



Cabazon Water District
14618 Broadway Street • P.O. Box 297
Cabazon, California 92230

FINANCE & AUDIT COMMITTEE MEETING

AGENDA

Meeting Location:

Cabazon Water District Office
14618 Broadway Street
Cabazon, California 92230

Meeting Date:

Tuesday, January 21, 2020 – 5:00 PM

CALL TO ORDER,
PLEDGE OF ALLEGIANCE,
ROLL CALL
FINANCE & AUDIT COMMITTEE

1. Discussion: Finance & Audit Committee Report
 - Balance Sheet
 - Profit and Loss Budget Comparison
2. Finance & Audit Committee District Payables Review and Approval/Signing

PUBLIC COMMENT

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ADJOURNMENT

ADA Compliance Issues

In compliance with the Americans with Disabilities Act & Government Code Section 54954.2, if special assistance is needed to participate in a Board meeting, please contact the Clerk of the Board at (951) 849-4442. Notification of at least 48 hours prior to meeting time will assist staff in assuring that reasonable arrangements can be made to provide accessibility at the meeting.



Cabazon Water District
14618 Broadway Street • P.O. Box 297
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REGULAR BOARD MEETING

AGENDA

Meeting Location:
Cabazon Water District Office
14618 Broadway Street
Cabazon, California 92230

Meeting Date:
Tuesday, January 21, 2020 – 6:00 PM

CALL TO ORDER

PLEDGE OF ALLEGIANCE

REMEMBRANCE OF OUR SERVICE MEN AND WOMEN

ROLL CALL

CONSENT CALENDAR

All matters in this category are considered to be consistent with the Board/District goals, District Policies and Regulations adopted and/or approved by the Board of Directors, and will be enacted in one motion. There will be no separate discussion of these items. If discussion is required, items may be removed from the consent calendar and will be considered separately.

1. **Approval of:**
 - a. Finance and Audit Committee Meeting Minutes and Warrants approved by the committee on December 17, 2019
 - b. Regular Board Meeting Minutes and Warrants of December 17, 2019
2. **Warrants – None**
3. **Awards of Contracts – None**

UPDATES

1. **Update:** San Gorgonio Pass Regional Water Alliance Update
(by Director Israel and Director Morris)
2. **Update:** Manager's Operations Report
(by GM Louie)

CLOSED SESSION

- (1) CONFERENCE WITH LEGAL COUNSEL– Anticipated Litigation under Gov't Code, section 54956.9(d) (1 case)

OLD BUSINESS

1. Discussion/Action: User Fee Study (District incident fees and charges, etc.): Adoption of suggested fee adjustments.
2. Discussion/Action: Fire Suppression System Installation and Meter Charges (by Director Lynk)
3. Discussion/Action: Well & Tank #1 ongoing rehab; revised quote from Legend Pump & Well, and update on Rubicon Applied Divers regarding Tank #1. (by GM Louie)

NEW BUSINESS

1. Discussion/Action: Customer Concern: Gabriel Otero, Esperanza Ave, Acct. No. 051863JN.
2. Discussion/Action: Adoption of Ordinance 23 – Amendment of District Rules and Regulations (Ordinance 22) regarding Articles 10 and 11 relating to SB 998. (by AGM Lemus)
3. Discussion/Action: CUSI Interactive Voice Recognition (IVR) Interface Contract (to electronically contact customers regarding pending service terminations due to non-payment). (by AGM Lemus)
4. Discussion/Action: NBS Monthly Water Meter Rate Study Quote – to re-evaluation current monthly water meter charges and usage rates.
5. Discussion/Action: Resolution 01-2020: Add/Remove Check Signers from District bank accounts.
6. Discussion/Action: District Credit Card Limit Increase Request; from \$100 up to \$500 (for small office/business expenses). (by GM Louie)
7. Discussion/Action: AB54 & AB240 Online Board Training Workshop through RCAC (Feb. 6, 10 am online course, and May 7, 10 am online course available; 2-hour course).

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GENERAL MANAGER/BOARD COMMENTS

1. Future Agenda Items

The Board Chair or the majority of the Board may direct staff to investigate and report back to an individual(s) and the Board on matters suggested or direct the General Manager/Board Secretary to place the matter on a future Board meeting.

- Suggested agenda items from the Public.
- Suggested agenda items from Management.
- Suggested agenda items from Board Members.

2. Management Comments

Staff members may speak on items of information not requiring comment or discussion to the Board and public. Topics which may be included on a future meeting agenda may be presented but cannot be discussed. (3 minutes)

3. Board Member Comments

Board members may speak on items of information not requiring comment or discussion to the Board and public. (3 minutes)

MISCELLANEOUS

1. Future Board Items/Next Board Meeting Date(s)

- a. Finance & Audit Workshop – Tuesday – February 18, 2020, 5:00 pm
- b. Regular Board Meeting – Tuesday – February 18, 2020, 6:00 pm
- c. Personnel Committee – None
- d. San Geronio Pass Regional Water Alliance – Alliance Meeting – Wednesday –

ADJOURNMENT

ADA Compliance Issues

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FINANCE & AUDIT COMMITTEE MEETING

MINUTES

Meeting Location:

Cabazon Water District Office
14618 Broadway Street
Cabazon, California 92230

Meeting Date:

Tuesday, December 17, 2019 – 5:00 PM

CALL TO ORDER,

PLEDGE OF ALLEGIANCE,

ROLL CALL @ 17:19 hr (check signing performed at 17:05 hr)

Director Wargo - Present

Director Israel - Present

Calvin Louie (General Manager) - Present

Elizabeth Lemus, Board Secretary - Present

Cindy Byerrum, Financial Consultant - Absent

*Note: This meeting was recorded by the District –

*Note: Check signing was performed first, followed by the Call To Order.

FINANCE & AUDIT COMMITTEE

1. Discussion: Finance & Audit Committee Report

- Balance Sheet
- Profit and Loss Budget Comparison

Main Reports:

□ Balance Sheet – depicts what the District owns and what the District owes.

□ Profit & Loss – shows monthly revenue and expenses.

□ Profit & Loss Budget Performance – shows how the District is performing against the budget, and the condition of the District fiscal year to date.

Balance Sheet:

The District's combined Cash with Chase and LAIF balance was \$932,054 at month end. The District's total liabilities were approximately \$1.015 million at month end.

Profit and Loss:

- 10. Basic Facilities Fee: These are fees charged for new service connections, meter installations & upgrades. These fees are difficult to budget accurately due to their unexpected nature when revenue is earned. YTD fees collected include \$9.3K in October for a new service connection & \$13.4K in November for a 3/4" meter install.
- 30. Workers Compensation: YTD is at 74% due to timing of workers comp payments. Workers Compensation through 5/1/20 has been paid in full as of November.
- 46. Engineering Services: YTD is at 70% due several invoices from Krieger & Stewart in September including \$11.4K relating to Standby Fees.
- 71. Legal Services: YTD is at 61% due to increased legal work related to the following items: Illegal water hookups, Inquiries regarding charitable donation opportunities, Fireflow/fire sprinklers, and a hit hydrant.
- 90. Grant & Loan Processing Fee: Loan fee from BNY. YTD is at 95% due to timing of loan fee payment.

As of November 30th, the fiscal year-to-date net income is \$25,731.

2. Finance & Audit Committee District Payables Review and Approval/Signing

PUBLIC COMMENT

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ADJOURNMENT

Motion to adjourn at 17:23 hr. made by Director Wargo and 2nd by Director Israel.

Director Wargo - Aye

Director Israel - Aye

Meeting adjourned at 17:23 hr. on Tuesday, December 17, 2019

Robert Lynk, Board Chair
Board of Directors
Cabazon Water District

Elizabeth Lemus, Secretary
Board of Directors
Cabazon Water District

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REGULAR BOARD MEETING

MINUTES

Meeting Location:
Cabazon Water District Office
14618 Broadway Street
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Meeting Date:
Tuesday, December 17, 2019 – 6:00 PM

CALL TO ORDER

PLEDGE OF ALLEGIANCE

REMEMBRANCE OF OUR SERVICE MEN AND WOMEN

ROLL CALL

Director Martin Sanderson - Present
Director Maxine Israel - Present
Director Sarah Wargo - Present
Director Diana Morris - Present
Director Robert Lynk - Present

Calvin Louie, General Manager - Present
Elizabeth Lemus, Board Secretary - Present
Cindy Byerrum, Financial Consultant - Present
Steve Anderson, Best Best & Krieger Law Firm - Absent
Joseph Ortiz, Best Best & Krieger Law Firm - Absent

Note: This meeting was recorded by the District -

NEW BUSINESS

1. Discussion/Action: Reorganization of the CWD Board of Directors (Board Chair, Vice Chair, Ad Hoc Committees, etc.)
 - Board Chair (1 member)
 - Vice Chair (1 member)

- **Finance and Audit Committee (Ad Hoc), (2 members):** Meet roughly twice a month, review District payables, sign checks, review proposed fiscal year budgets to report to the Board, review Capital Improvement Projects (CIP) to report to the Board, other financial issues to report to the Board.
- **Personnel Committee (Ad Hoc), (2 members):** Meet with GM annually to render a recommendation on the GM's annual performance evaluation, meet regarding any District employee(s) petitioning the Board to appeal a disciplinary action, meet regarding all/any disciplinary issues involving the GM or Board Secretary.
- **Community Water System Alliance Committee (CWSA), (Ad Hoc), (2 members):** At least one member of the CWSA Ad Hoc Committee to attend CWSA meetings, special events, and trips approved by the Board. Will report and distribute information to the Board during the monthly Board Meetings.
- **San Gorgonio Pass Regional Water Alliance Committee (SGPRWA), (Ad Hoc), (2 members):** At least one member of the SGPRWA Ad Hoc Committee to attend SGPRWA meetings, special events, and trips approved by the Board. Will report and distribute information to the Board during the monthly Board Meetings.
- **Special Projects/SoCal Edison Public Safety Power Shut-off (PSPS) Review Committee, (Ad Hoc), (2 members):** Both members to meet with the GM, AGM, general counsel, and other experts or consultants regarding special projects/PSPS event matters. Will report and distribute information to the Board during the monthly Board Meetings.

Motion to appoint Director Robert Lynk as the Board Chair made by Director Morris and 2nd by Director Israel.

Director Martin Sanderson - Aye
Director Maxine Israel - Aye
Director Sarah Wargo - Aye
Director Diana Morris - Aye
Director Robert Lynk – Aye

After some discussion, Director Lynk, acting as Board Chair, appointed the following Directors to the following positions; no objections were made by the Board or public:

Board Vice Chair: Director Maxine Israel
Finance and Audit Committee (Ad Hoc): Directors Martin Sanderson and Sarah Wargo
Personnel Committee (Ad Hoc): Directors Sarah Wargo and Robert Lynk
Community Water System Alliance Committee (CWSA) (Ad Hoc): Directors Maxine Israel and Diana Morris
San Gorgonio Pass Regional Water Alliance Committee (SGPRWA) (Ad Hoc): Directors Maxine Israel and Diana Morris

CONSENT CALENDAR

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1. Approval of:

- a. Finance and Audit Committee Meeting Minutes and Warrants approved by the committee on November 19, 2019
- b. Regular Board Meeting Minutes and Warrants of November 19, 2019

Motion to approve following consent calendar item(s) (a.) Finance and Audit Committee Meeting Minutes of (a) November 19, 2019, and (b.) Regular Board Meeting Minutes of November 19, 2019, made by Director Israel and 2nd by Director Wargo.

Director Sanderson - Aye
Director Morris - Aye
Director Wargo - Aye
Director Israel - Aye
Director Lynk – Aye

2. Warrants – None
3. Awards of Contracts – None

UPDATES

1. Update: **San Gorgonio Pass Regional Water Alliance Update (by Director Israel)**

Jan. 22, 2020: Next SGPRWA meeting. Rates discussed during last meeting.

2. Update: **Manager's Operations Report (by GM Louie)**

- 50010 Main St. – fence currently being installed.
- Weekend Emergency call for a customer on Mission St.
- SoCal Edison PSPS Events; a meeting will be scheduled with Edison in the near future to discuss options to counter effects of planned outages
- CWSA meeting on Nov. 22, 2019 a success.

OLD BUSINESS

1. Discussion/Action: **User Fee Study (District incident fees and charges, etc.): Presentation and adoption of suggested fee adjustments. (by NBS)**

It was explained that the recommended cost recovery rate be 100% for each fee, with the exception of those limited due to SB998 regulations.

These fees are typically customer specific; they do not generally affect every single customer simultaneously (as the monthly water meter and usage charges do), but they affect the customers that request certain services or are subject to water service termination, etc. Examples of a few of these fees are Yellow Tags, Red Tags, Service Termination, Meter testing requests, etc. Also, if recovering 100% of these fees, the District is not making a profit, but is recovering the expense incurred while performing these services.

Motion to approve / _____ made by Director _____
and 2nd by Director _____.

Director Sanderson - _____ (yes / no / abstain)
Director Morris - _____ (yes / no / abstain)
Director Wargo - _____ (yes / no / abstain)
Director Israel - _____ (yes / no / abstain)
Director Lynk - _____ (yes / no / abstain)

*Note: No Action was taken, but it was the consensus of the Board to direct Management to contact legal regarding whether the District needs to post a public notice/hearing before this item could be approved. The only proposed changes to the report, as discussed by the Board, were the following:

- Appendix B of the NBS Report: Fee No. 5: Cabazon Water System Fee: After normal business hours call-out charge – The Board wanted a ceiling charge of \$300 per incident for after-hours emergency call-out fees.
- Appendix B of the NBS Report: Fee No. 15: Returned Check Fee – This fee will either remain at the \$30 charge per returned check, or will be reduced to \$25, depending on what legal advises.

This item is scheduled to be discussed/approved during the January 21, 2020 Board Meeting.

*Note: A break was taken at 19:34 hr., and the meeting was resumed at 19:36 hr.

2. Discussion/Action: Review and approval of the Fiscal Year (FY) 2018-2019 Audited Financial Statements (by Fedak and Brown)

Motion to accept Review and approval of the Fiscal Year (FY) 2018-2019 Audited Financial Statements (as presented by Fedak and Brown) made by Director Sanderson and 2nd by Director Wargo.

Director Sanderson - Aye
Director Morris - Aye
Director Wargo - Aye
Director Israel - Aye
Director Lynk – Aye

3. Discussion/Action: Fire Suppression System Installation and Meter Charges

"Note: Director Lynk recused himself from the Board and participated in the meeting as a public member.

Mr. Lynk expressed to the Board that he thought it was unfair for residential customers to pay such high monthly meter charges when their sole reason for needing a larger meter was for the home fire suppression system (fire sprinklers). He further expressed that he believed customers should pay for the required size meter when installing a new service (customers needing a 1" meter for fire services, etc. will pay for a 1" meter, etc.), but that after installation, customers that would typically use water that could be supplied from a smaller meter (a 5/8" meter, for example), would pay as if they had a 5/8" meter installed, etc.

A variance rate was discussed. Residential customers could have their account reviewed after a specific time period to see if they could continue on the variance rate (didn't abuse having a larger meter installed), etc.

The Board wanted legal to be consulted regarding the following items:

- For customers showing higher usage than typical for the size meter they are paying for, could they be back charged for water usage (this would be for meter usage abusers)?
- Could a variance charge be offered to customers that would normally be able to use a smaller meter, but require a larger meter solely for fire suppression services? As long as they show average/typical usage within that size meter?
- Could a specific time of review (annually?) be established, to ensure customers are not using more than typical for the size meter they are paying for?

Motion to approve / _____ made by Director _____
and 2nd by Director _____.

Director Sanderson - _____ (yes / no / abstain)

Director Morris - _____ (yes / no / abstain)

Director Wargo - _____ (yes / no / abstain)

Director Israel - _____ (yes / no / abstain)

Director Lynk - _____ (yes / no / abstain)

***Note: No formal action was taken by the Board regarding this item, but it was the consensus of the Board to have legal look into the items as listed above.**

**4. Discussion: Sustainable Groundwater Management Act (SGMA) Update
(by GM Louie)**

Nothing new to report. The next scheduled meeting is for Jan. 9, 2020 at the San Gorgonio Pass Water Agency.

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MISCELLANEOUS

1. Future Board Items/Next Board Meeting Date(s)

- a. Finance & Audit Workshop – Tuesday – January 21, 2020, 5:00 pm
- b. Regular Board Meeting – Tuesday – January 21, 2020, 6:00 pm
- c. Personnel Committee – None
- d. San Gorgonio Pass Regional Water Alliance – Alliance Meeting – Wednesday –

ADJOURNMENT

Motion to adjourn at 20:03 hr. made by Director Israel and 2nd by Director Morris.

Director Sanderson - Aye
Director Morris - Aye
Director Wargo - Aye
Director Israel - Aye
Director Lynk - Aye

Meeting adjourned at 20:03 hr. on Tuesday, December 17, 2019

Robert Lynk, Board Chair
Board of Directors
Cabazon Water District

Elizabeth Lemus, Secretary
Board of Directors
Cabazon Water District

ADA Compliance Issues

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Cabazon Water District

Profit & Loss

December 2019

	Dec. 2019	Current YTD	FY 19/20 Budget	YTD (50%)
1 REVENUES				
2 OPERATING INCOME				
3 Base Rate - Water Bills	\$ 73,237	\$ 436,490	\$ 889,300	49%
4 Commodity Sales	15,846	184,655	320,600	58%
5 DHPO Contract	12,550	94,104	211,700	44%
6 Fire Sales - Water Bills	439	2,634	3,900	68%
7 Penalty Fees - Water Bills	4,616	28,136	44,900	63%
8 New Account Fees - Water Bills	125	690	1,800	38%
9 Returned Check Fees	30	210	400	53%
10 Basic Facilities Fee	-	22,690	18,900	120%
11 Stand By Fees - Tax Revenue	-	-	113,600	0%
12 TOTAL OPERATING INCOME	106,844	770,015	1,605,100	48%
13 NON-OPERATING INCOME				
14 Property Taxes	3,742	16,223	60,900	27%
15 Cell Tower Lease Income	-	12,523	25,100	50%
16 Misc. Non-Operating Income	-	6,323	-	0%
17 Interest Income	490	7,734	19,300	40%
18 TOTAL NON-OPERATING INCOME	4,232	42,803	105,300	41%
19 TOTAL REVENUES	111,076	812,818	1,710,400	48%
20 EXPENSES				
21 PAYROLL				
22 Directors Fees	-	5,900	20,000	30%
23 Management & Customer Service				
24 Customer Accounts	6,371	29,328	52,100	56%
25 Business Admin Manager	5,669	37,037	74,700	50%
26 General Manager	15,440	53,233	95,600	56%
27 Total Management & Customer Service	27,481	119,597	222,400	54%
28 Field Workers	11,654	86,122	168,300	51%
29 Employee Benefits Expense				
30 Workers Comp.	101	4,665	6,200	75%
31 Employee Health Care	7,889	45,053	67,000	67%
32 Pension	6,274	40,236	78,300	51%
33 Total Employee Benefits Expense	14,263	89,953	151,500	59%
34 Payroll Taxes	2,935	16,751	33,200	50%
35 TOTAL PAYROLL	56,333	318,323	595,400	53%

Cabazon Water District
Profit & Loss
December 2019

		FY 19/20			
		Dec. 2019	Current YTD	Budget	YTD (50%)
36	OPERATIONAL EXPENSES				
37	Facilities, Wells, T&D				
38	Lab Fees	272	1,889	8,700	22%
39	Meters	-	150	4,700	3%
40	Utilities - Wells	6,407	44,141	124,000	36%
41	Line R&M Contractor	-	-	12,500	0%
42	Line R&M Materials	195	7,072	60,000	12%
43	Well Maintenance	8,566	95,211	37,000	257%
44	Security	1,589	9,564	24,800	39%
45	Grant Writing Services	-	-	10,000	0%
46	Engineering Services	2,670	35,153	46,500	76%
47	Facilities, Wells, T&D - Other	2,255	3,260	12,400	26%
48	Total Facilities, Wells, T&D	22,344	200,041	340,600	59%
49	Utilities - Office				
50	Electricity	961	8,606	19,000	45%
51	Gas	114	260	1,000	26%
52	Telephone	803	4,995	9,800	51%
53	Trash Pickup & Office Cleaning	369	2,213	4,500	49%
54	Total Utilities - Office	2,246	16,073	34,300	47%
55	Office Expenses				
56	Water Billing System	177	1,064	2,100	51%
57	Supplies & Equipment	202	1,595	9,900	16%
58	Copier Lease & Printing Supplies	562	2,260	6,000	38%
59	Dues & Subscriptions	92	300	4,900	6%
60	Postage	608	3,911	7,900	50%
61	Printing & Publications	2,237	2,416	6,200	39%
62	Computer Services	2,655	18,026	36,800	49%
63	Office Storage	1,000	3,500	6,100	57%
64	Air Conditioning Servicing	418	2,508	4,900	51%
65	CA Water Systems Alliance	-	1,042	2,500	42%
66	Office Expenses - Other	187	829	2,900	29%
67	Total Office Expenses	8,139	37,450	90,200	42%
68	Support Services				
69	Financial Audit	-	9,130	22,500	41%
70	Accounting	1,562	13,030	35,000	37%
71	Legal Services	2,652	34,381	52,000	66%
72	Bank Service Charges	59	364	700	52%

Cabazon Water District
Profit & Loss
December 2019

		FY 19/20			
		Dec. 2019	Current YTD	Budget	YTD (50%)
73	Payroll Service	291	2,220	4,700	47%
74	Website Support	75	525	900	58%
75	General Liability Insurance	1,962	11,772	23,400	50%
76	Total Support Services	8,330	78,224	139,200	56%
77	Training/Travel	364	12,207	26,400	46%
78	Other Fees/SWRCB	2,496	8,513	7,100	120%
79	Service Tools & Equipment				
80	Shop Supplies and Small Tools	21	2,940	8,700	34%
81	Vehicle Fuel	1,852	8,177	16,600	49%
82	Employee Uniforms	-	658	1,800	37%
83	Safety	-	-	500	0%
84	Tractor Expenses	-	177	7,500	2%
85	Equipment Rental	-	-	2,000	0%
86	Service Trucks - R&M	5,661	7,969	14,200	56%
87	Water Ops Phone & Internet	195	1,172	2,400	49%
88	Total Service Tools & Equipment	7,728	21,092	55,700	38%
89	NON-OPERATING EXPENSES				
90	Grant & Loan Processing Fee	-	1,325	1,400	95%
91	DWR Interest Expense	-	4,719	9,100	52%
92	DHPO Interest Expense	-	4,174	7,900	53%
93	Bad Debt Expense	-	-	1,200	0%
94	Miscellaneous	336	562	1,100	51%
95	TOTAL NON-OPERATING EXPENSES	336	10,780	20,700	52%
96	TOTAL EXPENSES	108,315	702,702	1,309,600	54%
97	TOTAL INCOME BEFORE CAPITAL & GSA	2,761	110,116	400,800	27%
98	DHPO Capacity Credit	(1,750)	(10,500)	(21,000)	50%
99	CAPITAL PROJECTS				
100	Main Street Improvements (Icehouse Imp.)	(24,165)	(24,165)	(30,000)	81%
101	Meter Replacements & Other Capital	(7,892)	(11,238)	(22,000)	51%
102	New Vehicle Purchase	-	-	(37,000)	0%
103	TOTAL CAPITAL PROJECTS	(32,057)	(35,403)	(89,000)	40%
104	DEBT - PRINCIPAL				
105	Debt Service Principal - DWR	-	(19,627)	(39,600)	50%
106	Debt Service Principal - DHPO (Zion)	-	(40,423)	(80,800)	50%
107	TOTAL DEBT - PRINCIPAL	-	(60,050)	(120,400)	50%
108	SGMA / GSA	(7,900)	(18,012)	(60,000)	30%
109	NET INCOME / (LOSS)	\$ (38,945)	\$ (13,850)	\$ 110,400	-13%

No assurance is provided on these financial statements.

