



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, March 20, 2018 – 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

Any person may address the Board of Directors at this time on any matter within the subject matter jurisdiction of the Cabazon Water District; however, any matter that requires action will be referred to staff for investigation and reported at a subsequent Board of Directors meeting. The Board of Directors is prohibited by law from discussing or taking immediate action on items during this public comment period. To comment on specific agenda items, please advise the Board secretary prior to the meeting. **Each public comment will be limited to three (3) minutes. Individuals may not give their time away to another spokesperson. After two (2) minutes, the speaker will be notified that he/she has one (1) minute remaining. AB 1234 ORAL REPORTS (Gov. Code Sec. 53232.3(d))**

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
Cabazon, California 92230

REGULAR BOARD MEETING

AGENDA

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

Meeting Date:
March 20, 2018 – 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 of February 20, 2018
- b. Regular Board Meeting Minutes and warrants of February 20, 2018

2. Warrants – None

3. Awards of Contracts – None

UPDATES

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

OLD BUSINESS

1. Discussion: Sustainable Ground Water Update
(by General Manager Louie)

NEW BUSINESS

1. Discussion/Action: Ratification of Dollar General Dedication of Water Facilities to the District
(by General Manager Louie)
2. Discussion/Action: Approval of a Record of Survey for 50100 Main Street and 14618 Broadway Street (by General Manager Louie)
3. Discussion/Action: Staff report regarding a folding machine to pre-fold monthly water bills before mailing (in an effort to reduce expenses)
(by Director Wargo and Director Israel)
4. Discussion/Action: Staff report regarding waiving interest and penalty charges for customers on a payment arrangement plan due to substantial leaks on their side of the meter.
(by Director Lynk and Director Israel)

PUBLIC COMMENTS

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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 – April 17, 2018, 5:00 pm
- b. Regular Board Meeting – Tuesday – April 17, 2018, 6:00 pm
- c. Personnel Committee – None
- d. San Geronio Pass Regional Water Alliance – Alliance Meeting – March 28, 2018, 5:00 pm

ADJOURNMENT

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Cabazon Water District
14618 Broadway Street • P.O. Box 297
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FINANCE & AUDIT COMMITTEE MEETING

MINUTES

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

Meeting Date:
Tuesday, February 20, 2018 – 5:00 PM

CALL TO ORDER,
PLEDGE OF ALLEGIANCE,
ROLL CALL

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 -**

FINANCE & AUDIT COMMITTEE

1. Discussion: Finance & Audit Committee Report
 - Balance Sheet
 - Profit and Loss Budget Comparison

Balance Sheet:

- The District's combined cash and LAIF balance is about \$757,857. The District's total liabilities are approximately \$1.171 million.

Profit and Loss:

- Line 2 Base Rate: This is the flat, fixed monthly charge to all residents for water service. YTD is at 51% and should catch up to expected budget as the rate increase has just taken effect in January 2018.

- Line 13 Basic Facilities Fee: YTD is over budget due to a new 5/8" service on Main St., an upgrade to 3/4" meter, and two new service 3/4" meters at Almond St. The District also received \$10K for the basic facilities, distribution, and service connection charges for a 3/4" meter.
- Line 51 Well Maintenance: YTD is at 68% due to the Well 5 Soft-starter.
- Line 53 Engineering Services: YTD is at 82% due to an increased amount of State Water meetings due to the Sustainable Groundwater Management Act (SGMA) and Integrated Regional Water Management (IRWM).
- Line 88 Training/Travel: YTD is at 84% due to Water Bootcamp for two field employees and the general manager.
- Line 102 Grant & Loan Processing Fee: YTD is at 83% due to water loan grant administration fee for the period covering October 1, 2017 to September 30, 2018.
- Line 103 DWR Interest on Loans: YTD can trend over/under budget due to the timing of installment payments.
- Line 104 DHPO Interest Expense: YTD can trend over/under budget due to the timing of installment payments.

As of January 31st the fiscal year-to-date net income is \$127,288.

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

PUBLIC COMMENT

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ADJOURNMENT

Motion to adjourn at 17:15 hr. made by Director Israel and 2nd by Director Wargo.

Director Wargo - Aye
Director Israel - Aye

Meeting adjourned at 17:15 hr. on Tuesday, February 20, 2017

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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REGULAR BOARD MEETING

MINUTES

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

Meeting Date:
February 20, 2018 – 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 Alan Davis - Present
Director Robert Lynk - Present

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

Note: This meeting was recorded by the District -

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 of January 16, 2018
- b. Regular Board Meeting Minutes and warrants of January 16, 2018

Motion to approve consent calendar item(s) (a.) Finance and Audit Committee Meeting Minutes and warrants approved by the committee of January 16, 2018 and (b.) Regular Board Meeting Minutes and warrants of January 16, 2018 made by Director Israel and 2nd by Director Davis.

Director Sanderson - Aye
Director Israel - Aye
Director Wargo - Aye
Director Davis - 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)**

Potential funding options regarding the State Water Pipeline were discussed at the recent SGPRWA.

Furthermore, since Director Israel is the Vice Chair of the Water Alliance, Director Lynk will be the "alternate" in the event that Director Israel is unable to attend a meeting.

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

OLD BUSINESS

1. Discussion: **Sustainable Ground Water Update
(by General Manager Louie)**
2. Discussion/Action: **Annual Audit Presentation for Fiscal Year 2016-2017
(by Chris Brown, Fedak and Brown)**

Motion to approve the Fiscal Year 2016-2017 Annual Audit Presentation and Reports made by Director Sanderson and 2nd by Director Wargo.

Director Sanderson - Aye
Director Israel - Aye
Director Wargo - Aye
Director Davis - Aye
Director Lynk - Aye

3. Discussion/Action: CRWA Tahoe Training

Motion to approve District funding in regards to the CRWA Tahoe Training for Board Members and District employees only* made by Director Israel and 2nd by Director Davis.

