



Cabazon Water District
14-618 Broadway Street • P.O. Box 297
Cabazon, California 92230

FINANCE & AUDIT COMMITTEE MEETING

AGENDA

Meeting Location:

Cabazon Water District Office
14-618 Broadway Street
Cabazon, California 92230

Meeting Date:

September 21, 2015 – 3:45 PM

CALL TO ORDER,
PLEDGE OF ALLEGIANCE,
ROLL CALL

FINANCE & AUDIT COMMITTEE

1. Discussion: Finance & Audit Committee Report
 - Balance Sheet
 - Profit and Loss Two Month
 - Profit and Loss Budget Comparison
 - FY 2015-2016 Proposed Budget

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
14-618 Broadway Street • P.O. Box 297
Cabazon, California 92230

REGULAR BOARD MEETING

AGENDA

Meeting Location:
Cabazon Water District Office
14-618 Broadway Street
Cabazon, California 92230

Meeting Date:
September 21, 2015 – 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 July 20, 2015, regarding June 2015 Financials
 - b. Regular Board Meeting Minutes and warrants of July 20, 2015
2. **Warrants – None**
3. **Awards of Contracts – None**

UPDATES

- Update: San Geronio Pass Water Taskforce Update
(by Director Kerri Mariner)
- Update: Manager's Operations Report
(by General Manager Louie)
- Member of Public Governing Board Participating in Nonprofit and other Community Organizations
 - Calls for Service

NEW BUSINESS

1. Discussion/Action: Board Approval of Fiscal Year Budget
July 1, 2015 – June 30, 2016
2. Discussion/Action: Funding & Volunteering for Cabazon Christmas (by Cabazon
Neighborhood Association)
3. Discussion/Action: Water Rights in Jensen Canyon (by Director Sanderson and
Director Mariner)
4. Discussion/Action: Government Codes and/or Rules on how a Board is to be run and
conduct of members of the Board, management, and staff. (by
Director Tobias and Director Bui)
5. Discussion/Action: Water District "By-laws" Review or Establish (by Director Bui and
Director Tobias)

OLD BUSINESS

1. Discussion/Action: Work Order Procedures (by General Manager Louie)
2. Discussion/Action: Outsourcing or In-house for Landscaping and Weed Abatement
(by General Manager Louie)
3. Discussion/Action: Billboard or large sign to notify the public of Board meetings. (by
General Manager Louie)
4. Discussion/Action: Tour of Water Facilities for Water Board Candidates and the Public
(by Director Mariner)
5. Discussion/Action: A verbal complaint alleging spending public
funds for employee morale. (by General Manager Louie & Steve
Anderson, BB&K)

6. Discussion/Action: Allegations of Janet Mejia's water service serves an unpermitted building or structure. (by General Manager Louie & Steve Anderson, BB&K)
7. Discussion: On-call Emergency Repair and Water Pipeline Crew proposed renewal contracts. (by General Manager Louie & Steve Anderson, BB&K)
 - Board shall select two (2) Directors for an Ad hoc committee to review the draft and make an recommendation to the Board during the October 19, 2015 Board meeting.

PUBLIC COMMENTS REGARDING CLOSED SESSION

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CLOSED SESSION

1. Public Employee Performance Evaluation Pursuant to Government Code Section 54957
Title: General Manager

OPEN SESSION

Report to Public of Action Taken, if any

BOARD/GENERAL MANAGER 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 – October 19, 2015, 3:45 pm
- b. Regular Board Meeting – October 19, 2015, 6:00 pm
- c. Personnel Committee – None
- d. San Gorgonio Pass Regional Water Alliance – Technical Committee – Banning City Hall
September 23, 2015 – 4:30 PM
- e. San Gorgonio Pass Regional Water Alliance – General Meeting – Banning City Hall –
September 23, 2015 – 6:00 PM

ADJOURNMENT

ADA Compliance Issues

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Cabazon Water District
14-618 Broadway Street • P.O. Box 297
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REGULAR BOARD MEETING

MINUTES

Meeting Location:
Cabazon Water District Office
14-618 Broadway Street
Cabazon, California 92230

Meeting Date:
August 17, 2015 – 6:00 PM

CALL TO ORDER

By Chairperson Janet Mejia at 1807 hr.

PLEDGE OF ALLEGIANCE

REMEMBRANCE OF OUR SERVICE MEN AND WOMEN

ROLL CALL

Director Joseph Tobias - Present
Director Teresa Bui - Present
Director Kerri Mariner - Present
Board vice Chair Martin Sanderson - Present
Board Chair Janet Mejia - Present

Calvin Louie, General Manager - Present
Elizabeth C. Lemus, Board Secretary - Absent
Steve Anderson, Best Best & Krieger Law Firm - Present

Note: This meeting was recorded by the District – 1807 hr.

CONSENT CALENDAR

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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 July 20, 2015, regarding June 2015 Financials
 - b. Regular Board Meeting Minutes and warrants of July 20, 2015
2. Warrants – None
3. Awards of Contracts – James M. Doolittle

General Manager distributed a reply to Director Bui's inquiry of the old Doolittle Construction contract.

Motion to approve the minutes of the FAC and regular Board meeting of July 20, 2015 made by Director Bui and 2nd by Director Mariner.

Director Tobias - Aye
Director Bui - Aye
Director Mariner - Aye
Director Sanderson - Aye
Director Mejia - Aye

UPDATES

Update: San Gorgonio Pass Water Taskforce Update
(By Director Kerri Mariner)

Update: Manager's Operations Report
(By General Manager Louie)

- Update on former Board President R.D Cash Director's Fee over payment.

NEW BUSINESS

1. Discussion/Action: Approval of Audited Financial Statements for Fiscal Year 2013-2014 (By Chris Brown)

Motion to approve the audit for the Fiscal Year 2013-2014 made by Director Sanderson and 2nd by Director Tobias.

Director Tobias - Aye
Director Bui - Aye
Director Mariner - Aye
Director Sanderson - Aye
Director Mejia - Aye

2. Discussion/Action: Cabazon Neighborhood Watch – Donation request and volunteer Search, (by Marilyn Sloan).

Director Mariner informed the Board with the absence of an E.I.N., Cabazon Water District would be the "HUB" for Cabazon Neighborhood Watch and hold the funds in trade for approved receipts of purchases made for her non-profit/charity organization.

Motion to table this item and have Ms. Sloan approach the Board again when her Cabazon Neighborhood Watch has obtain an E.I.N. made by Director Sanderson and 2nd by Director Bui.

Director Tobias - Aye
Director Bui - Aye
Director Mariner - Aye
Director Sanderson - Aye
Director Mejia - Aye

3. Discussion/Action: 49305 Dale Ct., 49317 Dale Ct., and 49300 Blanche Ave. water Service account appeal to the Board (by Mr. Long Bui, Mr. Ernie Saldana, and Mr. & Mrs. Robert Stephenson)
- a) Director Bui recuse herself from the Board.
 - b) Mr. Saldana spoke about how the GM "contrive" this incident and believe he was the one who called Riverside County Adult Protective Services and Sheriff's Department.
 - c) Mr. Henderson admitted saying to the GM he had helped Mr. Saldana built a water pipeline, but was to a chicken coop.
 - d) GM Louie stated if Mr. Saldana would have complied with the June & July 2015 notice of violations and contacted the District within ten (10) days from the date of receipt, this would have been resolved. Mr. Saldana and the involved property owner(s) all stayed silent until July 31, 2015 at 11:30 am. Thirty minutes (30) before their water services was to be terminated; did he come to the District office to submit a request to appeal to the Board?
 - e) Mr. Saldana stated he has emails contacting the GM asking for a meeting.
 - f) GM Louie challenged Mr. Saldana and asked him to produce the emails. Mr. Saldana claimed he didn't have an internet connection and he will not only produce the emails, but also all the videos he has collected.
 - g) The Board instructed the GM to meet with Mr. Saldana to resolve this issue. Mr. Saldana was agreeable to it, but asked it to be recorded.

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

Director Tobias - _____ (yes / no / abstain)
Director Bui - _____ (yes / no / abstain)
Director Mariner - _____ (yes / no / abstain)
Director Sanderson - _____ (yes / no / abstain)
Director Mejia - _____ (yes / no / abstain)

4. Discussion/Action: Quick Deed Write-off Approval – Mary Firestone – Date Ave. (by General Manager)

Motion to write off the lien made by Director Bui and 2nd by Director Sanderson

Director Tobias - Aye
Director Bui - Aye
Director Mariner - Aye
Director Sanderson - Aye
Director Mejia - Aye

5. Discussion/Action: \$500.00 payment the San Gorgonio Pass Regional Water Alliance (by Director Mariner and Director Tobias)

Motion to pay annual fee of \$500.00 made by Director Tobias and 2nd by Director Sanderson.

Director Tobias - Aye
Director Bui - Aye
Director Mariner - Aye
Director Sanderson - Aye
Director Mejia - Aye

6. Discussion/Action: Approval of SEIU 721 MOU for FY 2015-2018 (by General Manager & Steve Anderson, BB&K)

Mr. Anderson informed the Board labor attorney Ortiz had sent an offer to S.E.I.U, but have not received an answer. (The matter was TABLED)

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

Director Tobias - _____ (yes / no / abstain)
Director Bui - _____ (yes / no / abstain)
Director Mariner - _____ (yes / no / abstain)
Director Sanderson - _____ (yes / no / abstain)
Director Mejia - _____ (yes / no / abstain)

OLD BUSINESS

1. Discussion/Action: Billboard or large sign to notify the public of Board meetings. (by General Manager)

GM Louie advised an outdoor sign would only be subjected to Vandalism. A 9" to 24" programmable sign, with graphics, hung inside the lobby facing out would be more prudent. The cost would be from \$499.00 to \$1,200.00 plus tax and shipping.

Motion to have the General Manager submit the cost for an 18" sign made by Director Mariner and 2nd by Director Sanderson

Director Tobias - Aye
Director Bui - Aye
Director Mariner - Aye
Director Sanderson - Aye
Director Mejia - Aye

2. Discussion/Action: Update on outsourcing landscaping or in-house. (by General Manager)

GM Louie advised the Board due to budgetary restraints, the District is unable to afford additional contractors or in-house employees. The GM asked to table it until the next meeting for a staff report.

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

Director Tobias - _____ (yes / no / abstain)
Director Bui - _____ (yes / no / abstain)
Director Mariner - _____ (yes / no / abstain)
Director Sanderson - _____ (yes / no / abstain)
Director Mejia - _____ (yes / no / abstain)

PUBLIC COMMENTS REGARDING CLOSED SESSION

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CLOSED SESSION

1. Public Employee Performance Evaluation Pursuant to Government Code Section 54957
Title: General Manager

OPEN SESSION

Consideration and Potential Approval of Amendment to Contract of General Manager

Motion to extend the General Manager's Employment Agreement to 2022, a COLA of 2% as stipulated in his contract, plus an additional 1% made by Director Sanderson and 2nd by Director Mariner.

Director Tobias - _____ (yes / no / abstain)
Director Bui - _____ (yes / no / abstain)
Director Mariner - _____ (yes / no / abstain)
Director Sanderson - _____ (yes / no / abstain)
Director Mejia - _____ (yes / no / abstain)

Director Tobias asked if his could vote Aye on the proposed salary increase, but Nay on the extension to the General Manager's Employment Agreement.

Substitute Motion

Motion to provide a salary increase of 2% (COLA) as stipulated in his contract, plus an additional 1% made by Director Sanderson and 2nd by Director Tobias.

Director Tobias - Aye
Director Bui - Nay
Director Mariner - Aye
Director Sanderson - Aye
Director Mejia - Aye

Motion to extend the General Manager's employments to 2022 made by Director Sanderson and 2nd by Director Mariner.

Director Tobias - Nay
Director Bui - Nay
Director Mariner - Aye
Director Sanderson - Aye
Director Mejia - Aye

PUBLIC COMMENTS

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BOARD/GENERAL MANAGER 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.
 - a. Director Tobias (supported by Director Bui) Government Rules of the Board.
 - b. Director Bui (supported by Director Tobias) Review or establish "By-laws" for the water district.
 - c. Director Sanderson (supported by Director Mariner) Jensen Canyon water rights.

