. The percentages are as follows:

59%	Hi Desert Water District
27%	Joshua Basin Water District
9%	Bighorn-Desert View Water Agency
4%	County Service Area 70 Zone W-1
<u>1%</u>	County Service Area 70, Zone W-4 (later sold to MWA)
100%	

The allocation extends to 2022 at which time there will be no
capacity "guarantee" under the current contract. The agreement
also currently commits to a specific amount of water that each
agency is entitled to receive.

High Desert Water District (HDWD) has requested that Mojave
Water Agency (MWA) and the other participating agencies
amend the agreement to extend the capacity allocations into the
future.

MWA has indicated that it would consider extending the capacity
guarantee for each agency but would not extend the
commitment for the water since it does not do so for any other
agency within MWA.

Staff agrees that it may be valuable for MWA to continue the commitment that agencies in the Morongo Basin will have first right to use the capacity to prevent the capacity from being given to other water districts. However, even the value of that is uncertain since MWA would still have control of the water and without water, the value of pipeline capacity is greatly reduced.

While the current capacity allocation leaves JBWD with sufficient water now and probably through 2022, we have no idea what the relative needs will be after 2022. It is known that the ultimate "build-out" for JBWD is greater than the ultimate "build out" for HDWD.

Three alternatives can be considered, among possibly others:

- 1) Agree to extend the agreement for purposes of capacity so that JBWD will have 27% of capacity "in perpetuity" and other agencies will maintain their relative capacities.
- 2) Amend the existing agreement such that MWA commits capacity to the Morongo Basin but not to specific agencies.
- 3) Do nothing, in which case capacity will expire in 2022 and MWA will allocate water and capacity on an annual basis as it does with the rest of the MWA service area.

A decision on this is not needed at this Board meeting. The Board may wish to refer this to a committee or a special study session with representatives from MWA or other agencies.

A position ultimately needs to be brought back to the Morongo Pipeline Commission where this issue arose.

JOSHUA BASIN WATER DISTRICT
SUPPLEMENTAL DATA SHEET

Regular Meeting of the Board of Directors

February 5, 2011

To: President and Board of Directors
From: Susan Greer



TOPIC: BOARD OF DIRECTORS TO AUTHORIZE UPDATED RATE AND FEE STUDY AT A COST OF \$30,000, PLUS DIRECT EXPENSES ESTIMATED AT \$1,500, PLUS 10% CONTINGENCY OF \$3,000 FOR A TOTAL NOT TO EXCEED \$34,500

RECOMMENDATION: Authorize Bartle Wells Associates to conduct a water rate and fee study at a cost not to exceed \$34,500, including 10% contingency

ANALYSIS: Replacing outdated infrastructure, meeting the demands of customers, dealing with rising costs, and complying with new and existing laws and regulations are all part of the challenges of operating the District. Proper planning and financial resources are required to meet that challenge. The District can more accurately determine and meet those financial needs by conducting periodic rate studies.

The last rate study was completed in 2007. The District solicited requests for proposal (RFP) from six qualified firms. Three proposals were received. Proposed costs ranged from \$38,000 to \$49,500; a spread of 30%. BWA was the lowest qualified bidder, had excellent references which I personally verified, and was awarded the \$38,000 contract. BWA proved to be professional, thorough and completely competent. They also worked very well with Staff and the Citizens Advisory Committee. BWA has been in business since 1964, has worked with over 500 public agencies and has developed over 2,000 financial plans and rate studies. The same consultant would be assigned to the project as in 2007.

The result of the 2007 study was implementation of a multi-year rate structure; the last increase which was effective on January 1, 2011. An updated rate study is included in the current Supplemental Budget.

Staff is proposing BWA as a sole-source provider without the need for competitive procurement procedures. Per Section 3.3(B) of the District's Bidding Procedures (attached), the District

may waive the competitive procurement procedures because it is in the best interest of the District to utilize a source previously selected through a competitive process for earlier work on the same project. Staff believes that the additional cost and delay associated with a formal RFP process will not result in savings to the District because BWA has previous history with this project. Staff would anticipate bids received from other firms would exceed the bid presented by BWA, because other firms have to 'start from scratch'. For reference, Hi-Desert Water District conducted a rate study about two years ago at a cost of \$54,000.

BWA proposes a cost of \$30,000 plus direct expenses for the study. The attached proposal provides an explanation of the scope of services for the project. The rate-setting process first requires a complete financial analysis including consideration of growth rates, prudent reserves and cash flow projections, among many other factors. Once we establish a financial plan that we're comfortable with, the rates are developed to provide funding for the plan.

The proposal from BWA assumes the project will be *completed* by June 30, 2011. If the Board elects to instead solicit bids through a formal RFP process, we would anticipate that the project would not *start* until just about that time.