Director Sanderson - Nay
Director Israel - Aye
Director Wargo - Abstain
Director Davis - Aye
Director Lynk - Aye

*Note: The Board wanted to clarify that *if* a Director or District employee were to bring a friend or family member to Tahoe with them, the District would not reimburse any expenses incurred due to bringing that friend or family member. The District will only reimburse expenses related directly to a Director or employee taking the training.

NEW BUSINESS

1. Discussion/Action: Jeff Vilarino – Lois – Customer Concern regarding leak on his side of the meter.

Motion to forgive 1/22/18 interest and penalty charges of \$5.40 & \$36.02, in addition to forgiving 25% of Mr. Vilarino's account balance (consisting of the December 2017 and January 2018 monthly water bills) made by Director Wargo and 2nd by Director _____.

No second. Motion failed.

Motion to forgive the 1/22/18 interest and penalty charges of \$5.40 & \$36.02 made by Director Sanderson and 2nd by Director Wargo.

Director Sanderson – Aye
Director Israel – Nay
Director Wargo – Aye
Director Davis – Aye
Director Lynk – Nay

Motion to reopen/discuss New Business Agenda Item No. 1 regarding Mr. Vilarino's request made by Director Sanderson, 2nd by Director Davis.

Director Sanderson – Aye
Director Israel – Nay
Director Wargo – Aye
Director Davis – Aye
Director Lynk – Nay

Motion to allow Mr. Vilarino to make payments (enter into a payment arrangement) for up to twelve months without incurring interest and penalty charges on his account and to remove the 1/22/18 interest and penalty charges of \$5.40 & \$36.02 made by Director Sanderson and 2nd by Director Davis.

Director Sanderson - Aye
Director Israel - Nay
Director Wargo - Aye
Director Davis - Aye
Director Lynk - Nay

***Note:** The Board took a short break at 19:42 hr. and resumed the meeting at 20:15 hr.

2. Discussion/Action: Guest Preacher before each meeting

Motion to approve granting an open invitation for any religious leader to offer an invocation before each Board meeting made by Director Sanderson and 2nd by Director _____.

Amended motion to approve granting an open invitation to anyone (religious, member of the public, or otherwise*) wishing to offer an invocation before each Board meeting made by Director Lynk, 2nd by Director Sanderson.

Director Sanderson - Aye
Director Israel - Aye
Director Wargo - Nay
Director Davis - Aye
Director Lynk - Aye

***Note:** The Board expressed that it was not their intention to limit meetings to any particular religions or holidays; but that anyone was welcome to attend the meetings and offer an invocation before each meeting.

3. Discussion/Action: Approval of a District Weapons Policy/Resolution

Motion to approve Resolution 01-2018: District Weapons Policy/Resolution, made by Director Israel and 2nd by Director Sanderson.

Director Sanderson - Aye
Director Israel - Aye
Director Wargo - Nay
Director Davis - Aye
Director Lynk - Aye

February 20, 2018 Regular Board Meeting Minutes**4. Discussion/Action: Approval of SEIU Side Letter to the 2015-2018 Memorandum of Understanding (MOU)**

It was discussed that to prevent the District from becoming a "training grounds" and experiencing high turnover in staff, the District will make its field workers work four 10-hour days (Monday through Thursday), will add several new job classifications, among a few other things, as listed in the SEIU 2015-2018 Side Letter to the MOU.

Motion to approve the SEIU Side Letter to the 2015-2018 MOU made by Director Sanderson and 2nd by Director Wargo.

Director Sanderson - Aye

Director Israel - Aye

Director Wargo - Aye

Director Davis - Aye

Director Lynk - Aye

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Director Wargo, 2nd by Director Israel: Staff report regarding a folding machine to pre-fold monthly bills before mailing in an effort to reduce expenses.

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MISCELLANEOUS

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

- a. Finance & Audit Workshop – Tuesday – March 20, 2018, 5:00 pm
- b. Regular Board Meeting – Tuesday – March 20, 2018, 6:00 pm
- c. Personnel Committee – None
- d. San Geronio Pass Regional Water Alliance – Alliance Meeting – February 28, 2018, 5:00 pm

ADJOURNMENT

Motion to adjourn at 20:39 hr. made by Director Davis and 2nd by Director Israel.

Director Sanderson - Aye
Director Israel - Aye
Director Wargo - Aye
Director Davis - Aye
Director Lynk - Aye

Meeting adjourned at 20:39 hr. on Tuesday, February 20, 2018

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

February 2018

		Feb-18	Current YTD	Budget	YTD %
1	REVENUES				
2	OPERATING INCOME				
3	Base Rate - Water Bills	65,724	470,643	801,200	59%
4	Commodity Sales	20,127	223,209	252,600	88%
5	DHPO Contract	14,092	145,251	193,800	75%
6	Fire Sales - Water Bills	226	1,629	2,200	74%
7	Fire Flow Income	-	300	150	200%
8	Meter Install and Removal	-	-	80	0%
9	Penalty Fees - Water Bills	3,215	32,262	34,600	93%
10	Lien Reinstatement Fees	-	-	1,000	0%
11	New Account Fees - Water Bills	210	1,275	1,500	85%
12	Incident Fee - Water Bills	-	250	140	179%
13	Returned Check Fees	30	420	500	84%
14	Basic Facilities Fee	-	54,096	33,200	163%
15	Stand By Fees - Tax Revenue	-	85,230	113,600	75%
16	TOTAL OPERATING INCOME	103,625	1,014,564	1,434,570	71%
17	NON-OPERATING INCOME				
18	Property Taxes	-	30,492	60,900	50%
19	Cell Tower Lease Income	2,006	14,043	23,100	61%
20	Misc. Non-Operating Income	-	1,474	-	0%
21	Interest Income	465	6,064	7,400	82%
22	TOTAL NON-OPERATING INCOME	2,471	52,073	91,400	57%
23	TOTAL REVENUES	106,096	1,066,637	1,525,970	70%
24	EXPENSES				
25	PAYROLL				
26	Directors Fees	1,000	8,700	20,000	44%
27	Management & Customer Service				
28	Customer Accounts	3,519	32,179	43,800	73%
29	Business Admin Manager	4,473	39,840	54,200	74%
30	Office Assistant	-	2,465	8,100	30%
31	General Manager	6,468	58,756	84,900	69%
32	Total Management & Customer Service	14,461	133,240	191,000	70%
33	Field Workers	5,458	66,731	85,000	79%
34	Employee Benefits Expense				
35	Workers Comp.	-	4,143	14,100	29%
36	Employee Health Care	6,996	51,151	62,300	82%
37	Pension	4,574	39,098	54,200	72%
38	Total Employee Benefits Expense	11,570	94,392	130,600	72%
39	Payroll Taxes	2,268	18,784	27,200	69%
40	TOTAL PAYROLL	34,757	321,847	453,800	71%
41	OPERATIONAL EXPENSES				
42	Facilities, Wells, T&D				
43	Lab Fees	880	4,015	8,000	50%
44	Site Landscaping & Maintenance	45	360	700	51%