The financial statements do not include a statement of cash flows.

Substantially all disclosures required by accounting principles generally accepted in the United States are not included.

Cabazon Water District

Balance Sheet

December 31, 2019

Dec. 31, 19

1 ASSETS

2	Current Assets		
3	Checking/Savings		
4	General Bank Account-Chase	\$	91,320
5	Payroll Bank Account-Chase		72,668
6	Trust Account-Chase (Cust. Deposits)		10,380
7	Local Petty Cash		100
8	Total Checking/Savings		<u>174,468</u>
9	Accounts Receivable		199,348
10	LAIF		704,378
11	Bank of NY Trustee Accounts		62,304
12	Prepaid Expenses		17,782.24
13	Inventory Total		<u>104,142</u>
14	Total Other Current Assets		<u>1,087,955</u>
15	Total Current Assets		<u>1,269,291</u>
16	Fixed Assets		
17	Construction in Process		
18	CIP Cabazon Outlets Expansion		9,692
19	CIP Super Map		26,463
20	CIP 50100 Main St. Property		<u>115,053</u>
21	Total Construction in Process		157,620
22	Tools and Equipment		123,319
23	Source of Supply		1,552,226
24	Transmission & Distribution		10,316,395
25	Buildings & Structures		12,281
26	Water Treatment		8,800
27	Office Furniture and Equipment		71,808
28	Intangible Plant		11,032
29	Vehicles		114,728
30	Land		689,548
31	Accumulated Depreciation		<u>(5,672,996)</u>
32	Total Fixed Assets		<u>7,384,761</u>
33	TOTAL ASSETS	\$	<u>8,654,052</u>

34 LIABILITIES & EQUITY

35	Liabilities		
36	Current Liabilities		
37	Accounts Payable	\$	3,433
38	Other Current Liabilities		
39	Customer Deposits - Co 1		4,900
40	Customer Deposits - Co 2		<u>4,034</u>
41	Total Customer Deposits		8,934
42	Accrued Vacation Pay		13,352
43	DWR-HS Payable - Current		39,550
44	Current Portion Zion's Bank Ln		80,847
45	Accrued Payroll		7,450

Cabazon Water District

Balance Sheet

December 31, 2019

	Dec. 31, 19	
46	Accrued Payroll Taxes	554
47	Accrued Interest	4,449
48	Accrued Expenses	8,129
49	Employee Deductions	143
50	Total Other Current Liabilities	<u>163,410</u>
51	Total Current Liabilities	<u>166,842</u>
52	Long Term Liabilities	
53	DWR-H Loan Payable (Payoff '26)	278,950
54	Zion's Bank Long Term (2023)	254,898
55	RCEDA Loan Payable	300,000
56	Total Long Term Liabilities	<u>833,848</u>
57	Total Liabilities	<u>1,000,691</u>
58	Total Equity	7,653,361
59	TOTAL LIABILITIES & EQUITY	<u>\$ 8,654,052</u>



MEMORANDUM

DATE: January 14, 2020
TO: The Cabazon Water District Board of Directors
FROM: Ellie Lemus, AGM
SUBJ: Esperanza St. – Mr. Gabriel Otero, Acct. 051863JN

Dear Board of Directors,

The following is a statement of facts concerning Mr. Otero's account:

- Customer requests that January 13, 2020 \$10 Yellow Tag Fee be removed from account.
- Account history for the last year is included, to show account activity.
- Customer has received tags in the past.

Cabazon Water District
14618 Broadway Street
PO Box 297
Cabazon, CA 92230
www.cabazonwater.org

Bus. (951) 849-4442

Fax (951) 849 2519



Cabazon Water District

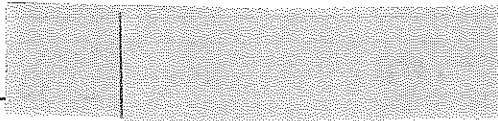
Customer Complaint Form

NAME: Gabriel Otero CWD ACCT# 051863JN

SERVICE ADDRESS: esperanza Ave, Cabazon.

MAILING ADDRESS: esperanza Ave

CITY: Cabazon, STATE: CA ZIP: 92230

PHONE: ()

E-mail: _____

Please briefly describe your concerns.
Include copies of all supporting documents.

Customer Transaction Summary

Customer Information

Account No: 051863JN
 GABRIEL ORTERO
 ESPERANZA AVE
 CABAZON, CA 92230-

Location Information

Location No: 5-043007
 ESPERANZA
 CABAZON, CA 92230-

Date	Type	More Info	Reading	Usage	Prior Balance	Transaction Amount	Balance
01/22/2019	Penalty				70.95	7.10	78.05
01/22/2019	Interest				78.05	1.06	79.11
01/29/2019	Payment	CASH			79.11	-79.11	0.00
01/30/2019	Charge	01/10/2019	93300	1200	0.00	86.70	86.70
02/21/2019	Penalty				86.70	8.67	95.37
02/21/2019	Interest				95.37	1.30	96.67
02/28/2019	Charge	02/11/2019	94300	1000	96.67	80.62	177.29
03/01/2019	Payment	CREDIT CARD			177.29	-177.29	0.00
03/27/2019	Charge	03/13/2019	95300	1000	0.00	80.62	80.62
04/22/2019	Penalty				80.62	8.06	88.68
04/22/2019	Interest				88.68	1.21	89.89
04/30/2019	Charge	04/10/2019	96300	1000	89.89	80.62	170.51
05/06/2019	Payment	CASH			170.51	-89.89	80.62
05/21/2019	Penalty				80.62	8.06	88.68
05/21/2019	Interest				88.68	1.21	89.89
05/30/2019	Charge	05/13/2019	97700	1400	89.89	92.78	182.67
06/05/2019	Payment	CASH			182.67	-89.89	92.78
06/24/2019	Penalty				92.78	9.28	102.06
06/24/2019	Interest				102.06	1.39	103.45
06/24/2019	Charge	06/12/2019	98900	1200	103.45	86.70	190.15
07/15/2019	* Misc - TAG				190.15	*10.00	200.15
07/15/2019	Payment	CASH			200.15	-40.00	160.15
07/22/2019	Penalty				160.15	8.67	168.82
07/22/2019	Interest				168.82	2.09	170.91
07/29/2019	Payment	CREDIT CARD			170.91	-70.00	100.91
07/31/2019	Charge	07/11/2019	99900	1000	100.91	80.62	181.53
08/15/2019	* Misc - TAG				181.53	*10.00	191.53
08/18/2019	Payment	CREDIT CARD			191.53	-91.53	100.00
08/21/2019	Penalty				100.00	8.06	108.06
08/21/2019	Interest				108.06	1.21	109.27
08/29/2019	Charge	08/12/2019	100800	900	109.27	77.58	186.85
09/16/2019	* Misc - TAG				186.85	*10.00	196.85
09/17/2019	Payment	CASH			196.85	-55.00	141.85
09/23/2019	Penalty				141.85	7.76	149.61
09/23/2019	Interest				149.61	1.69	151.30
09/30/2019	Charge	09/12/2019	102000	1200	151.30	86.70	238.00
10/03/2019	Payment	CASH			238.00	-100.00	138.00
10/21/2019	Penalty				138.00	8.67	146.67
10/21/2019	Interest				146.67	1.78	148.45
10/24/2019	Payment	CASH			148.45	-46.00	102.45
10/31/2019	Charge	10/14/2019	103200	1200	102.45	86.70	189.15
11/14/2019	* Misc - TAG				189.15	*10.00	199.15
11/18/2019	Payment	CASH			199.15	-50.00	149.15
11/21/2019	Penalty				149.15	8.67	157.82
11/21/2019	Interest				157.82	1.93	159.75
11/27/2019	Charge	11/13/2019	104200	1000	159.75	80.62	240.37

Customer Transaction Summary

Customer Information

Account No: 051863JN
 GABRIEL ORTERO
 ESPERANZA AVE
 CABAZON, CA 92230-

Location Information

Location No: 5-043007
 ESPERANZA
 CABAZON, CA 92230-

Date	Type	More Info	Reading	Usage	Prior Balance	Transaction Amount	Balance
12/16/2019	* Misc - TAG				240.37	* 10.00	250.37
12/18/2019	* Misc - TG2				250.37	* 10.00	260.37
12/18/2019	* Misc - RCF				260.37	* 50.00	310.37
12/19/2019	Payment	CASH			310.37	-134.00	176.37
12/19/2019	Payment	CASH			176.37	-20.00	156.37
12/23/2019	Penalty				156.37	8.06	164.43
12/23/2019	Interest				164.43	1.21	165.64
12/30/2019	Charge	12/12/2019	105200	1000	165.64	80.62	246.26
01/13/2020	* Misc - TAG				246.26	* 10.00	256.26
01/14/2020	Payment	CASH			256.26	-100.00	156.26U



MEMORANDUM

DATE: January 15, 2020
TO: The Cabazon Water District Board of Directors
FROM: Ellie Lemus, AGM
SUBJ: Ordinance 23

Dear Board of Directors,

- Ordinance 23 is in response to the recent Senate Bill (SB) 998 that was adopted in 2018 and expands protections regarding discontinuation of water service for nonpayment and related matter.
- Because the District already has rules and regulations in its Ordinance 22, and because of SB 998, some language and operation changes are required to be made in order to stay compliant with SB 998. Ordinance 23 is essentially an amendment to Articles 10 and 11 of Ordinance 22 (the Rules and Regulations Governing Water Service), updating the required sections.
- If Ordinance 23 is not adopted, the District will not be in compliance with SB 998.
- SB 998 is to take full effect as of February 1, 2020.

Cabazon Water District
14618 Broadway Street
PO Box 297
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ORDINANCE NO. 23

**AN ORDINANCE OF THE BOARD OF DIRECTORS OF
THE CABAZON WATER DISTRICT AMENDING
ARTICLES 10 AND 111 OF THE DISTRICT'S RULES AND
REGULATIONS GOVERNING WATER SERVICE**

WHEREAS, the Cabazon Water District ("District") owns and operates a public water system that supplies water to residential, commercial, and industrial customers throughout the District's service area; and

WHEREAS, on August 17, 2004, the District adopted its existing Rules and Regulations Governing Water Service pursuant to Ordinance No. 22; and

WHEREAS, in 2018, the California Legislature adopted Senate Bill 998 ("SB 998") which adopted new and expanded protections regarding discontinuation of water service for nonpayment and related matters; and

WHEREAS, the District's Board of Directors desires to amend Article 10 (Discontinuance and Restoration of Service) and Article 11 (Meter Reading, Billing, and Collection) of the Rules and Regulations Governing Water Service to ensure consistency with the requirements of SB 998 and other laws.

**NOW THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF
THE CABAZON WATER DISTRICT AS FOLLOWS:**

SECTION 1. Amendments to Articles 10 and 11. Articles 10 and 11 of the District's Rules and Regulations Governing Water Service are hereby amended to read as set forth in Exhibit "A," attached hereto and incorporated herein. The Board Secretary is hereby authorized to revise the text and table of contents of the District's Rules and Regulations Governing Water Service to include Articles 10 and 11 as amended by this Ordinance. Except as expressly amended by this Ordinance, all provisions of the Rules and Regulations Governing Water Service shall remain in full force and effect.

SECTION 2. CEQA. The District's adoption of this Ordinance does not constitute a "project" for purposes of the California Environmental Quality Act ("CEQA") because it does not have a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, and also constitutes continuing administrative activities relating to water service. (State CEQA Guidelines, § 15378(a), (b)(2).) Further, even if the adoption of this Ordinance were to constitute a project for purposes of CEQA, it is exempt pursuant to State CEQA Guidelines section 15061(b)(3), on grounds it can be seen with certainty that the adoption of this Ordinance will not result in causing a significant effect on the environment.

SECTION 3. Severability. If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are severable. The Board of Directors hereby declares that it would have adopted this Ordinance irrespective of the invalidity of any particular portion thereof.

SECTION 4. Effective Date. This Ordinance shall become effective on February 1, 2020. The amended text of Articles 10 and 11 of the Rules and Regulations Governing Water Service shall apply to water bills issued after that date.

PASSED, APPROVED and ADOPTED this _____ day of January, 2020.

By: _____
Robert Lynk, President
Cabazon Water District
Board of Directors

ATTEST:

Secretary, Board of Directors
Cabazon Water District

[Attach Exhibit "A" – Amended Articles 10 and 11]

CERTIFICATION

I, _____, Secretary of the Board of Directors of the Cabazon Water District, hereby certify that the foregoing is a full, true and correct copy of the Ordinance adopted by the Board of Directors and said District at the regular meeting of said Board held on the _____ day of January, 2020, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Board Secretary

EXHIBIT "A"

ARTICLE 10 DISCONTINUANCE AND RESTORATION OF SERVICE

10.1 DISCONTINUANCE OF SERVICE

10.1.1 District Initiated

When discontinuing service, the District will comply with Chapter 9.6, Division 1, Title 6 of the California Government Code (Gov. Code, § 60370 et seq.) and with Chapter 6, Part 12, Division 104 of the California Health & Safety Code (Health & Safety Code, § 116900 et seq.).

10.1.2 Service to Multiunit Residential Structures, Parks, and Camps; Other Tenant-Occupied Properties

a) Whenever the District furnishes residential water through a master meter, or furnishes individually metered service to a detached single-family dwelling, multiunit residential structure, mobilehome park, or farm labor camp where the owner, manager, or farm labor employer is listed by the District as the Customer of record of the service, District shall make a good faith effort to inform the actual users of the services, when the account is in arrears, by means of a notice, that service will be terminated in 10 days. The notice shall further inform the actual users that, notwithstanding Section 4.2.1, they have the right to become Customers of the District without being required to pay the amount due on the delinquent account. (Gov. Code, § 60371(a); Health & Safety Code, § 116916(b).) As provided in Section 4.2.2 and 4.2.3, the property owner shall remain ultimately responsible for delinquent water and other service charges incurred at the property, and such charges may become a lien on the property.

The District is not required to make service available to the actual users unless each actual user agrees to the terms and conditions of service, and meet the requirements of the District's rules and tariffs. However, if one or more actual users are willing and able to assume responsibility for the entire account to the satisfaction of the District, or if there is a physical means, legally available to the District, of selectively terminating service to those actual users who have not met the requirements of the District's rules and tariffs, the District shall make service available to the actual users who have met those requirements. (Gov. Code, § 60371(b).)

If prior service for a period of time is a condition for establishing credit with the District, proof of residence and prompt payment of rent for that period of time is a satisfactory equivalent. (Gov. Code, § 60371(c).)

Any actual user who becomes a Customer of the District pursuant to this section whose periodic payments, such as rental payments, include charges for residential water where these charges are not separately stated, may deduct from the periodic payment each payment period all reasonable charges paid to the District for those services during the preceding payment period. (Gov. Code, § 60371(d).)

10.1.3 Notice and Termination for Nonpayment of Delinquent Account

a) District will not terminate residential service for nonpayment of a delinquent account unless the District first gives notice of the delinquency and impending termination as provided in Sections 10.1.2 and 10.1.4. (Gov. Code, §§ 60372(a), 60373(a)–(b).)

b) District shall not terminate residential service for nonpayment in any of the following situations:

(1) During the pendency of an investigation by the District of a Customer dispute or complaint.

(2) During the pendency of an appeal to the District's Board of Directors.

(3) When a Customer has been granted an extension or other payment arrangement by the District. (Gov. Code, § 60372(b); Health & Safety Code, § 116908(b).)

c) District will not terminate residential water service for nonpayment if the following three (3) conditions are met:

(1) The Customer, or a tenant of the Customer, submits to the District the certification of a licensed primary care provider that termination of water service will be life threatening to, or pose a serious threat to the health and safety of, a resident of the premises;

(2) The Customer declares under penalty of perjury that his or her household's annual income is less than 200 percent of the federal poverty level, or provides documentation that a member of the household is a current recipient of CalWORKs, CalFresh, general assistance, Medi-Cal, Supplemental Security Income/State Supplementary Payment Program, or California Special Supplemental Nutrition Program for Women, Infants, and Children; and

(3) The Customer is willing to enter into an alternative payment arrangement, including an extension or amortization of the unpaid charges.

For Customers who meet the above conditions, the District will offer the customer a payment arrangement. The District will choose the payment arrangement offered and set the terms and conditions of the arrangement. If a Customer who receives a payment arrangement under this section fails to comply with the arrangement or pay his or her current charges for water service for sixty (60) days or more, the District may terminate water service. The District will post a final notice of intent to disconnect service in a prominent and conspicuous location at the service address at least five (5) business days before discontinuation of service. The final notice will not entitle the customer to any investigation or review by the District. (Health & Safety Code, § 116910.)

d) If a residential Customer is unable to pay a bill during the normal payment period, the Customer may request an extension, amortization, or other payment arrangement. If the Customer submits his or her request within 13 days after mailing of a written notice under Section 10.1.4(a), the request will be reviewed by a manager of the District. The District has discretion to determine whether a payment arrangement will be granted and to set the terms and conditions of the payment arrangement. District decisions regarding extensions and other payment arrangements are final and are not subject to appeal to the District's Board of Directors. If a Customer fails to comply with a payment arrangement, the District may discontinue water service by posting a final notice of intent to disconnect service in a prominent and conspicuous location at the service address at least five (5) business days before discontinuation of service. The final notice will not entitle the customer to any investigation or review by the District. (Gov. Code, § 60372(c); Health & Safety Code, § 116906(a).)

e) Any residential Customer who has initiated a complaint or requested an investigation within five (5) days of receiving the disputed bill shall be given an opportunity for review of the complaint or request by a manager of the District. The review shall include consideration of whether the Customer shall be permitted to amortize the unpaid balance of the account over a reasonable period of time, not to exceed 12 months. No termination of service shall be effected for any Customer complying with an amortization agreement, if the Customer also keeps the account current as charges accrue in each subsequent billing period. (Gov. Code, § 60372(c).)

f) Any Customer whose complaint or request for an investigation pursuant to paragraph (e) has resulted in an adverse determination by the District may appeal the determination to the Board of Directors by filing a written notice of appeal with the District Secretary within ten (10) business days of the District's mailing of its determination. Upon receiving the notice of appeal, the District Secretary will set the matter to be heard at an upcoming Board meeting and mail the customer written notice of the time and place of the hearing at least ten (10) days before the meeting. The decision of the Board shall be final. (Gov. Code, § 60372(d).)

10.1.4 Termination for Nonpayment

a) The District will not terminate residential service on account of nonpayment of a delinquent account until a payment by a customer has been delinquent for at least 60 days. Prior to termination, the District shall first give notice of the delinquency and impending termination at least 15 days prior to the proposed termination by means of a notice mailed, postage prepaid, to the Customer to whom the service is billed. If the Customer's mailing address is not the same as the service address, a copy of the notice shall also be sent to the service address and addressed to "Occupant." (Gov. Code, § 60373(a); Health & Safety Code, § 116908(a)(1)(A), (C).)

b) The District shall make a reasonable, good faith effort to contact an adult person residing at the premises of the Customer by telephone or in person at least seven (7) days prior to any termination of service. The District will offer to provide a written copy of Articles 10 and 11 of this Code and to discuss options to avert discontinuation of water service for nonpayment, including the possibility of an extension or other payment arrangement. Whenever telephone or personal contact cannot be accomplished, District shall leave, in a conspicuous location at the premises, a notice of termination of service and a copy of Articles 10 and 11, at least 48 hours prior to termination. (Gov. Code, § 60373(b); Health & Safety Code, § 116908(a)(1)(B), (a)(2).)

c) Every notice of termination of service pursuant to paragraph (a) shall include all of the following information:

- (1) The name and address of the Customer whose account is delinquent.
- (2) The amount of the delinquency.
- (3) The date by which payment or arrangements for payment is required in order to avoid termination.
- (4) The procedure by which the Customer may initiate a complaint or request an investigation concerning service or charges, except that if the bill for service contains a description of that procedure, the notice pursuant to paragraph (a) is not required to contain that information.
- (5) The procedure by which the Customer may request an extension, amortization, or other arrangement for payment of the unpaid charges.
- (6) The procedure for the Customer to obtain information on the availability of financial assistance, including private, local, state, or federal sources, if applicable.