2. Management Comments

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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 – September 21, 2015, 3:45 pm
- b. Regular Board Meeting – September 21, 2015, 6:00 pm
- c. Personnel Committee – None
- d. San Geronio Pass Regional Water Alliance – Technical Committee – Banning City Hall August 26, 2015 – 4:30 PM
- e. San Geronio Pass Regional Water Alliance – General Meeting – Banning City Hall – August 26, 2015 – 6:00 PM

ADJOURNMENT

2235

ADA Compliance Issues

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Cabazon Water District
Balance Sheet
 As of August 31, 2015

Aug 31, 15

ASSETS

Current Assets

Checking/Savings

11020 · General Bank Account-Chase	122,829.22
11030 · Payroll Bank Account-Chase	11,190.74
11040 · Trust Account- Chase - Cus Dep	31,307.74
11050 · Local Petty Cash	<u>100.00</u>

Total Checking/Savings 165,427.70

Other Current Assets

12000 · Accounts Receivable	
12011 · Accounts Receivable - Co 1	96,580.93
12012 · Accounts Receivable - Co 2	39,543.03
12014 · Allow for Doubtful Accts Co 1	(8,225.34)
12015 · Allow for Doubtful Accts Co 2	<u>(7,872.23)</u>

Total 12000 · Accounts Receivable 120,026.39

13010 · LAIF

13011 · LAIF	671,651.12
13012 · LAIF Annual Market Adjustment	<u>199.84</u>

Total 13010 · LAIF 671,850.96

13020 · Bank of NY Trustee Accounts

13021 · Reserve Fund - DWR-HS 528	49,479.13
13022 · Repayment Fund DWR-HS 625	<u>24,927.17</u>

Total 13020 · Bank of NY Trustee Accounts 74,406.30

13040 · Prepaid Expenses 30,703.76

13060 · Inventory Total 88,698.21

Total Other Current Assets 985,685.62

Total Current Assets 1,151,113.32

Fixed Assets

14200 · Construction in Process

14202 · CIP Well Repairs	74,721.44
14203 · CIP DHPO Expansion	8,087.13
14204 · CIP Cabazon Outlets Expansion (Little Cabazon Mall - expansion)	9,692.35
14205 · Wells 4,5- Pump and Well Rehab	103,087.75
14206 · Almond Vault Repair 2013	62,872.14
14208 · CIP Board Room	<u>4,803.96</u>

Total 14200 · Construction in Process 263,264.77

14310 · Tools and Equipment 118,015.94

14320 · Source of Supply

14321 · Source of Supply- DHPO Intercon	553,807.23
14320 · Source of Supply - Other	<u>749,944.44</u>

Total 14320 · Source of Supply 1,303,751.67

14330 · Transmission & Distribution 7,767,650.86

14340 · Buildings & Structures 140,359.22

14350 · Water Treatment 8,800.00

14360 · Office Furniture and Equipment 124,545.53

Cabazon Water District
Balance Sheet
 As of August 31, 2015

	Aug 31, 15
14370 · Intangible Plant	11,032.00
14380 · Vehicles	90,456.71
14400 · Land	409,548.38
14500 · Accumulated Depreciation	(4,555,564.08)
Total Fixed Assets	5,681,861.00
TOTAL ASSETS	6,832,974.32
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
21100 · *Accounts Payable	26,157.71
Total Accounts Payable	26,157.71
Other Current Liabilities	
21210 · Misc Short Term Liability	
21220 · Jack Pryor	(692.41)
21210 · Misc Short Term Liability - Other	50.00
Total 21210 · Misc Short Term Liability	(642.41)
21300 · Customer Deposits	
21330 · Customer Deposits - Co 1	3,342.05
21340 · Customer Deposits - Co 2	5,424.21
Total 21300 · Customer Deposits	8,766.26
21420 · Accrued Vacation Pay	9,722.18
21440 · DWR-HS Payable - Current	36,184.29
21450 · Current Portion Zion's Bank Ln	73,227.06
Total Other Current Liabilities	127,257.38
Total Current Liabilities	153,415.09
Long Term Liabilities	
22000 · DWR-H Loan Payable (Payoff '26)	428,038.37
22100 · Zion's Bank Long Term (2023)	566,619.88
22200 · RCEDA Loan Payable	300,000.35
Total Long Term Liabilities	1,294,658.60
Total Liabilities	1,448,073.69
Equity	
31010 · Net Investment in Capital Asset	4,188,757.00
31020 · Restricted for Debt Service	233,447.00
31030 · Unrestricted Net Assets	
31041 · Reserved for Almond Vault Refur	50,000.00
31030 · Unrestricted Net Assets - Other	921,429.76
Total 31030 · Unrestricted Net Assets	971,429.76
32000 · Retained Earnings	(18,927.50)
Net Income	10,194.37
Total Equity	5,384,900.63
TOTAL LIABILITIES & EQUITY	6,832,974.32

Cabazon Water District
Profit & Loss
 July through August 2015

	Jul 15	Aug 15
Ordinary Income/Expense		
Income		
41000 · Operating Income		
41100 · Base Rate - Water Bills	103,961.15	94,485.17
41220 · Fire Sales - Water Bills	240.00	240.00
41240 · Meter Install and Removal	0.00	0.00
41310 · Penalty Fees - Water Bills	2,788.27	2,725.02
41320 · Lien Reinstatement Fees	0.00	301.07
41330 · New Account Fees - Water Bills	180.00	80.00
41360 · Incident Fee - Water Bills	0.00	0.00
41370 · Returned Check Fees	30.00	60.00
41500 · Stand By Fees - Tax Revenue	8,687.00	0.00
Total 41000 · Operating Income	115,886.42	97,891.26
42000 · Non-Operating Income		
42100 · Property Taxes		
42110 · Ad Valorem - Tax Revenue	312.97	136.80
Total 42100 · Property Taxes	312.97	136.80
42210 · Cell Tower Lease Income	3,856.48	0.00
43000 · Interest Income		
43110 · Interest Inc / Gen, Trust, Payr	1.56	1.48
43140 · Interest Income - Water bills	329.75	349.36
43160 · Interest Income - DWR	0.38	0.00
Total 43000 · Interest Income	331.69	350.84
Total 42000 · Non-Operating Income	4,501.14	487.64
Total Income	120,387.56	98,378.90
Gross Profit		
	120,387.56	98,378.90
Expense		
50010 · Payroll - All Expenses		
51000 · Payroll Summary		
51050 · Directors' Fees	1,700.00	1,300.00
51100 · Management and Customer Service		
51120 · Customer Accounts	3,279.27	3,296.13
51130 · Admin Assistant	5,933.39	1,658.77
51140 · General Manager	6,156.82	10,481.81
Total 51100 · Management and Customer	15,369.48	15,436.71
51200 · Water Operations		
51210 · Meter Reader	1,848.90	1,767.86
Total 51200 · Water Operations	1,848.90	1,767.86
Total 51000 · Payroll Summary	18,918.38	18,504.57
51300 · Payroll - Employee Ben Expense		
51310 · Workers Comp.	1,580.31	1,532.11
51320 · Employee Health Care	2,551.89	2,444.25
51330 · Pension	3,759.19	2,624.52
51350 · Union Dues	0.93	(54.74)
51360 · Aflac Deductions	0.00	190.36