Cabazon Water District

Profit & Loss

February 2018

	Feb-18	Current YTD	Budget	YTD %
45 Meters	1,600	3,693	5,000	74%
46 Generator Service Contractor	349	716	2,400	30%
47 Median Landscape & Maintenance	65	65	-	0%
48 Utilities - Wells	10,334	84,266	117,900	71%
49 SCADA	-	159	4,900	3%
50 Line R&M Contractor	-	-	12,500	0%
51 Line R&M Materials	4,464	26,739	60,000	45%
52 Well Maintenance	613	25,149	36,000	70%
53 Security	1,330	11,642	24,410	48%
54 Engineering Services	18,284	84,485	80,900	104%
55 Chlorinators	-	61	4,180	1%
56 Facilities, Wells, T&D - Other	-	343	10,000	3%
57 Total Facilities, Wells, T&D	37,964	241,692	366,890	66%
58 Utilities - Office				
59 Electricity	1,196	9,782	15,100	65%
60 Gas	68	322	710	45%
61 Telephone	793	6,288	10,500	60%
62 Trash Pickup & Office Cleaning	358	2,862	4,400	65%
63 Total Utilities - Office	2,415	19,255	30,710	63%
64 Office Expenses				
65 Water Billing System	177	1,418	2,500	57%
66 Supplies & Equipment	68	1,491	9,700	15%
67 Copier and Supplies	237	3,107	8,100	38%
68 Dues & Subscriptions	-	88	1,700	5%
69 Postage	598	4,720	12,900	37%
70 Printing & Publications	414	654	6,100	11%
71 Leases & Rents	-	165	300	55%
72 Computer Services	2,640	21,210	36,800	58%
73 Office Radio	-	-	500	0%
74 Office Storage	500	4,000	6,100	66%
75 Air Conditioning Servicing	379	3,032	4,500	67%
76 Fire Alarm System Servicing	-	444	600	74%
77 Office Expenses - Other	-	836	1,300	64%
78 Total Office Expenses	5,014	41,164	91,100	45%
79 Support Services				
80 Temporary Labor	60	6,570	10,000	66%
81 Financial Audit	-	7,355	22,100	33%
82 Accounting	-	16,991	30,000	57%
83 Legal Services	5,498	36,377	115,100	32%
84 Bank Service Charges	55	515	1,500	34%
85 Payroll Service	269	2,597	5,100	51%
86 Website Support	110	1,180	1,300	91%
87 General Liability Insurance	943	7,543	21,900	34%
88 Total Support Services	6,935	79,129	207,000	38%
89 Training/Travel	70	5,929	7,000	85%

Cabazon Water District

Profit & Loss

February 2018

		Feb-18	Current YTD	Budget	YTD %
90	Other Fees/SWRCB	150	4,940	19,600	25%
91	Service Tools & Equipment				
92	Shop Supplies and Small Tools	9	885	6,100	15%
93	Vehicle Fuel	314	7,965	12,200	65%
94	Employee Uniforms	396	730	1,500	49%
95	Safety	-	-	500	0%
96	Tractor Expenses	169	636	5,500	12%
97	Equipment Rental	-	303	1,000	30%
98	Service Trucks - R&M	475	10,577	14,400	73%
99	Water Ops Phone & Internet	85	596	3,600	17%
100	Communications	-	-	3,300	0%
101	Total Service Tools & Equipment	1,449	21,694	48,100	45%
102	NON-OPERATING EXPENSES				
103	Grant & Loan Processing Fee	-	1,325	1,600	83%
104	DWR Interest Expense	-	5,841	11,236	52%
105	DHPO Interest Expense	-	6,120	10,802	57%
106	Bad Debt Expense	-	-	1,200	0%
107	Miscellaneous	-	1,321	5,000	26%
108	Prior Year Income / Expense	-	6,768	-	0%
109	Depreciation Expense	22,192	177,533	266,300	67%
110	TOTAL NON-OPERATING EXPENSES	22,192	198,909	296,138	67%
111	TOTAL EXPENSES	110,944	934,559	1,520,338	61%
112	TOTAL INCOME BEFORE CAPITAL & GSA	(4,849)	132,078	5,632	2345%
113	DHPO CAPACITY CREDIT	(1,750)	(14,000)	(21,000)	67%
	CAPITAL PROJECTS				
114	Main Street Improvements (Icehouse Imp.)	-	-	(5,000)	0%
115	Meter Replacements & Other Capital	-	-	(21,888)	0%
116	TOTAL CAPITAL PROJECTS	-	-	(26,888)	0%
117	DEBT - PRINCIPAL				
118	Debt Service Principal - DWR	-	-	(36,261)	0%
119	Debt Service Principal - DHPO (Zion)	-	(38,471)	(76,943)	50%
120	TOTAL DEBT - PRINCIPAL	-	(38,471)	(113,203)	34%
121	SGMA / GSA	-	-	(60,000)	0%
122	NET INCOME / (LOSS)	(6,599)	79,607	(215,459)	-37%