(7) The telephone number of a representative of the District who can provide additional information or institute arrangements for payment.

Every notice of termination of service pursuant to paragraph (b) shall include the items of information in paragraphs (1), (2), (3), (6), and (7). All written notices shall be in a clear and legible format. (Gov. Code, § 60373(c).)

e) No termination of service may be effected without compliance with this section, and any service wrongfully terminated shall be restored without charge for the restoration of service. (Gov. Code, § 60373(e).)

10.1.5 Cessation of Services When Business Offices Not Open

The District shall not, by reason of delinquency in payment for water services, cause cessation of the services on any Saturday, Sunday, legal holiday, or at any time during which the business offices of the District are not open to the public. (Gov. Code, § 60374.)

10.1.6 At Customer's Request

A Customer may have service discontinued by notifying the District at least 48 hours in advance of the desired date of discontinuance. Service will only be discontinued on the District's normal working days and during normal working hours, unless otherwise approved by the District in advance.

10.2 RESTORATION OF SERVICE

10.2.1 General Provisions

A Customer whose service has been discontinued may have it restored by making application and paying all past-due amounts and applicable restoration of service charges.

10.2.2 Unauthorized Restoration

It shall be a violation of these Regulations for any person to make a reconnection to the water system once service to the premises has been discontinued, or to otherwise connect to the system without prior authorization.

10.3 PROGRAMS FOR LOW-INCOME CUSTOMERS

10.3 Reconnection Fee Limits and Waiver of Interest

For residential customers who demonstrate to the District a household income below 200 percent of the federal poverty line, the District will:

a) Limit any reconnection fees during normal operating hours to fifty dollars (\$50), and during non-operational hours to one hundred fifty dollars (\$150). The limits will only apply if the District's reconnection fees actually exceed these amounts. These limits are subject to an annual adjustment for changes in the Bureau of Labor Statistics' Consumer Price Index for All Urban Consumers (CPI-U) beginning January 1, 2021. (Health & Safety Code, § 116914(a)(1).)

b) Waive interest charges on delinquent bills once every 12 months. The District will apply the waiver to any interest charges that are unpaid at the time of the customer's request. (Health & Safety Code, § 116914(a)(2).)

The District will deem a residential customer to have a household income below 200 percent of the federal poverty line if: (a) any member of the household is a current recipient of CalWORKs, CalFresh, general assistance, Medi-Cal, Supplemental Security Income/State Supplementary Payment Program, or California Special Supplemental Nutrition Program for Women, Infants, and Children, or (b) the customer declares under penalty of perjury that the household's annual income is less than 200 percent of the federal poverty level. (Health & Safety Code, § 116914(b).)

ARTICLE 11 METER READING, BILLING, AND COLLECTION

11.1 METER READING AND BILLING

11.1.1 Rendering of Bills

Bills for water service shall be based upon monthly meter readings and monthly billings.

11.1.2 Proration of Bills

The charges applicable to opening periods, closing bills, and bills rendered for periods corresponding to less than one month will be computed as follows:

The amount of the minimum charge and the quantity allowed therefor, in each of the several quantity rate blocks, will be prorated on the basis of the ratio of the number of days in the period to the number of days in an average billing period. The measured quantity of usage will be applied to such prorated amounts and quantities.

11.1.3 Payment of Bills

During each month, the District shall mail a statement covering charges for all water received by the Customer during the preceding month, which charges are

due and payable upon receipt. If it is necessary for the District to visit the premises to collect payment for the second and each subsequent time, a collection fee to be determined by the Manager will be added to the amount owing. Any check submitted for payment of water service which is not honored and has been returned by the bank shall be subject to a return check fee. Such checks not replaced by the Customer with cash, including a returned check fee as determined by the District, shall result in discontinuance of water service.

11.1.4 Delinquent Accounts

The bill for water service is delinquent if not paid by the due date stated on the bill. When delinquency occurs for residential water service, the District will notify the customer and tenants/occupants (if applicable) in accordance with Article 10. When delinquency occurs for non-residential water service, a notice will be included with the subsequent bill. If payment of the delinquent amount has not been received 15 days after the subsequent bill has been issued, the service address, if different from the billing address, will be tagged 48 hours in advance of scheduled turnoff to give the occupant opportunity to pay the outstanding account. If the occupant does not pay the outstanding account or make arrangements for payment by the date of scheduled turnoff, then service may be discontinued without further notice.

Service shall not be restored to the premises until all charges which are delinquent, including fees, if any, have been paid in full. An owner whose deposit has been discontinued for nonpayment of bills or whose deposit shall have been applied in whole or in part of the payment of any bills, will be required to reestablish credit by a cash deposit. A Customer who has a delinquency on any premises may not receive new water service on another premises until all delinquencies, including fees, are paid in full. Additionally, when a service has been turned off for nonpayment, all charges may be transferred to another account held in the sole name of the same owner. This account will become delinquent if payment is not made within 15 days from the date of delinquency transfer, and will be subject to turnoff without further notice. The District may file liens against the property to enforce collection of delinquent accounts.

11.2 METER TEST AT CUSTOMER'S REQUEST

11.2.1 General Provisions

A Customer may request the District to test the meter serving the premises. The District will require the Customer to deposit an amount for such test in accordance with Article 9.7. Based on the results of the meter test and in accordance with Article 8, the deposit will be returned if the meter is found to register more than three percent fast. A written report of the test will be available to the Customer.

11.3 ADJUSTMENT OF BILLS FOR METER ERROR

11.3.1 General Provisions

When a water meter is found to be out of order, the charge for water will be based, at the option of the District, on one of the following:

- A. The average monthly consumption for the three preceding months during which the meter is known to have registered correctly; or
- B. An estimate of consumption based either upon the Customer's prior use during the same season of the year or upon a reasonable comparison with the use of other Customers receiving the same class of service during the same period and under similar circumstances and conditions; or
- C. The consumption as registered by a substitute meter; or
- D. In accordance with Article 11.3.03.

11.3.2 Meter Reading Inaccessibility

When a meter is covered or otherwise inaccessible so that it cannot be read, an average bill will be rendered and accumulated errors, if any, will be adjusted when the meter is first thereafter read.

11.3.3 Adjustment Based Upon Meter Test

All adjustments for meter reading, billing and collection will be made in accordance with Article 8.

11.4 COLLECTION BY SUIT

11.4.1 Suit

All unpaid rates and charges and penalties herein provided may be collected by suit or by any other method available under law.

11.4.2 Costs

Defendant shall pay costs of suit including attorney's fees in any judgment rendered in favor of the District.



MEMORANDUM

DATE: January 21, 2020
TO: The Cabazon Water District Board of Directors
FROM: Ellie Lemus, Assistant General Manager
SUBJ: CUSI Interactive Voice Recognition (IVR) Interface Contract (to electronically contact customers regarding pending service terminations due to non-payment)

Dear Board of Directors,

CUSI is the District's water billing system. The Interactive Voice Recognition (IVR) Interface is essentially automated electronic phone calling, or "robocalling", to notify customers of a pending service termination due to non-payment.

With the new Senate Bill (SB) 998 taking effect in February, one of the requirements is to attempt to notify customers via telephone services at least seven (7) days before service termination.

The "Pros" of utilizing this service is that it should be less of a burden on the District's limited staff. The calls would be automated, saving District staff much time vs. mandating staff make each individual call manually.

The "Cons" are that there would be a monthly expense (explained in further detail below) for this service, and that if phone numbers are not updated, they will not reach the intended customer.

It must be realized that there will be a learning curve for both the District Staff and District Customers if this is to be implemented, but after a while, things should smooth out.

In regards to the CUSI Water Billing System IVR Quote, please know the following:

- To purchase the Billing System Add-on, the feature itself is \$1,000 (one-time fee)
- There is a set-up fee (one-time fee) of \$375 (installation, setup, training, etc.)
- There is a reoccurring monthly fee of \$70 for this service, plus an additional \$0.07 per minute (billed in 6-second increments). The "per minute" charge will be difficult to budget for the first year, as this will be dependent on the number of calls that must be made (which can vary month to month).

Cabazon Water District
14618 Broadway Street
PO Box 297
Cabazon, CA 92230
www.cabazonwater.org

Bus. (951) 849-4442

Fax (951) 849 2519



CONTINENTAL UTILITY SOLUTIONS, INC.

Sales Representative: Lane Ricardo

P. O. Box 1515
Jonesboro, AR 72403

www.cusi.com

(870) 336-2239

Quote #: lr191219140927

December 19, 2019

Sales Agreement



Cabazon County Water
14618 Broadway Ave
Cabazon, CA
92230

Ellie Lemus
(951) 849-4442
elemus@cabazonwater.org



Economic Summary

detailed descriptions attached

Utility Billing Software
Payment Solutions

\$1,000.00

\$375.00

Grand Total \$1,375.00

Payment Terms

15 Days From Date of Invoice.



Purchaser Authorization

I certify that as the person signing this form I have purchasing authority for Cabazon County Water.

Print Name: _____

Title: _____

Authorized Signature _____

Date _____



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Ellie Lemus
(951) 849-4442
elemus@cabazonwater.org

CBSW Utility Billing Software

Add-On Interfaces

1 CBSW Interactive Voice Recognition (IVR) Interface to IVR Technology Group	\$1,000.00	\$1,000.00
--	------------	------------



Economic Summary

CBSW Utility Billing Software		\$1,000.00
	Total	\$1,000.00



Comments

Purchasing additional CUSI software, modules, and interfaces may have an impact on your annual technical support rate upon your next renewal.



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92230

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(951) 849-4442
elemus@cabazonwater.org

Payment Solutions

IVR Solution	billed by provider		
1 IVR Technology Group - Outbound Only		\$70.00	per month
Rates:	7% mandatory and regulatory fees		
Outbound IVR	\$0.07 per minute (billed in 6 second increments)		
1 ITG - Outbound Only One-Time Setup Fee		\$375.00	\$375.00



Economic Summary

IVR Solution	\$375.00
Total	\$375.00



CONTINENTAL UTILITY SOLUTIONS, INC.

Sales Representative: Lane Ricardo

P. O. Box 1515
Jonesboro, AR 72403

www.cusi.com

(870) 336-2239

Quote #: lr191219140927

December 19, 2019

Sales Agreement



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Cabazon, CA
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Ellie Lemus
(951) 849-4442
elemus@cabazonwater.org



Terms of Sale

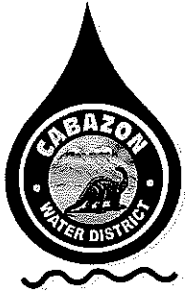
Company has ordered and agrees to purchase from CUSI the products and services defined under this Sales Agreement at the listed quantities and rates. Upon receipt of an executed Sales Agreement CUSI shall ship all products to the Company address and contact defined above and services shall be scheduled and initiated. Company acknowledges that CUSI's products and services are subject to the terms and conditions of a separate Software License Agreement between Company and CUSI located at www.cusi.com/legal. CUSI hereby disclaims all representations and warranties with respect to any product which is not manufactured or otherwise created by CUSI, whether express, implied or statutory including but not limited to, any warranties of merchantability, fitness for a particular purpose, title or non-infringement. Monthly or yearly rates for services provided by CUSI or third parties may be subject to price increases with or without notice. Payment for products and services shall be made by Company based upon the Payment Terms defined in the Sales Agreement. Any service requiring CUSI or third parties to travel will incur corresponding expenses that will be billed actual as incurred unless otherwise noted. Travel requiring more than 5 hours of travel time will be billed an additional charge equal to 50% of the daily rate. Company understands and agrees that it is responsible for paying any sales, use, excise or transaction taxes with respect to the products and services under this Sales Agreement. If Company is tax exempt, company shall provide CUSI with such tax exemption documentation. If Company is not tax exempt or does not provide exemption documentation, CUSI shall invoice for such applicable taxes on each invoice. In the event that CUSI does not invoice sales or similar taxes to Company and such taxes are ultimately determined to be due by a government entity or court of law, Company agrees to pay in full all such taxes, including any applicable interest or penalties. In the event the tax exemption documentation provided by the Company is disallowed or deemed invalid, Company agrees to pay in full all such taxes, including any applicable interest or penalties.

Quotation Terms

This quote is valid until 01/18/2020. Quote was created using Sales Agreement Version: 2019.09.23

Execution Instructions

Execute, date, and email all pages to sales representative.



MEMORANDUM

DATE: January 15, 2020
TO: The Cabazon Water District Board of Directors
FROM: Ellie Lemus, AGM
SUBJ: Water Rate Study Update

Dear Board of Directors,

- Attached is the Proposed Water Rate Study Update, which is a quote of what it would cost to perform a new Water Rate Study (review and potentially adjust the monthly water meter charges and water usage charges/tiers).
- These studies are usually performed to provide a 5-year plan/outlook.
- The most recent water rate study was performed by NBS in April 2017, and the last rate increase is scheduled to take effect December 1, 2020.

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Fax (951) 849 2519

Aerial view of Cabazon Water District
via Google Earth



CABAZON
WATER DISTRICT

CABAZON WATER DISTRICT

Proposal for:

Water Rate Study Update

January 6, 2020

Prepared by:



nbsgov.com



32605 Temecula Parkway, Suite 100
Temecula, CA 92592
Toll free: 800.676.7516

nbsgov.com

January 6, 2020

Calvin Louie
General Manager
Cabazon Water District
14618 Broadway Street
Cabazon, CA 92230

RE: Proposal for a Water Rate Study Update

Dear Calvin,

We are pleased to submit NBS' proposal to Cabazon Water District (District) for the Water Rate Study Update. We are excited about the possibility of working with you and your team on this study, and see three key objectives that need to be addressed:

- **Sustainable Financial Plan** – The Financial Plan developed in the 2017 Water Rate Study will be updated to reflect costs in the current operating and maintenance budget, and capital improvement planning efforts.
- **Evaluate Alternative Rate Structures** – We understand the District would like to evaluate rate structure alternatives, particularly the amount of revenue collected from fixed and variable charges. Our focus will be on evaluating rate alternatives that will better meet the District's goals and objectives.
- **Support with the New Rate Adoption Process** – We will assist the District in communicating the outcomes and recommendations of the study in workshops with the Board of Directors. Our goal is that any given Director, if stopped in the supermarket, will feel comfortable explaining the whys and hows of any new rate structure that is developed in this study.

Our proposal lays out our approach to the District's water rate study update and provides background information on my team's experience. Please contact me at 800.676.7516 or via email at kboehler@nbsgov.com if you have any questions or concerns. We would genuinely like to work on this project and help Cabazon Water District move forward successfully.

Sincerely,


Kim Boehler
Director

TABLE OF CONTENTS

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SECTION 2 PROJECT UNDERSTANDING	4
SECTION 3 SCOPE OF WORK	5
SECTION 4 PROJECT TEAM	12
SECTION 5 REFERENCES	14
SECTION 6 PROJECT BUDGET	17
APPENDIX	18



SECTION 1 | FIRM OVERVIEW




AT-A-GLANCE: HELPING COMMUNITIES FUND TOMORROW

22
YEARS


In
Business


100%
ESOP


NBS is a 100%
employee-owned
S-Corporation

 **NBS HEADQUARTERS**
32605 Temecula Pkwy | Suite 100
Temecula, CA 92592

SAN FRANCISCO REGIONAL OFFICE
870 Market Street | Suite 1223
San Francisco, CA 94102

 **CONTACT**
Kim Boehler | 800.676.7516
kboehler@nbsgov.com

 **LEGAL NAME** **DBA**
NBS Government NBS
Finance Group

 **INDIVIDUAL AUTHORIZED TO NEGOTIATE
AGREEMENT**
Michael Rentner, President

Since 1996, NBS has supported California municipalities with the implementation and ongoing administration of local funding tools.

While the firm originally focused on Special Financing Districts (SFDs), specifically the formation and administration of special assessments and taxes, we have evolved with our clients' needs and now provide a full range of revenue consulting services. We focus on sustainable water and wastewater utility rate programs, cost allocation plans, cost recovery, and legally-justified fee design. Across all practice areas, we have worked with more than **400 public agencies** to date, including cities, counties, school districts, utilities, and special districts.

Demonstrated Experience

The NBS Utility Rate Group ensures your utility rates, system capacity fees, and financial plans provide an appropriate level of funding and are also justifiable in a fluid legal and regulatory environment.

500
STUDIES
PERFORMED

We act as strong advocates for our many utility clients to ensure that rates and fees address the multitude of challenges facing each community. Just ask the municipalities where we have performed over 500 studies!

**PROP
218**
COMPLIANT

Once study results are in, we support you through the Proposition 218 approval process. Working within legal and industry standards, we partner with you to study and develop implementable solutions for the most challenging financial issues.



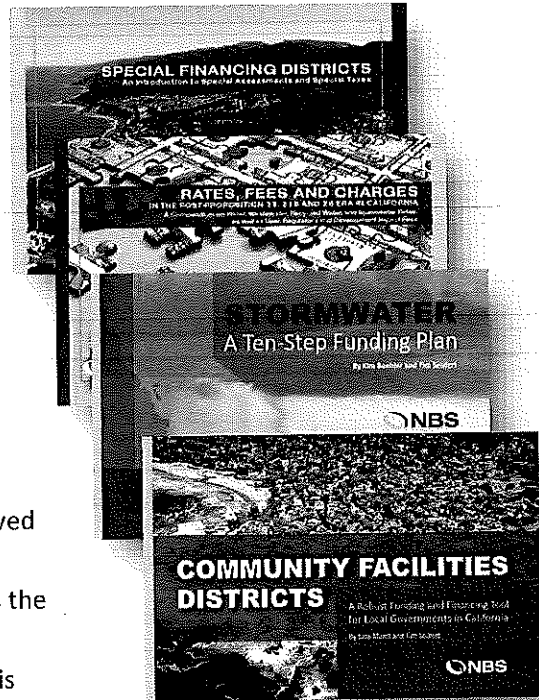
Throughout the process, we strive to educate the public, manage community expectations, and work within the often confusing legal framework to develop the best solutions for your utility. Our analytical support and expert consultants help agency staff and legal counsel navigate the practical and legal challenges.

Our Publications

We believe in continuing education, not only for our own team, but also for our clients and municipal staff.

As industry leaders, we have a unique set of qualifications and experience in the work we perform. In that regard, we have published four booklets on related industry topics that can be downloaded at no charge at www.nbsgov.com/publications. For a hard copy, please call 800.676.7516 or email contactnbs@nbsgov.com.

- **Special Financing Districts (SFDs)** (2015) has been credited as the best publication on SFDs in a decade by prominent industry professionals.
- **Rates, Fees and Charges Compendium** (2015) has received high regard and interest from industry professionals.
- **Stormwater: A Ten-Step Funding Plan** (2018) addresses the spectrum of stormwater needs in California.
- **Community Facilities Districts (CFDs)** (2018) explains this robust funding and financing tool for local governments in California.



NBS University

Continuing Education for Public Agencies

Continuing Education Workshops

NBS keeps things fresh by periodically hosting content-rich workshops that bring industry insiders together to learn, share ideas and meet with their peers. Our topics qualify for continuing education

(CE) units for the California Board of Accountancy. For information on our upcoming seminars, please visit www.nbsgov.com/university or send an email to be added to our contact list for future workshops: contactnbs@nbsgov.com.

"MHCS D would like to express its sincere appreciation to NBS for stewarding the District through this exigent project. NBS provided world-class customer service, leadership, a commendable level of stoicism, and displayed a command of subject matter expertise throughout this project. The District is now on a financially sustainable trajectory that was developed through shared vision and a collaborative process in which NBS facilitated. A special thank you to Greg Clumpner and the project team. Their hard work and dedication to this project was admirable and irreplaceable."



EDWIN PATTISON
former general manager
current general manager,
Tuolumne Utilities District

WATER AND SEWER COST OF SERVICE RATE STUDY | 2017

Recent Relevant Experience

The following is a sampling of California municipal agencies for whom our proposed team has completed (or been recently selected to complete) projects similar to the District’s needs. For detailed project references and experience, please see Section 5 and our project team’s resumes included in the Appendix.

- Arvin
- Azusa Light and Water
- Bellflower Mutual Water Company
- Benicia
- Beaumont
- Calaveras County Water District
- Citrus Heights Water District
- Colton
- County of Calaveras
- Cucamonga Valley Water District
- Culver City
- Davis
- Desert Water Agency
- Dixon-Solano Water Authority
- El Dorado Irrigation District
- Fort Bragg
- El Cerrito
- Greenfield
- Hidden Valley Lake Community Services District (CSD)
- Hesperia
- Humboldt CSD
- Idyllwild Water District
- Indio Water Authority
- Ironhouse Sanitation District
- Lake Dan Pedro CSD
- Lancaster
- Lemon Grove
- Lincoln
- Livermore
- Long Beach
- Los Altos
- Los Angeles Department of Water and Power
- Mill Valley
- Mission Hills CSD
- Montecito Water District
- Monterey One Water
- Morgan Hill
- Mountain House CSD
- Napa Sanitation District
- Nevada Irrigation District
- Pajaro/Sunny Mesa CSD
- Pasadena
- Rancho California Water District
- Redding
- Roseville
- Rowland Water District
- Sacramento
- San Carlos
- San Francisco Public Utilities Commission
- San Lorenzo Valley Water District
- San Luis Obispo County
- San Mateo County
- Santa Ana
- Santa Maria
- Santa Monica
- Santa Paula
- Sausalito
- Seal Beach
- Solvang
- Sonoma County
- Stanton
- Stockton
- Sunnyvale
- Taft
- Twenty-Nine Palms Water District
- Upper Valley Disposal
- Valley of the Moon Water District
- Victorville
- Waterford
- West County Wastewater District
- West Hollywood
- Winters



SECTION 2 | PROJECT UNDERSTANDING

Cabazon Water District is embarking on a review and update of the water rates most recently established in 2017¹. NBS plans to work cooperatively with District staff to develop an updated financial plan and water rate schedule that incorporates current and planned operating, maintenance and capital improvement costs. NBS will provide the leadership necessary to guide you through the various options and key concerns to address in this water rate update.

