



AGENDA

**SPECIAL JOINT BOARD OF DIRECTORS &
CITIZENS ADVISORY COUNCIL WORKSHOP
WEDNESDAY, OCTOBER 12, 2022, AT 9:00 AM
61750 CHOLLITA ROAD, JOSHUA TREE, CA 92252**

ON MARCH 4, 2020, CALIFORNIA GOVERNOR GAVIN NEWSOM DECLARED A STATE OF EMERGENCY IN CALIFORNIA AS A RESULT OF THE COVID-19 PANDEMIC, AN EMERGENCY THAT REMAINS IN EFFECT AND FROM WHICH OUTBREAKS AND EXPOSURE CONTINUES TO PRESENT AN IMMINENT THREAT FOR SOME ATTENDEES. **ACCORDINGLY, THE BOARD OF DIRECTORS AND PUBLIC MAY ATTEND THIS MEETING IN-PERSON, TELEPHONE, OR BY VIDEO CONFERENCE.**

To join by Zoom please click the below link:

<https://us02web.zoom.us/j/86186509258?pwd=WII0MkIHbk5SQ1E1LzVrcVE4RFBXUT09>

Or you may join by phone at 1-253-215-8782, Meeting ID: 861 8650 9258 Passcode: 525170

1. **CALL TO ORDER -**
2. **PLEDGE OF ALLEGIANCE –**
3. **DETERMINATION OF A QUORUM -**
4. **APPROVAL OF AGENDA -**
5. **PUBLIC COMMENT –** This is the time set aside for public comment on any District related matter, whether appearing on the agenda or not. At the discretion of the Board President, however, comments on a particular Agendized item may be deferred until that
6. **CREDIT CARD PROCESSING FEES –** Director Roman – Recommendation: Receive for information and provide input. No action to be taken.
7. **RATE STUDY WORKSHOP –** Director Roman – Recommendation: Receive information, discuss, and provide input. No action to be taken.
8. **ADJOURNMENT –**

INFORMATION

The public is invited to comment on any item on the agenda during discussion of that item. Members of the public wishing to attend the meeting that require other reasonable modifications or accommodation to facilitate such attendance should contact Beverly Krushat at 760-974-0072 or bkrushat@jbwd.com as soon as feasible before the meeting to make such request. Availability of agenda materials: Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the Joshua Basin Water District Board of Directors in connection with a matter subject to discussion or consideration at an open meeting of the Board are available online at jbwd.com for public inspection, or in the District's office, 61750 Chollita Road, Joshua Tree, CA 92252 ("District Office"). If such writings are distributed to members of the Board less than 72 hours prior to the meeting, they will be available at the reception desk of the District Office and on-line at jbwd.com during business hours at the same time as they are distributed to the Board members. Disability-related accommodations: The Joshua Basin Water District Board of Directors meeting room is wheelchair accessible. If you require any special disability-related accommodations (e.g., access to an amplified sound system, etc.) please contact Ms. Krushat at the District Office at (760) 974-0072 during business hours at least seventy-two (72) hours prior to the scheduled meeting. This agenda can be obtained in alternative format upon written request to Ms. Krushat in the District Office, at least seventy-two (72) hours prior to the scheduled meeting.

**JOSHUA BASIN WATER DISTRICT
MEETING AGENDA ITEM STAFF REPORT**

Special Board of Directors & CAC Workshop

DATE: 10/12/2022

REPORT TO: Directors & CAC Members
PREPARED BY: Anne Roman, Director of Finance
TOPIC: **CREDIT CARD PROCESSING FEES**
RECOMMENDATION: Receive for information and provide input.

ANALYSIS: The District is nearing the end of its 7-year contract with Paymentus, our credit card processor. We have looked into an alternate provider, an integrated option through Tyler Incode, our financial software. Although that solution would offer some time savings due to the full software integration, the cost is close to twice what we're currently paying with Paymentus.