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

February 28, 2018

	<u>February</u> <u>2018</u>
1 ASSETS	
2 Current Assets	
3 Checking/Savings	
4 General Bank Account-Chase	216,878
5 Payroll Bank Account-Chase	52,681
6 Trust Account-Chase (Cust. Deposits)	10,384
7 Local Petty Cash	100
8 Total Checking/Savings	<u>280,044</u>
9 Accounts Receivable	193,062
10 LAIF	509,165
11 Bank of NY Trustee Accounts	65,150
12 Prepaid Expenses	23,940
13 Inventory Total	80,438
14 Total Other Current Assets	<u>871,755</u>
15 Total Current Assets	<u>1,156,892</u>
16 Fixed Assets	
17 Construction in Process	
18 CIP Cabazon Outlets Expansion	9,692
19 CIP Super Map	10,730
20 CIP 50100 Main St. Property	69,701
21 Total Construction in Process	<u>90,124</u>
22 Tools and Equipment	123,319
23 Source of Supply	1,532,687
24 Transmission & Distribution	10,173,270
25 Buildings & Structures	12,281
26 Water Treatment	8,800
27 Office Furniture and Equipment	72,691
28 Intangible Plant	11,032
29 Vehicles	106,309
30 Land	689,548
31 Accumulated Depreciation	<u>(5,207,190)</u>
32 Total Fixed Assets	<u>7,612,871</u>
33 TOTAL ASSETS	<u><u>8,769,763</u></u>
34 LIABILITIES & EQUITY	
35 Liabilities	
36 Current Liabilities	
37 Accounts Payable	45,470
38 Other Current Liabilities	
39 Developer Deposits	
40 Dollar General	1,413
41 Developer Deposits	<u>1,413</u>

Cabazon Water District

Balance Sheet

February 28, 2018

		<u>February</u> <u>2018</u>
42	Customer Deposits	
43	Customer Deposits - Co 1	3,599
44	Customer Deposits - Co 2	5,884
45	Total Customer Deposits	<u>9,484</u>
46	Accrued Vacation Pay	10,270
47	DWR-HS Payable - Current	18,809
48	Current Portion Zion's Bank Ln	76,943
49	Accrued Payroll	6,267
50	Accrued Payroll Taxes	456
51	Accrued Interest	5,980
52	Total Other Current Liabilities	<u>129,621</u>
53	Total Current Liabilities	<u>175,091</u>
54	Long Term Liabilities	
55	DWR-H Loan Payable (Payoff '26)	356,925
56	Zion's Bank Long Term (2023)	414,615
57	RCEDA Loan Payable	300,000
58	Total Long Term Liabilities	<u>1,071,540</u>
59	Total Liabilities	<u>1,246,632</u>
60	Total Equity	<u>7,523,131</u>
61	TOTAL LIABILITIES & EQUITY	<u>8,769,763</u>

**AGREEMENT FOR DEDICATION OF
WATER FACILITIES TO
CABAZON WATER THE DISTRICT**

This Agreement is entered into this 26 day of FEB. 2018, ("Effective Date") by and between Cabazon Water District ("The District") and SimonCRE Lincoln, LLC ("SimonCRE"). The District and SimonCRE may be individually referred to herein as "Party" and collectively as "Parties."

RECITALS

A. SimonCRE is constructing a commercial development on Assessor Parcel Nos. 526-060-003-2 and 526-060-004-3 of Certificate of Parcel Merger No. 02019, recorded September 27, 2017 as Document No. 2017-0399605, near the northeast corner of the intersection of Fern Street and Main Street in Cabazon, California. ("Project");

B. The Project is in the water service area of the District;

C. SimonCRE desires that the District provide water service to the Project;

D. As a condition of water service under the District's Rules and Regulations and other applicable policies, the District requires that water facilities be dedicated to the District; and

E. SimonCRE has constructed water facilities that it now offers to dedicate to the District in order for the Project to receive water service. The constructed facilities include approximately two hundred ten (210) linear feet of 12-inch diameter ductile iron pipe located in Main Street extending from Palm Street to Fern Street; approximately two hundred seventy (270) linear feet of 8-inch diameter ductile iron pipe located in Fern Street, extending from Main Street to the northerly terminus of Fern Street; and all appurtenances, including valves, fittings, and fire hydrants ("Facilities"). The Facilities are described in more detail in Exhibit "A" and depicted on the map attached as Exhibit "B"; and

F. The Parties desire to enter into this Agreement to establish the terms and conditions under which SimonCRE dedicates the Facilities to the District as a condition precedent to the provision of water service to the Project.

NOW, THEREFORE, in consideration of the foregoing recitals which are incorporated herein by reference, the mutual understandings contained in this Agreement, and other good valuable and sufficient consideration, the Parties hereto agree as follows:

AGREEMENT

1. Conveyance and Acceptance of Dedication. SimonCRE hereby agrees to the District the Facilities described in Exhibit A by way of the executed assignment document set forth in Exhibit "A". Subject to final inspection and written approval by the District and satisfaction of any and all other District policies, rules and regulations, the District will accept, all rights, title, ownership, and interest in the Facilities.

2. Warranty. SimonCRE warrants that all work and materials constituting or associated with the Facilities are free from all defects due to design and faulty materials or workmanship. SimonCRE will or will arrange for the repair or remove and replace any and all defective Facilities, together with any other work which may be displaced in so doing, that are found to be defective in workmanship or materials, without expense whatsoever to the District, ordinary wear and tear and unusual abuse or neglect by the District excepted. The warranty period for the Facilities shall be for one (1) year or the warranty period provided by the material suppliers and contractors, whichever is longer. In the event SimonCRE fails to commence to cure any defect within thirty (30) days after being notified in writing, or, in the case of an emergency, 24 hours after being notified by phone, the District is hereby authorized to proceed to have the defects remedied and made good at the expense of SimonCRE, who hereby agrees to pay the cost and charges therefor within 30 days of demand by the District. Such action by the District will not relieve SimonCRE of the warranty required by this Section. This Section does not in any way limit the liability of SimonCRE for any design defects or any latent defects in the work subsequently discovered by the District.

