

JOSHUA BASIN WATER DISTRICT  
Minutes of the  
REGULAR MEETING OF THE BOARD OF DIRECTORS  
August 06, 2014

1. CALL TO ORDER: 7:00 PM

2. PLEDGE OF ALLEGIANCE

3. DETERMINATION OF QUORUM:

Victoria Fuller	Present
Bob Johnson	Present
Mickey Luckman	Present
Mike Reynolds	Present
Gary Wilson	Present

STAFF PRESENT:

Curt Sauer, General Manager  
Susan Greer, Assistant General Manager/Controller  
Keith Faul, GIS Coordinator  
Marie Salsberry, HR Manager/Administrative Specialist  
Randy Mayes, Senior Administrative Assistant

CONSULTANTS PRESENT:

Gil Granito, District Counsel  
Kathleen Radnich, Public Outreach Consultant

GUESTS 6

4. APPROVAL OF AGENDA

MSC Luckman/Reynolds 5/0 to approve the agenda for the August 6<sup>th</sup>, 2014 meeting.

Fuller	Aye
Johnson	Aye
Luckman	Aye
Reynolds	Aye
Wilson	Aye

5. PUBLIC COMMENTS

None.

6. CONSENT CALENDAR:

MSC Luckman/Fuller 5/0 to approve the consent calendar.

Fuller	Aye
Johnson	Aye
Luckman	Aye
Reynolds	Aye
Wilson	Aye

A. Approve Draft Minutes of the July 2, 2014 Regular Meeting of the Board of Directors

7. ADOPT RESOLUTION 14-922, FIXING THE RATE OF TAXATION WITHIN ID#2

Assistant General Manager Susan Greer presented the staff report, the AGM indicated that this would be the last year that the tax rate would be assessed for improvement District #2. She further explained that the District two years ago prepaid the bond ultimately saving the tax payers \$20,000. After her presentation Board President Fuller asked if there was any comment:

Carol Gallerylock, JT resident, inquired as to the year the tax reduction would take effect. AGM indicated that it would take effect in the 14/15 tax period.

Rebecca Unger, JT resident, asked the whereabouts of ID#2? The AGM clarified the question by indicating that it referred to the entire District.

After both public comments the board took the following action:

MSC Reynolds/Luckman to approve Resolution 14-922, decreasing the tax rate from \$0.0264 to \$0.0211 per \$100 of assessed valuation.

Fuller	Aye
Johnson	Aye
Luckman	Aye
Reynolds	Aye
Wilson	Aye

8. 13/14 BAD DEBT WRITE-OFF

Assistant General Manager Susan Greer gave a presentation on Bad Debt Write-Off. The AGM indicated that Bad Debt has been reduced by 27% over the previous year. The Total Bad Debt is \$17,757; this is at least 15%, and as much as 27% less than any other year since 07/08. She explained that most bad debt continues to come from tenants and customers with red/poor credit ratings. Over \$5,300 in bad debt was collected this year, which would have otherwise also been written off. The District billed approximately \$2.9 million in water revenues in 13/14. 57,000 bills were mailed out to 4,700 plus active customers in 13/14. Bad Debt write-off equates to a little over 1/2 of 1%. Our auditor reports that a write-off of 3-5% of annual revenue is fairly typical. After her presentation Board President Fuller asked if there were any comments:

Director Johnson inquired whether the District could charge a fee that is otherwise not listed on the standard rate table. District Counsel, responded that only in the case of "credit worthiness" could an agency charge something otherwise not listed in the District's standard rates and fees.

Director Reynolds indicated that he was skeptical of making changes to the bad debt policy a few years ago but has now found merit in those changes.

Director Fuller applauded staff for their efforts to reduce the District's level of bad debt.

After public comments the board took the following action:

MSC Luckman/Reynolds to authorize \$17,757.14 bad debt write-off and consider Staff recommendation to increase the guarantee deposit amount for customers with 'red' credit by beginning discussions with Finance Committee.

Fuller	Aye
Johnson	Aye
Luckman	Aye

Reynolds     Aye  
Wilson        Aye

## 9. SURPLUS PROPERTY

General Manager Curt Sauer presented the staff report on Surplus Property. The GM indicated that transparent disposal of Surplus Property is important to the Governing Board as well as Staff, and in his opinion the Surplus Property policies that were adopted in 2004 and 2006 are unnecessarily burdensome and complex. He has directed Staff towards modifying the policy and welcomes the Governing Board's input.