The following are key components that will be critical for the success of this effort:

- **Sustainable Financial Plan** – The first important task in this study will be updating the financial plan established in 2017. This will ensure the continued long-term financial health of the District, while also balancing the affordability of water rates. The financial plan update will incorporate all of the District’s financial obligations, including operations, maintenance, capital improvements, outstanding debt repayment and contributions to reserve funds.
- **Update Fixed and Variable Charges** –NBS will work with the District to develop an updated water rate schedule for the next five years. The key objective of this analysis is to ensure rates will provide sufficient funding for the Utility, while appropriately balancing fixed and variable charges. We understand that in this study, the District would like to review and adjust how revenue is distributed to the fixed and variable charges and would like to consider implementing rates that collect a greater percentage of revenue from variable charges. We will work with the District to develop rates that will better meet its objectives, including minimizing the bill impact on low water users.
- **Fostering Transparency and Communication** – NBS always strives for transparency in communicating the study methodology, assumptions, and results. Since “complexity is the enemy of understanding,” we strive to provide concise, simple, and clear explanations at every part of the study. We plan to support District staff in public meetings and workshops with the Board of Directors to support the new rate adoption process.
- **Quality Project Delivery** – Our team offers our personal commitment to a successful completion of this study, and we have many client references to back up this commitment. We believe having a consultant with sound judgment and trustworthy quality control is essential for the success of any rate study. NBS has a proven track-record of tailoring each rate study to the District’s needs rather than using a boiler-plate approach.

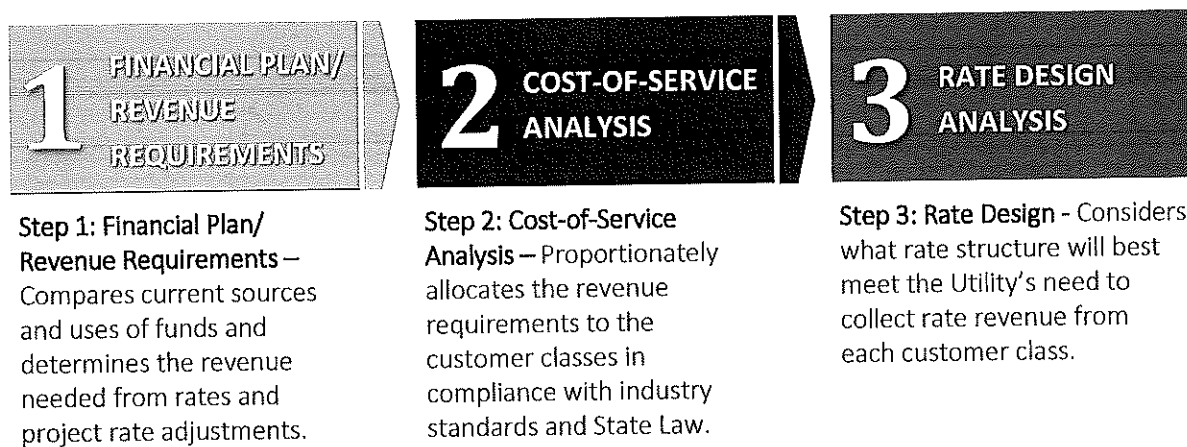
Lastly, due to our history in working with the District, we are committed to and have a genuine interest in successfully completing any project we undertake for Cabazon Water District.

¹ Cabazon Water District, Water Rate Study, April 2017. Referred to throughout this proposal as the “2017 Rate Study.”
Proposal for Cabazon Water District

SECTION 3 | SCOPE OF WORK

NBS follows the basic industry standards shown in Figure 1, which are intended to reflect the fundamental principles of cost-of-service ratemaking embodied in the American Water Works Association (AWWA) Principles of Water Rates, Fees, and Charges², also referred to as Manual M1. We will also address requirements under Prop 218 that rates not exceed the cost of providing the service and that they are proportionate to the cost of providing service for all customers. In terms of the chronology of the study, these three steps represent the order in which they will be performed in this Study.

Figure 1. Primary Components of a Rate Study



NBS will work cooperatively with District staff, management and the Board of Directors, to develop a financial plan and rate recommendations that are well suited to the District's needs, are practical and implementable. The scope of services NBS offers for completing the study is presented in this section. We will also be prepared to make adjustments during the course of the study to reflect the direction of District staff and stakeholders as the study progresses. NBS will provide the leadership necessary to guide you through the various options, key concerns, and explaining the issues involved. These tasks serve as the basis for the proposed budget for this study.

TASK 1. KICKOFF MEETING AND DATA COLLECTION

NBS will hold a kick-off meeting with District staff at the beginning of the study. The kick-off meeting will be used to review and discuss the data from the billing/accounting system and data requirements in general and review study objectives, tasks, and schedule. A preliminary plan for public presentations will be discussed with the District during this meeting. The data that the District will need to provide includes customer account information, including:

- Customer billing information that includes: meter sizes, customer class and monthly water consumption, for each customer.
- Financial data typically reported in financial statements.
- Capital Improvement and/or Master Plans.

² *Principles of Water Rates, Fees, and Charges, Manual of Water Supply Practices, M1, AWWA, sixth edition, 2012.*

TASK 2. FINANCIAL PLAN

NBS will update the financial plan for the water utility that details revenue, expenditures, reserves, debt coverage ratios, capital improvement costs, repair and replacement costs and net revenue requirements.

Task deliverables will include:

- 20-year financial projection model that will serve as a financial “roadmap” for the water utility.
- Summary of current and projected net revenue requirements.
- Update reserve fund policies and targets to reflect current and future costs for operations and capital projects.
- Projected year-end reserve fund levels.
- Calculated debt service coverage ratios.

This financial plan will lay the groundwork for the cost-of-service and rate design analyses addressed in Tasks 3 and 4. The following subtasks are anticipated:

1. **Projected Revenues and Expenditures** – Using a cash-basis reflecting the District’s system of accounts, NBS will prepare a 20-year projection of revenues, expenses, and increases in rate revenue needed to meet all obligations. This will provide the District with a financial planning tool to plan for rate adjustments to address operating and maintenance costs, infrastructure improvements, asset replacement and maintaining appropriate reserve fund levels. The District’s projected customer growth rates from master plan documents and planned cost inflation factors will be incorporated in this analysis.
2. **Evaluate Reserve Fund Sufficiency** – NBS will evaluate the sufficiency of existing reserve funds, target reserves, reserve fund policies, and related issues such as meeting debt service coverage ratios and other rate covenants. We will provide recommendations for reserve fund targets that are tailored to the District’s specific needs such as operating, capital rehabilitation/replacement, rate stabilization and catastrophes, etc. We will develop a phased-in approach to funding reserves to minimize the impact to ratepayers.
3. **Review Capital Improvement Program Funding** – NBS will incorporate the District’s plans for new facilities, infrastructure improvements, and asset replacement plans into the financial plan. We will evaluate the timing, costs, and available reserves used to fund various projects. We will work with District staff to develop a well-conceived approach to funding these capital needs, which may include an appropriate balance between debt-funded and cash-funded projects. Up to three levels of capital improvement program funding will be developed in the study for comparison purposes.

Figures 2, 3, and 4 are examples of the types of charts and tables we use to summarize these results (the District’s chart of accounts will serve as the basis for the actual analysis and tables).

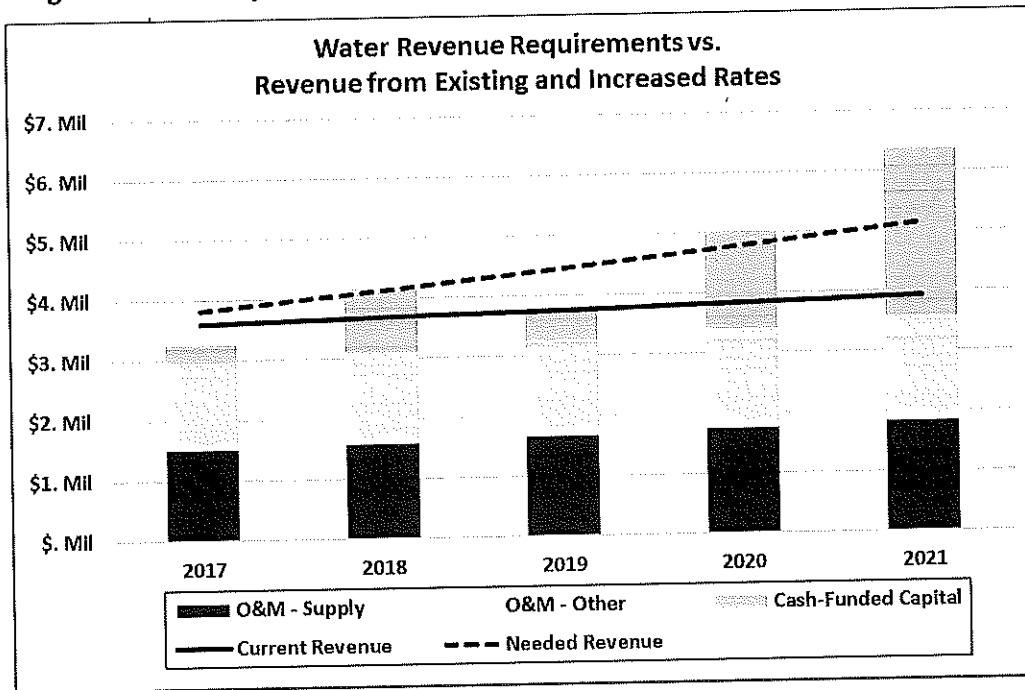
Figure 2. Summary of 5-Year Revenue Requirements and Rate Increases

Financial Plan Summary	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Sources of Water Funds					
Rate Revenue Under Prevailing Rates	\$3,500,000	\$3,570,000	\$3,641,400	\$3,714,228	\$3,788,513
Non-Rate Revenues	75,000	82,500	90,750	99,825	109,808
Interest Earnings	24,823	24,527	21,877	16,497	15,605
Total Sources of Funds	\$3,599,823	\$3,677,027	\$3,754,027	\$3,830,550	\$3,913,925
Uses of Water Funds					
Operating Expenses:					
Water Supply	\$1,500,000	\$1,575,000	\$1,653,750	\$1,736,438	\$1,823,259
Transmission and Distribution	1,000,000	1,050,000	1,102,500	1,157,625	1,215,506
Administration	105,000	109,200	113,568	118,111	122,835
Utility Billing	173,000	179,920	187,117	194,601	202,386
Engineering	175,000	182,000	189,280	196,851	204,725
Subtotal: Operating Expenses	\$2,953,000	\$3,096,120	\$3,246,215	\$3,403,626	\$3,568,712
Rate-Funded Capital Expenses	250,000	350,000	500,000	600,000	650,000
Total Use of Funds	\$3,203,000	\$3,446,120	\$3,746,215	\$4,003,626	\$4,218,712
Additional Revenue from Rate Increases	210,000	436,800	681,492	945,235	1,229,260
Surplus (Deficiency) after Rate Increase	\$606,823	\$667,707	\$689,304	\$772,159	\$924,473
Projected Annual Rate Revenue Increase	6.00%	6.00%	6.00%	6.00%	6.00%

Figure 3. Summary of 5-Year Reserve Fund Balances

Reserve Fund Balances and Recommended Reserve Targets	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Operating Reserve					
Ending Balance	\$1,982,000	\$1,850,000	\$1,775,000	\$1,740,000	\$1,700,000
Recommended Minimum Target	1,477,000	1,548,000	1,623,000	1,702,000	1,784,000
Capital Rehabilitation & Replacement Reserve					
Ending Balance	\$7,397,161	\$7,397,161	\$6,397,874	\$4,266,338	\$3,934,789
Recommended Minimum Target	2,000,000	2,250,000	2,500,000	2,750,000	3,000,000
Debt Reserve					
Ending Balance	\$550,000	\$563,750	\$577,844	\$592,290	\$607,097
Recommended Minimum Target	555,000	555,000	555,000	555,000	555,000
Total Ending Balance	\$9,929,161	\$9,810,911	\$8,750,718	\$6,598,628	\$6,241,886
Total Recommended Minimum Target	\$4,032,000	\$4,353,000	\$4,678,000	\$5,007,000	\$5,339,000

Figure 4. Summary of Revenue Requirements and Existing vs. Proposed Rates



TASK 3. COST OF SERVICE ANALYSIS

NBS will update the cost-of-service analysis developed in the 2017 Rate Study. In this analysis, the revenue requirements will be equitably allocated to individual customer classes based on industry standard methodologies. We will review existing customer classes and analyze the historical characteristics of each customer class to determine if any changes should be made in order to comply with industry standards. The main components of the cost-of-service analysis are as follows:

1. **Functionalization/Classification of Expenses** – Functionalizing the expenses means arranging costs into basic categories, such as source of supply, treatment, transmission, and distribution, as well as administrative and overhead costs. Once the costs have been functionalized, they are then classified to their various cost components, such as: fixed capacity, variable (commodity), or customer-related costs.
2. **Allocation of Costs to Customer Classes** – These costs are then allocated to individual customer classes based on allocation factors specific to each cost classification, producing fixed and variable revenue requirements for each customer class. These allocations will be used for the actual rate calculations.

TASK 4. RATE DESIGN ANALYSIS

NBS will work with District staff to review the current rate structure and develop new alternatives, to ensure that new rates will meet the District's broader rate design goals and objectives. We understand the District plans to evaluate the percentage of revenue collected from fixed and variable charges in this study. In addition, the District would like to move to a rate structure that collects a greater percentage of revenue from variable charges than what is in the current rate plan. The following subtasks are anticipated:

Develop Rate Design Recommendations – Water rates will be developed based on the cost of service analyses, and we will include a discussion of the relative merits (pros and cons) of the current rate structure and the new alternatives. Evaluating the District’s desired rate complexity and resulting customer bills will be essential components of this process.

Criteria for Improving the Rate Design – When evaluating rate design, revenue sufficiency and financial resiliency are critical considerations. NBS’ general approach is to avoid significant *under-collection* of rate revenue, which is the worst-case scenario from a financial perspective. Other criteria for evaluating rate structures include:

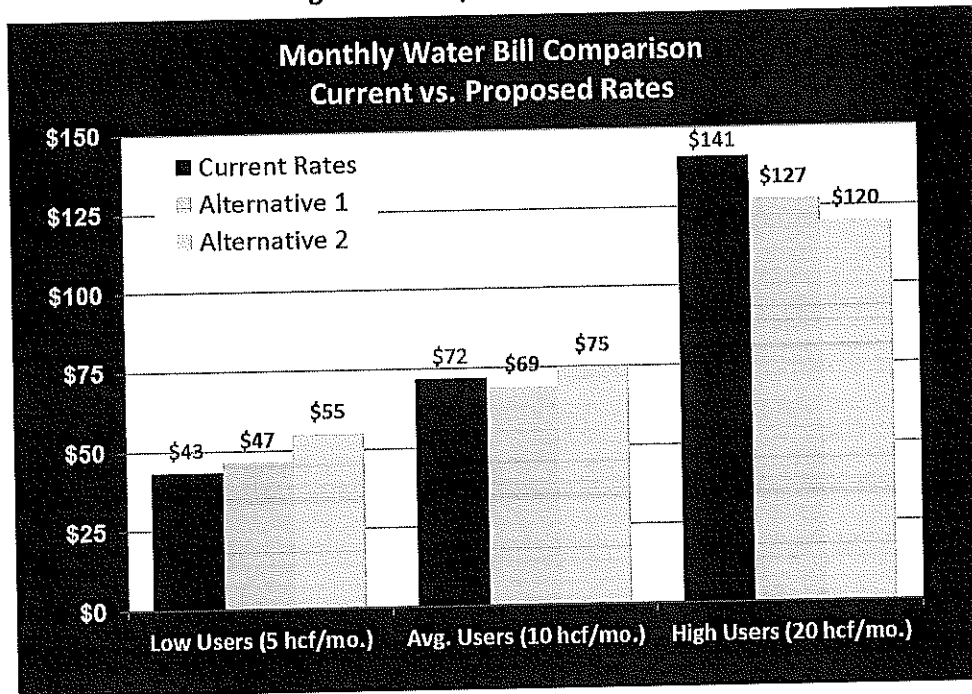
- Ease of understanding the rate structure by customers.
- How costs allocated to fixed and volumetric rates affect revenue stability.
- How water conservation is reflected in the analysis.
- How summer peaking patterns are reflected in water rate design.
- How meter sizes are used in calculating fixed charges.
- The number of tiers that should be implemented.
- The amount of revenue that should be collected within each tier.
- Impacts on customer monthly bills.

The rate structure alternatives selected will ultimately provide the basis for comparing monthly customer bills under both the current and new rate structures. However, all rate structures will be “revenue neutral” because they will all collect the same amount of revenue, both in total and within each customer class.

Calculate Fixed and Volumetric Charges – NBS will work with the District to determine an appropriate balance between fixed and variable charges in an updated rate plan. Fixed charges will reflect the number of accounts, equivalent meters, and size of meters. In contrast, volumetric charges should be allocated in proportion to water consumption. Determining the best combination of fixed and variable charges is also influenced by other factors, such as revenue stability, conservation, ease of understanding, and ease of administration.

Comparison of Monthly Bills – In order to compare various financial plan alternatives, we will prepare rate tables and bill comparisons for various customer classes to illustrate how the rate adjustments will affect customer bills, as illustrated in Figure 5. These tables and charts will be used in the report, and in workshops and presentations.

Figure 5. Sample Bill Comparison



TASK 5. PREPARE RATE STUDY REPORT

NBS will prepare a rate study report that includes proposed rates for the next five years. An executive summary and introduction will present the purpose of the report and results of the study. Tables, graphs, and charts will be used as appropriate, but the emphasis will be on providing a clear, concise and understandable report that will provide the District with a thorough administrative record that addresses:

- Findings and recommendations.
- Overall study methodology, with reference to AWWA M1 Manual and industry standards as needed.
- Five-year financial plan, including a revenue and expense projection.
- Description of the capital improvement program, as provided by the District.
- Supporting justification in the form of calculation tables that are easy to understand.
- Appropriate figures and tables summarizing key aspects and results of the study.
- Proposed water rates for a five-year period.
- Customer bill comparisons.

We will provide an electronic file in Microsoft Word format of the draft report for the District's review and comment. Once we have received the District's comments³, we will incorporate those comments into a final report.

TASK 6. MEETINGS AND PRESENTATIONS

NBS plans to provide support to the District in public meetings to support the new rate adoption process. We will also plan to meet with District staff to review study results and recommendations throughout the project. The following meetings and presentations are anticipated for this study:

³ We assume the District's comments will be in an electronic Microsoft Word file using track-changes mode.

1. **Meetings with District Staff** – NBS will hold progress meetings with District to review initial work products and gain input from Staff on the direction of the study. These meetings can be conducted via conference call or web meeting format. We also expect to have regular phone conversations with District staff to discuss how the study is proceeding, solicit input from Staff, and to review and discuss the study's initial results and work products.
2. **Other Public Workshops/Presentations** – NBS will provide two (2) public workshops⁴ with the Board of Directors. In these presentations, NBS will present study results, recommendations, receive input and guidance on the direction of the study and answer questions. We will prepare a PowerPoint presentation for these meetings, which will include visual aids, graphics, charts and additional worksheets or handouts.

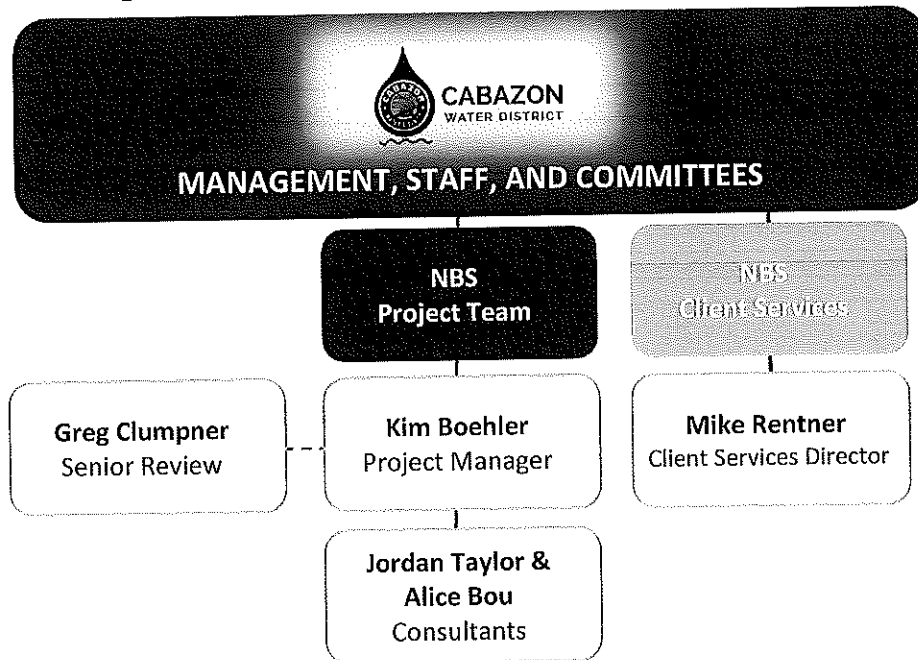
⁴ *The number of meetings/presentations that NBS provides can be adjusted as necessary by District staff. We plan to discuss the number of meetings and plans for presentation at the kick-off meeting and adjust throughout the process as needed.*

SECTION 4 | PROJECT TEAM

Key Personnel

NBS' staff include 40+ professionals with extensive experience in the fields of finance, management, engineering, and local governance. The staff selected for Cabazon Water District's Water Rate Study Update are those most qualified based on their experience and backgrounds. The following is a brief overview of NBS' proposed consulting team. Our team members work together seamlessly allowing your staff to focus on other priorities.