3. Indemnity. To the fullest extent permitted by law, SimonCRE agrees to hold harmless and indemnify the District and its Board Members, employees, consultants, and agents ("Indemnified Parties") from any and all claims, liability, loss, costs, damages, expenses, fines, and penalties, of whatever type or nature, including all costs of defense, attorney's fees and expert witness fees, arising from or related to this Agreement, including the design and construction of the Facilities and the Project. This indemnity includes claims by the District for damage arising from improper design or workmanship of the Facilities, except to the extent the injury or damage has been caused by the sole or active negligence or willful misconduct of the District or its representatives. SimonCRE will defend, at SimonCRE's own cost, expense and risk, with legal counsel of the District's choosing, any and all such aforesaid suits, actions or other legal proceedings of every kind that may be brought or instituted against the Indemnified Parties immediately upon tender of a claim by the Indemnified Parties to SimonCRE. SimonCRE will pay and satisfy any judgment, award or decree that may be rendered against the Indemnified Parties in any such suits, actions or other legal proceedings. Subject to SimonCRE's right to approve or reject any settlement proposal subject to this indemnity provision, SimonCRE will also reimburse the Indemnified Parties for the cost of any settlement paid by the Indemnified Parties arising out of any such claims, demands, causes of action, costs, expenses, liabilities, losses, damages, injuries, suits, actions, or other legal proceedings. SimonCRE's obligation to indemnify will not be restricted to insurance proceeds, if any, received by the Indemnified Parties.

4. Responsibility for the Project and the Facilities. SimonCRE is solely responsible and liable for design defects or defects in work performed to construct the Facilities, including

liability and responsibility for injury or damage to the Project itself. Following the execution of this Agreement, SimonCRE and SimonCRE's successors in interest will remain liable for all injuries or damages to persons or property, including damage to the Project itself, arising from or related to the design or construction of the Facilities for a period of at least three (3) years. No director, officer, employee, agent, consultant, engineer, or architect of the District will be personally responsible for any liability arising under or by virtue of this Agreement.

5. Miscellaneous Provisions

5.1 Venue. In the event of any legal or equitable proceeding to enforce or interpret the terms or conditions of this Agreement, the Parties agree that venue will lie only in the federal or state courts in Riverside County, California.

5.2 Cumulative Rights and Remedies. The rights and remedies granted to the District pursuant to this Agreement are in addition to any rights or remedies granted to the District as a result of other agreements with SimonCRE or any District rules, regulations or policies. All such other agreements, rules, regulations and policies will remain valid and enforceable as written and will be interpreted in a manner so as to be consistent with each other and in a manner which provides the greatest rights and remedies to the District.

5.3 Modification. This Agreement may not be altered in whole or in part except by a written modification approved by the Board of Directors of the District and executed in writing by all the Parties to this Agreement.

5.4 Binding Effect. This Agreement will bind and inure to the benefit of the Parties' successors and permitted assigns.

5.5 Attorneys' Fees. In the event any action or proceeding is initiated to challenge, invalidate, enforce, or interpret any of the terms of this Agreement, the prevailing Party will be entitled to all reasonable attorney's fees and costs in addition to any other relief granted by law. This provision will apply to the entire Agreement.

5.6 Assignment. SimonCRE will not be entitled to assign or transfer all or any portion of its rights or obligations contained in this Agreement without obtaining the prior written consent of the District, which consent will not be unreasonably withheld. Any purported assignment without the District's prior written consent will be void.

5.7 No Waiver. The failure of either Party to enforce any term, covenant, or condition of this Agreement on the date it is to be performed will not be construed as a waiver of that Party's right to enforce this, or any other, term, covenant, or condition of this Agreement at any later date or as a waiver of any term, covenant, or condition of this Agreement.

5.8 Severability. In the event that any provision or any part of any provision of this Agreement will be void or unenforceable for any reason whatsoever, then such provision will be stricken and be of no force and effect. The remaining provisions of this Agreement, however, will continue in full force and effect, and to the extent required, will be modified to preserve their validity.

5.9 Counterparts. This Agreement may be executed in separate counterparts, the whole of which will constitute a binding agreement. Facsimile signatures, when received, will have the same force and effect as original signatures.

5.10 Notices. All letters, statements, or notices required pursuant to this Agreement will be deemed effective upon receipt when personally served or when sent certified mail, return receipt requested, to the following addresses:

To: "District":	To: "SimonCRE":
Cabazon Water District 14618 Broadway Street P.O. Box 297 Cabazon, California 92230 Attn: General Manager	SimonCRE Lincoln, LLC 6900 E. 2nd Street Scottsdale, AZ 85251 Attn: Vice President

5.11 Entire Agreement. This Agreement, together with all exhibits attached hereto, contains all representations and the entire understanding between the Parties with respect to the subject matter of this Agreement. Any prior correspondence, memoranda, or agreements, whether or not such correspondence, memoranda, or agreements are in conflict with this Agreement, are intended to be replaced in total by this Agreement and its exhibits, subject to section 5.2 of this Agreement. SimonCRE warrants and represents that no District representative has made any oral representations or oral agreements not contained in this Agreement.