FISCAL IMPACT: Not to exceed \$34,500

SECTION 3: PROCUREMENT OF PROFESSIONAL SERVICES

Section 3.1 Purpose and Policy

It shall be the District's policy to procure professional architectural, landscape architectural, engineering, environmental, land surveying and construction project management services on the basis of demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the services required. This policy shall not apply to legal, auditing, and investigation services which may be retained by the Board without any specific process.

Section 3.2 Competitive Procurement Procedures for services exceeding \$10,000

The General Manager shall comply with the following procedure for the procurement of professional services:

- A. Request for Proposal: Prepare a request for proposal that identifies all significant evaluation factors, including price or costs when required, and their relative importance.
- B. Solicitation of Proposal: Proposals shall be solicited from an adequate number of qualified sources. The request for proposals should be publicized and reasonable requests by other sources to compete should be honored to the maximum extent practicable.
- C. Evaluation: The General Manager shall develop mechanisms for the technical evaluation of the proposals received, and shall conduct discussions with the bidders regarding anticipated concepts and the relative utility of alternative methods of approach for furnishing the required services. The evaluation shall first take into consideration the qualifications, experience, and approach proposed by the professional provider. Consideration of cost shall be secondary.
- D. Award by the Board: Board approval shall be required. The General Manager shall recommend to the Board, in order of preference and based upon criteria developed under Paragraph C above, the individual or firm deemed to be the most highly qualified to provide the services required.

Section 3.3 Exemptions to Competitive Procurement Procedure

The General Manager is authorized to engage the services of a professional firm or individual without complying with the Competitive Procurement Procedures in the following circumstances:

- A. The services are available only from a single source; or

- B. The General Manager has determined that it is in the best interest of the District to utilize a source previously selected through a competitive process for earlier work on the same project.
- C. Public exigency or emergency will not permit a delay; or
- D. State or federal grant or loan requirement authorize noncompetitive procurement of such services; or
- E. After solicitation of a number of sources, competition is determined inadequate.
- F. The Board makes a finding that it is in the best interest of the District to waive or modify the procedure.

Section 3.4 Negotiated Services (less than \$15,000)

- A. Purchases of services in the amount of \$15,000.00 or less may be made through the award of a purchase order. Purchase orders shall, whenever possible, be based on at least three informal quotes.
- B. Services of an amount \$5,000 or less may be awarded by the General Manager. Those of an amount greater than \$5,000 shall be awarded by the Board.



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

1889 Alcatraz Avenue
Berkeley, CA 94703
510 653 3399 fax: 510 653 3769
www.bartlewells.com

December 31, 2010

Joshua Basin Water District
61750 Chollita Road
Joshua Tree, California 92252

Attention: Susan Greer, Assistant General Manager/Controller

Subject: Proposal for Water Rate and Fee Study

Bartle Wells Associates is pleased to submit this proposal to conduct a water rate and fee study for the Joshua Basin Water District. Bartle Wells Associates specializes in providing independent financial advisory and utility rate consulting services to California water and wastewater agencies. We have extensive expertise developing long-term financial plans and water rates for a wide range of California water agencies. We have a well-earned reputation for providing our clients with straightforward, practical advice. And we have a strong track record of building consensus and public acceptance for final recommendations.

Bartle Wells Associates was established in 1964 and is the leading utility rate and finance consulting firm in California. We have served over 500 public agencies throughout the Western United States, predominantly in California, and have developed over 2,000 financial plans and rate studies for water, wastewater, and recycled water enterprises. Our clients have ranged from small cities and districts to large cities, special districts, joint power authorities, and counties. All of our lead consultants are Certified Independent Public Finance Advisors who specialize in water and wastewater rates and finance.

In 2006-2007, we assisted the District in developing a long-term financing plan and water rate study. Final recommendations were developed with input from District staff and the District's Citizens Advisory Committee (CAC) and included in a 4-year phase in of 6% annual rate increases coupled with modifications to the District's rate structure to gradually increase conservation incentive. We also updated the District's Basic Facilities Charges based on the cost of infrastructure needed to serve growth.

Our overall goal of this assignment will be to work closely with District staff and the CAC to identify objectives, update financial projections, evaluate key alternatives and their impacts, and build consensus for final rate recommendations. We will also review and update the District's Basic Facilities Charges and other miscellaneous fees and charges. Our general approach will be to work collaboratively with the District throughout the rate and fee study process to ensure final recommendations reflect District and CAC objectives.

We enjoyed working with the District on our prior assignment and hope this proposal provides a suitable basis for our selection. We are ready to begin working at the District's direction. Please contact me if you have any questions or would like any additional information.