NBS Project Team Organization



KIM BOEHLER, PROJECT MANAGER

Role and Responsibilities: Kim Boehler will direct the work efforts of the project team and will work closely with the District's project manager to discuss and review the overall approach, development of rate alternatives, and creative solutions to consider. She will design and direct analytical efforts of the project team, provide senior-level technical analysis and review, and monitor the schedule and delivery of work products to the District's satisfaction. Kim will be fully conversant in all findings and will be present for progress meetings with District staff and all public presentations for this project.

Work Experience: Kim Boehler is a project manager who brings more than 13 years of experience at NBS, in all three of our major consulting practice areas. She has a comprehensive understanding of agency funding needs through her work in utility financial management, special financing district administration, overhead cost allocation analysis, and user fee studies. For the past ten years, Kim's work has focused exclusively on financial planning, cost-of-service analyses and rate design for water and wastewater utilities in California. She leads project teams on water and wastewater rate and capacity charge studies for our public agency clients. Kim has completed 100+ utility rate and fee studies, and often speaks at public workshops, industry conferences and educational seminars on related issues.

GREG CLUMPNER, SENIOR REVIEW

Role and Responsibilities: Greg Clumpner will provide technical review, including the evaluation of study alternatives and results, as needed throughout the project.

Work Experience: As a director in NBS' Utility Rate Study Practice, Greg Clumpner's 35-year professional career has focused on cost-of-service rate studies for municipal water, sewer, recycled water and solid waste agencies. He regularly makes technical presentations at industry conferences and client workshops. Greg's practice includes management-consulting assignments related to utility operations, system valuations, and feasibility studies. He has completed more than 300 similar studies during his career.

Additionally, since Greg works with Prop 218 legal counsel on an on-going basis, he knows the general legal constraints as well as when to solicit critical legal input to ensure alternatives will meet specific legal requirements.

JORDAN TAYLOR AND ALICE BOU, UTILITY RATE CONSULTANTS

Role and Responsibilities: Jordan Taylor and Alice Bou will support the project team in performing large-scale data analysis and validation, data input and will also help develop the financial plans, cost of service and rate design analyses. They will also facilitate data collection and reminders for District staff in order to move projects forward on the agreed-upon timeline for completion.

Work Experience: Jordan Taylor has a Bachelor of Science degree in Chemistry and a Master's Degree in Business Administration with an emphasis in Finance. She offers more than 10 years of accounting experience along with extensive knowledge of financial analysis and budget planning.

Alice Bou has a Bachelor of Arts degree and offers more than two decades of experience working in accounting and financial management performing data analysis, variance analysis, budgeting and forecasting, financial modeling and managerial reporting.

MICHAEL RENTNER, CLIENT SERVICES DIRECTOR

Role and Responsibilities: As Client Services Director, Mike Rentner will ensure that the District's fundamental objectives are being met at all times and that the project is proceeding on a timely basis. He is included on the team as an active representative of our company's commitment to the highest level of service.

Work Experience: Serving as President and CEO, Mike Rentner possesses 26 years of experience in a wide range of public and private management and finance activities. As a founding member of NBS, he is responsible for the ongoing operations of the company including marketing strategy, strategic planning, acquisitions and mergers, new product development and the development and implementation of a delinquency management system for special districts. Mike is a registered Municipal Advisor and authorized to negotiate/sign on behalf of NBS.

Full resumes are included in the Appendix.

SECTION 5 | REFERENCES

Below is a sampling of projects and references similar in scope and magnitude to the District's study.

DESERT WATER AGENCY, PALM SPRINGS, CA
WATER, RECYCLED WATER AND SEWER RATE STUDY
Project Dates: 2010 – 2016



Contact Information

Esther Saenz
 Finance Director
 1200 S. Gene Autry Trail
 Palm Springs, CA 92264
 P: 760.323.4971
 E: Esther@dwa.org

NBS Staff: Kim Boehler and Greg Clumpner

In 2016, NBS completed a Water, Recycled Water and Sewer Rate Study for the Agency, and has been working with the Agency since 2010 on its utility rate program. The main concerns addressed in the 2016 study were providing more revenue stability for the potable water utility (rates were previously over 80% volumetric), ensuring rates are sufficient to support the \$45 million capital improvement program over the next five years, maintaining sufficient reserve funds, and retaining the Agency's uniform volumetric water rate. To address recent conservation requirements, we developed drought rates for the Agency that can be implemented, if more severe drought stages occur. For the Reclaimed Water and Wastewater utilities, the key issues addressed were developing rates that fully fund utility operations, maintenance, capital replacement costs, and establishing reserve targets for these enterprises that are separate from the Agency's main potable water operation.

"Your expertise, professionalism, insight and thoroughness places you and NBS in the highest regard with the Board of Directors and Management staff of the Desert Water Agency... you hit a grand slam for us."

DESERT WATER



Martin Krieger
*former
 finance director*

Sewer and Water Rate Studies | 2014

ROWLAND WATER DISTRICT
WATER AND RECYCLED WATER RATE AND CAPACITY CHARGE STUDY
Service Dates: 2016 – 2017



Contact Information

Tom Coleman
General Manager
3021 South Fullerton Road
Rowland Heights, CA 91748
P: 562.697.1726
E: tcoleman@rowlandwater.com

NBS recently completed a Water and Recycled Water Rate and Capacity Charge Study for Rowland Water District. When the study began, the District was projecting an operating loss and was not expected to meet its required debt coverage ratio without a rate increase. A key objective in this study was to develop potable water rates that collect a greater percentage of revenue from fixed charges to ensure long-term revenue stability for the District. Other objectives included developing cost-based tiered volumetric rates, drought rates to coincide with the District's Water Shortage Contingency and surcharges for customers in various elevations zones.

For the recycled water system, the main objectives were to develop a method for allocating costs in the District's budget to the potable and recycled water systems and to establish a financial plan that achieves the District's goal to have recycled water customers bear a greater percentage of their costs. NBS supported District staff in a Board workshop to obtain approval to move forward with the Proposition 218 process and at the public hearing to adopt new rates.

In this study, NBS also developed new water capacity charge, based on meter size, to replace the District's previous acreage supply fee. The main objective was bringing the charges for new development in line with industry standards.

CITY OF HESPERIA, CA
WATER, SEWER RATE AND RECYCLED WATER RATE STUDY
Service Dates: 2017



Contact Information

Anne Duke
Deputy Finance Director
9700 Seventh Street
Hesperia, CA 92345
P: 760.947.1441
E: aduke@cityofhesperia.us

In 2017, NBS completed a Water and Sewer Rate Study for the City of Hesperia. The City has had ongoing issues with access to sufficient water rights to meet the demand of existing customers, and does not have enough to meet the needs of future development. Further, at the time the rate study began, the City completed a Cost Allocation Plan and determined that neither utility was paying their fair share of General Fund costs. In the City's rate study, NBS developed rates that will fund water right purchases and the utilities' fair share of General Fund costs, in addition to developing a cost-based tiered water rate structure, to continue encouraging conservation.

NBS also worked with the City to develop a rate structure that would collect a greater percentage of revenue from fixed water rates, to provide more revenue stability for the water utility. The City's previous water rate structure collected 45 percent of revenue from the fixed charge. The rates adopted by the Council transitioned to collecting 55 percent of revenue from fixed charges in the final year of the rate adoption period, moving the City much closer to how expenses are distributed. The City successfully adopted new water and sewer rates in November 2017.

SECTION 6 | PROJECT BUDGET

Our professional fees are based on our understanding of Cabazon Water District’s needs and the effort we believe is necessary to complete the scope of services described in our proposal. Work will be performed on a time and materials basis, at the hourly labor rates show in the budget table below with a not to exceed fee of \$21,930. **Additional services requested**, such as additional public meetings or additional rate alternatives, can be provided based on the hourly labor rates shown in the table below. All tasks would be mutually agreed upon by NBS and the District prior to proceeding.

PROJECT BUDGET - Cabazon Water District: Water Rate Study					
Rate Study Tasks	Consultant Labor (Hours)			Grand Totals	
	Technical Advisor (Clumpner)	Project Manager (Boehler)	Consultants (Bou, Taylor)	Consultant Labor (Hrs.)	Consultant Costs (\$)
<i>Hourly Rates</i>	<i>\$250</i>	<i>\$205</i>	<i>\$160</i>		
Task 1 – Kickoff Meeting and Data Collection	-	4.0	6.0	10.0	\$1,780
Task 2 – Financial Plan	-	6.0	16.0	22.0	\$3,790
Task 3 – Cost of Service Analysis	-	6.0	12.0	18.0	\$3,150
Task 4 – Rate Design Analysis	1.0	6.0	12.0	19.0	\$3,400
Task 5 – Rate Study Report	1.0	6.0	8.0	15.0	\$2,760
Task 6 – Meetings and Presentations ¹					
6.1 - Meetings with District Staff	-	6.0	6.0	12.0	\$2,190
6.2 - Public Workshops/Presentations	-	16.0	8.0	24.0	\$4,560
Subtotal	2.0	50.0	68.0	120.0	\$21,630
Reimbursable Expenses ²					\$300
GRAND TOTAL NOT TO EXCEED	2.0	50.0	68.0	120.0	\$21,930

1. We assume two public presentations will be provided for this study. Additional meetings and presentations can be provided at an additional fee.
 2. Estimated travel expenses for on-site meetings/presentations.

APPENDIX

This appendix contains full resumes for our proposed project team.

RESUME HIGHLIGHTS

- More than 13 years of experience
- 100+ cities, counties, and special districts served
- Specialist in financial, rate and cost analysis for municipal water and sewer utilities
- American Water Works Association (AWWA), Member

EDUCATION

- Bachelor of Science, Business Administration and concentration in Finance, California State University, San Bernardino

SPEAKING ENGAGEMENTS

- “Embedded Social Justice: Are Utility Rates Really Fair and Equitable?” California League of Cities, Municipal Finance Institute, December 2017
- “How Conservation, the Drought and Legal Issues Are Changing the Landscape for Rate Setting in California,” American Water Works Association Water Education Seminar, August 2016
- “Conservation, the Drought and Social Justice,” California Water Environment Association Annual Conference, April 2016
- “Brown Lawns and the Changing Landscape of California Water Rates: Next Steps?” AWWA CA-NV Section Spring Conference, March 2016
- “Water and Sewer Rates: from Defensibility to Tailor Made Rate Design,” CSDA Annual Conference, September 2015
- “Basic Rate Making Principles and Key Issues Affecting Rates in California,” American Water Works Association Water Education Seminar, August 2015
- “Recycled Water Pricing Methodologies,” CWEA, May 2014 (co-presented with Greg Clumpner)
- “Drought Impacts and Recycled Water Pricing” and “Water and Sewer Rate Studies and Key Issues Affecting Rates in California,” American Water Works Association Water Education Seminar, August 2014
- “Water and Sewer Rate Studies and Key Issues Affecting Rates in California,” American Water Works Association Water Education Seminar, August 2013
- “Financial Viability and the “New Normal” – The Unique Challenges of California Sewer Agencies” and “Maintaining Financial Viability in the Face of the “Perfect Storm” – Meeting the Challenges in California Today,” CWEA, April 2012

“Your expertise, professionalism, insight and thoroughness places you and NBS in the highest regard with the Board of Directors and Management Staff of the Desert Water Agency... you hit a grand slam for us.”

DESERT WATER AGENCY
MARTIN KRIEGER, FORMER
FINANCE DIRECTOR
Sewer and Water Rate Studies

BIOGRAPHY

Kim Boehler is a Director in our Utility Rate Group, she brings more than 13 years of experience at NBS in all three of our major consulting practice areas. She has a comprehensive understanding of agency funding needs through her work in special financing district administration, overhead cost allocation analysis, user fee studies and utility financial management. For the past nine years, her work has focused exclusively on financial planning, cost-of-service analyses and rate design for water and wastewater utilities in California. Kim leads project teams on water and wastewater rate and capacity fee studies for our public agency clients. She has completed 100+ utility rate and fee studies, and often speaks at public workshops, industry conferences and educational seminars on related issues.

RELEVANT PROJECT EXPERIENCE

- Arvin Community Services District, *Water Rate Study*
- City of Arvin, *Sewer Rate Study*
- Avila Beach Community Services District, *Water and Sewer Rate and Connection Fee Study*
- Azusa Light and Water, *Water Rate Study*
- Bellflower Mutual Water Company, *Water Rate Study*
- Calaveras County Water District, *Water and Sewer Rate Study*
- Citrus Heights Water District, *Water Rate Study*
- City of Colton, *Water Rate and Connection Fee Study*
- City of Colton and Grand Terrace, *Sewer Rate Study*
- Cucamonga Valley Water District, *Water and Recycled Water Connection Fee Study*
- Cucamonga Valley Water District, *Water Rate Study*
- Culver City, *Sewer Rate Study*
- Desert Water Agency, *Water, Sewer and Recycled Water Rate Study*
- Desert Water Agency, *Water Rate Analysis to Address Tribal/Non-Tribal Rates*
- Dixon-Solano Water Authority, *Water Rate Study*
- East Valley Water District, *Water and Sewer Financial Plans*
- City of Fort Bragg, *Water, Sewer and Storm Drain Rate Study*
- City of Greenfield, *Water and Sewer Utility Revenue Requirement Analysis*
- Hidden Valley Lakes Community Services District, *Water and Sewer Rate Study*
- City of Livermore, *Water Rate and Connection Fee Study*
- City of Long Beach, *Stormwater Funding Analysis*
- City of Los Altos, *Storm Drain Master Plan Financing Analysis*
- City of Morgan Hill, *Water and Sewer Rate Study*
- City of Pasadena, *Water Rate Study*
- City of Redding, *Water, Sewer and Solid Waste Rate Study and Connection Fee Analysis*
- Rural North Vacaville Water District, *Water Rate Study*
- City of San Carlos, *Sewer Revenue Requirement Analysis*
- City of Santa Paula, *Water and Sewer Rate Study*
- San Mateo County, *Sewer Rate Study*
- City of Sausalito, *Sewer Rate Study*
- City of Solvang, *Water and Sewer Rate and Connection Fee Study*
- City of Seal Beach, *Water and Sewer Rate Study*
- City of Stanton, *Sewer Rate Study*
- Suisun-Solano Water Authority, *Water Rate Study*
- Sussex County, Delaware, *Water, Sewer Rate and Capacity Fee Study and Oversizing Credit Analysis*
- City of Taft, *Sewer and Solid Waste Rate Study*
- City of Thousand Oaks, *Water and Sewer Rate Study*
- Twenty-nine Palms Water District, *Water Rate Study*
- City of Vallejo, *Water Rate and Connection Fee Study*
- Victorville Water District, *Water Rate Study*
- City of Waterford, *Water and Sewer Rate and Connection Fee Study*
- West County Sewer District, *Sewer Rate and Connection Fee Study*

GREG CLUMPNER

Senior Review



RESUME HIGHLIGHTS

- More than 35 years of experience in financial and economic analyses
- Consulting practice focuses on municipal water, sewer, and recycled water utilities
- Completion of 300+ rate studies in California

EDUCATION

- Master of Science, Agricultural/Managerial Economics, U.C. Davis
- Bachelor of Science, Environmental Planning, U.C. Davis

PROFESSIONAL AFFILIATIONS

- Former Vice-Chair, City of Davis Utility Rate Advisory Committee
- Former Chairman, City of Davis Planning Commission
- Past President, Sacramento Economics Roundtable

RECENT ARTICLES AND SPEAKING ENGAGEMENTS

- "Avoiding Billing Debacles Around New Water or Sewer Rates" – Journal of AWWA, March 2019, Volume 111, Number 3.
- "Changing Perspectives on Outside Surcharges: Understanding New Criteria" – Journal of AWWA, January 2019, Volume 111, Number 1.
- "Social Justice and Water Rates: Impacts of Rate Design on Low-Income Customers" – Journal of AWWA, July 2018, Volume 110, Number 7.
- "Embedded Social Justice: Are Utility Rates Really 'Fair & Equitable'?" – League of Cities, Municipal Finance Institute Conference, December 13, 2017
- "Setting the Stage for Water Rates: Policy Direction Should Be A Priority", CSMFO Magazine, Nov. 2016
- "Fiscal Health vs. Pricing for Conservation" – ACWA Fall Conf., Indian Wells, CA, Dec. 2015
- "What's in Your Rates? Drought? Recycled Water? Social Justice?" – AWWA/ACE 2015 National Conference, Anaheim, CA, June 2015
- "Water Rates: Fairness, Equity and 'Social Justice'?", NBS Primer, 2014
- "The 'Perfect Storm' or the 'New Normal'? Meeting the Challenges of Maintaining Financial Viability", Utility Management Conference, Miami, February 2012

"You have done a great job on this project, especially with the challenges we faced. I would be happy to serve as a client reference whenever needed in the future. Please have any of your prospective clients call me."

EL DORADO IRRIGATION DISTRICT
JIM ABERCROMBIE
GENERAL MANAGER
[Greg Clumpner served as the Project Manager in completing a Cost-of-service Study of Water, Sewer, and Recycled Water Rates for the District]

BIOGRAPHY

Greg Clumpner's 35-year professional career has focused on financial, economic, and cost-of-service rate analyses for municipal water, sewer, recycled water and solid waste agencies. He regularly presents technical papers at industry conferences and client workshops. His practice has increasingly focused on management consulting related to municipal utility operations and capital improvements.

- **Utility Cost-of-Service Rate Studies:** Greg has prepared more than 300 multi-year financial plans, cost-of-service analyses, and rate design studies as well as conservation-oriented water rates, funding analysis for water, sewer, and solid waste utilities. These rate studies have primarily been for California clients, although he has also completed projects in Malaysia, Sri Lanka, Egypt, and Mexico.
- **Management Consulting & Strategic Planning:** His management consulting and strategic planning experience includes system operations, financial analyses, and long-term funding strategies for

municipal agencies. Greg also has an extensive background in system valuations of capital facilities and systems, facility acquisitions, and municipal versus private operations.

• **Project Financing/Bond Feasibility Studies:** Greg's financing/bond feasibility study experience includes successfully preparing bond feasibility reports resulting in the issuance of more than \$500 million in revenue bonds to finance the acquisition or construction of municipal facilities.

SAMPLE OF RELEVANT PROJECTS

City of Redding, CA – Water, Sewer, and Solid Waste Rate and Impact Fee Study. NBS completed an extensive and highly visible cost-of-service study of water, sewer, and solid waste rates and system capacity charges in 2013 addressing City policies and overall objectives in developing rate structure alternatives. A key part of this study was working with a City Council-appointed Citizens Advisory Group that reviewed rate alternatives and provided recommendations to the Council. Key tasks included preparing financial/rate setting policies, financial plans, projecting net revenue requirements, cost-of-service analyses, and alternative rate designs. NBS updated this study in 2016. *Client project manager: Chuck Aukland, Director of Public Works. Phone: 530.225.4170 caukland@ci.redding.ca.us*

Mountain House CSD, Tracy, CA – Water & Sewer Cost-of-Service Rate Study. NBS recently completed a comprehensive water and sewer rate study that re-designed rates for the District. Mountain House is a unique master-planned development that had in place the original rate structures prepared in the 1990's. Much of the water and sewer utility budgets have been subsidized from District general funds, but the Board determined that each utility should phase-out those subsidies over a 5-year period. Other key tasks included reviewing existing rate policies, restructuring rates, and customer bill impacts. Several public workshops were provided. NBS also prepared the District's Prop 218 notices. *Client project manager: Ed Pattison, Former General Manager; Current GM of Tuolumne Utilities District. Phone: 209.532.5536 | epattison@tudwater.com*

El Dorado Irrigation District, Placerville, CA – Water, Sewer, and Recycled Water Cost-of-Service and Rate Design Study. Greg completed high-visibility, full cost-of-service water, sewer, and recycled water rate study, including working with a 10-person cost-of-service study committee and regular updates with the district board. Key tasks include reviewing existing and recommending changes to financial/rate setting policies, alternative rate designs, and recommended water, sewer, and recycled water rates. *Client contact: Jim Abercrombie, EID General Manager. Phone: 530.642.4055 | jmabercrombie@eid.org*

City of Yuba City, CA – Water and Sewer Rate Study. NBS completed a Water and Wastewater Rate Study for the City of Yuba City in 2016 and is currently preparing a comprehensive update. The main concerns addressed in this study include meeting long-term revenue requirements, encouraging water conservation related to potential future supply constraints, and providing adequate funding for capital improvements. A key part of this Study was working closely with City staff to balance the financial stability with long-term capital improvement needs for the water and wastewater utilities. Study tasks included preparing a number of financial plan alternatives, projecting net revenue requirements, developing reserve fund policies, cost-of-service analyses, and alternative rate designs including water conservation rates. *Client contact: Diana Langley, Public Works Director. Phone: 530.822.4626 | dlangley@yubacity.net*

Valley of the Moon Water District, Sonoma, CA – Water Rate Study. This comprehensive rate study evaluated the District's rate structure along with zonal elevation charges. Water consumption data and billing records provided the basis for developing rate and cost allocation alternatives, with the intent of improving revenue stability. *Client contact: Dan Muelrath, General Manager. Phone: 916.725.6873 | dmuelrath@vomwd.org*

City of Pasadena, Expert Witness Testimony – related to litigation against the City of Pasadena by its outside water customers that has been ongoing for several years, NBS has prepared an analysis of outside surcharges for the purpose of defending the City's against this challenge.

JORDAN TAYLOR

Utility Rate Consultant



RESUME HIGHLIGHTS

- Ten years of accounting experience for large and small businesses.
- Extensive experience in large-scale data analysis, budget management, and financial planning.

EDUCATION

- Master of Business Administration with an emphasis in Finance, University of Redlands, Redlands, California
- Bachelor of Science in Chemistry, University of Utah, Salt Lake City, Utah

BIOGRAPHY

Jordan Taylor is a Consultant at NBS in our Utility Rate Practice. She offers over ten years of experience in accounting, budget planning and system auditing. Jordan graduated with high honors in her Master's program and spent most of her time in the program focusing on large scale financial analysis and data management.

Jordan provides support to project teams completing water and sewer utility rate studies, for cities and special districts in California. Jordan performs various financial analyses, data management, and utility customer data analysis for utility rate and capacity fee studies. Jordan's diverse knowledge of managerial accounting is essential to the work performed by NBS.

RECENT PROJECT EXPERIENCE

- Costa Mesa Sanitary District, *Solid Waste Rate Study*
- Hidden Valley Lakes Community Services District, *Water & Sewer Rate and Capacity Fee Study*
- Idyllwild Water District, *Water and Sewer Rate Study*
- Ironhouse Sanitary District, *Sewer Rate and Capacity Fee Study*
- City of Lincoln, *Sewer and Solid Waste Rate Study*
- City of Santa Ana, *Prop. 218 Fees and Charges Compliance Assessment*
- City of Santa Monica, *Water and Sewer Rate and Capital Facility Fee Study*
- City of Seal Beach, *Water and Sewer Rate Study*
- City of Yuba City, *Water and Sewer Rate Study Update*

ALICE BOU

Utility Rate Consultant



RESUME HIGHLIGHTS

- Two decades of financial, accounting and risk management experience
- Extensive experience in financial reporting, risk management analysis, budget management and development of accounting policies and procedures
- In-depth experience as a finance manager, consultant and controller in private industry
- Supports project teams completing public utility rate and fee studies in performing large-scale data analysis, financial modeling and rate analysis

EDUCATION

- Bachelor of Arts in Literature, University of California at San Diego, La Jolla

BIOGRAPHY

Alice Bou serves as a Consultant in our Utility Rate and Fee Practice. She is an accomplished finance professional with proven success in the oversight of management accounting and business analysis. Alice has two decades of experience working in accounting and financial management, performing data analysis, variance analysis, budgeting and forecasting, financial modeling and managerial reporting. She also has developed detailed procedures and systems documentation with a focus on productivity and data integrity and functionality. Alice's diverse and vast experience is essential to the work performed by NBS.

As a member of the NBS team, Alice assists in the preparation of financial plans, cost of service, rate, and fee design analysis for our public utility clients. She reviews financial statements, budgets, capital improvement plans, operational data and customer billing information for use in public utility rate and fee studies. Alice adds value to our team with her exceptional strategic financial planning and analytical skills.

RECENT PROJECT EXPERIENCE

- City of Davis, *Sewer Rate and Capacity Fee Study*
- Ironhouse Sanitary District, *Sewer Rate and Capacity Fee Study*
- City of Redding, *Water, Sewer and Solid Waste Rate Study*
- City of Santa Monica, *Water and Sewer Rate and Capital Facility Fee Study*
- City of Santa Paula, *Water and Sewer Rate and Capacity Fee Study*



Cabazon Water District

50-256 Main Street • P.O. Box 297
Cabazon, California 92230

Resolution No. 01-2020

Removal & Revision of Authorized Signers

January 21, 2020

Cabazon Water District Board of Directors has concluded that the following individual(s) be removed from all Cabazon Water District (the "District") bank accounts.

1. Alan Davis

Cabazon Water District Board of Directors has concluded that the following individual(s) be added to all Cabazon Water District (the "District") bank accounts.

1. Diana Morris

Cabazon Water District Board of Directors has concluded that the following specific Chase Bank accounts are to be updated.

- General 262-3
- Payroll 263-1
- Trust 267-3

BY: _____
Robert Lynk – Board Chair
Cabazon Water District
Board of Directors

ATTEST: _____
Elizabeth C. Lemus
Board Secretary
Cabazon Water District



MEMORANDUM

DATE: January 15, 2020
TO: The Cabazon Water District Board of Directors
FROM: Ellie Lemus, AGM
SUBJ: User Fee Study

Dear Board of Directors,

- Attached is the User Fee Study, which reviews the Districts miscellaneous fees and charges for select customer services. For example, Fire Flow testing, Returned Check Fees, Account Set-up Fees, etc.
- The attached report includes the changes that the Board discussed during the December 2019 Board Meeting.

Cabazon Water District
14618 Broadway Street
PO Box 297
Cabazon, CA 92230
www.cabazonwater.org

Bus. (951) 849-4442

Fax (951) 849 2519



CABAZON
WATER DISTRICT

CABAZON WATER DISTRICT

Final Report

User Fee Study

January 14, 2020

Prepared by:



nbsgov.com

Corporate Headquarters
32605 Temecula Parkway, Suite 100
Temecula, CA 92592
Toll free: 800.676.7516

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Comparative Fee Survey	Appendix C

1. EXECUTIVE SUMMARY

NBS performed a User Fee Study (Study) for the Cabazon Water District (District). The purpose of this report is to describe the Study's findings and recommendations, which intend to defensibly update and establish user and regulatory fees for service for the Cabazon Water District.

Special districts in California can impose user fees and regulatory fees for services and activities they provide through provisions of the State Constitution. Under Article XIII C, Section 1, a fee may not exceed the estimated reasonable cost of providing the service or performing the activity. For a fee to qualify as such, it must relate to a service or activity under the control of the individual/entity on which the fee is imposed. For example, a request to install a meter, set up a new water account, perform a plan review, or test a meter for accuracy would require the District to perform specific activities related to each individual request. In this manner, the service or the underlying action causing the District to perform the requested service is either discretionary and/or is subject to regulation. As a discretionary service or regulatory activity, the user fees and regulatory fees considered in this Study fall outside requirements for imposition of taxes, special taxes, or fees imposed as incidences of property ownership.

The District's chief purposes in conducting this Study were to ensure that its existing fees do not exceed the costs of providing services, and to provide an opportunity for the District's Board of Directors to align fee amounts with local cost recovery policies.

1.1 Findings

This Study compares the current fee charged for each service charged by the District to the total estimated cost of providing each service. NBS concludes that, on average, the District's current fees under-recover the costs of services provided. As shown in the following table, the Study identified approximately \$19,000 currently collected per year from fees for service, versus \$37,000 of eligible costs for recovery from fees for service.

TABLE 1. REPORT SUMMARY

Department / Division	Estimated Annual Current Fee Revenue	Annual Estimated Revenues at Full Cost Recovery Fee	Annual Cost Recovery Surplus / (Deficit)	Current Cost Recovery %	Estimated Annual Recommended Fee Revenue	Recommended Cost Recovery %
Water District	\$ 19,465	\$ 37,132	\$ (17,667)	52%	\$ 33,442	90%

The District is currently recovering approximately 52% of the total costs associated with providing fee related services. Should the Board adopt fee levels at 100% of the calculated full cost recovery fee amounts determined by this Study, an additional \$18,000 in costs could be recovered.

However, as discussed in Section 1 of this report, there may be reasons why policy makers chose to adopt fees at less than the calculated full cost recovery amount. As such, District staff provided initial recommended fee amounts for the Board's consideration. At District staff's initial recommended fee amounts, an additional \$14,000 in costs could be recovered, for a cost recovery rate of 90%.

1.2 Report Format

This report documents analytical methods and data sources used throughout the Study, presents findings regarding current levels of cost recovery achieved from user and regulatory fees, and discusses recommended fee amounts.

- Section 2 of the report outlines the foundation of the Study and general approach
- Section 3 discusses the results of the cost of service analysis
- Section 4 provides the grand scope conclusions of the analysis
- Appendices to this report include additional details supporting the fully burdened hourly rate calculation, the cost of providing each fee for service, and a comparison of similar fees charged by neighboring or comparable agencies.

2. INTRODUCTION AND FUNDAMENTALS

2.1 Scope of Study

The following is a summarized list of fees studied for the District:

- Meter Account Set-up Fee
- Meter Accuracy Testing
- Backflow Testing and Protection Device Installation
- Plan Check, Inspection, and Processing Fees
- Reconnection Charge
- Door Hangar Fees
- Lien Fee
- Lab Water Test Fee

The fees examined in this Study specifically excluded development impact fees, utility rates, and any special tax assessments, all of which fall under distinct analytical and procedural requirements different from the body of user/regulatory fees analyzed in this effort. Additionally, this Study excluded facility and equipment rental rates, as well as most of fines and penalties imposed by the District for violations to its requirements or codes.

2.2 Methods of Analysis

There are three phases of analysis completed for the District fees studied:

1. Cost of service analysis
2. Fee establishment
3. Cost recovery evaluation

2.2.1 COST OF SERVICE ANALYSIS

This cost of service analysis is a quantitative effort that compiles the full cost of providing governmental services and activities. There are two primary types of costs considered: direct and indirect costs. Direct costs are those that specifically relate to an activity or service, including the real-time provision of the service. Indirect costs are those that support provision of services in general, but cannot be directly or easily assigned to a singular activity or service.

Components of the full cost of service include direct labor costs, indirect labor costs, specific direct non-labor costs where applicable, allocated non-labor costs, and allocated overhead. Definitions of these cost components are as follows:

- **Labor costs** – Salary, wages and benefits expenses for District personnel specifically involved in the provision of services and activities to the public.
- **Indirect labor costs** – Personnel expenses supporting the provision of services and activities. This can include line supervision and district management, administrative support, and staff involved in technical activities related to the direct services provided to the public.
- **Specific direct non-labor costs** – When applicable, discrete expenses incurred due to a specific service or activity performed, such as contractor costs, third-party charges, and very specific materials used in the service or activity.
- **Allocated indirect non-labor costs** – Expenses other than labor for provision of services. In most cases, these costs are allocated across all services provided, rather than directly assigned to fee categories.
- **Allocated indirect organization-wide overhead** – These are expenses, both labor and non-labor, related to agency-wide support services. Support services include general administrative services such as finance, human resources, information technology, etc. An agency's support services assist the direct providers of public services. The amount of costs attributable to the District exist within the budgeted expenditures and have been included in this Study.

All cost components in this Study use annual (or annualized) figures, representing a twelve-month cycle of expenses incurred by the District in the provision of all services and activities agency-wide.

Nearly all of the fees under review in this Study require specific actions on the part of District staff to provide the service or conduct the activity. Because labor is the primary underlying factor in these activities, the Study expresses the full cost of service as a fully burdened cost per labor hour. NBS calculates a composite, fully burdened, hourly rate for the District as applicable to the specific organization and its needs. The rate serves as the basis for further quantifying the average full cost of providing individual services and activities.

Deriving the fully burdened hourly rate requires two figures: the full costs of service and the number of hours available to perform those services. The full costs of service are quantified through the earlier steps described in this analysis. NBS derives the hours available from a complete listing of all District employees and, when applicable, hours of service available from contracted professionals.

The District has supplied NBS with the total number of paid labor hours for each function/service. These available hours represent the amount of productive time available for providing both fee-recoverable and non-fee recoverable services and activities. The productive labor hours divided into the annual full costs of service equals the composite fully burdened hourly rate. Some agencies also use the resulting rates for other purposes than setting fees, such as when the need arises to calculate the full cost of general services or structure a cost recovery agreement with another agency or third party.

The fully burdened hourly rate applied at the individual fee level estimates an average full cost of providing each service or activity. This step required the development of staff time estimates for the services and activities listed in the District's fee schedule. For all fee programs studied, time tracking records (if available) were useful in identifying time spent providing general categories of service (e.g. processing, plan review, inspection, etc.). However, the District does not systematically track activity

service time for all individual fee-level services provided. Consequently, interviews and questionnaires were used to develop the necessary data sets describing estimated labor time. In many cases, the District estimated the average amount of time (in minutes and hours) it would take to complete a typical occurrence of each service or activity considered.

It should be noted that the development of these time estimates was not a one-step process: estimates received were carefully reviewed by both NBS and District management to assess the reasonableness of such estimates. Based on this review, the District reconsidered its time estimates until both parties were comfortable that the fee models reasonably reflected the average service level provided by the District. Then, time estimates were applied to the appropriate fully burdened labor rate to yield an average total cost of the service or activity.

2.2.2 FEE ESTABLISHMENT

Establishing fee names and categories includes a range of considerations. The Study's process provided the District the opportunity to propose additions and deletions to their fee schedules, as well as rename, reorganize, and clarify fee names and categories. Fee categories and fee names were simplified or restructured to increase the likelihood of full cost recovery, or to enhance the fairness of how the fee applies to various types of fee payers.

Many such revisions better conform fees to current practices, as well as improve the calculation of fees owed by an individual, the application of fees, and the collection of revenues. Beyond this, some additions to the fee schedule were simply identification of existing services or activities performed by District staff for which no fee is currently charged.

The District's fee schedule should also list the full burdened hourly rate(s) developed by the Study. Documenting these rates in the fee schedule provides an opportunity for the Board to approve rates for cost recovery under a "time and materials" approach, where applicable. It also provides clear publication of those rates, so fee payers of any uniquely determined fee can reference the amounts. The fee schedule should provide language that supports special forms of cost recovery for activities and services not contemplated by the adopted master fee schedule. These rare instances use the published rates to estimate a flat fee, or bill on an hourly basis, at the discretion of the District.

2.2.3 COST RECOVERY EVALUATION

The NBS fee model compares the existing fee for each service or activity to the average total cost of service quantified through this analysis. A cost recovery rate of 0% identifies no current recovery of costs from fee revenues (or insufficient information available for evaluation). A rate of 100% means that the fee currently recovers the full cost of service. A rate between 0% and 100% indicates partial recovery of the full cost of service through fees. A rate greater than 100% means that the fee exceeded the full cost of service.

User fees and regulatory fees examined in this Study should not exceed the full cost of service. In other words, the cost recovery rate achieved by a fee should not be greater than 100%. In most cases, charging a fee above this threshold could require the consensus of the voters.

NBS also assists with modeling the "recommended" or "targeted" level of cost recovery for each fee, always established at 100%, or less, than the calculated full cost of service. Targets and recommendations always reflect agency-specific judgments linked to a variety of factors, such as existing

policies, agency-wide or district revenue objectives, economic goals, community values, market conditions, level of demand, and others.

A general means of selecting an appropriate cost recovery target is to consider the public and private benefits of the service or activity in question.

- To what degree does the public at large benefit from the service?
- To what degree does the individual or entity requesting, requiring, or causing the service benefit?

When a service or activity completely benefits the public at large, there is generally little to no recommended fee amount (i.e., 0% cost recovery), reflecting that a truly public-benefit service is best funded by the general resources of the District, such as General Fund revenues (e.g., taxes). Conversely, when a service or activity completely benefits an individual or entity, there is generally closer to or equal to 100% of cost recovery from fees, collected from the individual or entity. An example of a completely private benefit service may be a request for exemption from a District regulation or process.

In some cases, a strict public-versus-private benefit judgment may not be sufficient to finalize a cost recovery target. Any of the following other factors and considerations may influence or supplement the public/private benefit perception of a service or activity:

- If optimizing revenue potential is an overriding goal, is it feasible to recover the full cost of service?
- Will increasing fees result in non-compliance or public safety problems?
- Are there desired behaviors or modifications to behaviors of the service population helped or hindered through the degree of pricing for the activities?
- Does current demand for services support a fee increase without adverse impact to the citizenry served or current revenue levels? (In other words, would fee increases have the unintended consequence of driving away the population served?)
- Is there a good policy basis for differentiating between type of users (e.g., residents and non-residents, residential and commercial, non-profit entities and business entities)?
- Are there broader District objectives that inform a less than full cost recovery target from fees, such as economic development goals and local social values?

Because this element of the Study is subjective, NBS provides each fee calculation at 100% full cost recovery as well as the framework for the District to adjust recommended fee amounts in accordance with the District's goals as pertains to code compliance, cost recovery, economic development, and social values.

2.2.4 DATA SOURCES

The following data sources were used to support the cost of service analysis and fee establishment phases of this Study:

- The Cabazon Water District's Adopted Budget for Fiscal Year 2018-2019
- A complete listing of all District personnel, salary/wage rates, regular hours, paid benefits, and paid leave amounts.
- Various correspondences with the District staff supporting the adopted budgets and current fees, including budget notes and expenditure detail not shown in the published document.
- The District's prevailing fee schedule.
- Annual workload data from the prior fiscal year provided by the District.

The District's adopted budget is the most significant source of information affecting cost of service results. NBS did not audit or validate the District's financial management and budget practices, nor was cost information adjusted to reflect different levels of service or any specific, targeted performance benchmarks. This Study has accepted the District's budget as a legislatively adopted directive describing the most appropriate and reasonable level of District spending. Consultants accept the Board's deliberative process and ultimate acceptance of the budget plan and further assert that through that legislative process, the District has yielded a reasonable expenditure plan, valid for use in setting cost-based fees.

Original data sets also support the work of this Study: primarily, estimated or tracked time at various levels of detail. To develop these data sets, consultants prepared questionnaires and conducted interviews with the District. In the fee establishment phase of the analysis, the District supplied estimates of average time spent providing a service or activity corresponding with an existing or new fee. NBS and District management reviewed and questioned responses to ensure the best possible set of estimates.

3. WATER DISTRICT

The Cabazon Water District provides safe, reliable drinking water, and reclamation services to its customers in a prudent and sustainable manner. Aside from its primary focus on operation and maintenance of the water system and infrastructure, the District charges a number of fees for services pertaining to account management, installation and removal of meters, meter testing, development review, and other miscellaneous service requests.

3.1 Cost of Service Analysis

To evaluate the cost of providing individual fee related services, NBS first developed a composite fully-burdened hourly rate for the Water District, as shown in the table below:

TABLE 2. FULLY BURDENED HOURLY RATE CALCULATION

Cost Element	District Direct Services
Labor	\$ 394,274
Recurring Non-Labor	117,531
Districtwide Overhead Costs	109,288
District Admin	306,388
Division Total	\$ 927,482
Fully Burdened Hourly Rate	\$ 122
<i>Reference: Direct Hours Only</i>	7,629

The total annual cost of the Water District per year is approximately \$927,000. All subsequent cost of service calculations at the individual fee level assume a fully burdened hourly rate of **\$122** for Water District support.

Section 2.2.1, *Cost of Service Analysis*, provides descriptions of each “Cost Element” noted in the table above, as well as further explanation of the approach and methodology used in the fully burdened hourly rate calculation. Approach to development of this rate involved an analysis of both direct and indirect costs of providing services. Careful attention was paid to the types of costs included in development of the fully burdened hourly rate. Costs clearly designated for system maintenance or improvements were excluded, while costs that generally support staff’s role in provision of service delivery and daily operations were included. The hourly rate of \$122 per hour was subsequently applied toward establishment of the full cost of providing the user and regulatory fee services studied.

Appendix A provides the detailed analysis supporting this fully burdened hourly rate calculation.

3.2 Fee Establishment

The following is a summary of overall changes made to the District’s fee schedule:

- Deletion of the Special Equipment fee as this is no longer used.

- Reorganization of fee categories or clarification of fee names to create a more user-friendly fee structure, such as:
 - Meter Accuracy Testing – Split fees by meter size and renamed various fee categories
 - District Administration Processing – Restructured this fee from being charged as 15% on top of contractor costs to being charged as a flat / fixed admin fee.
 - Backflow Testing Charge – Renamed various fee categories
 - Backflow Protection Device Installation – Relocated the position of this fee closer to Backflow Testing Charge in the fee list
 - Meter - Request for Removal, Replacement, Relocation, or Change in Meter Size – Consolidated multiple fees into a single category
 - Door Hangar Fee – Split Fee between yellow and red tags
- Addition of a new fee category, Lab Water Test, notated as “New” in Appendix B.

Section 2.2.3, *Fee Establishment*, provides additional discussion on the Study’s approach to adding, deleting, and revising fee categories.

3.3 Cost Recovery Evaluation

Appendix B presents the results of the detailed cost recovery analysis for the Water District fees. In the Appendix, the “Cost of Service per Activity” column establishes the maximum adoptable fee amount for the corresponding service identified in the “Fee Name” list. The Cost of Service Per Activity for each fee item is compared to the District’s current fee for each service, and the “Existing Cost Recovery %” shows whether each fee is under, over, or approximately equal to the cost of providing the service.

The District fees currently recover approximately 52% of the total annual cost of providing services. As shown in the following table, the District collects approximately \$19,000 per year in revenues at current fee amounts. At full cost recovery, the same demand for these services would recover approximately \$37,000. Should the Board of Directors adopt all fees at 100% of the Cost of Service per Activity amounts shown, an additional \$18,000 could be recovered.

TABLE 3. COST RECOVERY OUTCOMES

Department / Division	Estimated Annual Current Fee Revenue	Annual Estimated Revenues at Full Cost Recovery Fee	Annual Cost Recovery Surplus / (Deficit)	Current Cost Recovery %	Estimated Annual Recommended Fee Revenue	Recommended Cost Recovery %
Water District	\$ 19,465	\$ 37,132	\$ (17,667)	52%	\$ 33,442	90%

NBS provided the full cost of service information and the framework for considering fees, while those closest to the fee-paying population, District staff, considered appropriate cost recovery levels at or below that full cost. The “Recommended Fee Level / Deposit” column in Appendix B displays staff’s initial

recommended fee amounts. With staff's recommended adjustments, Water District fees are projected to recover 90% of the costs of providing services.

For more discussion on NBS' overall approach to the Cost Recovery Evaluation, consult section 2.2.3 of the Report.

4. CONCLUSION

Based on the Cost of Service Analysis, Fee Establishment, and Cost Recovery Evaluation outcomes presented in this Study, the proposed Schedule of Fees has been formatted for implementation and included in the District's accompanying Staff Report.

As discussed throughout this report, the proposed fee schedule intends to improve the District's recovery of costs incurred to provide individual services, as well as to adjust fees downward where fees charged exceed the average costs incurred. Predicting the amount to which any adopted fee increases will affect District revenues is difficult to quantify. For the near-term, the District should not count on increased revenues to meet any specific expenditure plan. Experience with the revised fee amounts should be gained first before revenue projections are revised. However, unless there is some significant, long-term change in activity levels at the District, proposed fee amendments should enhance the District's cost recovery performance, over time, providing it the ability to stretch other resources further for the benefit of the public at large.

The District's Fee Schedule should become a living document but handled with care:

- A fundamental purpose of the fee schedule is to provide clarity and transparency to the public and to staff regarding fees imposed by the District. Once adopted by the Board, the fee schedule is the final word on the amount and manner in which fees should be charged. Old fee schedules should be superseded by the new master document. If the master document is found to be missing fees, those fees need eventually to be added to the master schedule and should not continue to exist outside the consolidated, master framework.
- The District should consider adjusting these user fees and regulatory fees on an annual basis to keep pace at least with cost inflation. For all fees and charges, the District could use either a Consumer Price Index adjustment or a percentage of Labor Cost increase, and that practice would be well applied to the new fee schedule. Conducting a comprehensive user fee Study is not an annual requirement; it becomes worthwhile only over time as significant shifts in organization, local practices, legislative values, or legal requirements change.

As a final note in this Study, it is worth acknowledging the path that fees in general have taken in California. The public demands ever more precise and equitable accounting of the basis for governmental fees and a greater say in when and how they are charged. It is inevitable in the not too distant future, that user fees and regulatory fees will demand an even greater level of analysis and supporting data to meet the public's evolving expectations. Technology systems will play an increased and significant role in an agency's ability to accomplish this. Continuous improvement and refinement of time tracking abilities will greatly enhance the District's ability to set fees for service and identify unfunded activities in years to come.

Disclaimer: In preparing this report and the opinions and recommendations included herein, NBS has relied on a number of principal assumptions and considerations with regard to financial matters, conditions and events that may occur in the future. This information and assumptions, including the District's budgets, time estimate data, and workload information from District staff, were provided by sources we believe to be reliable; however, NBS has not independently verified such information and assumptions. While we believe NBS' use of such information and assumptions is reasonable for the purpose of this report, some assumptions will invariably not materialize as stated herein and may vary significantly due to unanticipated events and circumstances. Therefore, the actual results can be expected to vary from those projected to the extent that actual future conditions differ from those assumed by us or provided to us by others.

APPENDIX A

Fully Burdened Hourly Rate Calculation

LABOR EXPENDITURES AND STATISTICS [1]

Expenditure or Statistic	Notes	2018-19 Budget	Adjustments	Net Expenditures to be Allocated	Cost Allocation to Each Function / Activity	
					District Admin	District Direct Services
<i>Labor Cost Allocation Distribution</i>						
Salaries	[2]	\$ 365,200	(20,000)	100%	33.03%	66.97%
Director's Fee Adjustment			13,853			
Water Technician II Salary Adjustment		\$ 365,200	(6,147)	\$ 359,053	\$ 118,611	\$ 240,442
Subtotal		\$ 204,800				
Benefits		\$ 204,800	24,919			
Water Technician II Benefit Adjustment		\$ 204,800	24,919	\$ 229,719	\$ 75,886	\$ 153,833
Subtotal		\$ 570,000	\$ 18,772	\$ 588,772	\$ 194,497	\$ 394,274
Functional "Productive" Labor Hours		10,526	-	10,526	2,897	7,629

RECURRING NON-LABOR EXPENDITURES

Operating Expenditures By Budget Unit	2018-19 Budget	Adjustments	Net Expenditures to be Allocated	Cost Allocation to Each Function / Activity	
				District Admin	District Direct Services
Cabazon Water District					
Facilities, Wells, T&D	\$	\$	\$	\$	\$
Lab Fees	7,500	(7,500)	-	-	-
Site Landscaping & Maint	700	(700)	-	-	-
Meters	4,600	(4,600)	-	-	-
Generator Service Contractor	1,300	(1,300)	-	-	-
Utilities - Wells	126,100	(126,100)	-	-	-
SCADA	300	(300)	-	-	-
Line R&M Contractor	12,500	(12,500)	-	-	-
Line R&M Materials	60,000	(60,000)	-	-	-
Well Maintenance	36,200	(36,200)	-	-	-
Security	18,400	(18,400)	-	-	-
Engineering Services	33,600	(33,600)	-	-	-
Chlorinators	100	(100)	-	-	-
Facilities, Wells, T&D - Other	10,000	(10,000)	-	-	-
Utilities - Office			15,900	5,252	10,648
Electricity	15,900	-	710	235	475
Gas	710	-	9,500	3,138	6,362
Telephone	9,500	-	4,400	1,454	2,946
Trash Pickup & Office Cleaning	4,400	-	-	-	-
Office Expenses			2,100	694	1,406
Water Billing System	2,100	-	9,700	3,204	6,496
Supplies & Equipment	9,700	-	6,000	1,982	4,018
Copier and Supplies	6,000	-	1,700	562	1,138
Dues & Subscriptions	1,700	-	7,700	2,544	5,156
Postage	7,700	-	6,100	2,015	4,085
Printing & Publications	6,100	-	300	99	201
Leases & Rents	300	-	36,800	12,157	24,643
Computer Services	36,800	-	6,200	2,048	4,152
Office Storage	6,200	-	4,600	1,520	3,080
Air Conditioning Servicing	4,600	-	700	231	469
Fire Alarm System Servicing	700	-	1,300	429	871
Office Expenses - Other	1,300	-	-	-	-

Cabazon Water District
 User Fee Study Fiscal Year 2019
 Fully Burdened Hourly Rate Calculation

Appendix A

Notes	2018-19 Budget	Adjustments	Net Expenditures to be Allocated	Cost Allocation to Each Function / Activity	
				District Admin	District Direct Services
Operating Expenditures By Budget Unit					
[2]					
Cabazon Water District					
Support Services					
Temporary Labor	10,000	(10,000)	-	-	-
Financial Audit	22,100	(22,100)	-	-	-
Accounting	30,000	(30,000)	-	-	-
Legal Services	53,600	(53,600)	-	-	-
Bank Service Charges	700	(700)	-	-	-
Payroll Service	4,100	(4,100)	-	-	-
Website Support	1,700	(1,700)	-	-	-
General Liability Insurance	21,000	(21,000)	-	-	-
Office Radio	500	(500)	-	-	-
Training/Travel	8,000	-	8,000	2,643	5,357
Other Fees/SWRCB	6,200	(6,200)	-	-	-
Service Tools & Equipment					
Shop Supplies and Small Tools	21,100	-	21,100	6,970	14,130
Vehicle Fuel	12,800	-	12,800	4,228	8,572
Employee Uniforms	1,500	-	1,500	496	1,004
Safety	500	-	500	165	335
Tractor Expenses	1,000	-	1,000	330	670
Equipment Rental	2,100	-	2,100	694	1,406
Service Trucks - R&M	13,900	-	13,900	4,592	9,308
Water Ops Phone & Internet	900	-	900	297	603
NON-OPERATING EXPENSES					
Grant & Loan Processing Fee	1,600	(1,600)	-	-	-
DWR Interest Expense	10,300	(10,300)	-	-	-
DHPO Interest Expense	9,800	(9,800)	-	-	-
Bad Debt Expense	1,200	(1,200)	-	-	-
Miscellaneous	1,600	(1,600)	-	-	-
Depreciation Expense	266,300	(266,300)	-	-	-
TOTAL RECURRING NON-LABOR EXPENDITURES	\$ 627,510	\$ (752,000)	\$ 175,510	\$ 57,978	\$ 117,531

DISTRICTWIDE OVERHEAD COSTS

Allocated Indirect/Support Services	Notes	2018-19 Budget	Adjustments	Net Expenditures to be Allocated	Cost Allocation to Each Function / Activity	
					District Admin	District Direct Services
Directors salaries	[2]	\$ 20,000	-	\$ 20,000	\$ 6,607	\$ 13,393
Support Services	[2]	143,200	-	143,200	47,305	95,895
TOTAL DISTRICTWIDE OVERHEAD COSTS		\$ 163,200	\$ -	\$ 163,200	\$ 53,912	\$ 109,288

SUMMARY OF LABOR, NON-LABOR, & OVERHEAD COSTS

Cost Element	Notes	Established Cost	Cost Allocation to Each Function / Activity	
			District Admin	District Direct Services
Labor		\$ 588,772	\$ 194,497	\$ 394,274
Recurring Non-Labor		175,510	57,979	117,531
Districtwide Overhead Costs		163,200	53,912	109,288
TOTAL LABOR, NON-LABOR, & OVERHEAD COST		\$ 927,482	\$ 306,388	\$ 621,093

ALLOCATION OF COMMON ACTIVITIES COSTS

Cost Element	Established Cost		Cost Allocation to Each Function / Activity
	IN	OS	
District Admin	\$	306,388	District Direct Services \$ 306,388
Total	\$	306,388	\$ 306,388

FULLY-BURDENED HOURLY BILLING RATE FOR RECOVERY IN FEES

Cost Element	IN	OS	District Direct Services
Labor		\$	394,274
Recurring Non-Labor			117,531
Districtwide Overhead Costs			109,288
District Admin			306,388
DIVISION TOTAL			927,482
Fully Burdened Hourly Rate			7.629
Reference: Direct Hours Only			7,629

Notes
 [1] Budget information sourced from "Cabazon Budget FY 18-19 Approved Budget.xlsx" provided by Cabazon Water District staff.
 [2] Expenses reclassified as District-wide overhead

APPENDIX B

Cost of Service Analysis

Fee No.	Fee Name	Fee Unit / Type	Activity Service Cost Analysis				Cost Recovery Analysis				Annual Estimated Revenue Analysis			
			Total - Estimated Average Labor Time Per Activity (hours)	FBHR	Cost of Service Per Activity	Current Fee / Deposit	Existing Cost Recovery %	Recommended Fee Level / Deposit	Recommended Cost Recovery %	Estimated Volume of Activity	Annual Estimated Revenues at Current Fee	Annual Estimated Revenues at Full Cost Recovery Fee	Annual Estimated Revenues at Recommended Fee	
1	Metered Account Set-up Fee	Flat	0.17	\$ 122	\$ 20	\$ 20	99%	\$ 20	100%	76	\$ 1,520	\$ 1,540	\$ 1,540	
2	Meter Accuracy Testing Fee - 2" or smaller District Administrative Processing	Flat	0.25	\$ 122	\$ 30	\$ 10	33%	\$ 30	100%	-	\$ -	\$ -	\$ -	
	District Field Services	Flat	1.25	\$ 122	\$ 152	\$ 65	43%	\$ 152	100%	-	\$ -	\$ -	\$ -	
	Testing (3rd Party)	Flat	n/a	n/a	n/a	Actual Cost	100%	Actual Cost	100%	-	\$ -	\$ -	\$ -	
	Meter Accuracy Testing Fee - Larger than 2"													
	District Administrative Processing	Flat	0.25	\$ 122	\$ 30	15% on top of Contractor Charge	%	\$ 30	100%	-	\$ -	\$ -	\$ -	
	District Field Services	hourly - minimum 1 hour	1.00	\$ 122	\$ 122	\$ 65	53%	Actual Cost / hourly	%	-	\$ -	\$ -	\$ -	
	Testing (3rd Party)	Flat	n/a	n/a	n/a	Actual Cost	100%	Actual Cost	100%	-	\$ -	\$ -	\$ -	
3	Backflow Testing Charge	Flat	0.25	\$ 122	\$ 30	\$ 50	165%	\$ 30	100%	-	\$ -	\$ -	\$ -	
	District - Annual Monitoring Fee	Flat	n/a	\$ 122	n/a	no charge / included	%	no charge / included	%	-	\$ -	\$ -	\$ -	
	District Review of Test Results Performed by Third Party	Actual Cost / hourly	1.00	\$ 122	\$ 122	Actual Cost / hourly	%	\$ 122	100%	-	\$ -	\$ -	\$ -	
	Field Test Performed by District													
4	Backflow Protection Device Installation													
	District Administrative Processing	Flat	0.25	\$ 122	\$ 30	15% on top of Contractor Charge	%	\$ 30	100%	-	\$ -	\$ -	\$ -	
	District Field Services	hourly - minimum 1 hour	1.00	\$ 122	\$ 122	\$ 65	53%	Actual Cost / hourly	%	-	\$ -	\$ -	\$ -	
	Install (3rd Party)	Flat	n/a	n/a	n/a	Actual Cost	100%	Actual Cost	100%	-	\$ -	\$ -	\$ -	
5	Cabazon Water System Damage Fee													
	Normal Business Hours	hourly - minimum 1 hour	1.00	\$ 122	\$ 122	\$ 70	58%	\$ 122	100%	-	\$ -	\$ -	\$ -	
	After Normal Business Hours (3 hours min.)	hourly - minimum 3 hours	1.00	\$ 137	\$ 137	\$ 250	182%	\$ 300	218%	-	\$ -	\$ -	\$ -	
7	Meter - Request for Removal, Replacement, Relocation, or Change in Meter Size													
	5/8" to 2" Meter	hourly - minimum 1 hour	1.00	\$ 122	\$ 122	\$ 65	53%	\$ 122	100%	1	\$ 65	\$ 122	\$ 122	
	Larger than 2" Meter	hourly - minimum 1 hour	1.00	\$ 122	\$ 122	\$ 80	66%	\$ 122	100%	-	\$ -	\$ -	\$ -	
	Plus Meter Cost	Actual Cost	n/a	n/a	n/a	Actual Cost	n/a	Actual Cost	n/a	-	\$ -	\$ -	\$ -	

Fee No.	Fee Name	Fee Unit / Type	Notes	Activity Service Cost Analysis				Cost Recovery Analysis				Annual Estimated Revenue Analysis							
				Total - Estimated Average Labor Time Per Activity (hours)	FBHR	Cost of Service Per Activity	Current Fee / Deposit	Existing Cost Recovery %	Recommended Fee Level / Deposit	Recommended Cost Recovery %	Estimated Volume of Activity	Annual Estimated Revenues at Current Fee	Annual Estimated Revenues at Full Cost Recovery Fee	Annual Estimated Revenues at Recommended Fee					
8	Plan Check, Inspections, and Processing Fees																		
	Single Family	Flat		1.00	\$ 122	\$ 122	\$ 225	185%	\$ 122	\$ 122	100%	\$ 122		\$ -	\$ -	\$ -			
	Administrative Processing Fee	Deposit		n/a	n/a	n/a	\$ 5,000	n/a	\$ 5,000	n/a	n/a	\$ 5,000		\$ -	\$ -	\$ -			
	Contractor Costs																		
	All Other	Flat		1.00	\$ 122	\$ 122	\$ 225	185%	\$ 122	\$ 122	100%	\$ 122		\$ -	\$ -	\$ -			
	Administrative Processing Fee	Deposit		n/a	n/a	n/a	\$ 5,000	n/a	\$ 5,000	n/a	n/a	\$ 5,000		\$ -	\$ -	\$ -			
	Contractor Costs																		
9	Delinquent Account Service Charge	Flat	[1]				10% + 1.5% per month on unpaid balance					10% + 1.5% per month on unpaid balance							
10	Reconnection Charge	Flat		0.67	\$ 122	\$ 81	\$ 50	62%	\$ 50	\$ 50	62%	\$ 50	101	\$ 5,050	\$ 8,186	\$ 5,050			
	Reactivation During Normal Business Hours	Flat																	
	Reactivation During Non-Business Hours / Week Nights Between 4:30PM - 10:00PM	Flat		3.17	\$ 137	\$ 495	\$ 195	45%	\$ 195	\$ 195	34%	\$ 195		\$ -	\$ -	\$ -			
	Reactivation During Late Week Nights (10:01PM - 8:30AM) / Weekends (Any Time) / Holidays (Any Time)	Flat		3.17	\$ 137	\$ 495	\$ 250	57%	\$ 250	\$ 250	34%	\$ 250		\$ -	\$ -	\$ -			
11	Door Hangar Fee	per tag		0.14	\$ 122	\$ 17	\$ 10	59%	\$ 10	\$ 17	100%	\$ 17	986	\$ 9,360	\$ 15,930	\$ 15,930			
	Yellow Tag	per tag		0.40	\$ 122	\$ 49	\$ 10	21%	\$ 10	\$ 49	100%	\$ 49	181	\$ 1,810	\$ 8,802	\$ 8,802			
	Red Tag																		
12	Private Fire Service	Monthly	[1]				\$ 46		\$ 46	\$ 46									
	4"	Monthly					\$ 98		\$ 98	\$ 98									
	6"	Monthly					\$ 108		\$ 108	\$ 108									
	8"	Monthly					\$ 120		\$ 120	\$ 120									
	10"	Monthly					\$ 144		\$ 144	\$ 144									
	12"	Monthly					\$ 144		\$ 144	\$ 144									
13	Customer Valve Installation Fee	Hourly		1.00	\$ 122	\$ 122	\$ 65	53%	\$ 65	\$ 122	100%	\$ 122		\$ -	\$ -	\$ -			
14	Will Service Letter Charge (Fire Flow)	Actual Cost		n/a	\$ 122	n/a	Actual Cost	%	Actual Cost	Actual Cost	%	Actual Cost		\$ -	\$ -	\$ -			
	Fire Flow Charge	Flat		0.33	\$ 122	\$ 41	\$ 30	74%	\$ 30	\$ 41	100%	\$ 41		\$ -	\$ -	\$ -			
	Administrative Processing Fee	Flat		1.83	\$ 122	\$ 223	\$ 35	16%	\$ 35	\$ 223	100%	\$ 223		\$ -	\$ -	\$ -			
	Re-Test Fee; By Customer Request																		
	Report of Site/Parcel Inspection To Determine Existing Or Potential Water Service	Flat		1.00	\$ 122	\$ 122	\$ 65	53%	\$ 65	\$ 122	100%	\$ 122		\$ -	\$ -	\$ -			
15	Returned Check Fee	Flat	[3]	0.50	\$ 122	\$ 61	\$ 30	49%	\$ 30	\$ 61	49%	\$ 30	18	\$ 18	\$ 540	\$ 1,094	\$ 540		
16	Fax Or Photo Copy Charges	Per Sheet	[1]				\$ 0.25		\$ 0.25	\$ 0.25		\$ 0.25							
	10 Sheet Maximum	Per Sheet					\$ 0.10		\$ 0.10	\$ 0.10		\$ 0.10							
	District Form 700 Copies	Per Copy					\$ 0.20		\$ 0.20	\$ 0.20		\$ 0.20							
	Any Other Document Per Customer / Public Records Act Request	Per Copy					\$ 0.20		\$ 0.20	\$ 0.20		\$ 0.20							

Fee No.	Fee Name	Fee Unit / Type	Activity Service Cost Analysis				Cost Recovery Analysis				Annual Estimated Revenue Analysis							
			Total - Estimated Average Labor Time, Per Activity (hours)	FBHR	Cost of Services Per Activity	Current Fee / Deposit	Existing Cost Recovery %	Recommended Fee Level / Deposit	Recommended Cost Recovery %	Estimated Volume of Activity	Annual Estimated Revenues at Current Fee	Annual Estimated Revenues at Full Cost Recovery Fee	Annual Estimated Revenues at Recommended Fee					
17	Basic Facility, Distribution System, And Service Connection, Installation Charges	[5]																
	5/8" x 3/4" Meter Size	Flat				\$ 3,650		\$ 3,650										
	Basic Facilities Charge	Flat				\$ 3,200		\$ 3,200										
	Distribution System Charge	Flat				\$ 1,170		\$ 1,170										
	Service Connection Charge	Flat				\$ 5,450		\$ 5,450										
	3/4" Meter Size	Flat				\$ 3,200		\$ 3,200										
	Basic Facilities Charge	Flat				\$ 1,180		\$ 1,180										
	Distribution System Charge	Flat				\$ 9,050		\$ 9,050										
	Service Connection Charge	Flat				\$ 3,200		\$ 3,200										
	1" Meter Size	Flat				\$ 1,240		\$ 1,240										
	Basic Facilities Charge	Flat				\$ 18,150		\$ 18,150										
	Distribution System Charge	Flat				\$ 3,200		\$ 3,200										
	Service Connection Charge	Flat				\$ 1,900		\$ 1,900										
	1-1/2" Meter Size	Flat				\$ 29,000		\$ 29,000										
	Basic Facilities Charge	Flat				\$ 3,200		\$ 3,200										
	Distribution System Charge	Flat				\$ 2,000		\$ 2,000										
	Service Connection Charge	Flat				\$ 70		\$ 70										
18	Incident Fees	[1]				\$ 250		\$ 250										
	Normal Business Hours	Flat				\$ 100		\$ 100	41%									
	After Normal Business Hours	Flat				\$ 243		\$ 243										
19	Lien Fees		2.00	\$	122	\$	243	\$	100	41%	\$	243	100%	6	\$	600	\$	1,459
20	Construction Meter / Hydrant Meter Charges																	
	Refundable Deposit for Construction/ Hydrant Meters	Deposit	n/a		n/a	\$	1,000	\$	1,000	n/a	\$	1,000	n/a		\$		\$	
	Monthly Meter Service Charge	Monthly	[1]				\$	287	\$	287		\$	287		\$		\$	
	One-Time Account Set-Up Fee	Flat	n/a		n/a	\$	65	\$	65	n/a		see account set up fees	n/a	8	\$	520	\$	
	Water Quantitative Charge	Per Hundred Cubic Feet	[1]				\$	2.75	\$	2.75		\$	2.75		\$		\$	
	Meter Recalibration Fee																	
	District Administrative / Field Services Fee	Flat				\$	122	\$	152	132%	\$	200	100%		\$		\$	
	Testing (3rd Party)	Flat	[4]		n.a		n/a		Actual Cost	100%		Actual Cost	100%		\$		\$	

