



REGULAR MEETING OF THE FINANCE COMMITTEE
MONDAY, JUNE 29, 2015 4:00 PM
61750 CHOLLITA ROAD, JOSHUA TREE, CA 92252
AGENDA

1. CALL TO ORDER
2. PLEDGE OF ALLEGIANCE
3. DETERMINATION OF QUORUM
4. APPROVAL OF AGENDA
5. PUBLIC COMMENT
- Pgs. 1-2 6. APPROVE MINUTES OF PRIOR COMMITTEE MEETINGS
Recommend that the Committee approve minutes of the April 27, 2015 and May 26, 2015 Regular Meetings of the Finance Committee.
- Pgs. 3-8 7. DISCUSS POLICY FOR UNCLAIMED MONEY (USUALLY UNCASHED CUSTOMER REFUND CHECKS)
Recommend for information only, legally required.
- Pgs. 9-10 8. DISCUSSION OF RESERVE FUNDS
Recommend for information/discussion only.
9. STAFF REPORT
10. ADJOURNMENT

INFORMATION

During "Public Comment", please use the podium microphone. State your name and have your information prepared and be ready to provide your comments. The District is interested and appreciates your comments. A 3-minute time limit will be imposed. Thank you. Any person with a disability who requires accommodation in order to participate in this meeting should telephone Joshua Basin Water District at (760) 366-8438, at least 48 hours prior to the meeting in order to make a request for a disability-related modification or accommodation.

Materials related to an item on this Agenda submitted to the Committee after distribution of the agenda packet are available for public inspection in the District's office located at 61750 Chollita Road, Joshua Tree, California 92252 during normal business hours.

JOSHUA BASIN WATER DISTRICT
Minutes of the
REGULAR MEETING OF THE FINANCE COMMITTEE
Monday, April 27, 2015
61750 Chollita Road, Joshua Tree, CA 92252

1. CALL TO ORDER 4:00 PM

2. PLEDGE OF ALLEGIANCE

Committee Members Present: Victoria Fuller, Vice President
Robert Johnson, Director

Staff Present: Susan Greer, Controller
Curt Sauer, General Manager
Anne Roman, Accountant

Guests: 1

3. DETERMINATION OF QUORUM

4. APPROVAL OF AGENDA

MSC/Johnson/Fuller 2/0 to approve the agenda for the April 27, 2015 Regular Meeting of the Finance Committee.

5. PUBLIC COMMENT

None.

6. APPROVE MINUTES OF THE PRIOR COMMITTEE MEETING

MSC/Johnson/Fuller 2/0 to approve the minutes of the April 2, 2015 Special Meeting of the Finance Committee.

7. DISCUSS NEXT MEETING DATE

The Finance Committee will meet for a Special meeting on May 26, 2015 at 4:00 PM, since the regular meeting would otherwise occur on the Memorial Day holiday.

8. 3rd QUARTER ENDING 3/31/15 FINANCIAL REPORT

The Committee reviewed, made suggestions for any changes, and recommended for adoption at the next Board Meeting.

9. ONGOING DISCUSSION OF THE INACTIVE METER BILLING ISSUE

Accepted for discussion and Staff direction only.

10. ADJOURNMENT

MSC/Johnson/Fuller 2/0 adjourned the meeting at 5:39 PM

Respectfully submitted;

Susan Greer, Controller

JOSHUA BASIN WATER DISTRICT
Minutes of the
REGULAR MEETING OF THE FINANCE COMMITTEE
Tuesday, May 26, 2015
61750 Chollita Road, Joshua Tree, CA 92252

1. CALL TO ORDER 4:02 PM

2. PLEDGE OF ALLEGIANCE

Committee Members Present: Victoria Fuller, President
Mickey Luckman, Director

Staff Present: Susan Greer, Assistant General Manager/Controller
Anne Roman, Accountant

Guests: 1

3. DETERMINATION OF QUORUM

4. APPROVAL OF AGENDA

MSC/Luckman/Fuller 2/0 to approve the agenda for the May 26, 2015 Regular Meeting of the Finance Committee.

5. PUBLIC COMMENT

None.

6. APPROVE MINUTES OF THE PRIOR COMMITTEE MEETING

Approval the minutes of the April 27, 2015 Regular Meeting of the Finance Committee tabled in Director Johnson's absence.

7. BUDGET POLICY DISCUSSION

Received Staff direction – guidelines to be brought back to the committee.

8. BEGIN DISCUSSION OF POSSIBLE CONSERVATION PENALTY RATES

Received staff direction.