"SIMONCRE":

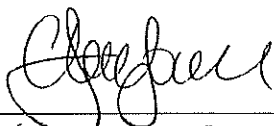
SIMONCRE LINCOLN, LLC

By: _____

Dated: _____

"DISTRICT":

CABAZON WATER THE DISTRICT

By:  _____
GENERAL MGR

Dated: FEBRUARY 26, 2018

EXHIBIT "A"

ASSIGNMENT

For value received, SimonCRE Lincoln, LLC ("SimonCRE") hereby assigns, sets over, conveys and delivers to the Cabazon Water District ("District") the following:

1. All right, title and interest in the following tangible assets located within that certain area of Riverside County described as APNs 526-060-003 and 526-060-004 within Section 16, Township 3 South, Range 2 East, San Bernardino Meridian:

1. Approximately two hundred ten (210) linear feet of 12-inch diameter ductile iron pipe located in Main Street, extending from the existing 12"x8" cross at the intersection of Main Street and Palm Street to the new 12"x8" tee at the intersection of Main Street and Fern Street.
2. Approximately two hundred seventy (270) linear feet of 8-inch diameter ductile iron pipe located in Fern Street, extending from the new 12"x8" tee at the intersection of Main Street and Fern Street to the northerly terminus of Fern Street.
3. All appurtenances, including valves, fittings, and one commercial fire hydrant located on the northwest corner of Main Street and Fern Street.

Dated: FEBRUARY 26, 2018

SIMONCRE LINCOLN, LLC

By: _____
Name: _____
Title: _____

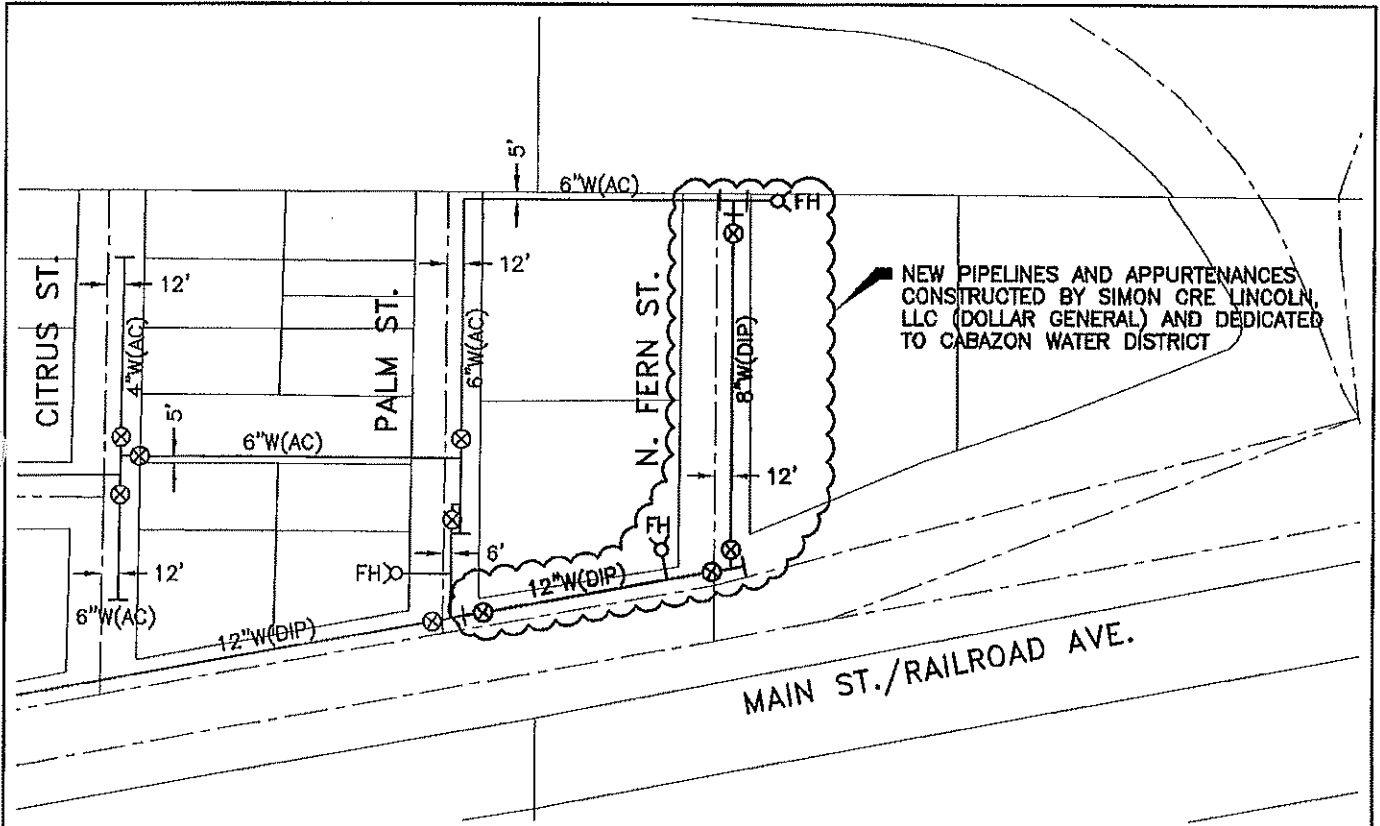
THIS BILL OF ASSIGNMENT IS ACCEPTED:

CABAZON WATER DISTRICT

By: [Signature]
Name: LOUIE
Title: GENERAL MANAGER

EXHIBIT "B"

MAP



NEW PIPELINES AND APPURTENANCES
 CONSTRUCTED BY SIMON CRE LINCOLN,
 LLC (DOLLAR GENERAL) AND DEDICATED
 TO CABAZON WATER DISTRICT

683-6p20_ex-b.dwg



VERIFY SCALES
 BAR IS ONE INCH ON
 ORIGINAL DRAWING
 IF NOT ONE INCH ON
 THIS SHEET, ADJUST
 SCALES ACCORDINGLY



KRS KRIEGER & STEWART
 Engineering Consultants
 3692 University Avenue • Riverside, CA 92501
 www.kriegerandstewart.com • 951-684-6900

SCALE: 1"=100'± DATE: 01/30/18

CABAZON WATER DISTRICT
 DOLLAR GENERAL DEDICATION AGREEMENT
WATER SYSTEM FACILITIES MAP

DRAWN BY: TMW CHECKED BY: SAN W.O.: 683-8.20

EXHIBIT
B



MEMORANDUM

DATE: March 20, 2018
TO: Board of Directors
FROM: Calvin Louie – General Manager
SUBJ: Staff Report – Survey and Filing Fees – 50100 Main Street, Cabazon, CA 92230
cc: Lemus

Summary

The Cabazon Water District (the “District”) owns an undeveloped parcel located at 50100 Main Street, Cabazon CA 92230 (the property). It is on the northwest corner of Main Street and Pecan Street.

The District is currently paying rent (\$500 per month) to the County of Riverside (the “County”) for the District’s formerly owned property identified by the address of 50250 Main Street, Cabazon, CA 92230, (the yard).

To lessen the monthly cost, Management is proposing the following long term solution. The lump sum investment would enhance the District’s portfolio, rather than a monthly expenditure towards a liability (paying monthly rent to the County and other related maintenance cost for the yard).

The District’s engineering, Krieger & Stewart Engineering Consultants, Inc. (K&S) has had their surveyor review the property for available records and have confirmed that a Record of Survey will be required. The available records for the property dates back to 1911 – 1912. There is limited information available.

Management recommends this to be completed with the following proposed funding schedule.

Funding prior to the end of this fiscal year

1. K&S surveyor to establish the property corners which would be of use for future developments.

Funding for Fiscal Year Budget of July 1, 2018 through June. 30, 2018

1. Once a survey is completed and filed, removal of hazardous material (Hazmat) (asbestos and lead) (contract), demolishing (contract), and grading (to be completed in-house).

Management recommends that the Board of Directors, upon review of each competitive bid for Hazmat removal, demolishing and removal of two (2) structure and 14 tamarisk trees to authorize the General Manager to execute the approved contract in order to retain the quoted amount.

2. The District would use the data from the updated survey of the property to erect a block wall on the west and north side of the property. A wrought iron fence would be installed on the east (Pecan Street) and south side (Main Street) of the property. The wrought iron fence would afford a majority unobstructed view by law enforcement or other public safety agencies (i.e. Fire). It is a known fact that Sheriff Patrol units drive past Main Street and Pecan Street while leaving and returning from the Cabazon Sheriff's Substation. The visibility would discourage an individual to scale the solid perimeter and conceal themselves from responding patrol units or the public.
3. The survey data will not only be helpful in erecting the block wall and wrought iron fence, but it would also solve disputes with neighboring property owners. The District also plans to remove the 14 tamarisk trees and plastic fence on the property's west side. This would not only defend the District, but also define whether it has the right to remove materials/vegetation.
4. Upon completion of the block wall and wrought iron fence, the in-house field crew would construction bunkers to store material (i.e. clean sand, dirt, gravel, and asphalt).
5. A "Connex" (abbreviation for "container to export") or shipping container refurbished can have multiple uses from storing equipment, tools, mobile office, or any combination.

Financial Impact

The initial cost for the survey is not in the budget. Management feels the project \$13,850 is absorbable and the bulk cost of the property development would be worked in the new fiscal year budget.

Management recommends the Board approve the cost of the survey and to approve the upcoming proposed fiscal year budget with this project in place. The reason why Management supports this expenditure is because the Main Street material and equipment yard is a liability by paying \$500 per month to the County. Total cost per year is \$6,000 which does not include (and is not limited to) liability insurance, gas, electric, and various unforeseen maintenance costs.

The following table provides a breakdown of costs associated for the Record of Survey:

Task	Description	Estimated Fee
1	Field Preparation and Research	\$1,800
2	Field Survey	\$5,000
3	Prepare Record of Survey, Boundary Calculations, and Submittal Documents to Submit to County of Riverside	\$6,300
4	Estimated Record of Survey Filing Fee with County of Riverside	\$750
	Total	\$13,850

Cabazon Water District
14618 Broadway Street
P.O. Box 297
Cabazon, California 92230
Bus. (951) 849-4442 Fax (951) 849 2519



MEMORANDUM

DATE: February 26, 2018
TO: The Cabazon Water District Board of Directors
FROM: Ellie Lemus, Board Secretary
SUBJ: Staff Report Regarding a Letter Folder for Monthly Bills
cc:

Preface: During the February 20, 2018 Regular Board Meeting, Director Wargo inquired what the expense would be for the District to purchase a letter folding machine to pre-fold monthly water bills before sending them to the Presort and Mailing center for distribution.

The District has approximately 1,140 monthly invoices that need to be double folded and stuffed into an envelope with a remittance envelope. Inland Presort & Mailing Services (IPM), the vendor that the District uses to fold, stuff, and mail the monthly invoices, charges \$0.02 per bill to fold, \$0.03 per bill to insert the invoice and remittance envelope into the billing envelope, \$0.015 per bill to meter, and \$0.001 per bill to sort/mail. This comes out to approximately \$75.31 per month. The remainder of the IPM invoice is strictly for postage. Below is a table depicting the expenses (please note; the February 1, 2018 IPM invoice was used for this memo, since the March 1, 2018 invoice had not yet been generated).

Service	Pieces Processed	Rate (\$)	Rate Total (\$)
Fold – 2 folds	1,141	\$0.02 per piece	\$22.82
Insert – 3 (remit., bill, envelope)	1,141	\$0.03 per piece	\$34.23
Meter	1,141	\$0.015 per piece	\$17.12
Sort – Mail	1,141	\$0.001 per piece	\$1.14
Postage	1,141	\$0.458 per piece	\$522.58
Total			\$597.89

In summary, the District spends approximately \$22.82 per month to have IPM fold the 1,141 monthly bills. They are responsible for maintaining their equipment, and ensuring

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that the bills fold correctly (if the folds are off, the mailing addresses will not align with the envelope window).