Sincerely,

BARTLE WELLS ASSOCIATES



Alex Handlers, CIPFA
Principal/Vice President



Doug Dove, PE, CIPFA
President

Table of Contents

SECTION 1: FIRM OVERVIEW	1
SECTION 2: SCOPE OF SERVICES	3
SECTION 3: AVAILABILITY & FEES	8

Section 1: Firm & Staff Qualifications



BARTLE WELLS ASSOCIATES – FIRM OVERVIEW

Bartle Wells Associates (BWA) is an independent financial advisor to public agencies with expertise in water and wastewater rates and finance. Our firm was established in 1964 and is owned and managed by its principal consultants. We have over 45 years of experience advising local governments on the complexities and challenges in public finance. We have advised over 500 public agency clients in the western United States and completed over 2,500 assignments. We have a diversity of abilities and experience to evaluate all types of financial issues faced by local governments and to recommend the best and most-practical solutions.

Bartle Wells Associates has a stable, well-qualified professional team. Our education and backgrounds include finance, civil engineering, business, public administration, public policy, and economics. The firm is owned and managed by its principal consultants who have been with the firm for many years.

BWA specializes in three professional services: utility rate and fee studies, financial plans, and project financing. We are the only independent financial advisor providing *all three* of these interrelated services to public agencies.

BWA Key Services

- *Financial Plans*
- *Rate & Fee Studies*
- *Project Financing*

RATE AND FEE STUDIES Our *rate studies* employ a cost-of-service approach and are designed to maintain the long-term financial health of a utility enterprise while being fair to all customers. We develop practical recommendations that are easy to implement and often phase in rate adjustments over time to minimize the impact on ratepayers. We also have extensive experience developing impact fees that equitably recover the costs of infrastructure required to serve new development. BWA has completed hundreds of water and wastewater rate and fee studies. We have helped communities implement a wide range of water and sewer rate structures and are knowledgeable about the legal requirements governing rates and impact fees including Proposition 218 and Government Code 66000. We develop clear, effective presentations and have represented public agencies at hundreds of public hearings to build consensus for our recommendations.



Our offices are located in Berkeley, in a circa 1900 Victorian Building.

FINANCIAL PLANS Our *financial plans* provide agencies with a flexible roadmap for funding long-term operating and capital needs. We evaluate the wide range of financing options available, develop a plan that recommends the best financing approach, and clearly identify the sources of revenue for funding projects and repaying any debt. We also help agencies develop prudent financial policies, such as fund reserve targets, to support sound financial management. BWA has developed over 2,000 water and wastewater enterprise financial plans to help public agencies fund their operating and capital programs, meet debt service requirements, and maintain long-term financial health.

PROJECT FINANCING Our *project financing* experience includes over 300 bond sales and numerous bank loans, lines of credit, and various state and federal grant and loan programs. We generally recommend issuing debt via a competitive sale process to achieve the lowest cost financing possible. To date, we have helped California agencies obtain over \$5 billion of bond financing, \$350 million in low-rate SRF loans and grants, and hundreds of millions in bank loans and lines of credit. We work only for public agencies; we are independent financial advisors and do not buy, trade, or resell bonds. Our work is concentrated on providing independent advice that enables our clients to finance their projects on the most favorable terms—lowest interest rates, smallest issue size, and greatest flexibility.

Bartle Wells Associates is a charter member of the *National Association of Independent Public Finance Advisors* (NAIPFA), which establishes strict criteria for independent advisory firms. All of our lead consultants are *Certified Independent Public Finance Advisors*.



Bartle Wells Associates is committed to providing value and the best advice to our clients. Our strength is *quality*—the quality of advice, service, and work we do for all our clients.

Business Contact Information

Bartle Wells Associates
1889 Alcatraz Avenue
Berkeley, CA 94703
Tel: 510.653.3399
Fax: 510.653.3769
www.bartlewells.com

BWA Staff to be Assigned to Project

Principal in Charge / Project Manager

Alex Handlers, MPA, CIPFA
Tel: 510.653.3399, ext. 109
E-mail: alex@bartlewells.com

Principal Consultant / Expert Peer Review

Doug Dove, PE, CIPFA
Tel: 510.653.3399, ext. 110
E-mail: ddove@bartlewells.com

Other BWA consultants are available to assist this project team.

Bartle Wells Associates was established in 1964 and is a California Corporation and certified State of California Small Business. The Federal ID number is 94-166440.

Section 2: Scope of Services

This section presents a draft scope of services that we believe forms a sound basis for completing this assignment. Bartle Wells Associates will work with the District to finalize a scope of services and schedule that meets the District's objectives and scheduling needs. Our general project approach will be to work closely with the District's project team and Citizens Advisory Committee to identify objectives, set milestones, have frequent communication, and remain flexible to resolve unanticipated issues.