Director Wilson indicated that he did not favor the current policy and preferred items to be sold locally. He indicated that his preferred method of selling District equipment is through an open seal bid process.

Director Luckman affirmed that both the Board and Staff are prohibited from purchasing surplus items. She indicated that Staff did a great job of presenting the issues that arise from the current policy.

Director Reynolds mentioned that he would like to see Staff and the CAC review this policy to make it a more cost effective process. He mentioned that Hi Desert Medical Center seems to dispose of their items rather quickly through a sealed bid auction.

Director Fuller stated that receiving seventy-five dollars for ten year old computers was quite impressive; however, she too believes that the policy should continue to exhibit transparency while also providing flexibility for Staff and Management to quickly dispose of surplus items.

## 10. SURPLUS PROPERTY ONAN CUMMINS 600KW GENERATOR

Senior Administrative Assistant Randy Mayes presented the staff report on Surplus Property. The SAA provided the Governing Board with information related to the equipment's condition, appraisal value, and potential earnings. The SAA indicated that if the District were to sell the Onan Cummins Generator at auction they could anticipate potentially earning approximately \$1,300.

Director Wilson indicated that the original purchase price was in fact \$61,000 which included not only the generator but also the trailer along with it. He mentioned that if the District were to sell it locally they most likely would have earned four to five hundred dollars without having to do any additional research. He indicated concern over the left over diesel fuel that may be left in the semi-trailer due to its age posing a potential hazardous waste concern.

Director Luckman inquired as to the condition of the semi-trailers tires for transportation. The SAA indicated that the tires were in excellent condition and ready for transportation to the auction house. He further clarified that the auction estimate included both the sale of the semi-trailer as well as the inoperable generator.

Director Reynolds expressed concern over the transportation fees to the auction house. He also indicated that the scrap value may provide a larger return for the District. He would provide the District with phone numbers for both transportation professionals as well as a scrap yard he uses in Indio.

Director Fuller stated that when considering the entire Surplus Package it is not that the District doesn't want to get the most out of these items, but they want to do it using as little Staff time as possible. Spending eighty hours of staff time means subtracting that from potential earnings. That would also mean that Staff isn't fulfilling all of their job duties. Essentially, what has happened over the years is the District has accumulated

items because no one has addressed it saying, "Let's come up with a coherent policy." She indicated that she is looking forward to such a coherent policy in the near future.

MSC Reynolds/Wilson Take no further action, pending further investigation.

Fuller	Aye
Johnson	Aye
Luckman	Aye
Reynolds	Aye
Wilson	Aye

#### 11. SURPLUS PROPERTY WAUKESHA NATURAL GAS ENGINE

Senior Administrative Assistant Randy Mayes presented the staff report on Surplus Property. The SAA provided the Governing Board with information related to the equipment's condition, appraisal value, and potential earnings. The SAA presented three options for disposing of the engine with the worst case scenario of taking a loss of \$8,617 or the best case scenario gaining \$3,500. The GM indicated that Gary's Tire, a local business, as of 3:00pm that day had expressed interest in the Engine.

Director Wilson inquired whether the catalytic converter was going along with the engine. The SAA indicated that the auction house looked at this specifically and ultimately recommended to sell it along with the engine. Director Wilson then asked what the building would be utilized? The GM indicated it would be used either for a records retention facility, or as a clean environment to conduct pump and motor overhauls.

Director Johnson thanked Staff for taking the Board on a virtual tour of the equipment. He commended the GM for trying to clean up the District's facility. He liked the options presented to the Board and doesn't want to kick the can down the road. In his opinion, items lying around the District pose a liability for the District.

Director Reynolds inquired on whether the District would incur any costs by not disposing of the engine. The GM indicated that the District would not incur any additional costs.

MSC Reynolds/Luckman to receive the report on the anticipated costs of disposing the 600hp Waukesha Natural Gas Engine and take no further action at this time.

Fuller	Aye
Johnson	No
Luckman	Aye
Reynolds	Aye
Wilson	No

#### 12. UPDATE ON BOOSTER MOTORS, C1 TANK LOCATION

General Manager Curt Sauer gave a presentation on the booster motors located at C-1 Tank. The GM mentioned during his presentation that he had briefed the Governing Board on July 6<sup>th</sup> on the four out of seven boosters that were damaged due to a lighting strike. He gave a virtual tour of the zones that would have otherwise been affected by these downed motors. He explained that the D and E legs of the distribution system amount to roughly 42% of the water dispersed in the system. He gave a brief history of lightning strikes in this area as well as the costs associated with either rebuilding or replacing the engines. The GM directed staff to

acquire two new backup motors at a total cost of \$6,533. The GM asked the AGM to give the Board an update on the insurance claim that was to be filed with the Joint Powers Insurance Authority. The AGM indicated that District incurred approximately \$13,000 in electric costs as well as \$9,000 for the motors.

Director Wilson said that he preferred having the four motors rebuilt for back-ups. The GM indicated that this was still an option because he directed Brithnee Electric to hold onto the four motors until the after the meeting.

Director Reynolds indicated that he saw it both ways; however, in the case of a backup the District could spend \$500 less on a motor that may never be needed.

Director Fuller inquired that in lieu of the fact that two new motors were ordered as emergency backups, would the refurbishment of these other motors create yet another emergency backup? The GM responded that it would in fact create a secondary emergency backup. Director Fuller indicated that after reviewing the cost differential of \$500 she was inclined to relinquish the old motors and purchase new motors that included a three-year warranty.

Director Luckman commended Staff for pushing through long nights in order to keep the District in Water.

### 13. COMMITTEE REPORTS

#### AD HOC COMMITTEES:

- A. HOSPITAL WASTEWATER PROJECT: Director Luckman and President Fuller: No report.
- B. MOJAVE WATER AGENCY INTEGRATED REGIONAL WATER MANAGEMENT PLAN COMMITTEE: Director Luckman and President Fuller: No report.
- C. TANK RESTORATION PROJECT: Director Wilson and Director Johnson: No report.
- D. SOLAR PROJECT REVIEW COMMITTEE: President Fuller and Director Luckman: No report.

#### 14. STANDING COMMITTEES:

##### A. PUBLIC INFORMATION COMMITTEE: Director Luckman and President Fuller

Mrs. Radnich indicated that water is on everyone's mind since news of the state drought and the activities that are happening at our neighboring water district to the West. The Next Public Information Committee meeting will be held on Wednesday August 20<sup>th</sup>, 2014 at 9:00am. A notable item on this agenda includes graphic standards. The docents went out and collected seeds in late July. We have an upcoming workshop presented by the National Park that shows how to properly propagate the seeds. This is a cooperating event held Friday August 22<sup>nd</sup>, 2014 at 3:00am to 5:00p.m. The Theme for the month of August is "Water Footprint" as we expand our water conservation message.

##### B. FINANCE COMMITTEE: President Fuller and Director Johnson: No report.

#### 15. PUBLIC COMMENT

None.

#### 16. DIRECTORS COMMENTS/REPORTS

Director Johnson attended the Mojave Water Agency meeting on July 24<sup>th</sup>, 2014. It was a meeting much like our own with items regarding inventory, property topics, and tax bills. A point of interest was in the election of Judy Corl-Lorono, President of Bighorn-Desert View Water Agency, to the California Special Districts Association Board of Directors for region six.

Director Luckman stated that the Mojave Water Agency had their legal legislative committee today. They had two State Legislative advocates speak and indicated that there was no agreement on the water bond. They indicated that everyone wants something different. These advocates were concerned because they need the support of the Governor for whatever water bond ends up on the ballot. Otherwise there is no mechanism for opposing what gets placed on the ballot. If they don't get their act together, there may in fact be two water bonds that end up on the ballot. On another item, the drought regulations are just beginning. Presently, it is limited to outdoor commercial and residential with reporting required only on residential use; however, in the future they will be looking at indoor water use.

The Next part of the meeting included the Federal Legislative advocates, and they mentioned the Clean Water Act would be amended to include new authority to the EPA which would give them new jurisdictional limits on temporary bodies of water which would include recharge ponds, recycled water, and short term bodies of water. When asked the question of how the EPA would improve the process, the general consensus was that permits would be a revenue generator and give the EPA a larger budget.