If the District were to purchase a letter folder, the District staff would be responsible for maintenance, paper feeding, paper jam repair, and ensuring the fold setting is accurately placed. There may be some difficulty should the folds be off (the District staff would not be responsible for stuffing envelopes), or should paper jams ensue. There may also be a delay in mailing out the monthly bills should there be a mechanical issue that is not easily resolved.

A Letter Folder Machine can range anywhere from approximately \$250 to \$1,500. For a machine that is designed to handle medium to high volume folding, the cost would be approximately \$1,124 to purchase. If the District were to purchase a machine, District staff would still be responsible for maintenance and operation. There would also be additional expenses relating to cleaning/maintenance supplies (e.g. static eliminator, at \$23.50 per bottle, and rubber roll cleaner, at \$17.50 per bottle). A slight increase in staff time would also be necessary, although I do not believe it would be extensive.

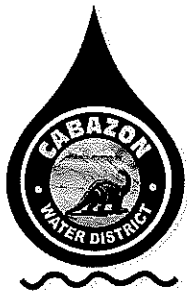
Also, it should be kept in mind that it would take approximately 4 ½ years before the District would "break even" in purchasing a machine, vs. continuing with IPM's folding services. After 4 ½ years, the machine may or may not be in excellent working order.

District Management's recommendation would be to continue using IPM's folding services. Not only would it relieve the District staff's liability in ensuring that bills are folded correctly and sent out within one day (which could be difficult if there was an equipment failure), but the cost is extremely minimal, and worth its weight in comparison to taking on a potential liability.

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MEMORANDUM

DATE: March 20, 2018
TO: Cabazon Water District Board of Directors
FROM: Calvin Louie – General Manager
SUBJ: Staff Report – Eradicating Penalty Charges during Monthly Payment Agreement for Delinquent Amount

cc:

PURPOSE

During the February 20, 2018, regular board meeting, the Board of Directors of the Cabazon Water District (the “Board”) requested a Staff Report on Ordinance No. 22 Establishing Charges and Fees for water services.

The Staff Report will provide a study of the District’s policy on the Rules and Regulations of Cabazon Water District (Rules and Regulations) of 1.6 Penalty for Violation, 10.1.3 Notice, Termination for Nonpayment of Delinquent Account, and Payment Extension Agreement.

The Board is seeking a recommendation whether to eradicate the recurring **penalty charges** of 10% and **interest charges** of 1.5% of the current monthly bill amount as it becomes past due on the 21st of each month. Any previously delinquent balance (past due amount) is **not** charged penalty and interest charges each month; it is only the current monthly bill balance that becomes past due on the 21st that incurs these charges after the due date of each month.

SUMMARY

Common reasons for a payment extension request:

1. Unknown leaks
 - a) The handheld water meter (Psion) alerts the water meter reader (meter reader) and Customer Accounts Representative (CAR) of **high water usage**. This is based on usage not common for a particular water account.
 - b) An Urgent/Courtesy Notice (Blue Tag) is placed on the affected property’s door or fence. On each tag, there are various check boxes indicating the reason for the **Blue Tag**. Some of the most common boxes checked are *Returned Check*, *Re-read meter*, *found leak at meter box Customer side (Your plumber must do repair)*, and *High Usage Possible Leak* which is a courtesy advisory to the water customer of potential high water usage and bill. There is no charge for the **Blue Tag**.

2. Water accounts exceeding the District's allowable delinquent limits.
 - a) When a water customer surpasses the allowable time to pay a delinquent amount, a WARNING (Yellow Tag) is placed on affected property's door or fence. A **\$10 fee** is applied to the customer's water account. This notifies the customer that their water account is delinquent and the amount is now due. It indicates a specific date the delinquent amount is to be paid in full or water service interruption will occur.
 - b) If a **Yellow Tag** is received and payment is not made by the specified time, a Shut-off Notice (Red Tag) is placed on the affected property's door or fence, a **\$10 fee** is applied to the customer's water account, and the water service is terminated.
 - c) When the customer pays the delinquent amount in full, there is a **\$50 water Reconnection Fee** applied to their water account.
3. Filling swimming pools are not always **Blue Tagged**. There are customers that advise the Customer Accounts Department or makes an inquiry as to the estimated cost to fill a swimming or wading pool.

STATEMENT of FACTS

The CAR has listed the following reasons for imposing Interest and Penalties for delinquent water accounts:

1. Cost to the District for printing **Blue Tags, Yellow Tags, and Red Tags**.
2. Cost to the District for Staff time to prepare each tags, delivery, and inquiries either in person or by the phone. It takes time for each step and that reduces Staff time to work on other details pertinent to the District.
3. Enforcement is a constant endeavor for the CAR. The CAR is constantly drafting and sending written payment reminders of their agreed payment extensions towards the end of the month.
4. The CAR collection duties includes, but not limited to advising the customer of another potential water service termination due to non-payment. The Payment Extension Agreement signed by the water account holder specifically states,

"I understand that if I fail to make the payments as indicated above, **PLUS the CURRENT BILL**, my service will be subject to DISCONNECTION without further notice. Penalties and Interest will continue to accrue. Additional charges will be added for **Door Tag and Reconnection Fee**."

5. This equates to additional cost to the District for the following administrative and enforcement actions, but not limited to phone conversations with the customer, management review, and advise from legal.

RECOMMENDATION to the BOARD

It is Managements posture to support the CAR's recommendation to **NOT eradicate Interest and Penalties**.

Management agrees with the CAR that **Interest and Penalties** are useful enforcement tools to encourage water customers to pay their current and delinquent water bills.

Furthermore, Management feels the water customers that are current with their water bills should not be burdened with the cost to enforce and collection efforts from a few negligent water customers. This additional cost to the District should be incurred by the ones that are careless in maintaining their water bills.

If interest and penalty charges were discontinued, essentially, delinquent water customers would be given an interest free "loan" of sorts; there would be no incentive to pay off their delinquent amount in a timely manner, which would burden the District and its responsible water rate payers. This eventually would result in Management recommending a higher water rate adjustment to the Board.