PRELIMINARY

Cabazon Water District
Profit & Loss
 July through August 2015

	Jul 15	Aug 15
Total 51300 · Payroll - Employee Ben Expense	7,892.32	6,736.50
51400 · Payroll Expenses - Taxes, etc		
51410 · FICA and Medicare	1,432.70	1,408.68
51420 · SUI and ETT	105.40	86.80
51430 · Medical Testing	550.00	85.00
Total 51400 · Payroll Expenses - Taxes, etc	2,088.10	1,580.48
Total 50010 · Payroll - All Expenses	28,898.80	26,821.55
52000 · Operational Expenses		
53000 · Facilities, Wells, Trans, Dist		
53110 · Lab Fees	615.00	435.00
53120 · Site Maintenance	45.00	1,476.53
53160 · Utilities - Wells	9,299.79	9,488.64
53170 · SCADA (no ongoing contract)	1,039.50	26.00
53180 · Line Maint and Repair Cont	4,957.00	3,447.50
53190 · Line Maint and Repair Materials	251.59	70.21
53210 · Well Maintenance		
53215 · Chemicals	256.26	0.00
Total 53210 · Well Maintenance	256.26	0.00
53300 · Security		
53350 · Alarms		
53355 · Alarm Phones	106.00	107.03
53350 · Alarms - Other	242.00	0.00
Total 53350 · Alarms	348.00	107.03
53390 · Audio Alarm (cont exp xx/xx)	241.12	404.12
53410 · Video Eq Lease (exp xx/xx)	724.00	724.00
Total 53300 · Security	1,313.12	1,235.15
53610 · Engineering Services	6,611.90	1,722.75
Total 53000 · Facilities, Wells, Trans, Dist	24,389.16	17,901.78
54000 · Utilities - Office		
54110 · Electricity	1,558.55	1,570.41
54120 · Gas	22.42	23.17
54130 · Telephone	795.51	1,027.10
54140 · Sanitation	351.48	351.48
Total 54000 · Utilities - Office	2,727.96	2,972.16
55000 · Office Expenses		
55220 · Fire Alarm System Servicing (Fire	0.00	144.00
55110 · Water Billing System	0.00	777.30
55120 · Supplies & Equipment	734.61	0.00
55130 · Copier and Supplies	489.25	489.25
55140 · Dues & Subscriptions	0.00	500.00
55150 · Postage	954.39	100.96
55160 · Printing & Publications	225.00	0.00
55180 · Computer Services	3,020.88	2,997.00
55200 · Office Storage	500.00	0.00
55210 · Air Conditioning Servicing (Air Cc	350.00	350.00

PRELIMINARY

Cabazon Water District
Profit & Loss
 July through August 2015

	Jul 15	Aug 15
Total 55000 · Office Expenses	6,274.13	5,358.51
56000 · Support Services		
56800 · General Liability Insurance	1,711.19	1,711.19
56200 · Temporary Labor	0.00	303.43
56300 · Financial Audit (through 20xx)	7,290.00	2,610.00
56400 · Accounting (monthly contract)	1,296.25	2,185.00
56500 · Legal Services		
565-00 · Legal - General	8,600.16	5,112.36
565.01 · Legal - Water	914.50	2,547.28
565-02 · Legal - Brown Act, Public Re	0.00	3,260.50
565.07 · Legal - Personnel	2,944.30	0.00
Total 56500 · Legal Services	12,458.96	10,910.14
56600 · Bank Service Charges	143.25	150.31
56700 · Payroll Service	287.00	251.20
Total 56000 · Support Services	23,186.65	18,121.27
57000 · Training/Travel		
57120 · Travel and Meals	0.00	111.55
Total 57000 · Training/Travel	0.00	111.55
58000 · Other Fees		
58100 · County Lien/Release Fees (Fees r	0.00	26.00
58110 · Riverside County Fees	352.80	0.00
Total 58000 · Other Fees	352.80	26.00
59000 · Service Tools & Equipment		
59120 · Vehicle Fuel	1,566.79	28.01
59160 · Backhoe Fuel	0.00	0.00
59180 · Service Trucks - Repair and Mtn	202.66	3,224.75
Total 59000 · Service Tools & Equipment	1,769.45	3,252.76
Total 52000 · Operational Expenses	58,700.15	47,744.03
61000 · Non-Operating Expenses		
61150 · Returned Checks	0.00	0.00
61220 · Reconciliation Discrepancies	0.00	0.00
61240 · Miscellaneous	1,870.88	158.68
Total 61000 · Non-Operating Expenses	1,870.88	158.68
65000 · Depreciation and Amortization		
65110 · Depreciation	22,189.00	22,189.00
Total 65000 · Depreciation and Amortization	22,189.00	22,189.00
Total Expense	111,658.83	96,913.26
Net Ordinary Income	8,728.73	1,465.64
Net Income	8,728.73	1,465.64