9. ONGOING DISCUSSION OF INACTIVE METER BILLING ISSUE

Accepted for discussion and Staff direction only. Staff direction: Recommend no refunding of capacity fees paid in the past.

10. ADJOURNMENT

MSC/Luckman/Fuller 2/0 adjourned the meeting at 5:35 PM

Respectfully submitted;

Susan Greer, Assistant General Manager/Controller

JOSHUA BASIN WATER DISTRICT
FINANCE COMMITTEE MEETING AGENDA REPORT

Meeting of the Finance Committee

June 29, 2015

Report to: Committee

Prepared by: Susan Greer



TOPIC:

DISCUSS POLICY FOR UNCLAIMED MONEY (USUALLY UNCASHED CUSTOMER REFUND CHECKS)

RECOMMENDATION:

Information only, legally required

ANALYSIS:

Annually, the District issues hundreds of checks to customers as accounts are closed, refunding deposits on account less final bills. A number of those checks never get cashed, sometimes returned by the post office undeliverable, other times simply never cashed, we don't know why. As an example, this year, we are voiding 35 checks totaling \$1,114. This issue has typically been handled by simply voiding those checks and taking the monies back into the general fund, where the payments were disbursed from. I asked prior legal counsel many years ago about escheating the money *to the state*, and he indicated there was no requirement to do so. He did not mention any other requirement, which we have learned about recently.

Our current audit firm is the first to ever ask about this issue, reporting that such an escheating procedure should be used, and current legal counsel agrees. I believe that if we don't move forward to implement the policy, the auditor will eventually issue a 'finding,' indicating non-compliance with the law. The response to the finding will have to be the same as that being proposed now, anyway. The auditor has provided information about an unclaimed money process utilized at Eastern Municipal Water District (EMWD). The code referenced on their form provides direction for this process, which does not require local agencies to escheat monies to the state.

Basically, any money that is "not the property of a local agency" that remains unclaimed for three years is the property of the local agency. With a few exceptions, before it becomes the local agency property, proper notice, requiring publication in the newspaper, must be served. EMWD handles part of the process via their website, including posting of the list of customers with unclaimed money and the form required to claim the money.

We need to create a similar process for our unclaimed money and I believe including the addition of information to our website is a cost-effective approach. I've attached a copy of the relevant government code sections and the form from EMWD. Based on the auditor's suggestion, Gil's concurrence and the law, the District has to comply with this requirement. We will move forward to implement the legally-required process and bring a report back to the full board as a courtesy when the process is in place, since it is a change to the current practice.

STRATEGIC PLAN ITEM:
N/A

FISCAL IMPACT:
Some unknown cost for website changes, newspaper advertising and staff time.



California

LEGISLATIVE INFORMATION

Code: Section: [Up^](#)[Add To My Favorites](#)**GOVERNMENT CODE - GOV****TITLE 5. LOCAL AGENCIES [50001 - 57550]** (*Title 5 added by Stats. 1949, Ch. 81.*)**DIVISION 1. CITIES AND COUNTIES [50001 - 52203]** (*Division 1 added by Stats. 1949, Ch. 81.*)**PART 1. POWERS AND DUTIES COMMON TO CITIES AND COUNTIES [50001 - 51298.5]** (*Part 1 added by Stats. 1949, Ch. 81.*)**CHAPTER 1. General [50001 - 50290]** (*Chapter 1 added by Stats. 1949, Ch. 81.*)**ARTICLE 3. Financial Affairs [50050 - 50057]** (*Article 3 added by Stats. 1949, Ch. 81.*)

50050. For purposes of this article, "local agency" includes all districts. Except as otherwise provided by law, money, excluding restitution to victims, that is not the property of a local agency that remains unclaimed in its treasury or in the official custody of its officers for three years is the property of the local agency after notice if not claimed or if no verified complaint is filed and served. At any time after the expiration of the three-year period, the treasurer of the local agency may cause a notice to be published once a week for two successive weeks in a newspaper of general circulation published in the local agency. At the expiration of the three-year period, money representing restitution collected on behalf of victims shall be deposited into the Restitution Fund or used by the local agency for purposes of victim services. If a local agency elects to use the money for purposes of victim services, the local agency shall first document that it has made a reasonable effort to locate and notify the victim to whom the restitution is owed. The local agency may utilize fees collected pursuant to subdivision (l) of Section 1203.1 or subdivision (f) of Section 2085.5 of the Penal Code to offset the reasonable cost of locating and notifying the victim to whom restitution is owed. With respect to moneys deposited with the county treasurer pursuant to Section 7663 of the Probate Code, this three-year period to claim money held by a local agency is extended for an infant or person of unsound mind until one year from the date his or her disability ceases.