Since 2013, before switching to Paymentus, our quantity of credit card transactions and e-checks has steadily increased from 12,785 to 32,914 in 21/22, a 157% increase. In 21/22, we paid just over \$48,000 in credit card and e-check processing fees, **1.1% of the \$4.5 million in revenues** we collected via these methods. **This is down since 2013, when our credit card costs amounted to 3% of \$781k in revenues collected.**

NACHA, the National Automated Clearing House Association, places the cost of receiving checks at about \$2 – \$4, which is significantly higher than the \$1.25 (\$0.65 per e-check) that we pay for a typical Paymentus credit card transaction. Furthermore, for most routine transactions, credit cards payments post automatically to our financial software via the API (application programming interface), cutting down the cost of retrieving mail, opening envelopes, coding, and posting the payment. It is also less error-prone than manually posting checks to customer accounts. Assuming a mailed check takes about 5 minutes to process, it would cost the District \$3.15, or \$1.90 more than our Paymentus fees, to process a check. Compared to the \$48,000 paid to Paymentus, it would have cost the District approximately \$103,679 to process the same volume of checks.

At this time, we are awaiting a new cost analysis from Paymentus and have also requested a hybrid fee model in addition to the absorbed fee model we currently use. In the absorbed fee model, the District absorbs all transaction costs compared to a hybrid model in which the customer would share the cost. We should keep in mind that we don't want to disincentivize customers from using the credit card option which could happen when fees are applicable. Unfortunately, credit card processors also increase their fees overall when a hybrid model is used.

Barring any unreasonable increases in the forthcoming pricing analysis, Staff believes that the Paymentus absorbed fee model continues to be a cost-effective solution for the District.

STRATEGIC PLAN ITEM: N/A
FISCAL IMPACT: N/A

**JOSHUA BASIN WATER DISTRICT
MEETING AGENDA ITEM STAFF REPORT**

Special Board of Directors & CAC Workshop

DATE: 10/12/2022

REPORT TO: Directors & CAC Members
PREPARED BY: Anne Roman, Director of Finance
TOPIC: **RATE STUDY WORKSHOP**
RECOMMENDATION: Receive information, discuss, and provide input.

ANALYSIS: In our Workshop, we will review initial recommendations of the 2018 rate study, review major use of capital funds between 2018 and 2022, discuss cost reductions already incorporated, and discuss major current, and upcoming needs. Also, to follow up on prior suggestions that have not been incorporated at this time, please consider the following important information:

- Segregating a class or group of customers requires cost of service justification. Customers who use large amounts of water, like short-term rentals (STR's), agricultural customers, customers with heavy landscape, or customers with pools, already pay higher volumetric charges and those charges include the cost of recharge water. The proposed rate study scenarios include replenishment costs (recharge water) for approximately 85% of water extracted from the aquifer.
- Conservation concerns are generally not part of a Rate Study process, but rather addressed in the Urban Water Management Plan (UWMP) and Water Shortage Contingency Plan (WSCP). These plans speak to drought, water waste issues, and outline the District's authority, including potential penalties, to enforce these regulations.
- Wells are regulated by San Bernardino County. The District cannot legally limit or charge well users for water extracted except by adjudication of water rights, a costly and lengthy process, or under the Sustainable Groundwater management Act (SGMA). The District is considered a low priority basin because its basins are well managed and not currently in overdraft, therefore does not warrant intervention under SGMA. Other options are under investigation but will not likely materialize during this rate study cycle.

Finally, we will explore several rate scenarios including:

- Best Management Practice
 - Funds all needs of the District.
 - Highest rates
 - Better maintains reserve fund levels
- Reduced Rate Increases / Reserve Subsidized
 - Rates are lower than Best Management Practice.
 - Maintains capital project funding levels
 - Subsidized with reserve fund drawdowns

- Limit Overall Rate Increases & Reduce Capital Funding
 - Rates maintained at artificially low level
 - Reduces capital funding to a lower level than prescribed by the District's Capital Improvement Plan (CIP)
 - Subsidized with reserve fund drawdowns
 - Less sustainable in the longer-term
- Dedicated/Restricted Capital Facilities charge option
 - Regular rates may remain near current levels
 - Segregates much of costly infrastructure (capital) costs
 - Capital Facilities charge is added, either via district billing to accountholders or tax-roll billing to parcel owners with service connections
 - Tax-roll billing would better place the infrastructure cost burden on the parcel owner
 - Funds are more specifically restricted for capital purposes

The input of the Workshop participants is valued and appreciated. We will use this input to formulate and hone future recommendations.

STRATEGIC PLAN ITEM: 2.8 Continue to monitor and update rates and fees to ensure financial viability.

FISCAL IMPACT: N/A