1. Project Team Orientation/Kickoff Meeting

To initiate our work, hold a kickoff meeting with the District's project team, Citizens Advisory Committee, and others as appropriate, to accomplish the following:

- Identify members of District staff, Board of Directors, Citizens Advisory Committee, engineering consultants, and others who will participate in the project.
- Determine the roles and responsibilities of all project participants.
- Identify other parties that may have a significant interest in the project, such as community groups, business organizations, and large customers.
- Establish project schedule and key milestone dates.
- Confirm the key goals and expectations of the project team.

Note: BWA recommends postponing our initial "kickoff" meeting until after we have had time to review information and begin developing the financial plan and rate study. That way, in addition to discussing the project and District objectives, we can also discuss preliminary findings and initial ideas, and start getting more substantive input from the project team and Citizens Advisory Committee.

2. Investigation and Data Collection

Assemble the information necessary to understand and describe the District's water system, finances, customers and usage, rate and fee structures, and agreements with other agencies. Assistance and cooperation of the District staff will be needed to assemble the background information. Investigation will include, but is not limited to, the following areas:

- Current budget.
- Historical financial information.
- Fund balances as of 06/30/10.
- Current water rates, Basic Facilities Fees, and miscellaneous fees and charges.
- Updated water use and billing data from past 3-5 years.
- Updated capital improvement plans and engineering master plans.
- Long-term infrastructure replacement needs, if available.
- Projected growth and new development.
- Financial, management, and rate policies and guidelines.
- Water agreements with other agencies and/or organizations.
- Other relevant information.

The objectives of investigation and data collection are to develop a complete understanding of water enterprise, and to reach an agreement on basic assumptions to be used in the study.

3. Develop Forecasts and Projections

Based on evaluation of the data assembled and input provided by staff and other members of the project team, prepare forecasts and projections to be used in the cash flow projections. Develop projections for the following areas (and others as appropriate):

Growth Rates: Evaluate historical growth trends and develop appropriate and conservative growth rates on which to base financial plan/rate model. Demonstrate effect of financing assumptions of faster and slower growth rates.

Cost Escalation Factors: Review historical cost trends and work with project team to develop reasonable cost escalation factors for both operating and capital expenditures. Work with staff to estimate potential new operating costs, such as new O&M costs related to planned capital improvements, or costs for complying with future permit requirements.

Long-Term Capital Repairs & Replacements: Based on input from District staff, determine a reasonable amount to include for future, ongoing capital repairs and replacements. Consider phasing in funding for repairs and replacements over a number of years if warranted.

Water Sales Projections: With District input, forecast water sales accounting for future conservation as appropriate. As needed, evaluate future finances under different levels of water sales projections.

Review projections with District staff for agreements on assumptions, interpretation of data, and completeness of approach.

4. Evaluate Water Customer Classes and Usage Patterns

Analyze water consumption records for residential, commercial, and industrial/institutional customers. Investigate the appropriateness of current customer classes and analyze available data on water usage.

5. Develop Preliminary Financing Plan for Water Capital Improvement Plan

Based on the District's recently completed water master plan, as well as additional capital improvement needs and long-term infrastructure replacement needs, develop a preliminary financing plan for funding the proposed projects on schedule. Assess funding needs replacements of major facilities and infrastructure. Evaluate potential financing alternatives and implications for each alternative. We typically try to balance pay-as-you-go financing with the prudent use of debt, if warranted.

6. Establish Prudent Minimum Fund Reserve Target

Evaluate the adequacy of the District's current fund reserves. Establish prudent minimum fund reserve targets based on the District's operating and capital funding projections. The reserve targets will help the District avoid the need for future rate spikes due to short-term revenue or expense fluctuations. Prudent reserve levels can also help the District gradually phase in future rate adjustments if ever needed. Develop a phased implementation plan for achieving the recommended reserve fund levels to minimize the immediate impact on rates.

7. Develop 10-Year Cash Flow Projections & Evaluate Financing Alternatives

Develop cash flow projections showing the financial position of the District over the next 10 years. The projections will incorporate the financing plan for the District's capital program and the forecasts and projections developed in consultation with District staff. The projections will be used to determine annual revenue requirements and estimate service charge increases needed to recover operating and capital funding requirements and maintain an adequate level of fund reserves. The cash flows will also incorporate any debt projections and will calculate annual debt service coverage for outstanding debt to ensure compliance with legal bond covenants.