PREPARED

Cabazon Water District Preliminary Proposed Budget FYE 06/30/2016

Ordinary Income/Expense	Estimated TOTAL FUE 06/30/2015	FYE 06/30/2015 Budget	Preliminary Proposed Budget 06/30/2016
Income			
41000 · Operating Income			
41100 · Base Rate - Water Bills	1,112,104.69	1,136,900.00	1,168,000.00
41220 · Fire Sales - Water Bills	2,880.00	2,880.00	2,880.00
41240 · Meter Install and Removal	0.00	0.00	0.00
41310 · Penalty Fees - Water Bills	33,173.75	28,000.00	33,000.00
41320 · Lien Reinstatement Fees	700.00	0.00	0.00
41330 · New Account Fees - Water Bills	2,405.00	0.00	0.00
41360 · Incident Fee - Water Bills	40.00	0.00	0.00
41370 · Returned Check Fees	540.00	0.00	0.00
41400 · Basic Facilities Fee	8,020.00	0.00	0.00
41500 · Stand By Fees - Tax Revenue	92,717.78	100,000.00	100,000.00
Total 41000 · Operating Income	1,252,581.22	1,267,780.00	1,303,880.00
42000 · Non-Operating Income			
42100 · Property Taxes			
42110 · Ad Valorem - Tax Revenue	46,773.68	49,000.00	46,000.00
42120 · Teeter Settlement Income	10,043.75	12,000.00	10,000.00
Total 42100 · Property Taxes	56,817.43	61,000.00	56,000.00
42210 · Cell Tower Lease Income	26,610.07	30,100.00	23,000.00
42310 · Miscellaneous Non-Operating Inc	11,234.29	0.00	0.00
43000 · Interest Income			
30150 · Interest Income - Savings	0.01	0.00	0.00
43110 · Interest Inc - Gen, Trust, Payr	16.48	0.00	0.00
43120 · Interest Income LAIF	1,698.74	1,700.00	1,900.00
43130 · BCC Income on Note	268.78	0.00	0.00
43140 · Interest Income - Water bills	4,438.27	3,600.00	4,000.00
43150 · LAIF FMV Adjustment	17.21	0.00	0.00
43160 · Interest Income - DWR	5.34	0.00	0.00
43170 · Interest Income - Zion's Bank	1.19	0.00	0.00
Total 43000 · Interest Income	6,446.02	5,300.00	5,900.00
Total 42000 · Non-Operating Income	101,107.81	96,400.00	84,900.00
Total Income	1,353,689.03	1,364,180.00	1,388,780.00
Expense			
50010 · Payroll - All Expenses			
51000 · Payroll Summary			
51050 · Directors' Fees	13,100.00	14,200.00	14,200.00
51100 · Management and Customer Service			

**Cabazon Water District
Preliminary Proposed Budget
FYE 06/30/2016**

	Estimated TOTAL FUE 06/30/2015	FYE 06/30/2015 Budget	Preliminary Proposed Budget 06/30/2016
51120 · Customer Accounts	39,083.96	35,200.00	41,400.00
51130 · Admin Assistant	44,338.19	40,600.00	42,400.00
51140 · General Manager	86,180.76	83,100.00	88,800.00
Total 51100 · Management and Customer Service	169,602.91	158,900.00	172,600.00
51200 · Water Operations			
51210 · Meter Reader	17,297.98	21,300.00	24,300.00
Total 51200 · Water Operations	17,297.98	21,300.00	24,300.00
Total 51000 · Payroll Summary	200,000.89	194,400.00	211,100.00
51300 · Payroll - Employee Ben Expense			
51310 · Workers Comp.	6,001.24	8,100.00	9,000.00
51320 · Employee Health Care	26,414.87	28,200.00	30,700.00
51330 · Pension	28,777.84	32,300.00	35,700.00
Total 51300 · Payroll - Employee Ben Expense	61,176.05	68,600.00	75,400.00
51400 · Payroll Expenses - Taxes, etc			
51410 · FICA and Medicare	15,130.69	13,800.00	16,100.00
51420 · SUI and ETT	2,605.85	2,300.00	2,800.00
51430 · Medical Testing	835.00	920.00	920.00
Total 51400 · Payroll Expenses - Taxes, etc	18,571.54	17,020.00	19,820.00
Total 50010 · Payroll - All Expenses	279,748.48	280,020.00	306,320.00
52000 · Operational Expenses			
53000 · Facilities, Wells, Trans, Dist			
53110 · Lab Fees	6,819.00	21,100.00	8,400.00
53120 · Site Maintenance	15,309.30	1,500.00	24,000.00
53130 · Meters	9,695.64	7,500.00	10,000.00
53140 · Generator Service Contractor	3,588.68	1,400.00	3,500.00
53150 · Median Maintenance	2,600.00	6,000.00	3,000.00
53160 · Utilities - Wells	102,356.38	110,000.00	105,000.00
53170 · SCADA (no ongoing contract)	2,807.73	7,200.00	4,800.00
53180 · Line Maint and Repair Cont	223,057.00	208,200.00	150,000.00
53190 · Line Maint and Repair Materials	81,845.91	90,000.00	80,000.00
53210 · Well Maintenance			
53215 · Chemicals	5,259.42	3,500.00	6,300.00
53210 · Well Maintenance - Other	13,713.85	7,500.00	15,000.00
Total 53210 · Well Maintenance	18,973.27	11,000.00	21,300.00
53300 · Security			
53330 · Crime Prevention (PSI & Verizon)	5,243.05	0.00	0.00
53350 · Alarms			
53355 · Alarm Phones	1,267.81	700.00	1,350.00

**Cabazon Water District
Preliminary Proposed Budget
FYE 06/30/2016**

	Estimated TOTAL FUE 06/30/2015	FYE 06/30/2015 Budget	Preliminary Proposed Budget 06/30/2016
53350 · Alarms - Other	525.30	0.00	550.00
Total 53350 · Alarms	1,793.11	700.00	1,900.00
53380 · Materials	942.16	500.00	500.00
53390 · Audio Alarm (cont exp xx/xx)	2,392.24	2,700.00	2,700.00
53410 · Video Eq Lease (exp xx/xx)	8,688.00	8,900.00	8,900.00
53300 · Security - Other	975.50	0.00	0.00
Total 53300 · Security	14,791.01	12,800.00	14,000.00
53610 · Engineering Services	30,293.55	12,000.00	24,000.00
55131 · Meter Reading	0.00		0.00
Total 53000 · Facilities, Wells, Trans, Dist	512,137.47	488,700.00	448,000.00
54000 · Utilities - Office			
54110 · Electricity	12,788.54	12,000.00	13,000.00
54120 · Gas	583.86	900.00	900.00
54130 · Telephone	8,989.88	9,000.00	9,000.00
54140 · Sanitation	4,204.56	3,300.00	4,200.00
Total 54000 · Utilities - Office	26,566.84	25,200.00	27,100.00
55000 · Office Expenses			
55110 · Water Billing System	2,154.58	3,000.00	2,500.00
55120 · Supplies & Equipment	7,718.83	8,600.00	9,540.00
55130 · Copier and Supplies	7,546.43	7,620.00	7,620.00
55140 · Dues & Subscriptions	1,035.00	600.00	1,000.00
55150 · Postage	6,273.86	9,000.00	9,000.00
55160 · Printing & Publications	2,405.01	2,500.00	1,250.00
55180 · Computer Services	39,975.82	31,000.00	35,964.00
55191 · Office/Radio	1,560.00	0.00	0.00
55200 · Storage	1,000.00	0.00	6,000.00
55210 · Air Conditioning Service	2,081.00	0.00	2,000.00
Total 55000 · Office Expenses	71,750.53	62,320.00	74,874.00
56000 · Support Services			
56200 · Temporary Labor	1,940.25	0.00	0.00
56300 · Financial Audit (through 20xx)	35,064.00	31,800.00	21,000.00
56400 · Accounting (monthly contract)	15,068.00	23,000.00	21,600.00
56500 · Legal Services	108,774.29	50,000.00	87,286.00
56600 · Bank Service Charges	2,498.33	2,400.00	2,400.00
56700 · Payroll Service	3,114.45	2,500.00	3,500.00
56800 · General Liability Insurance	20,534.28	24,000.00	22,000.00
Total 56000 · Support Services	186,993.60	133,700.00	157,786.00
57000 · Training/Travel			