Director Fuller indicated that the majority of the meeting was directed towards Surplus Property. She indicated that while Staff was probably looking for a clean and concise direction on these items, the District has had a problem with Surplus property for close to twenty years. She commended Staff and the GM for taking this on and she hopes the Boards comments tonight will help Staff develop a new Surplus policy.

#### 17. DISTRICT GENERAL COUNSEL REPORT

District Counsel Gill Granito indicated that he and the GM would talk with the Board about the newly adopted State Emergency Water Conservation Regulations.

The GM indicated that in November 2013 a draft resolution was submitted to the CAC which included many of the provisions that were enacted in this recent regulation. The CAC approved the draft resolution; however, the governing board has not taken any action on it. Essentially there is already a building block to step up on that is mandatory. The District Council is going to set forth the process that we intend to follow in order to achieve this compliance with the State's newly adopted conservation regulations.

District Council stated that the State Board wants us to get on track to adopt an enforceable and mandatory outdoor potable water usage and to do so we can avail ourselves to particular water code sections—either Section 350 or 375—which is a process the GM alluded to that was started last November. These statues would require a public hearing, and it must advertised in the newspaper. At the public hearing, the Board would be adopting an ordinance or a resolution that embraces the mandatory aspects that the State is asking. This ordinance will be reviewed by legal counsel, Staff, and ultimately vetted by the Public.

District Council indicated that Chromium 6 legislative has been moving at a snail's pace. He will continue to monitor its progress.

District Counsel Gil Granito

#### 18. GENERAL MANAGER REPORT

We have a Strategic Planning Meeting scheduled for August 25th. It will be held at Helen Gray Center from 9:00 am to 4:00 pm. Facilitator will be a Ms. Jeannette Hayhurst from Barstow.

HDMC- I believe we have an acceptable First Amendment to the Agreement for our oversight and operation of

the HDMC Water Treatment Plant. I am requesting the Ad Hoc Hospital Wastewater Committee meet with Staff to discuss the Amendment and direct me to bring it to the Board or negotiate further.

Lobbyist - Implementation of the Chromium 6 regulations on July 1st has prompted discussion about shifting our lobbying efforts from the Federal level to the state level. I spoke with representatives of Carpi Clay last week.

RJ Lyerly (fed) and Johnathan Clay (state). Both people had worked on our projects with the former GM. We used to pay \$3500 a month for federal and state activity. One we received funding for the Pipeline project this was scaled back to \$1750. However, it is not just limited to Federal activity.

I discussed our interest in finding funding to address the Chromium 6 studies and probable treatment facilities/infrastructure, as well as the need to obtain loans for the 5 million dollars identified in the capital budget for pipeline replacement. Carpi Clay is looking into possible actions that may assist the District. We will speak by phone again in approximately two weeks.

Kennedy Jenks – At the July 2nd Board meeting I mentioned we were contacted by a DWR employee who reviews Urban Water Management Plans. The process for calculating population in the District does not meet their standards and needs to be corrected before the plan can be approved – and therefore before we are eligible for any additional state grants. We have retained Kennedy Jenks to correct the methodology and submit the plan to DWR for final approval. Estimated date for submission is early September.

D3 Booster site – project is nearing completion. However, there was a problem, which we believe may be in the programming, such that if the first pump does not reach the pressure set point soon enough, the second pump comes on and continues to run. Randy is working with Dudek and the contracted manufacturer to identify the problems and change the programming. The booster pumps appear to be working correctly for the past 6 days. We have scheduled a meeting next week with Dudek, Forshock (SCADA), and Staff to determine that the problem has been fixed and all warranties are still in place. If the situation is not acceptable to Production Staff I will insist that the manufacturer send a representative to conduct an onsite analysis.

Recharge Pond Project – On schedule, no update this meeting.

State Water Board Emergency Regulation – Covered in Attorney Section

19. FUTURE DIRECTOR MEETINGS AND TRAINING OPPORTUNITIES

20. INDIVIDUAL DIRECTOR REPORTS ON MEETINGS ATTENDED

21. FUTURE AGENDA ITEMS

District Licensing

22. ADJOURNMENT 7:43 PM

MSC Luckman/Reynolds 5/0 to adjourn the June 18, 2014 Regular Meeting of the Board of Directors.

Fuller	Aye
Johnson	Aye
Luckman	Aye
Reynolds	Aye
Wilson	Aye

Respectfully submitted:



Curt Sauer, General Manager and Board Secretary