During this phase, BWA will work closely with the project team to develop cash flow projections and evaluate key financing alternatives and their impacts on rates. This is often an iterative process where the information derived from the cash flows is used to develop new or modified financing options. Additionally, there are often multiple rate adjustment scenarios that can meet the District's financing targets. BWA typically recommends that rate increases be phased in over time, when possible, to minimize the annual impact on ratepayers.

8. Determine Long-Term Revenue Requirements

Determine long-term District revenue requirements for the next 10 years. Revenue requirements include ongoing and future operation and maintenance costs, capital projects and infrastructure replacement costs, debt repayment and legal bond covenants, and the maintenance of minimum fund reserves.

9. Conduct Rate & Fee Survey of Regional Water Agencies

Review and summarize water rates and connection fees of other regional and comparable agencies. Compare water bills for different customer classes and/or customers with different consumption levels. Summarize results in easily understandable tables and/or charts.

10. Evaluate Rate Structure Modifications

Discuss rate structure modifications or options that may help the District achieve new objectives. The water rate alternatives may include evaluation of alternative rate tiers and/or other modifications. We will also evaluate the allocation of costs between fixed and variable charges and the capacity ratios used to determine the fixed meter charges for various meter sizes. Discuss the pros and cons of potential adjustments or modifications to the current rate structure. If any modifications are desired, develop a phased implementation plan for implementing the changes.

11. Review Water Rate Charged to Other Regional Agencies

Review the District's current interagency rates. Evaluate the cost of obtaining and providing water to other agencies. Because the District is located in an adjudicated water basin and is currently overdrafting its production allowance, the cost of providing water to other agencies may be based on cost related to purchasing and recharging water imported from the Mojave Water Agency. Discuss rate options that may be appropriate for the District's interagency rates and calculate new rates that fully recover the cost of service.

12. Evaluate the Financial Impacts of a Drought and Develop Emergency Rates

Evaluate the potential financial impact to the District due to a drought or other reduction in water supply. This may include evaluation of different drought scenarios. Based on the potential impacts, develop an emergency rate structure for implementation during supply shortages. We generally recommend agencies gradually phase in emergency rates as different drought conditions are met. It is also important to phase out drought rates as water use gradually returns to pre-drought levels.

13. Calculate Rate Impacts on District Customers

Calculate the rate impacts of various financing and rate structure alternatives to provide the project team with a sound understanding of the implications of their decisions on the District's customer base. Work with the project team to identify customer and usage profiles to use for calculating the rate impacts. Discuss additional rate adjustments that may reduce the impact on certain customers if warranted and/or requested by the project team.

14. Review the District's Basic Facilities Fees & Update if Appropriate

Review the District's current connection charges to ensure they equitably recover adequate costs for capacity in infrastructure required to serve growth. If warranted, update the District's Basic Facilities Fees.

15. Review & Update District's Miscellaneous Fees & Charges

Review the District's miscellaneous fees and charges including plan check fees, turn-off fees, reconnection fees, late payment fees, and other miscellaneous charges including a new *cross connection control program charge*. Develop new fees based on a cost-of-service approach including the costs of staff time, materials, vehicle usage, overhead, and all related expenses to ensure the new fees adequately and accurately recover the costs of providing each service for which each fee is imposed.

16. Develop Draft Rate & Fee Recommendations & Implementation Plan

Based on the analysis of the District's cash flow projections and long-term revenue requirements, and analysis of potential rate structure modifications, develop draft recommendations for future water rates and fees. Our analysis may develop a few rate adjustment alternatives based on input from the project team. We generally prefer to phase in rate adjustments when feasible to minimize the annual impact on ratepayers to the extent possible. Based on input from staff, develop a plan for implementing any rate structure modifications and/or rate adjustments.

17. Meetings & Presentations

Meet with District staff and the District's Citizens Advisory Committee throughout the project to discuss findings, alternatives, and preliminary recommendations, and to gain ongoing input and feedback. Develop a PowerPoint presentation summarizing key findings and recommendations. Present recommendations and key alternatives to the Board of Directors and Citizens Advisory Committee for input. Revise recommendations as needed.

Our proposal assumed 4 meetings at the District which can include any combination of meetings and/or presentations with District staff, the Citizens Advisory Committee, and the Board of Directors.

A schedule of meetings and presentations can be developed with District input, but potentially might include the following.

- 1) A Kickoff Meeting (which could also serve as the first progress meeting). We could meet with staff in the afternoon and subsequently meet with the Citizens Advisory Committee.
- 2) A second progress meeting to discuss findings and alternatives, and receive input to develop and hone recommendations. We could meet with staff in the afternoon and subsequently meet with the Citizens Advisory Committee.
- 3) A presentation of findings and recommendations to the Citizens Advisory Committee and Board of Directors, potentially at a public rate workshop or Board Meeting.
- 4) A summary presentation of findings and recommendations at the Proposition 218 Rate Hearing.

18. Public Education and Consensus-Building

Rate and fee adjustments are often controversial. BWA has extensive experience developing clear presentations that facilitate public understanding of the need for rate increases. We understand the importance of building consensus and public acceptance for our recommendations and can assist the District an outreach strategy and informational materials. BWA will take the lead in presenting the rate recommendations at public meetings unless directed otherwise by the District.

19. Compliance With Proposition 218

Prop. 218 establishes requirements for adopting or increasing property-related fees and charges. In July 2006, the California Supreme Court ruled that water rates are subject to Prop. 218 (Articles XIII C and XIII D of the state constitution). Prop. 218 requires that the District: 1) mail notification of proposed rate increases and the date, time, and place of public hearing to all affected property owners (and potentially ratepayers who are tenants that pay water bills), 2) hold a public hearing not less than 45 days after the notices are mailed, and 3) subject the rate increases to majority protest; if more than 50% of property owners submit written protests, the proposed rate increases cannot be adopted. Water and sewer rates are exempt from the voting requirements of Prop. 218 provided rates do not exceed the cost of providing service and meet the substantive rate requirements of Proposition 218.

BWA has written many Prop. 218 notices and can assist the District with drafting the next Prop. 218 rate notice. BWA recommends the notice go beyond the minimum legal requirements and provide clear and concise explanation of the reasons for any rate adjustments. We have found that ratepayers are generally much more accepting of rate increases when they understand why they are being implemented.

20. Attend Proposition 218 Public Hearing & Give Summary Presentation

Attend the Proposition 218 Public Hearing and give a summary presentation highlighting the rationale for final recommendations if appropriate. Be available to discuss findings and recommendations and answer questions from the District Council or public, as directed by the Council. BWA recommends that the District establish a clear process for the public hearing so everything goes smoothly. We also recommend that any major controversial issues be covered prior to the rate hearing or scheduled for other Board Meetings.

Section 3: Availability & Fees

1. Bartle Wells Associates is prepared to begin work upon the District's authorization to proceed.
2. During the project development period, we will be available at all reasonable times and on reasonable notice for meetings and for consultation with District staff, attorneys, consulting engineers, and others as necessary.
3. Bartle Wells Associates will perform all work related to the assignment. Alex Handlers, a firm principal and vice president will be assigned as project leader on this assignment. He will serve as the lead contact person for BWA and will be involved with the project a day-to-day basis.
4. The fees for services outlined in this proposal will not exceed \$30,000 plus direct expenses estimated at \$1,500. *Project fees can be finalized based on consultation with the Joshua Basin Water District.*

The fee is based on the following assumptions:

- a. The project will be completed by June 30, 2011 or other mutually agreeable date preferred by the District. BWA will work to meet all District scheduling requirements and deadlines.
 - b. All necessary information will be provided by the District and/or its other consultants in a timely manner.
 - c. Development of draft, final draft, and final versions of tables. Time and expenses involved in revising tables and assumptions may constitute additional services if not achievable within the budget.
 - d. The fee is based on a total of 4 trips to the District for meetings and presentations.
5. Progress payments and direct expenses are payable monthly on a time and materials basis as the work proceeds as provided in our Billing Rate Schedule 2010, which will remain in effect for this project.
 6. In addition to the services provided under this proposal, the District may authorize Bartle Wells Associates to perform additional services for which the City will compensate us based on consultants' hourly rates at the time the work is performed, plus direct expenses. Additional services may include, but are not limited to:
 - Meetings or presentations in excess of four (4) scheduled meetings/presentations
 - Changes in project scope
 - Delays in project schedule
 - Any other services not specified
 7. Bartle Wells Associates will maintain in force, during the full term of the assignment, insurance as provided in the Certificate of Insurance attached.
 8. If the project is terminated for any reason, Bartle Wells Associates is to be reimbursed for professional services and direct expenses incurred up to the time we receive notification of such termination.
 9. This proposal may be withdrawn or amended if not accepted within 120 days of its date.

BARTLE WELLS ASSOCIATES
BILLING RATE SCHEDULE 2011

Rates Effective 1/1/2011

Professional Services

Financial Analyst I	\$95 per hour
Financial Analyst II	\$125 per hour
Senior Financial Analyst	\$165 per hour
Senior Consultant	\$195 per hour
Principal Consultant	\$225 per hour

The professional time rates include all overhead and indirect costs. Bartle Wells Associates does not charge for secretarial support services and internal computer time. Expert witness, legal testimony or other special limited assignment will be billed at one and one-half times the consultant's hourly rate.

The above rates will be in effect through December 31, 2011 at which time they will be subject to change.

Direct Expenses

Subconsultants will be billed at cost plus ten percent. Word processing and computer-assisted services related to official statement production are charged as direct expenses at \$60 per hour. Other reimbursable direct expenses incurred on behalf of the agency will be billed at cost plus ten percent. These reimbursable costs include, but are not limited to:

- Travel, meals, lodging
- Long distance telephone and fax
- Printing and report binding
- Special statistical analysis
- Outside computer services
- Bond ratings
- Automobile mileage
- Messenger services and mailing costs
- Photocopying
- Graphic design and photography
- Special legal services
- Legal advertisements

Insurance

Bartle Wells Associates maintains insurance in the amounts and coverage as provided in the attached schedule of insurance. Additional or special insurance, licensing, or permit requirements beyond what is shown on the schedule of insurance are billed in addition to the contract amount.

Payment

Fees will be billed monthly for the preceding month, and will be payable within 30 days of the date of the invoice. A late charge of 1.0 percent per month may be applied to balances unpaid after 60 days.

SCHEDULE OF INSURANCE

Insured: BARTLE WELLS ASSOCIATES

Bartle Wells Associates will maintain in force, during the full term of the assignment, insurance in the amounts and coverage as provided in this schedule. If additional insurance is required, and the insurer increases the premium as a result, then the amount of the increase will be added to the contract price.

TYPE OF INSURANCE	COMPANY POLICY NUMBER	COVERAGES AND LIMITS	EXP. DATE
Commercial General Liability	Hartford Insurance Company Policy #35-SBA PA6857	<ul style="list-style-type: none"> ▪ \$2,000,000 General Aggregate ▪ \$2,000,000 Products Comp/Op Aggregate ▪ \$1,000,000 Personal & Advertising Injury ▪ \$1,000,000 Each Occurrence 	6/1/11
Automobile Liability	Hartford Insurance Company Policy #35-UJEC VU2842	<ul style="list-style-type: none"> ▪ \$1,000,000 Combined Single Limit 	6/1/11
Workers Compensation & Employers' Liability	Hartford Underwriters Insurance Company Policy #35-WEC FG7858	<p>Workers' Compensation: Statutory Limits for the State of California. Employers' Liability:</p> <ul style="list-style-type: none"> ▪ Bodily Injury by Accident - \$1,000,000 each accident ▪ Bodily Injury by Disease - \$1,000,000 each employee ▪ Bodily Injury by Disease - \$1,000,000 policy limit 	6/1/11
Professional Liability	Chubb & Son, Inc. BINDO94045	<p>Solely in the performance of services as municipal financing consultants for others for a fee.</p> <p>Limit: \$2,000,000 Per Occurrence & Aggregate (including defense costs, charges, and expenses)</p>	6/1/11

Project Priority List

PROJECTS NEARING COMPLETION

Personnel Policy Manual (Joe Guzzetta)

This will be considered during labor negotiations this year.

PROJECTS UNDERWAY

Update Urban Water Management Plan (Joe Guzzetta – Year 1)

Contract was awarded to Kennedy Jenks at the August 4th 2010 Board meeting. State law requires this update to be completed by July 1, 2011.

Property Acquisition for Future Water Facilities (Joe Guzzetta – Year 1)

The Master Plan identifies 27 to 37 million gallons of additional reservoir storage that will be needed to operate the District in the future. Staff proposes to begin acquiring the land before the most ideal parcels are developed, especially for reservoirs which are constrained by altitude, proximity to the existing system, and other considerations. Potential sites are under evaluation.

Recharge Basin & Pipeline Project (Joe Guzzetta)

Property has been purchased. Monitoring well has been installed. Final design contract was awarded to Krieger & Stewart Engineers at August 4th Board meeting. Construction is contingent on Proposition 84 and other funding.

Final Phase of 4" Pipe Replacement (Joe Guzzetta, Joe Bocanegra, Keith Faul)

Priorities have been established. 15,000' of pipeline has been designed with 60,000' yet to be designed. Completion design and construction of this project is pending a financial strategy to be considered by the Board. Referred to Board Committee (Luhrs/Wilson) at the January 19, 2011 Regular Board Meeting.

Record Archival System (Susan Greer – Year 1)

Staff had second presentation. This will eventually enable the District to maintain more electronic files for easier access and less physical storage.

PROJECTS COMPLETED

Well #16 (Randy Little)

The well has been completed and is permitted by Department of Health Services.

Hot Master + Backup Computer – SCADA (Randy Little – Year 1)

Complete. This computer provides backup to the Telemetry System.

LAFCO Mandatory Municipal Services Review (Joe Guzzetta – Year 1)

State law requires LAFCO to conduct a review of each agency's boundaries and services (at agency cost) to determine the appropriateness and to recommend any changes. LAFCO will conduct a hearing on January 19.

PROJECTS NOT BEGUN: YEAR 1

Develop/Update Board Policies and Procedures (Susan Greer)

Update 3030 Plan (Joe Guzzetta)

Staff intends to solicit proposals for this project.

Election to Charge Private Wells for Replacement Water

Attorney is reviewing election options.

Fire Cabinet for Maps (Keith Faul – Year 1)

Custom Software Programming (Susan Greer/Keith Faul – Year 1)

Adds lacking features to the District's main software program, such as reports or functions, and specific items not yet identified.

Conduct Fee Study/Update Rate Study (Susan Greer – Year 1)

Miscellaneous fees are being developed based upon resources used; staff, vehicle, equipment, etc. A rate study update will determine what rate changes are needed in the next several years to maintain services. A proposal will be presented to the Board at the next meeting.

GIS Server for Field Login (Keith Faul – Year 1)

Field crew will receive laptop computers to be used in the field for more accuracy and efficiency. This server is needed in order to connect to the GIS system.

Field Laptop Computers (Keith Faul – Year 1)

Storage Bays for Rock, Sand, Asphalt (Jim Corbin – Year 1)

This will allow for more orderly storage of rock, sand, and asphalt which are used regularly in normal district operations.

Hauling Station Coin/Card Reader – Under Study (Jim Corbin – Year 1)

Staff is considering a system to enable selling of water at the hauling station.

Pressure Reducing Station Replace/Refurbishment (Randy Little – Years 1-2)

Assess and overhaul or replace PRV/PSV/Altitude valve over a three year period. Twelve in use, one completed.

PROJECTS NOT BEGUN: YEAR 2

Carpet for Office (Terry Spurrier – Year 2)

D31 New Booster Pumps and Housing (Randy Little – Year 2)

The pumps at this booster station operate at a low efficiency rate such that it is timely to replace them.

Chlorine Analyzers With Telemetry Programming (Randy Little – Year 2)

Install analyzers to monitor chlorine residual at up to four remote sites.

Flow Meter Refurbishment (Randy Little – Year 2)

Four remaining flow meters (2 this year) with digital displays and telemetry plus DTS programming.

Asphalt Installation Equipment – Under Study (Jim Corbin – Year 2)

Pipe Holder (Jim Corbin – Year 2)

The District stores small amounts of plastic pipe for repairs. There is nowhere out of the sun to do so. Over time the pipe can deteriorate when exposed to the sun. This will provide shade.

Altitude Valves at C2B, SCADA Electric Controls C1 and C3 Tanks (Randy Little – Year 2)

These valves will prevent the overflowing of the C Zone tanks.

Space Needs Assessment for Office Building Addition (Joe Guzzetta – Year 2 (per Board deferral)

A needs assessment will determine how much space the District needs for an Emergency Operations Center in order to apply for grant construction funds. This item was discussed at the August 4, 2010 Board meeting, and deferred.

Relocate C2 Tank & J Booster (Randy Little – Years 2-3)

This project has been designed and would relocate a 500,000 gallon tank from the C Zone where it is no longer needed to the H Zone where it is severely needed. The project was deferred pending funding.

System Reliability Upgrade for Hospital and County Complex; C, B and D3 zones (Jim Corbin – Years 2-3)

This entire area has one single water supply feed. It does not have a redundant water supply for emergency situations. Staff has proposed a secondary “emergency” source.

PROJECTS NOT BEGUN: YEAR 3

Security (Motion Sensors) at Shop and Well 10 (Randy Little – Year 3)

This would provide security to an expanded area at the shop.

EMERGENCY PREPAREDNESS PROJECTS: (Postponed to determine funding potential)

Well 10 and 14 Soft Start Bypass – Generator Controls (Randy Little – Year 1)

The new 600 KW generators need this equipment in order to operate properly at the two largest producing wells.

Earthquake Shutoff Valves for Three Tanks (Randy Little – Year 1)

Currently, if a pipe from a reservoir is broken the entire reservoir can be drained unless a valve is manually located and shut off. This will provide automatic shutoff in case of earthquake to the two major C tanks and the B tank serving the hospital.

Transfer Switches at Remaining Booster Sites (Randy Little – Year 1)

The switches are needed in order to be able to use the emergency generators at the pump stations.

Large Meter Bypasses (Jim Corbin – Year 1)

Currently, in order to test or remove a large meter, the service needs to be disconnected. This is a serious problem for some large meters such as the hospital. The bypass will allow the meter to be removed and replaced without discontinuing service.

Emergency Supplies (Rick Cook – Years 1-2)

These include food, water, cots, etc. for serious emergencies for employees.