For purposes of this section, "infant" and "person of unsound mind" have the same meaning as given to those terms as used in Section 1441 of the Code of Civil Procedure.

(*Amended by Stats. 2013, Ch. 457, Sec. 1. Effective January 1, 2014.*)

50051. The notice shall state the amount of money, the fund in which it is held, and that it is proposed that the money will become the property of the local agency on a designated date not less than forty-five days nor more than sixty days after the first publication of the notice.

(*Added by Stats. 1949, Ch. 81.*)

50052. Upon or prior to publication, a party of interest may file a claim with the treasurer which must include the claimant's name, address, amount of claim, the grounds on which the claim is founded, and any other information that may be required by the treasurer. The claim shall be filed before the date the unclaimed money becomes the property of the local agency as provided under Section 50051 and the treasurer shall accept or reject that claim. If the claim is rejected by the treasurer, the party who submitted the claim may file a verified complaint seeking to recover all, or a designated part, of the money in a court of competent jurisdiction within the county in which the notice is published, and serves a copy of the complaint and the summons issued thereon upon the treasurer. The copy of the complaint and summons shall be served within 30 days of receiving notice that the claim was rejected. The treasurer shall withhold the release of the portion of unclaimed money for which a court action has been filed as provided in this section until a decision is rendered by the court.

(*Amended by Stats. 1984, Ch. 866, Sec. 2.*)

50052.5. (a) Notwithstanding Section 50052, the treasurer may release to the depositor of the unclaimed money, their heir, beneficiary, or duly appointed representative, unclaimed money if claimed prior to the date the money

(Added by Stats. 1984, Ch. 866, Sec. 4.)

50057. For individual items in the amount of five thousand dollars (\$5,000) or less, the legislative body of any county may, by resolution, authorize the county treasurer to perform on its behalf any act required or authorized to be performed by it under Sections 50050, 50053, and 50055. The resolution shall require that the county auditor be informed of each act performed under the authorization.

(Amended by Stats. 2011, Ch. 382, Sec. 2. Effective January 1, 2012.)



Mail To:
Eastern Municipal Water District
Attn: Controller
P.O. Box 8300
Perris, CA 92572-8300
Fax #: 951-928-6137

Unclaimed Money Claim Form

Pursuant to California Government Code 50052, I wish to file a claim for unclaimed funds in the amount of \$ _____ published on the Eastern Municipal Water District's website.

- I am the **Payee** listed on your website.
- I am an **Heir of the Deceased Payee** listed on your website.
- I am an Agent/Officer for the **Business** listed on your website.
- I am the Agent/Officer for the **Government Agency** listed on your website.

The grounds on which this claim is founded:

Last Name

First Name

Service Address

City, State, Zip Code

Current Mailing Address

City, State, Zip Code

Current Telephone Contact No.

I hereby certify that the above information is true and correct and is being submitted to the Eastern Municipal Water District (District) to substantiate my claim to monies paid to the District. I further certify that I have the authority and right to claim and receive payment of these monies and hereby release the District, its directors, employees, representatives, attorneys and agents from all liability and further obligation with respect to this claim.

Printed Name of Claimant

Signature of Claimant

Date Signed

Please note: A Social Security Number or Federal ID Number will be required prior to processing payment to the claimant.

For District Use Only

Approved { }	Denied { }
_____ Controller	_____ Date

The District has accumulated unclaimed money as a result of customer refunds relating to the closing of water accounts, customer-related conservation rebates, refunds of deposits to developers upon completion of projects, etc. These amounts remain outstanding due to being returned undeliverable without a forwarding address, companies closing, filing bankruptcies, or for various other reasons. In an effort to locate these customers/developers, the District has supplied a listing of unclaimed money.

- List of Customers with Unclaimed Money

To claim an amount shown on this list, customers/developers must fill out a claim form which can be submitted via the form below or by downloading, printing, and mailing the Unclaimed Money Claim Form.