Cabazon Water District
 User Fee Study Fiscal Year 2019
 Cost of Service Estimate for Fee Related Services and Activities

Appendix B

Fee No.	Fee Name	Fee Unit / Type	Total - Estimated Average Labor Time Per Activity (hours)	Activity Service Cost Analysis				Cost Recovery Analysis			Annual Estimated Revenue Analysis			
				FBHR	Cost of Service Per Activity	Current Fee / Deposit	Existing Cost Recovery %	Recommended Fee Level / Deposit	Recommended Cost Recovery %	Estimated Volume of Activity	Annual Estimated Revenues at Current Fee	Annual Estimated Revenues at Full Cost Recovery Fee	Annual Estimated Revenues at Recommended Fee	
21	Load Count Charge	Deposit	n/a	n/a	n/a	\$ 1,000	n/a	\$ 1,000	n/a	n/a	-	\$ -	\$ -	\$ -
	Refundable Deposit for Construction/ Hydrant Meters	Monthly	[1]			\$ 148		\$ 148						
	Monthly Meter Service Charge	Flat	n/a	n/a	n/a	\$ 65	n/a	see account set up fees	n/a	n/a	-	\$ -	\$ -	\$ -
	One-Time Account Set-Up Fee	Per Cubic Foot	[1]			\$ 0.10		\$ 0.10						
	Water Quantitative Charge (min. of 100 cubic feet on the first load)	Hourly - minimum 1 hour				\$ 122	53%	\$ 122	100%	100%	-	\$ -	\$ -	\$ -
	Required District Employee Supervision (regular business hours - min. 1 hour)	Hourly - minimum 3 hours				\$ 137	47%	\$ 137	100%	100%	-	\$ -	\$ -	\$ -
	Required District Employee Supervision (non-business, weekend, or holiday hours - min. 3 hours)													
	new Lab Water Test Fee	Flat	[2]			\$ 61		\$ 61	100%	100%	-	\$ -	\$ -	\$ -
	District Administrative Processing	Flat				\$ 182		\$ 182	100%	100%	-	\$ -	\$ -	\$ -
	District Field Services	Flat				\$ 182		\$ 182	100%	100%	-	\$ -	\$ -	\$ -
	Testing (3rd Party)	Flat	[4]			n/a		Actual Cost	100%	100%	-	\$ -	\$ -	\$ -
	TOTAL											\$ 19,465	\$ 3,762	\$ 23,227

[Notes]
 [1] NBS did not evaluate
 Only charged when meter tested is within specifications. If the meter does not meet current specifications, there will be no charge for testing, labor, or shipping and handling.
 [2] At the discretion of the District's Customer Accounts Department (CAD), customers that provide habitual NSF checks may be placed on a one (1) year probationary period of cash/cashier's check/money order only status, or, by way of memorandum from the CAD and with the approval of the Administrative Assistant or Manager, a customer may be placed on permanent cash/cashier's check/money order only status.
 [3] Fee amount is subject to change depending on actual amount charged by District's vendor for testing services
 [4] Connection fees per AB 1600/Mitigation Fee Act. NBS did not evaluate

APPENDIX C

Comparative Fee Survey

Appendix C

Cabazon Water District
 User Fee Study Fiscal Year 2019
 Comparison of Charges for Fee Related Activities and Services

Fee No.	Fee Description	Cabazon			Comparative Agencies								
		Fee Unit / Type	Current Fee	Recommended Fee	High Valleys Water District	Mission Springs Water District	Beaumont-Cherry Valley Water District	East Valley Water District	Banning City Water Department	Hi-Desert Water District	Desert Water Agency		
1	Metered Account Set-up Fee	Flat	\$ 20	\$ 20	\$	82	No Comparison	\$	No Comparison	\$	25	\$	30
2	Meter Accuracy Testing Fee - 2" or smaller	Flat	\$ 25	\$ 30			In-House: 5/8" - 1" meters: \$30 1 1/2" - 2" meters: \$200						
	District Administrative Processing	Flat	\$ 50	\$ 152	No Comparison	112	Third-Party: 5/8" - 1" meters: \$50 1 1/2" - 2" meters: \$250		No Comparison	\$	No Comparison	No Comparison	No Comparison
	District Field Services	Flat	Actual Cost	Actual Cost									
	Testing (3rd Party)	Flat	Actual Cost	Actual Cost									
	Meter Accuracy Testing Fee - Larger than 2"	Flat	15% on top of Contractor Charge	\$ 30									
	District Administrative Processing	Hourly - Minimum 1 hour	\$ 65	Actual Cost / hourly	No Comparison	112			No Comparison	\$	No Comparison	No Comparison	No Comparison
	District Field Services	Flat	Actual Cost	Actual Cost									
	Testing (3rd Party)	Flat	Actual Cost	Actual Cost									
3	Backflow Testing Charge	Flat	\$ 50	\$ 30									
	District - Annual Monitoring Fee	Flat	no charge / included	no charge / included									
	District Review of Test Results Performed by Third Party	Actual Cost / Hourly	Actual Cost / hourly	\$ 122									
	Field Test Performed by District	Actual Cost / Hourly	Actual Cost / hourly	\$ 122									

Cabazon Water District
 User Fee Study Fiscal Year 2019
 Comparison of Charges for Fee Related Activities and Services

Fee No.	Fee Description	Cabazon			Comparative Agencies						Desert Water Agency	
		Fee Unit/Type	Current Fee	Recommended Fee	High Valleys Water District	Mission Springs Water District	Beaumont-Cherry Valley Water District	East Valley Water District	Banning City Water Department	Hi-Desert Water District		
4	Backflow Protection Device Installation											
	District Administrative Processing	Flat	15% on top of Contractor Charge	\$ 30								
	District Field Services	hourly - Minimum 1 hour	\$ 65	Actual Cost / hourly	No Comparison	No Comparison	No Comparison	Actual Cost	No Comparison	No Comparison	No Comparison	Double Check: 5/8x3/4 inch: \$647 1 inch: \$812 1-1/2 inch: \$1,480 2 inch: \$1,870
	Install (3rd Party)	Flat	Actual Cost	Actual Cost								Reduced Pressure 5/8x3/4 inch: \$843 1 inch: \$1,005 1-1/2 inch: \$1,689 2 inch: \$2,053
5	Cabazon Water System Damage Fee											
	Normal Business Hours	hourly - Minimum 1 hour	\$ 70	\$ 122	No Comparison			No Comparison	No Comparison	No Comparison	No Comparison	
	After Normal Business Hours (3 hours min.)	Hourly - minimum 3 hours	\$ 250	\$ 137	No Comparison			\$80 after-hours charge regardless of which service is being provided	No Comparison	No Comparison	No Comparison	
6	Meter Request for Removal/ Replacement/ Relocate/ Change in Meter Size											
	5/8" to 2" Meter	Hourly - minimum 1 hour	\$ 65	\$ 122								Removal: \$20 Reinstallation: \$20
	Larger than 2" Meter	Hourly - minimum 1 hour	\$ 80	\$ 122	No Comparison	No Comparison	No Comparison		No Comparison	No Comparison	No Comparison	
	Plus Meter Cost	Actual Cost	Actual Cost	Actual Cost					3/4" meter: \$268			Actual Cost

Appendix C

Cabazon Water District
 User Fee Study Fiscal Year 2019
 Comparison of Charges for Fee Related Activities and Services

Fee No.	Fee Description	Cabazon			Comparative Agencies					Desert Water Agency	
		Fee Unit / Type	Current Fee	Recommended Fee	Mission Springs Water District	Beaumont-Cherry Valley Water District	East Valley Water District	Banning City Water Department	Hi-Desert Water District		
7	Plan Check, Inspections, and Processing Fees Single Family										
	Administrative Processing Fee	Flat	\$ 225	\$ 122	No Comparison		No Comparison		Inspections: Actual Cost - Deposit of 2% of costs with a minimum of \$500		\$140 plus \$0.10 per linear foot of public main or a flat of \$140 if there is no main or if it is main for a landscape plan check.
	Contractor Costs	Deposit	\$ 5,000	\$ 5,000		Inspections: Actual Cost Plan Check: \$5,000 Deposit	Engineering Service Charges: 10% of Engineer's estimated project cost		Preliminary Design & Plan Check: \$20/lot - Deposit of \$700		
	All Other										
	Administrative Processing Fee	Flat	\$ 225	\$ 122	No Comparison				Landscape Plan Check- Actual Cost - Deposit of \$300		
	Contractor Costs	Deposit	\$ 10,000	\$ 5,000							
8	Reconnection Charge										
	Reactivation During Normal Business Hours	Flat	\$ 50	\$ 50	Up to 1": \$50 1 1/2" - 2": \$78 Over 2": \$140		70	Next Day Reconnection: \$30	Disconnection Fee: \$40 Reconnection Fee: \$20		\$ 70
	Reactivation During Non-Business Hours / Week Nights Between 4:30PM - 10:00PM	Flat	\$ 195	\$ 150	\$ 25	Actual Cost - Time & Materials		Same Day Reconnection: \$43	After-Hours Turn On Fee: \$80		\$ 150
	Reactivation During Late Week Nights (10:01PM - 8:30AM) / Weekends (Any Time) / Holidays (Any Time)	Flat	\$ 250	\$ 150	\$ 140 regardless of meter size						
9	Door Hangar Fee										
	Yellow Tag	per tag	\$ 10	\$ 17	No Comparison	No Comparison	23	No Comparison	No Comparison		No Comparison
	Red Tag	per tag	\$ 10	\$ 49	No Comparison	No Comparison	23	No Comparison	No Comparison		No Comparison
10	Customer Valve Installation Fee										
	Labor	Hourly	\$ 65	\$ 122	No Comparison	No Comparison	Valve Can Deposit: \$500 per valve can	No Comparison	No Comparison		1": \$360 1-1/2": \$370 2": \$435

Appendix C

Cabazon Water District
 User Fee Study Fiscal Year 2019
 Comparison of Charges for Fee Related Activities and Services

Fee No.	Fee Description	Cabazon				Comparative Agencies					Desert Water Agency		
		Fee Unit / Type	Current Fee	Recommended Fee	High Valleys Water District	Mission Springs Water District	Beaumont-Cherry Valley Water District	East Valley Water District	Banning City Water Department	Hi-Desert Water District			
11	Will Service Letter Charge (Fire Flow)												
	Fire Flow Charge	Flat	Actual Cost	Actual Cost		\$191 per hydrant		Actual Cost		Fire Flow Fee: \$200 Will Serve Letter: \$40/lot			
	Administrative Processing Fee	Flat	\$ 30	\$ 41	No Comparison	No Comparison	No Comparison	No Comparison	No Comparison	Will Serve Letter Subdivisions - Minor		\$140 for administrative services including will-serve letters	
	Re-Test Fee; By Customer Request	Flat	\$ 35	\$ 223		No Comparison		\$ 75		Subdivision: \$100 (5 lots or less) - Major Subdivision: Actual Cost - Deposit of \$250 (greater than 5 lots)			
	Report of Site/Parcel Inspection To Determine Existing Or Potential Water Service	Flat	\$ 65	\$ 122				No Comparison					
12	Returned Check Fee	Flat	\$ 30	\$ 61	No Comparison	\$50 per check	No Comparison	\$ 20	\$ 25	\$25 per check		\$ 35	
13	Lien Fees	Flat	\$ 100	\$ 243	No Comparison	Lien Released by MSWD: \$49 Lien Released by Escrow/ Customer: \$36	No Comparison	No Comparison	No Comparison	No Comparison	No Comparison	No Comparison	No Comparison

Appendix C

Cabazon Water District
 User Fee Study Fiscal Year 2019
 Comparison of Charges for Fee Related Activities and Services

Fee No.	Fee Description	Cabazon			Comparative Agencies						
		Fee Unit / Type	Current Fee	Recommended Fee	High Valleys Water District	Mission Springs Water District	Béaumont-Cherry Valley Water District	East Valley Water District	Banning City Water Department	HI-Desert Water District	Desert Water Agency
14	Construction Meter / Hydrant Meter Charges										
	Refundable Deposit for Construction/ Hydrant Meters	Deposit	\$ 1,500	\$ 1,500	No Comparison	No Comparison	\$ 2,200	Construction Inspection: \$900 Manhole Deposit: \$1,500 per manhole	\$ 500	Actual Cost	Deposit: \$964 Monthly Charge: \$163.14 Installation/ Removal: \$140 Relocation: \$70
	One-Time Account Set-Up Fee	Flat	\$ 65	see account set up fees	No Comparison	No Comparison	No Comparison	No Comparison	\$ 30	No Comparison	No Comparison
	Meter Recalibration Fee	Flat	\$ 200	\$ 152	No Comparison	No Comparison	No Comparison	No Comparison	No Comparison	No Comparison	No Comparison
	District Administrative / Field Services Fee	Flat	\$ 50	Actual Cost							
	Testing (3rd Party)										
15	Load Count Charge										
	Refundable Deposit for Construction/ Hydrant Meters	Deposit	\$ 1,500	\$ 1,500	\$100 per load plus a one time mandatory deposit of \$500	No Comparison	\$ 2,200	No Comparison	No Comparison	Actual Cost	No Comparison
	One-Time Account Set-Up Fee	Flat	\$ 65	see account set up fees	No Comparison	No Comparison	No Comparison	No Comparison	No Comparison	No Comparison	No Comparison
	Required District Employee Supervision (regular business hours - min. 1 hour)	Hourly - minimum 1 hour	\$ 65	\$ 122	No Comparison	No Comparison	No Comparison	No Comparison	No Comparison	No Comparison	No Comparison
	Required District Employee Supervision (non-business, weekend, or holiday hours - min. 3 hours)	Hourly - minimum 3 hours	\$ 65	\$ 137	No Comparison	No Comparison	No Comparison	\$80 after-hours charge regardless of which service is being provided	No Comparison	No Comparison	No Comparison



MEMORANDUM

DATE: January 15, 2020
TO: Board of Directors
FROM: C. Louie – General Manager
SUBJ: Production Well and Tank #1
cc: E. Lemus

SUMMARY

During Board meeting of 09/17/2019, the Board approved \$50,816 for Legend Pump & Well Service, Inc. to rehabilitate Production Well #1 (W1) and the amount of \$105,250 to recoat the interior of Tank #1 (T1).

The combined projects totals \$156,066 for the Well and Tank maintenance.

STATEMENT OF FACTS

Pump Equipment & Well Rehabilitation

During the rehabilitation, an additional 100 feet was extended to the pump shaft by recommendation of the District's engineer. This was not only to prolong the life of the production well, but the prevention of air being produced and distributed into the distribution system.

During the months of June and July 2019, the District received water quality concerns from water customers residing in the area of Bonita Avenue, Carmen Avenue, and Orange Street. The District found that the cause of the concerns, while not harmful, were linked to Well and Tank #1 needing maintenance.

With the extension of the pump shaft, it requires a higher horsepower electric pump motor. Legend has quoted \$204,348 for the upgrade and \$16,182 to upgrade the current electrical system at W1.

This project totals \$220,530.

Tank #1 Rehabilitation

Rubicon Applied Divers original quote was \$105,250. At this time the District has made two payments of \$21,050 and \$36,937.50. **This portion of the project has paid a total of \$57,887.50.**

Rubicon has left the job in November 2019 with debris around the tank site, peeling walls, and bubbles on the wall. This is unsatisfactory. Management is currently working with engineering to resolve the issues.

An outfit out of Bakersfield, CA, CSI, as recommended by the District's engineer conducted the inspection of Rubicon's work. The report was unfavorable.

There is an excess of **\$47,362.50** from this project. Management will provide an update to the Board at the next Board meeting.



Lic. # 964537

January 15, 2020

Cabazon County Water District
P.O. Box 297
Cabazon, CA 92230

Attn. Calvin Louie

RE: Well 11
Pump equipment & well rehab

Materials	Qty.	Units	Unit Price	Ext. Price
Goulds 12CMC-12 O/L Bowl Assy; 1000GPM@826' TDH	1	Ea.	\$ 23,250.00	\$ 23,250.00
850 ft. of 10" x .365W O/L Column pipe	850	Ft.	\$ 63.91	\$ 54,323.00
10" x 3" X 10' Mid-Stretch Column Assembly	1	Ea.	\$ 5,453.00	\$ 5,453.00
860 ft. of 3" x 1-15/16" Tube & shaft assemblies	860	Ft.	\$ 48.49	\$ 41,701.00
10" x 3" Black widow spiders	21	Ea.	\$ 23.00	\$ 483.00
8" x 10' Suction pipe with cone strainer	1	Ea.	\$ 784.00	\$ 784.00
Gaskets, bolting, banding, buckles, etc.	1	Ea.	\$ 345.00	\$ 345.00
U.S. 300HP VHS Motor Premium Eff., Extra High Thrust	1	Ea.	\$ 26,298.00	\$ 26,298.00
*Place 250HP customer motor in storage	1	Ea.	N/A	N/A
		Subtotal		\$ 152,637.00
Repairs	Qty.	Units	Unit Price	Ext. Price
Recondition Discharge Head: • Sandblast, inspect and epoxy coat	1	Ea.	\$ 288.00	\$ 288.00
Rework Top Stretch Assembly	1	Ea.	\$ 485.00	\$ 485.00
		Subtotal		\$ 773.00
Shop Repairs	Qty.	Hrs.	Unit Price	Ext. Price
Shop Machine/Labor	1	16	\$ 88.00	\$ 1,408.00
		Subtotal		\$ 1,408.00
Install Pump	Qty.	Units	Unit Price	Ext. Price
2 Men – 40 Ton Crane (Mob)	3	Hr.	\$ 370.00	\$ 1,110.00
2 Men – 40 Ton Crane (Reg)	32	Hr.	\$ 450.00	\$ 14,400.00
1 Man & Service Truck (Mob)	8	Hr.	\$ 92.00	\$ 736.00
Additional Rig Helper (Reg)	32	Hr.	\$ 172.00	\$ 5,504.00
		Subtotal		\$ 21,750.00



Lic. # 964537

Start Up		Qty.	Units	Unit Price	Ext. Price
1 Man & Electrical Service Truck (Mob)		2	Hr.	\$ 98.00	\$ 196.00
1 Man & Electrical Service Truck (Reg)		6	Hr.	\$ 178.00	\$ 1,068.00
			Subtotal		\$ 1,264.00
Well Rehabilitation		Qty.	Units	Unit Price	Ext. Price
2 Men – Rig & Service Truck – (Mob)		9	Hr.	\$ 220.00	\$ 1,980 .00
Brush Well Casing - Poly		6	Hr.	\$ 300.00	\$ 1,800.00
Furnish, install and remove dual swab equipment		22	Hr.	\$300.00	\$ 6,600.00
Dual Swab w/ Chemical		4	Hr.	\$ 300.00	\$ 1,200.00
Air Lift		6	Hr.	\$ 260.00	\$ 1,560.00
Collection (Baker) Tank		1	Ea.	\$ 3,584.00	\$ 3,584.00
Well Survey (video log)		1	Ea.	\$ 1,050.00	\$ 1,050.00
Fabricate Poly brush		1	Ea.	\$ 226.00	\$ 226.00
Liquid Acid Descaler (55 Gal. drum)		4	Ea.	\$ 2,129.00	\$ 8,516.00
			Subtotal		\$ 26,516.00
Total Estimated Price Including Tax & Freight					\$ 204,348.00

**These prices are based on prevailing wage rates and are valid for 30 days, after such time they may be subject to review and/or possible change.*

If you have any questions regarding this matter please feel free to call.

Sincerely,

Julio Martinez



Lic. # 964537

January 14, 2020

Cabazon County Water District
P.O. Box 297
Cabazon, CA 92230

Attn. Calvin Louie

**RE: Well 1
Electrical Upgrade Electrical**

Materials	Qty.	Units	Unit Price	Ext. Price
300HP 460V 3PH Soft Starter	1	Ea.	\$ 8,453.00	\$ 8,453.00
500 Amp Breaker and electrical contactor	1	Ea.	\$ 4,579.00	\$ 4,579.00
Additional electrical connectors	1	Ea.	\$ 622.00	\$ 622.00
		Subtotal		\$ 13,654.00
Labor	Qty.	Units	Unit Price	Ext. Price
2 Men & Electrical Service Trucks (Mob)	4	Hr.	\$ 98.00	\$ 392.00
2 Men & Electrical Service Trucks (Reg)	12	Hr.	\$ 178.00	\$ 2,136.00
		Subtotal		\$ 2,528.00
		Total Estimated Price		\$ 16,182.00

These prices are based on prevailing wage rates and are valid for 30 days, after such time they may be subject to review and/or possible change.

If you have any questions regarding this matter please feel free to call.

Sincerely,

Julio Martinez