**Cabazon Water District
Preliminary Proposed Budget
FYE 06/30/2016**

	Estimated TOTAL FUE 06/30/2015	FYE 06/30/2015 Budget	Preliminary Proposed Budget 06/30/2016
57110 · Seminars/Training	3,780.00	9,500.00	10,300.00
57120 · Travel and Meals	7,318.31	9,140.00	5,000.00
Total 57000 · Training/Travel	11,098.31	18,640.00	15,300.00
57800 · DHPD Operational Expenses			
57810 · Operating Expenses - DHPO	3,954.77		0.00
57820 · Legal Services - DHPO	2,112.50		0.00
Total 57800 · DHPD Operational Expenses	6,067.27	0.00	0.00
58000 · Other Fees			
58110 · Riverside County Fees	428.00	5,100.00	500.00
58120 · State Water fees	6,244.08	11,500.00	6,300.00
58000 · Other Fees - Other	1,110.84		1,000.00
Total 58000 · Other Fees	7,782.92	16,600.00	7,800.00
59000 · Service Tools & Equipment			
59110 · Shop Supplies and Small Tools	640.16	2,500.00	650.00
59120 · Vehicle Fuel	14,781.41	18,000.00	15,000.00
59130 · Employee Uniforms	1,027.76	1,500.00	1,100.00
59150 · Tractor Expenses	6,858.98	1,500.00	6,900.00
59160 · Backhoe Fuel	5,242.33	1,000.00	5,300.00
59180 · Service Trucks - Repair and Mtn	7,437.32	9,000.00	7,500.00
59190 · Water Ops Cell Phone/ Internet	2,258.65	2,300.00	2,200.00
59210 · Water Ops Computer Internet	727.02	1,500.00	800.00
59000 · Service Tools & Equipment - Other	1,008.27	500.00	1,100.00
Total 59000 · Service Tools & Equipment	39,981.90	37,800.00	40,550.00
Total 52000 · Operational Expenses	862,378.84	782,960.00	771,410.00
61000 · Non-Operating Expenses			
61150 · Returned Checks	0.00	0.00	0.00
61160 · Grant/Loan Processing Fee	1,325.00	2,000.00	2,000.00
61170 · DWR Interest on Loans	10,828.34	15,000.00	13,500.00
61180 · DHPO Interest Expense	12,838.56	17,700.00	15,500.00
61190 · Bad Debt Expense	(3,615.24)	1,200.00	1,200.00
61230 · Elm St. Property	9,070.00	0.00	0.00
61240 · Miscellaneous	3,594.07	10,000.00	5,000.00
61241 · Website Support	0.00	0.00	7,450.00
61250 · Image Consultant	552.50	0.00	0.00
Total 61000 · Non-Operating Expenses	34,593.23	45,900.00	44,650.00
65000 · Depreciation and Amortization			
65110 · Depreciation	266,268.00	243,100.00	266,400.00
Total 65000 · Depreciation and Amortization	266,268.00	243,100.00	266,400.00

**Cabazon Water District
Preliminary Proposed Budget
FYE 06/30/2016**

	Estimated TOTAL FUE 06/30/2015	FYE 06/30/2015 Budget	Preliminary Proposed Budget 06/30/2016
Total Expense	1,442,988.55	1,351,980.00	1,388,780.00
Net Ordinary Income	(89,299.52)	12,200.00	0.00
Other Income/Expense			
Other Expense			
60000 - FEMA Expenses	8,512.60	0.00	0.00
Total Other Expense	8,512.60	0.00	0.00
Net Other Income	(8,512.60)	0.00	0.00
Net Income	(97,812.12)	12,200.00	0.00

Capital Projects - Memo Only

Mapping the Water System - Estimated Cost - \$25k

PRELIMINARY



BEST BEST & KRIEGER
ATTORNEYS AT LAW

Memorandum

To: GOVERNING BOARD MEMBERS; PUBLIC AGENCY CLIENTS
From: BEST BEST & KRIEGER LLP
Date: AUGUST 19, 2015
Re: MEMBERS OF PUBLIC AGENCY GOVERNING BOARDS PARTICIPATING IN
NONPROFIT AND OTHER COMMUNITY ORGANIZATIONS

QUESTION PRESENTED

Many public officials serve on various nonprofit boards, or participate in charitable organizations or activities throughout their communities. These activities are frequently part of the official's involvement in their community, and are likely to continue after the public official has taken office. However, many of these organizations will also come before the public official's agency seeking funds, requesting action, or potentially even entering into an agreement with the public agency.

This memo addresses concerns related to membership in nonprofit organizations and potential conflicts of interest that might arise under the Political Reform Act (the Act),¹ Government Code section 1090 et seq. (Section 1090), and other laws as they relate to conflicts of interest for public officials, and to examine when membership in outside organizations may present a problem for officials.

ANALYSIS

1. Question: Can Members of the Agency Governing Board Attend Community Events At Which Other Members of the Governing Board Will Be Present?

Answer: Yes. Under The Brown Act, a "meeting" means "any congregation of a majority of the members of a legislative body at the same time and location, including teleconference location as permitted by Section 54953, to hear, discuss, deliberate, or take action on any item that is within the subject matter jurisdiction of the legislative body."² The Brown Act does not prevent members from being involved in the same community organizations, nor from attending the same community events. It only precludes members from conducting business of the agency's governing board at those events. So long as members do not discuss agency business or engage in conduct that could be considered a serial meeting while in attendance at the event, their simultaneous presence does not present a problem under the Brown Act.

¹ Gov. Code § 81000, et seq.

² Gov. Code § 54952.2

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2. Question: Can a Public Agency Governing Board Enter Into An Agreement With A Nonprofit Organization When a Member of the Governing Board is On the Board of the Nonprofit?

Answer: Yes, although the member of the governing board will have to recuse himself or herself. Section 1090 prohibits a public agency from entering a contract if one of its governing board members has an interest in the contract. If the interested governing board member is an officer or employee of a nonprofit corporation, then under Section 1091(b)(1), the member only has a "remote interest" in the contract between the public agency and the nonprofit. A "remote interest" means that the public agency may enter the agreement, but the interested governing board member must not influence or attempt to influence the governing board or any other member of the governing board. For example, the Attorney General has determined that a city may donate funds to the chamber of commerce even though a council member is president and his spouse is an employee of the chamber.³ A governing board member who has a remote interest must do all of the following: (1) disclose the interest to the public agency, (2) have it noted in the official records, and (3) disqualify himself from any vote, deliberation, or influence on the matter.

Any grant of funds made from a public agency to a nonprofit organization, or any other funding agreement between the two, would be considered a contract between the parties. This does not prohibit the agency from making the grant, but any governing board member who is on the board of the nonprofit must recuse him or herself from all participation in the decision. The governing board member will have to refrain from discussing any potential or proposed grant with other nonprofit board members or with other members of the governing board or agency staff. If a possible grant is to be considered on an agenda, the governing board member will have to identify that he or she is a member of the nonprofit's board before there is any discussion on the agenda item, and the public agency's minutes should reflect the recusal. It is also recommended that the governing board member leave the dais during discussion of the item.

Section 1090 does not apply to contracts that are already in existence before a board member takes office. Thus, any governing board member's election to office or joining of a nonprofit will not affect any existing grants or other agreements. However, the member of the governing board will not be able to participate in any discussions or actions that may come before the agency in the future involving existing grants or other funding. For example, if the nonprofit organization requested additional funds for an existing project, the governing board member would have to recuse himself or herself.

3. Question: Can An Elected Official Raise Funds For Charitable Purposes?

Answer: Yes, although the official may be required to file a report. When an elected official solicits money for a governmental, charitable, or legislative purpose, including for public agency

³ 89 Ops.Cal.Atty.Gen. 258 (2006)



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events, the solicitations are not considered contributions to the individual official or the official's campaign.⁴ Even so, elected officials are required to file a report if they raise \$5,000 or more from one source in a calendar year. For example, any fund-raising from local businesses for a Fourth of July celebration that results in a contribution of \$5,000 from one source must be reported. To report these payments, an elected official must fill out and file Form 803 with their agencies' filing officers. Form 803 is a Fair Political Practices Commission ("FPPC") document. The form must be filed within 30 days after the payments from a single source reach or exceed \$5,000 in a calendar year. Subsequent payments of any amount made from the same source must be reported within 30 days after each payment.

The FPPC has authority to fine officials who violate these reporting requirements, and has exercised that authority in the past. The FPPC may impose a fine of up to \$5,000 per violation.⁵ For example, Sacramento Mayor Kevin Johnson paid \$37,500 in fines because he failed to report behested payments.⁶ While fundraising, either on behalf of a public agency or a charitable organization an elected official is involved with, is perfectly legal, elected officials should be aware of the reporting requirements to ensure they are in compliance whenever raising funds for charitable causes.

4. Question: If a Donor Provides Funds to a Nonprofit Organization Where a Member of the Board is Also a Member of the Governing Board of a Public Agency, Does That Create a Conflict of Interest Should the Donor Appear Before the Governing Board?

Answer: No, it does not. A large donation to a charitable organization on whose board a governing board member serves does not constitute a financial benefit to the member, either directly or indirectly.⁷ The Attorney General has held that a city council member has no financial or business interest under the Political Reform Act nor Section 1090 simply by virtue of a donor having provided funds to an organization the council member is involved with, even in the event that the council member specifically solicited the funds in question.⁸ For example, the Attorney General determined a city council member could participate in a city council decision to lease a parcel of land to a business owner from whom the council member had previously solicited contributions in his role as a member of the board of directors of a nonprofit trust created to support a national park because even a large donation to the trust would advance a public interest promoted by the city, and because the council member would not be financially disadvantaged if no donation was made in response to the solicitation.⁹

⁴ Gov. Code § 82015

⁵ Gov. Code § 83116

⁶ In the Matter of Kevin Johnson (2012) FPPC No. 12/555 Stipulation, Decision and Order

⁷ 88 Ops.Cal.Atty.Gen. 32 (2005)

⁸ *Id.*

⁹ *Id.*



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The simple act of soliciting a donation on behalf of a nonprofit does not create a conflict of interest for a governing board member when the donor or potential donor appears before the governing board because there is no reason for the governing board member to view the matter before the agency in terms of his or her own financial interest. Further, Government Code Section 1091.5(a)(8) defines a noninterest as including “that of a noncompensated officer of a nonprofit, tax-exempt corporation, which, as one of its primary purposes, supports the functions of the body or board or to which the body or board has a legal obligation to give particular consideration, and provided further that this interest is noted in its official records.”¹⁰ In all likelihood, most governing board members serving on boards will fit within this category and be determined to have a noninterest in the outcome of any vote of the public agency. It is always possible that the circumstances of the donation, of the donor’s business before the governing board, of the relationship between the donor and governing board member, or of the relationship between the governing board member and the nonprofit board could create a conflict of interest as addressed elsewhere in this memo, yet the mere fact that an individual donated to an organization where a governing board member serves on the nonprofit board does not, by itself, create a conflict of interest for that governing board member.

5. Question: Can a Governing Board Member Vote On an Item Before the Public Agency Involving a Nonprofit Organization When He Or She Serves On the Board of the Nonprofit?

Answer: It depends on whether a conflict of interest exists. The Act prohibits a public official from participating in any decision in which he or she has a financial conflict of interest.¹¹ A conflict of interest may arise if the decision before the governing board has a direct or indirect effect on a “financial interest,” including real property, gifts, or a “source of income” to the governing board member. A source of income is essentially any person or entity that provided or promised to provide payment to the governing board member in the amount of \$500 or more within the 12 months preceding the decision. A nonprofit that employs a governing board member is a source of income if the nonprofit has paid salary, wages, or other payments of \$500.¹² Depending on the position of the governing board member, a particular nonprofit or organization may or may not qualify as a source of income. If it does qualify as a source of income, there may be a conflict of interest in any agency decision involving the organization. If it does not, there is a possibility that no conflict exists and that the governing board member may still participate in the decision (more on this below).

¹⁰ Gov. Code § 1091.5(a)(8)

¹¹ Gov. Code § 87100

¹² Regs. 18703.3, 18705.3. This refers to Cal. Code of Regulations, tit. 2, also known as the FPPC Regs., which are available at www.fppc.ca.gov



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6. Question: If a Conflict Exists, Can a Governing Board Member Still Participate In the Making of a Decision?

Answer: It depends on the particular circumstances of a decision, although generally not. However, courts have found that provisions of the Act permitting a public officer or an employee to participate in a decision even though a conflict exists are not applicable to the disclosure provisions, and do not limit the range of reportable interests.¹³ All potential conflicts must be disclosed, so even if a council member can still participate in a decision, they will be required to disclose any conflicts.

7. Question: Does There Have To Be a Contract to Trigger a Conflict of Interest?

Answer: No, there can be a conflict of interest without a contract. The Political Reform Act differs from Government Code section 1090 in that there does not have to be a contract involved to trigger a conflict. Instead, a conflict of interest arises if the public agency's governing board considers a decision that could have a "material" effect on the source of the income. A decision of the governing board will have a material effect on an organization if the organization is a claimant, applicant, respondent, contracting party, or otherwise named as a party in any proceeding, or has an identifiable ownership interest in any business entity or real property that is the subject of a proceeding before the public agency. The effect of the decision may also be material to the organization if the decision involves any real property that is within 500 feet of real property owned by the organization.

If there is a decision before the governing board involving the organization, the matter will generally involve consideration of whether the governing board should provide funding. In this circumstance, the governing board member will have a conflict of interest under both Section 1090 and the Act. However, if there are other circumstances in which the governing board considers an action affecting the organization, the governing board member may still have a conflict of interest under the Act even in the absence of any funding.

Similar to a conflict under Section 1090, the governing board member will have to identify the conflict on the record, step down from the dais, and leave the room during any discussion¹⁴ of any item involving the organization. The Act also prohibits the governing board member from attempting to influence the governing board's decision, and the governing board member therefore will have to refrain from discussing any potential decision affecting the organization with other governing board members or with agency staff.

¹³ See *Metropolitan Water Dist. v. Fair Political Practices Comm.* (1977) 73 Cal.App.3d 650

¹⁴ Reg. 18707 - applicable to officials identified in Gov. Code § 87200 or as directed in an agency's conflict of interest code.



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8. Question: If There Is No Statutory Conflict, Can a Governing Board Member Participate in a Decision?

Answer: Even if there is no statutory conflict of interest, it is possible there will be a common law conflict. The general rule is that “A public officer is impliedly bound to exercise the powers conferred on him with disinterested skill, zeal, and diligence and primarily for the benefit of the public.”¹⁵ This rule “strictly requires public officers to avoid placing themselves in a position in which personal interest may come into conflict with their duty to the public.”¹⁶ The common law rule applies even in the absence of a financial interest and may arise where there is a strong personal interest in the outcome of a decision or a strong personal loyalty to a party appearing before the agency.¹⁷ Despite the strong public interest involved, courts are often cautious in finding common law conflicts of interest.

In one case, the Attorney General determined that there would be a common law conflict of interest where a redevelopment agency board was awarding a loan to a council member’s adult son.¹⁸ There, the Attorney General reasoned that, “at least, an appearance of impropriety or conflict would arise,” and “there may be at least a temptation to act for personal or private reasons rather than with ‘disinterested skill, zeal, and diligence’ in the public interest.”

The appearance of impropriety must be taken into account whenever evaluating a potential conflict of interest. The Attorney General analyzes these issues using an objective standard, which means that the Attorney General does not consider whether a governing board member *did* act with bias, but rather whether there is an “appearance” of such and whether there “may be” a temptation. This means that whether the governing board member is actually considering the issue without bias is not relevant. The focus of the inquiry is whether a member of the public might reasonably believe the governing board member may be acting in his or her own interest.

CONCLUSION

Participation in nonprofits or other charitable organizations is a common part of the life of many public officials, and one that need not cause problems under California law if proper precautions are taken. It is important for governing board members to consider not just whether a conflict of interest exists under Government Code section 1090 or the Political Reform Act, but whether an action they take may create the “appearance of impropriety” such that a member of the public could reasonably believe there is a conflict. Decisions about conflicts will need to be made on a case-by-case basis, but in close calls, it is often advisable for the governing board member to recuse themselves to avoid creating an appearance of impropriety or otherwise tainting the governing board’s actions.

¹⁵ *Noble v. City of Palo Alto*, 89 Cal.App. 47, 51


¹⁶ 46 Ops.Cal.Atty.Gen. 74, 87 (1965)

¹⁷ See *BreakZone Billiards v. City of Torrance*, (2000) 81 Cal.App.4th 1205, 1234 a fn. 23

¹⁸ See 92 Ops.Cal.Atty.Gen.19 (2009)



MEMORANDUM

DATE: September 14, 2015
TO: Board of Director
FROM: Calvin Louie 
SUBJ: Work Order Procedures
cc:

Currently the District's procedures to assign Work Orders are as follows:

1. District issues a Work Order (W/O) and attach an estimate form onto the W/O.
2. The contractor goes to the job site, provides an estimate, included on the W/O is his time to perform the estimate and any physical/administrative work he had done to complete the W/O.
3. The General Manager (GM) reviews the W/O estimate, if it's not an EMERGENCY or under one thousand five hundred dollar (\$1,500.00), the GM may issue the W/O. W/O that are \$1,500.00 or more, the GM shall have the Finance & Audit Committee review the W/O and make a recommendation to the Board for approval. This part of the procedure avoids delaying the work.

QUESTION asked of the Board: Does the Board desire to continue with this procedure which not only saves time, streamlines the procedure, but will reduce the cost to the District and water rate payers (community) by not having the Board (Director's fee) and staff (straight and/or overtime in payroll) meet anywhere from two (2) to three (3) times a month. The Finance and Audit Committee already meets just prior to regular scheduled Board meeting and an additional time during the month.

Reference to Board Agenda of September 21, 2015, OLD BUSINESS, Number 1