JOSHUA BASIN WATER DISTRICT
MEETING AGENDA REPORT

Meeting of the Finance Committee

June 29, 2015

Report to: Committee

Prepared by: Susan Greer *LS*

TOPIC:
DISCUSSION OF RESERVE FUNDS

RECOMMENDATION:
Information/discussion only

ANALYSIS:
The District has several types of reserves, for emergencies, for opportunities and for replacement of specific infrastructure. See detail below:

Title of Reserve Account	Purpose	Funding Target	Balance
Opportunity	For use in the event of an unbudgeted opportunity, such as purchase of used tank at great price (actually done in the past)	\$2,000,000	\$2,039,274
Emergency	For use in the event of an emergency, such as an earthquake	\$1,000,000	\$1,000,000
Equipment/Technology	For replacement of existing equipment and technology, vehicles, tractors, computers, servers, etc.	N/A	\$514,087
Well/Booster Station	For major refurbishment or replacement of existing wells and booster stations.	N/A	\$200,000

Funding targets have been established for the opportunity and emergency reserve accounts, and we are at or above those funding targets. I do not recommend reducing those targets as they provided imperative funding while we constructed our recharge project with grant funds and waited, and continue to wait for some reimbursements.

No funding targets have been established for either the equipment/technology or the well/booster station reserve accounts. We could consider such issues, based on reasonable "what if" scenarios. Based on the equipment/technology spending since 2008, the balance has increased from \$300,000 to over \$500,000 currently. That might indicate that we are over-funding that reserve. The well/booster station reserve was established just a few years ago in 2012, and because we don't have much history, I think that we should continue the same funding and wait and see. We have an upcoming rehab on Well 14, that will use most/all of the balance in the account; work on booster stations and wells is typically very costly.

I believe the District should consider several additional reserve accounts, in order to provide funding for costs that will inevitably occur. I recommend the Committee consider the following reserves:

Meter Replacement Reserve: The District's meters were all replaced in the year 2000 (except for those that have been purchased since that time, of course). Their reported life cycle is 15 years, and that date has now come. We are expanding our meter testing program to determine if we are experiencing widespread, significant meter failure, which we have not yet noticed based on the small number of meters that are typically tested each year. In any case, water meters have to be routinely replaced about every 15-20 years and when we did so back in 2000, it cost us over \$2M and we borrowed the money for the project. Setting aside \$100,000 per year over 20 years is a method for avoiding interest and providing a fund for this important work that directly affects water revenues.

Building Replacement Reserve: The District's office and field staff operate out of facilities that are over 28 years old and already undersized based on current staffing levels and requirements. As the District's customer base and requirements grow, staff naturally has to increase, requiring building expansion. In recognition of this logical occurrence, the capacity fee established in 2007 already includes a component for building expansion. Remember that capacity fees are legally designated for growth-related projects only. The current water capacity fee designates 5.43% of every fee collected (equal to \$209, based on one EDU) toward this purpose, but those fees have not been set aside in a reserve fund. We could go back, do some calculating and determine the amount of those capacity fees received that have been designated for the building and restrict those separately (as separate from the generic "capacity fees" which are already legally restricted in total). That is probably a very viable strategy once we have the facilities in place that we need, but we already need more space and \$20,000 or \$40,000 (based on guess of 100 or 200 meters sold since 2007) won't get us very far in that process.

Tank Reserve: The District's tanks are another significant piece of infrastructure, with book value of \$5.5M based on cost at time of installation, and 40% depreciation. Although the costs to rehab a tank are typically significant, this is another normal cost of operation in order to maintain water quality, and we should expect and plan for such costs in advance. We have quite a bit of catch-up work with backlogged tank maintenance to do, and we've been budgeting \$200,000 each year for several years for this purpose. Once that backlog is caught up, we should create a reserve for this purpose based on the reasonable costs of tank refurbishment.

Mainline Replacement Reserve: The District's mainline infrastructure represents the utility plant assets with the highest book value, over \$23.5M, which are 47% depreciated. Again, replacement of mainlines is a normal cost of operation which is integral to maintenance of water quality, although that replacement cost is significant. We already have a backlog of overdue mainline replacement due, including approximately 70,000 feet of undersized pipeline designed years ago, not to mention the ID#1 area, which was installed as a project in the 1960's. The cost of the 70,000 feet is projected at over \$5M alone, so I'm not sure that we can wait long enough to build up that kind of reserve fund, but creating some funding for a pay-go system will help in the long run.

The addition of these reserves will provide a funding mechanism for the District's most costly infrastructure and assets including equipment/technology, wells/boosters, mainlines, tanks, buildings and meters. In addition, we have the opportunity and emergency reserves, just in case.

STRATEGIC PLAN ITEM:

N/A

FISCAL IMPACT: