JOSHUA BASIN WATER DISTRICT
Proudly providing water from an ancient source...well into the future

REGULAR MEETING AGENDA OF THE BOARD OF DIRECTORS
Wednesday, August 19, 2026, at 5:00 p.m.

MEETINGS ARE HELD IN PERSON AT 61750 CHOLLITA RD., JOSHUA TREE, CA 92252

REMOTE ACCESS IS AVAILABLE FOR THE CONVENIENCE OF THE PUBLIC

CLICK TO JOIN VIRTUALLY:	ZOOM LINK
CALL TO JOIN BY PHONE:	(669) 444-9171
MEETING ID:	864 4800 3304
PASSCODE:	61750

MISSION, VISION, AND VALUES

Mission Statement

To provide, protect, and maintain Joshua Tree's water - our vital community resource.

Vision Statement

To achieve excellence in all District endeavors.

Values

The community of Joshua Tree has entrusted the Board of Directors and employees of Joshua Basin Water District with its most valuable natural resource, its groundwater. As stewards of the community water supply, we oversee this critical natural resource to ensure current and future water reliability. Dedicated to this purpose, we embrace these important values:

- **Integrity** – To consistently earn our customers' trust by prioritizing the needs of the community… doing the right thing for the right reason.
- **Transparency** – To openly and honestly share information about our operations with the public.
- **Respect** – To treat the residents of Joshua Tree, and all those contacted in the course of business, with high esteem and regard.
- **Fiscal Responsibility** – To manage all resources as if they were our own, whether revenues, assets, or water supply, in a conscientious and appropriate manner.
- **Accountability** – To take responsibility for our decisions and actions in managing this essential resource.

1. CALL TO ORDER / PLEDGE OF ALLEGIANCE

2. DETERMINATION OF A QUORUM

Consideration of Board Member requests for remote participation.

3. APPROVAL OF AGENDA

4. PUBLIC COMMENT

This is the time set aside for public comment on any District related matter, whether appearing on the agenda or not. Pursuant to the Brown Act, the Board is prohibited from taking action on items not listed on the agenda. At the discretion of the Board President comments on a particular Agenized item may be deferred until that item is heard. Please state your name and limit your comments to 3 minutes. For members of the public attending the meeting on-line, please use the "Raise Hand" reaction feature in your toolbar on Zoom to signal your desire to comment and be recognized by the Board.

5. CONSENT CALENDAR

Consent calendar items are expected to be routine and non-controversial, to be acted upon by the Board at one time, without discussion. If a board member would like an item to be handled separately, it will be removed from the Consent Agenda for separate action.

Pg. 5-9 **A. DRAFT MINUTES – 08.05.26: RECOMMENDED FOR APPROVAL**

6. ITEM(S) PULLED FROM CONSENT CALENDAR FOR DISCUSSION

7. DISCUSSION/ACTION CALENDAR

Pg. 12-17 **A. CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CALPERS) CONTRACT AMENDMENT – UPDATE TO PEPRA PROVISIONS**

PRESENTED BY: HR & RISK GENERALIST, AUDRIANA SHEEHAN

RECOMMENDED ACTION: APPROVE RESOLUTION 26-1098 TO AMEND THE CONTRACT BETWEEN CALPERS AND JOSHUA BASIN WATER DISTRICT TO UPDATE THE DISTRICT'S RETIREMENT CONTRACT LANGUAGE, AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE AMENDMENT.

Pg. 18-20 **B. 2025/26 BAD DEBT WRITE-OFF OF $53,968.56**

PRESENTED BY: DIRECTOR OF FINANCE, ANNE ROMAN

RECOMMENDED ACTION: APPROVE THE 2025/26 BAD DEBT WRITE-OFF IN THE AMOUNT OF $53,968.56

Pg. 21-51 **C. COLLECTION ENFORCEMENT, LIENS, AND BAD DEBT WRITE-OFF POLICY**

PRESENTED BY: DIRECTOR OF FINANCE, ANNE ROMAN

RECOMMENDED ACTION: REVIEW AND ADOPT RESOLUTION #26-1096 AND POLICY.

Pg. 52-58 **D. GUARANTEE DEPOSIT REQUIREMENTS**

PRESENTED BY: DIRECTOR OF FINANCE, ANNE ROMAN

RECOMMENDED ACTION: REVIEW AND CONSIDER REDUCING THE CUSTOMER GUARANTEE DEPOSIT. IF DESIRED, ADOPT RESOLUTION 26-1097 TO AMEND THE RULES & REGULATIONS ARTICLE 1.11.

Pg. 59-61 **E. CUSTOMER APPEAL RULES & REGULATIONS ARTICLES 1.2, 1.3, 1.9.1**

PRESENTED BY: DIRECTOR OF ADMINISTRATION, DAVID SHOOK

RECOMMENDED ACTION: UPHOLD THE DISTRICT'S RULES & REGULATIONS AS APPLIED AND DENY THE REQUESTED VARIANCE.

Pg. N/A

F. JBWD BOARD MEMBER VACANCY

PRESENTED BY: LEGAL COUNSEL, JEFF HOSKINSON

RECOMMENDED ACTION: Government Code § 1780 provides that the Board of Directors may within 60 days either (1) fill the vacancy by appointing a new member or (2) calling an election that will be held on the next statutorily established election date that is scheduled more than 130 or more days after the date the Board calls the election. Since the seat is already part of the upcoming November 2026 election, the practical effect of "calling for an election" would be to defer to the seat being filled by voters at the November 2026 election, and a resolution would prepare for future consideration affirming such intent.

If Appointment - Identify target date for appointment

Method of initial screening (Ad Hoc Committee, Special Board Meeting).

If Election - Seat will be filled at the upcoming November 2026 as already scheduled.

8. DIRECTOR REPORTS/COMMENTS

This time is reserved for Director reports and comments on matters within the District's jurisdiction, for informational purposes only, on subjects not covered by the agenda; the opinions expressed by individual Directors do not necessarily reflect those of the Board as a whole or District staff, and no action shall be taken.

9. MANAGERS' REPORT

For informational purposes only on subjects not covered by the agenda. No action is to be taken.

Pg. 10

10. AGENDA ITEMS REQUESTED BY THE BOARD

Directors may request items be placed on future agendas. These requests will be recorded on the "Future Agenda Items" list, located on the page following the agenda, and scheduled as time permits. Items will be brought back for Board discussion as requested—no additional staff work will be initiated in advance. The Director making the request is responsible for being prepared to discuss the topic for initial consideration. The full Board will then vote to determine whether the item moves forward for staff involvement.

11. ADJOURNMENT

MEETING INFORMATION

The public is invited to comment on any item on the agenda during the discussion of that item.

Availability of agenda materials: Materials related to any item on this Agenda submitted to the District Board of Directors or Committee Members after distribution of the agenda packet are available for public inspection at the District's office, 61750 Chollita Road, Joshua Tree, CA 92252, during normal business hours. All documents supporting this agenda are available on the District website www.jbwd.com, subject to the staff's availability to post the documents before the meeting.

Reasonable Accommodation: Any person with a disability who requires accommodation to view the agenda or to participate in the public comment portion of the Board meeting, should direct such requests to Lisa Thompson, Executive Assistant, at 760-366-8438. Please allow three business days for your request to be processed. Requests must be received at least seventy-two (72) hours before the scheduled meeting.

Disruptive Conduct: If any meeting of the District is willfully disrupted by a person or by a group of persons so as to render the orderly conduct of the meeting impossible, a meeting may be recessed or the person or persons willfully disrupting the meeting may be ordered to leave the meeting. Disruptive individuals attending on-line may be removed from the meeting and banned for the remainder of such session. Disruptive conduct includes addressing the Board or Committee without first being recognized, not addressing the subject before the Board or Committee, repetitively addressing the same subject, failing to relinquish the podium when requested to do so, or otherwise preventing the Board or Committee from conducting its meeting in an orderly manner. Your cooperation is appreciated.

MEETING MINUTES

JOSHUA BASIN WATER DISTRICT
Proudly providing water from an ancient source...well into the future

REGULAR MEETING OF THE BOARD OF DIRECTORS
AUGUST 5, 2026, 5:00 PM

1. **CALL TO ORDER**

President Doolittle called the meeting to order at 5:01 p.m.

2. **DETERMINATION OF A QUORUM & ATTENDANCE**

Board Members Present: President Doolittle, Vice President Short, Director Floen, Director Jarlsberg, Director Fick

Staff Present: Director of Finance Roman, Director of Administration Shook, Accounting Supervisor Rich, Executive Assistant Thompson

Consultant(s) Present: Legal Counsel, Jeff Hoskinson, Public Outreach Consultant, Kathleen Radnich

Citizens Advisory Council Member(s) Present: David Carrillo

3. **APPROVAL OF THE AGENDA**

Director Fick made a motion to continue agenda items 7A and 7B until the General Manager attends a board meeting to answer questions and address the assertions raised regarding the items. The motion was seconded by President Doolittle and failed by the following vote:

1st / 2nd	Fick/Doolittle
Ayes:	Doolittle/Fick
Noes:	Floen, Jarlsberg, Short
Abstain:	None
Absent:	None

President Doolittle made a motion to change the agenda with agenda items 7A and 7B continued to a later date due to agenda design, lack of presidential agenda involvement, notice, due process, transparency, and fairness, seconded by Director Fick and failed by the following vote:

1st / 2nd	Doolittle/Fick
Ayes:	Doolittle/Fick
Noes:	Floen, Jarlsberg, Short
Abstain:	None
Absent:	None

President Doolittle made a motion to propose a change to the order of business with agenda item 7B before 7A, seconded by Director Fick and failed by the following vote:

1st / 2nd	Doolittle/Fick
Ayes:	Doolittle/Fick
Noes:	Floen, Jarlsberg, Short
Abstain:	None
Absent:	None

Vice President Short made a motion to approve the agenda, seconded by Director Jarlsberg and approved by the following vote:

1st / 2nd	Short/Jarlsberg
Ayes:	Floen, Jarlsberg, Short
Noes:	Doolittle/Fick
Abstain:	None
Absent:	None

4. **PUBLIC COMMENT –**

Eighteen members of the public provided comments during the meeting. The District also received 28 electronic public comments, which were provided to the Board as supplemental communications prior to the meeting.

Vice President Short motioned to remove agenda items 7A and 7B from the agenda, seconded by President Doolittle, and approved by the following vote:

1st / 2nd	Short/Doolittle
Ayes:	Doolittle, Floen, Fick, Short
Noes:	Jarlsberg
Abstain:	None
Absent:	None

5. **CONSENT CALENDAR**
   - **A.** DRAFT MINUTES – 07.15.26: RECOMMENDED FOR APPROVAL
   - **B.** JUNE 2026 CHECK REGISTER: RECOMMENDED FOR APPROVAL
   - **C.** EIDE BAILLY MSA: RECOMMENDED FOR APPROVAL

Director Floen made a motion to approve the Consent Calendar and seconded by Director Fick, approved by the following vote:

1st/ 2nd	Floen/Fick
Ayes:	Doolittle, Short, Floen, Jarlsberg, Fick
Noes:	None
Abstain:	None
Absent:	None

6. **ITEMS PULLED FROM CONSENT CALENDAR FOR DISCUSSION -** None

7. DISCUSSION/ACTION ITEMS

C. DISCUSSION AND POSSIBLE ACTION REGARDING MEMBERSHIP AND PARTICIPATION IN THE JOSHUA TREE ASSOCIATION OF BUSINESS AND CULTURE (JTABC)
PRESENTED BY: DIRECTOR DAVID FICK, ASSISTED BY DIRECTOR OF FINANCE ANNE ROMAN
RECOMMENDED ACTION: DISCUSS THE DISTRICT'S POTENTIAL MEMBERSHIP AND PARTICIPATION IN THE JOSHUA TREE ASSOCIATION OF BUSINESS AND CULTURE AND PROVIDE DIRECTION AS APPROPRIATE.

Director Fick provided a presentation regarding the District's potential membership and participation in the Joshua Tree Association of Business and Culture (JTABC). Thomas Fjallstam, Treasurer of the JTABC, stated that the JTABC meets monthly on Tuesdays. Following discussion, the Board agreed to continue discussion regarding the District's membership and participation in the JTABC, including who would participate on behalf of the District, to a future meeting.

Director Floen made a motion to continue discussion regarding membership and participation in the JTABC to a future meeting, seconded by Director Fick, approved by the following vote:

1st/ 2nd	Floen/Fick
Ayes:	Doolittle, Short, Floen, Jarlsberg, Fick
Noes:	None
Abstain:	None
Absent:	None

D. CUSTOMER ACCOUNT ASSISTANCE PROGRAM REVIEW
PRESENTED BY: DIRECTOR DAVID FICK, ASSISTED BY DIRECTOR OF ADMINISTRATION DAVID SHOOK
RECOMMENDED ACTION: DISCUSS THE CUSTOMER ACCOUNT ASSISTANCE PROGRAM AND PROVIDE DIRECTION REGARDING WHETHER ANY CHANGES SHOULD BE CONSIDERED

Director of Administration David Shook presented the Customer Account Assistance Program (CAAP) Review, an agenda item requested by Director Fick. Shook stated that the program is functioning as intended and provided an overview of recent program activity and budget utilization. Director Fick requested that the minimum bill difference for CAAP eligibility be reduced from $400 to $300 and requested that staff analyze the financial and operational impacts of the change. The Board also discussed the primary-residence requirement, program funding, and whether certain nonprofit organizations may be eligible for assistance.

The Board identified specific CAAP provisions for further review and directed staff to return with an analysis of the financial, operational, and ratepayer impacts.

E. CUSTOMER SUPPORT REPORT
PRESENTED BY: DIRECTOR OF ADMINISTRATION, DAVID SHOOK
RECOMMENDED ACTION: FOR INFORMATIONAL PURPOSES ONLY. NO ACTION IS TO BE TAKEN.

Director of Administration David Shook presented the Customer Support Report for January through June 2026. Shook reported that 370 water service applications were completed and 6,830 customer phone calls were received during the reporting period. Shook also reviewed high-use notifications, field collaboration, and website activity, noting that the District homepage and online bill payment page were the most frequently visited.

8. DIRECTOR REPORTS/COMMENTS

President Doolittle

- Doolittle reflected on the recent board reorganization and censure matters and expressed that the events had been difficult for her. Doolittle acknowledged that, in her enthusiasm to serve the District and advocate for improvements, there were occasions when she may have crossed the line between governance and operations, and she expressed regret for doing so. Doolittle stated that she takes the concerns raised seriously and is committed to maintaining appropriate governance and operational boundaries while continuing to fulfill her oversight responsibilities. Doolittle expressed her desire for the Board to work together to strengthen communication, rebuild relationships, and promote Board cohesion. Doolittle stated that she believed these matters could be addressed collectively in open session and indicated that she was receptive to feedback from other Board members. Doolittle announced that she was temporarily suspending the activities of the Board Retreat Ad Hoc Committee until further notice. Doolittle also expressed her appreciation for Vice President Short and his actions during the meeting. Doolittle also expressed that she is a fan of GM Johnson.

Vice President Short

- Director Short stated that he takes full responsibility for what occurred during the meeting and clarified that the decisions regarding Items 7A and 7B were his responsibly. Short stated that he would be considering his next steps moving forward.

Director Floen

- Floen mentioned that he is a retired Deputy Sheriff and affirmed his commitment to integrity. Floen stated that he welcomes the opportunity to speak with members of the public regarding any concerns. Floen expressed that the public comment letters received were emotional for him and commended Vice President Short for his actions. Floen stated that he believed a spirit of fairness was demonstrated during the meeting and expressed his hope that outstanding issues among the Board can be resolved. Floen also noted that the General Manager's absence was due to scheduled vacation and expressed his support for the General Manager, recognizing the demanding nature of her position. Floen stated that the General Manager works hard and deserves every penny she has earned.

Director Jarlsberg

- Jarlsberg stated that she is not a fascist and is opposed to fascism. Jarlsberg stated that she and Vice President Short were not prepared for the censure of President Doolittle concerning her activities in public, including during Board meetings and in the community. Jarlsberg expressed that there appeared to be misunderstandings and stated that she did not believe Vice President Short had acted inappropriately or with ill intent. Jarlsberg expressed regret that the Board was unable to discuss the matters she and Vice President Short had intended to present. Jarlsberg emphasized that the Board is dedicated to the District and that she believes the Board is a good board. Jarlsberg expressed her appreciation for the community and its residents.

Director Fick

- Fick stated that this was one of the most stressful Board meetings and expressed that he believed the Board largely got through the situation due to Vice President Short withdrawing Agenda Items 7A and 7B. Fick stated that further clarification may be needed regarding the concerns between the Board President, Vice President, and General Manager and suggested addressing the matter at a future Board retreat or other appropriate setting.

9. MANAGER'S REPORT - None

10. AGENDA ITEMS REQUESTED BY THE BOARD

- Doolittle – None
- Short – None
- Floen – None
- Jarlsberg – None
- Fick – None

11. ADJOURNMENT

On motion by Director Jarlsberg, seconded by Director Fick, and approved by the Board, the meeting was adjourned at 7:14 p.m.

Respectfully submitted,

____

Sarah Johnson, General Manager & Board Secretary

FUTURE AGENDA ITEMS REQUESTED BY THE BOARD

Staff will notify the requesting Board member of the meeting at which the agenda item will be scheduled, with a minimum of two weeks' notice. Any supporting materials must be submitted to the General Manager by close of business on the Wednesday preceding the Board meeting. Board members requesting an agenda item are expected to be prepared to discuss the item, including its anticipated benefits, alignment with the Strategic Plan, and any associated costs. Leads will be assigned by the GM after the agenda item is presented to the board for direction.

#	Item Requested	By	Date Requested	Lead	Notes
1	PFAS Concerns Discussion	Jarlsberg	01.21.26	TBD	No PFAS detected in water sampling
2	~~Sewer Project Updates~~	~~Fick~~	~~01.21.26~~	~~Johnson~~	~~Completed 04.01.26 (more info to come)~~
3	~~Chromium 6 Updates & Workshop~~	~~Doolittle~~	~~01.21.26~~	~~Johnson~~	~~Completed 03.19.26~~
4	~~Customer Deposits~~	~~Short~~	~~02.04.26~~	~~Roman~~	~~Completed 08.05.26~~
5	Update Employee Handbook with incentives	Short	02.04.26	Johnson	FY 26/27
6	~~CAAP Re-evaluation~~	~~Fick~~	~~02.04.26~~	~~Shook~~	~~Completed 08.05.26~~
7	Board Retreat Workshop/Social Media	Jarlsberg/Doolittle	02.18.26	Johnson	Tentative - Late Summer/Early Fall
8	~~District to join JTABC~~	~~Fick~~	~~03.19.26~~	~~Johnson~~	~~Completed 08.05.26~~
9	Waste Water Strategy	Doolittle	03.19.26	TBD	
10	Landscaping Policy Discussion	Doolittle	03.19.26	TBD	
11	Nitrates Presentation	Doolittle/ Fick	05.11.26	TBD	
12	~~CEQA Review on Budget~~	~~Doolittle~~	~~05.11.26~~	~~TBD~~	~~Added to FY 26/27 Budget~~
13	Cadiz Disucssion	Doolittle	07.15.26	Johnson	

FUTURE DIRECTOR MEETINGS - CALENDAR REMINDER

Informed, well-connected, and educated Directors are able to provide the best decision-making on behalf of JBWD ratepayers. Training and educational conferences provide an invaluable opportunity for Directors to become and stay educated about issues of significance to JBWD. Networking with various representatives, whether local, state, or federal officials, provides an opportunity for JBWD to have a seat at the table, and affords perspective, insight, and occasion for JBWD to collaborate on similar issues, learn about grant opportunities or gain an understanding of upcoming legislation. Director attendance at various meetings is critical for ensuring that JBWD's concerns, needs, or interests are appropriately shared and represented at many levels of government. Directors serve as the official face of JBWD and their attendance at JBWD-sponsored events such as Water Education Day, JBWD tours, retirements, or celebrations, signifies the importance and value of such events. JBWD belongs to various industry associations and Director attendance at their meetings demonstrates our interest and willingness to be part of the solution.

MEETING	DATE	TIME	ATTENDEES
ACWA - Fall Policy Committee Webinar	08.20.26	9:00 AM	Doolittle
MWA - Board Meeting	08.20.26	9:30 AM	TBD
JBWD - Manager Meetups	08.20.26	11:00 AM	Doolittle/Jarlsberg
CSDA - Annual Conference	08.24.26 - 08.27.26	Multiday	Doolittle/Jarlsberg
JBWD - Board Meeting	09.02.26	5:00 PM	All

JOSHUA BASIN WATER DISTRICT

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AGENDA ITEM NO:	7A
MEETING DATE:	8/19/2026

Staff Report

PRESENTED BY:	Audriana Sheehan, HR & Risk Generalist
TOPIC:	**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CALPERS) CONTRACT AMENDMENT – UPDATE TO PEPRA PROVISIONS**
RECOMMENDATION:	Approve Resolution 26-1098 to amend the contract between CalPERS and Joshua Basin Water District to update the District's retirement contract language, and authorize the General Manager to execute the amendment.

BACKGROUND

The District participates in the California Public Employees' Retirement System (CalPERS) under a contract that became effective August 2, 2008. CalPERS is requesting an amendment to update and clarify certain provisions of the District's existing contract. Specifically, the amendment clarifies the retirement provisions applicable to District employees by distinguishing between Classic members and New members, also known as PEPRA members, who are subject to the California Public Employees' Pension Reform Act (PEPRA).

DISCUSSION

The proposed amendment updates the District's CalPERS contract language to accurately reflect the retirement benefit formulas currently applicable to its members, including the 2% at 55 formula for Classic members and the 2% at 62 formula for New members pursuant to Government Code Section 7522.20.

This amendment is a housekeeping item and does not create or provide a new discretionary retirement benefit. Rather, it updates and clarifies the contractual language governing the District's participation in CalPERS.

CONCLUSION

Approval of this Resolution of Intention will initiate the process to update the District's CalPERS contract language. The final resolution and amended contract will be presented in the Consent Calendar at the September 16, 2026, Board meeting.

Upon approval, the District's CalPERS contract will be updated to reflect the retirement provisions applicable to its members.

ATTACHMENT

1. CalPERS Amendment to Contract – Contract No. 2810162667
2. CalPERS Resolution of Intent 26-1098

FISCAL IMPACT N/A

RESOLUTION NO. 26-1098

A RESOLUTION OF INTENTION
TO APPROVE AN AMENDMENT TO CONTRACT BETWEEN THE
BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND THE
BOARD OF DIRECTORS JOSHUA BASIN WATER DISTRICT

WHEREAS, the Public Employees' Retirement Law permits the participation of public agencies and their employees in the Public Employees' Retirement System by the execution of a contract, and sets forth the procedure by which said public agencies may elect to subject themselves and their employees to amendments to said Law; and

WHEREAS, one of the steps in the procedures to amend this contract is the adoption by the governing body of the public agency of a resolution giving notice of its intention to approve an amendment to said contract, which resolution shall contain a summary of the change proposed in said contract; and

WHEREAS, the following is a statement of the proposed change:

To include Public Employees' Pension Reform Act language.

NOW, THEREFORE, BE IT RESOLVED that the governing body of the above agency does hereby give notice of intention to approve an amendment to the contract between said public agency and the Board of Administration of the Public Employees' Retirement System, a copy of said amendment being attached hereto, as an "Exhibit" and by this reference made a part hereof.

PASSED AND ADOPTED this 19th day of August 2026, by the following votes:

AYES:
NOES:
ABSENT:
ABSTAIN:

Sarah Johnson, General Manager	Stacy Doolittle, President

(Amendment)
CON-302 (Rev. 4196)

CalPERS

EXHIBIT

California
Public Employees' Retirement System

AMENDMENT TO CONTRACT

Between the
Board of Administration
California Public Employees' Retirement System
and the
Board Of Directors
Joshua Basin Water District

The Board of Administration, California Public Employees' Retirement System, hereinafter referred to as Board, and the governing body of the above public agency, hereinafter referred to as Public Agency, having entered into a contract effective August 2, 2008, and witnessed July 17, 2008, which provides for participation of Public Agency in said System, Board and Public Agency hereby agree as follows:

A. Paragraphs 1 through 10 are hereby stricken from said contract as executed, effective August 2, 2008, and hereby replaced by the following paragraphs numbered 1 through 12 inclusive:

1. All words and terms used herein which are defined in the Public Employees' Retirement Law shall have the meaning as defined therein unless otherwise specifically provided. "Normal retirement age" shall mean age 55 for classic local miscellaneous members and age 62 for new local miscellaneous members.

2. Public Agency shall participate in the Public Employees' Retirement System from and after August 2, 2008, making its employees as hereinafter provided, members of said System subject to all provisions of the Public Employees' Retirement Law except such as apply only on election of a contracting agency and are not provided for herein and to all amendments to said Law hereafter enacted except those, which by express provisions thereof, apply only on the election of a contracting agency.

3. Public Agency agrees to indemnify, defend and hold harmless the California Public Employees' Retirement System (CalPERS) and its trustees, agents and employees, the CalPERS Board of Administration, and the California Public Employees' Retirement Fund from any claims, demands, actions, losses, liabilities, damages, judgments, expenses and costs, including but not limited to interest, penalties and attorney fees that may arise as a result of any of the following:

   (a) Public Agency's election to provide retirement benefits, provisions or formulas under this Contract that are different than the retirement benefits, provisions or formulas provided under the Public Agency's prior non-CalPERS retirement program.

   (b) Any dispute, disagreement, claim, or proceeding (including without limitation arbitration, administrative hearing, or litigation) between Public Agency and its employees (or their representatives) which relates to Public Agency's election to amend this Contract to provide retirement benefits, provisions or formulas that are different than such employees' existing retirement benefits, provisions or formulas.

   (c) Public Agency's agreement with a third party other than CalPERS to provide retirement benefits, provisions, or formulas that are different than the retirement benefits, provisions or formulas provided under this Contract and provided for under the California Public Employees' Retirement Law.

4. Employees of Public Agency in the following classes shall become members of said Retirement System except such in each such class as are excluded by law or this agreement:

   a. Employees other than local safety members (herein referred to as local miscellaneous members).

5. Any exclusion(s) shall remain in effect until such time as the Public Employees' Retirement System determines that continuing said exclusion(s) would risk a finding of non-compliance with any federal tax laws or regulations. If such a determination is contemplated, the Public Employees' Retirement System will meet with the Public Agency to discuss the matter and coordinate any required changes or amendments to the contract.

   In addition to the classes of employees excluded from membership by said Retirement Law, the following classes of employees shall not become members of said Retirement System:

   a. SAFETY EMPLOYEES.

6. The percentage of final compensation to be provided for local miscellaneous members for each year of credited prior service is 0% and the percentage of final compensation to be provided for each year of credited current service is 100% and determined in accordance with Section 21354 of said Retirement Law (2% at age 55 Modified formula).

7. The percentage of final compensation to be provided for each year of credited prior and current service as a new local miscellaneous member shall be determined in accordance with Section 7522.20 of said Retirement Law (2% at age 62 Supplemental to Federal Social Security).

8. Public Agency elected and elects to be subject to the following optional provisions:

   a. Section 20042 (One-Year Final Compensation) for classic members only.

   b. Section 21623.5 ($5,000 Retired Death Benefit).

   c. Sections 21624 and 21626 (Post-Retirement Survivor Allowance).

9. Public Agency shall contribute to said Retirement System the contributions determined by actuarial valuations of prior and future service liability with respect to local miscellaneous members of said Retirement System.

10. Public Agency shall also contribute to said Retirement System as follows:

    a. A reasonable amount, as fixed by the Board, payable in one installment within 60 days of date of contract to cover the costs of administering said System as it affects the employees of Public Agency, not including the costs of special valuations or of the periodic investigation and valuations required by law.

    b. A reasonable amount, as fixed by the Board, payable in one installment as the occasions arise, to cover the costs of special valuations on account of employees of Public Agency, and costs of the periodic investigation and valuations required by law.

11. Contributions required of Public Agency and its employees shall be subject to adjustment by Board on account of amendments to the Public Employees' Retirement Law, and on account of the experience under the Retirement System as determined by the periodic investigation and valuation required by said Retirement Law.

12. Contributions required of Public Agency and its employees shall be paid by Public Agency to the Retirement System within fifteen days after the end of the period to which said contributions refer or as may be prescribed by Board regulation. If more or less than the correct amount of contributions is paid for any period, proper adjustment shall be made in connection with subsequent remittances. Adjustments on account of errors in contributions required of any employee may be made by direct payments between the employee and the Board.

B. This amendment shall be effective on the _____ day of _______________, ______.

BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY_______________________________

MELODY BENAVIDES, CHIEF
PENSION CONTRACTS AND PREFUNDING
PROGRAMS DIVISION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BOARD OF DIRECTORS
JOSHUA BASIN WATER
DISTRICT

BY_______________________________

PRESIDING OFFICER

____
Witness Date

Attest:

____
Clerk

AGENDA ITEM NO:	7B
MEETING DATE:	08.19.26

Proudly providing water from an ancient source...well into the future

Staff Report

PRESENTED BY:	Anne Roman, Director of Finance
TOPIC:	**2025/26 BAD DEBT WRITE-OFF OF $53,968.56**
RECOMMENDATION:	Approve the 2025/26 Bad Debt Write-off in the amount of **$53,968.56**

ANALYSIS:

Overview

The annual write-off of the bad debt is required for the audit, an accounting action only that does not extinguish the underlying debt or prevent future recovery should opportunity arise. The proposed FY 2025/26 annual bad debt write-off totals **$53,968.56** across **189 customer accounts.** This total amounts to 88% of the $61,000 budget and 0.69% (about ¾ of a percent) of what remains unpaid and/or not liened from $7,789,421 of 2024/25 water revenues.

Year-over-Year Comparison

Metric	FY 2024/25	FY 2025/26
Total Write-Off Amount	$45,786.06	$53,968.56
Total Accounts	157	189
Average Write-Off per Account	$291.63	$285.55
Largest Individual Write-Off	$5,504.33	$3,088.23

Key Observations

Compared to the prior fiscal year, the number of accounts proposed for write-off increased by **32 accounts (20.4%)**, while total write-offs increased by **$8,182.50 (17.9%)**. Despite the increase in total accounts, the average write-off per account declined slightly, indicating that the increase was driven primarily by a greater number of relatively small balances rather than larger individual delinquencies.

Deposit Requirement Analysis

The District's risk-based deposit policy is designed to reduce financial risk by requiring security deposits from customers who present a higher credit risk, while allowing customers with established satisfactory payment histories and/or demonstrated creditworthiness to establish service without a deposit.

Deposit Status	Accounts	% of Accounts	Write-Off Amount	% of Total Dollars	Average per Account
Deposit Required (generally “red” or “yellow” credit checks)	53	28.0%	$25,732.79	47.7%	$485.52
No Deposit Required (generally “green” credit checks)	62	32.8%	$14,065.93	26%	$226.87

LB2200 / Locked Basic Fee (inactive water with no credit checks)	**74**	**39.2%**	**$14,169.84**	**26.3%**	**$191.48**
TOTAL	**189**	**100.0%**	**$53,968.56**	**100.0%**	**$285.55**

Key Observations

- Customers **required to provide a security deposit** (generally red or yellow credit checks) represent only **28% of the accounts**, **yet account for nearly 48% of the total bad debt dollars**. Their average write-off (**$485.52**) is more than double that of customers who were not required to provide a deposit.
- Customers **not required to provide a deposit** (generally green credit checks) represent **32.8% of the accounts but only 26% of the total write-off dollars**, reflecting their generally lower credit risk. Many of these balances appear to be relatively small unpaid final bills rather than ongoing payment problems. Staff intends to strengthen communications regarding final bill obligations to further reduce these losses.
- **LB2200 (Locked Basic Fee)** accounts comprise the largest share of the portfolio (**39.2% of accounts**) but only **26.3% of the write-off dollars**, with the lowest average balance (**$191.48**). These accounts generally represent inactive services where only the monthly locked basic fee accrues and service cannot be discontinued for nonpayment.

Overall, the data indicates that the District's **risk-based deposit program continues to effectively identify higher-risk customers**.

Customer Type Analysis

Customer Type	Accounts	% of Accounts	Write-Off Amount	% of Total Dollars
Previous Owners	**100**	**52.9%**	**$35,418.92**	**65.6%**
Property Owners	**57**	**30.2%**	**$2,567.22**	**4.8%**
Tenants	**32**	**16.9%**	**$15,982.42**	**29.6%**
TOTAL	**189**	**100.0%**	**$53,968.56**	**100.0%**

Key Observations

- **Previous owners account for the majority of bad debt**, representing **52.9% of the accounts** and **65.6% of the total write-off dollars**. Many accounts were closed before the outstanding balance reached the District's $250 internal threshold for recording a property lien, limiting the District's ability to secure the debt. As a result, 76% of previous-owner write-offs were less than $500, indicating that this category is driven primarily by numerous relatively small unpaid final bills rather than a small number of significant delinquencies.
- **Current owners account for 30.2% of the accounts but only 4.8% of the total write-off dollars**, indicating that balances associated with current property owners are generally small. The District's use of property liens and other collection tools helps minimize losses on these accounts by preserving the ability to collect delinquent balances over time.
- **Tenant accounts represent only 16.9% of the accounts but 29.6% of the total write-off dollars**, resulting in the highest average write-off per account ($499.45). Because tenant balances generally cannot be secured

through property liens, they continue to present a comparatively higher collection risk.

- Overall, the distribution of bad debt demonstrates that the District's collection practices are effective in limiting losses where long-term collection remedies are available. The District's greatest write-off exposure continues to arise from unpaid final bills after customers terminate service before their balances reach the internal lien threshold, particularly among previous-owner accounts. This pattern suggests that final bill communications may offer the greatest opportunity to further reduce future write-offs.

Comparison with prior year bad debt write-offs (and accounts receivable) follows:

		SB998						
TYPE	**18/19**	**19/20**	**20/21**	**21/22**	**22/23**	**23/24**	**24/25**	**25/26**
A/R	529,975	678,042	907,968	1,096,517	1,032,037	1,073,362	1,167,693	1,227,831
BAD DEBT	22,940	20,585	19,978	3,359**	34,486	104,045	45,786	53.969

***California Arrearage Credits paid down bad debt.*

Collection Efforts

The proposed write-off includes accounts that have undergone extensive collection activity before being recommended for write-off, including property liens, intent-to-file lien notices, transferred balances, application of the owner request for tenant water service, and application of deposits where available.

Writing off these balances is an accounting requirement and **does not necessarily terminate the District's legal right to collect** where collection remedies remain available.

Lien Statistics

- As of 06/30/26, the District had over $149,999 in liens receivable.
- This year, we received payment on 20 liens and lien-related balances totaling approximately $16,515. This is a slow-down from some prior years and likely represents a slow-down in housing turnover, wherein liens are enforced.

Overall Assessment

The District's bad debt write-offs continue to be driven primarily by unpaid final bills after customers terminate service, rather than by widespread collection failures. Current owner balances remain low due in part to the District's use of property liens and other collection tools. Previous-owner write-offs are largely comprised of numerous relatively small balances, many of which resulted from customers closing their accounts before their unpaid balance reached the District's $250 internal threshold for recording a property lien. As a result, the District's greatest remaining exposure is associated with these small final bill balances. Continued emphasis on final bill notifications and proactive collection efforts may further reduce future write-offs.

RECOMMENDED ACTION: Approve the audit-required write-off of **$53,968.56** for FY 2025/26 bad debt.

FISCAL IMPACT: **$53,968.56** bad debt expense will be recorded for 2025/26 fiscal year, 88% of the 2025/26 budget of $61,000.

JOSHUA BASIN WATER DISTRICT
Proudly providing water from an ancient source...well into the future

AGENDA ITEM NO:	7C
MEETING DATE:	08.19.26

Staff Report

PRESENTED BY:	Anne Roman, Director of Finance
TOPIC:	**COLLECTION ENFORCEMENT, LIENS, AND BAD DEBT WRITE-OFF POLICY**
RECOMMENDATION:	Review and Adopt Resolution #26-1096 and Policy.

SUMMARY: The District requires a supplemental "Collection Enforcement, Liens, and Bad Debt Write-Off Policy" to bolster its audit procedures and internal controls.

ANALYSIS: The District has an adopted Collections Policy but that policy primarily addresses compliance with the Water Shutoff Protection Act. The attached proposed policy is a supplemental policy intended for the administration of post-cutoff actions such as property lien, bankruptcy, collection recovery, accounting write-offs, permanent write-offs, and lien administration.

This policy would provide a comprehensive governance framework for the District's post-delinquency collection activities by establishing delegated authorities and financial controls, while promoting consistency, accountability, operational flexibility, and prudent stewardship of public resources.

If approved, this policy will become a part of the District's Administration Code. Please adopt the attached Resolution #26-1096 to incorporate the policy into the Administration Code.

RECOMMENDED ACTION: Review and Adopt Resolution #26-1096 and Policy.

FISCAL IMPACT: This policy will set clear guidelines for administering collection activities, which would have unknown collection results over time.

RESOLUTION NO. 26-1096

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE JOSHUA BASIN WATER DISTRICT ADOPTING THE COLLECTION ENFORCEMENT, LIENS, AND BAD DEBT WRITE-OFF POLICY AND INCORPORATING THE POLICY INTO THE DISTRICT ADMINISTRATION CODE

WHEREAS, the Joshua Basin Water District ("District") is a county water district organized and existing pursuant to California Water Code section 30000 et seq.; and

WHEREAS, the Board of Directors desires to establish a comprehensive governance framework for post-delinquency collection activities, including property liens, bankruptcy matters, accounting write-offs, permanent write-offs, delegated administrative authority, reporting, and related internal controls; and

WHEREAS, the District has prepared a Collection Enforcement, Liens, and Bad Debt Write-Off Policy ("Policy"), to be attached hereto as Exhibit A and incorporated herein by this reference; and

WHEREAS, the Policy is intended to supplement the District's existing Collections Policy (Discontinuation of Residential Service for Nonpayment), adopted to comply with the Water Shutoff Protection Act, and is not intended to reduce or replace the customer protections contained in that existing policy; and

WHEREAS, the Board finds it in the best interest of the District and its customers to adopt the Policy, incorporate it into the District Administration Code, and authorize its implementation and administration consistent with the limitations established herein.

NOW, THEREFORE, the Board of Directors of the Joshua Basin Water District hereby resolves, determines, and orders as follows:

1. The Board hereby adopts the Collection Enforcement, Liens, and Bad Debt Write-Off Policy as set forth in Exhibit A as the District's formal policy governing post-delinquency collection enforcement, property liens, bankruptcy matters, accounting write-offs, permanent write-offs, delegated authority, reporting, and related internal controls.

2. The Policy shall be incorporated into and made a part of the Joshua Basin Water District Administration Code. District staff is authorized to assign the appropriate Administration Code section number and make nonsubstantive formatting, numbering, cross-reference, or clerical revisions necessary to accomplish its incorporation, provided such revisions do not alter the substance of the Policy.

3. The General Manager, Director of Finance, or designee is authorized and directed to take all actions necessary or convenient to implement and administer the Policy, including establishing and maintaining Standard Operating Procedures, forms, notices, workflows, and other administrative documents consistent with the Policy, applicable law, and other Board-adopted policies.

4. The Policy supplements the District's existing Collections Policy (Discontinuation of Residential Service for Nonpayment) adopted pursuant to the Water Shutoff Protection Act. In the event of any conflict between the Collection Enforcement, Liens, and Bad Debt Write-Off Policy and the existing Water Shutoff Protection Act/Collections Policy, the existing Water Shutoff Protection Act/Collections Policy shall supersede and control to the extent of the conflict. Nothing in this Resolution or the Policy shall be construed to reduce, limit, or supersede customer protections required by the Water Shutoff Protection Act or other applicable law.

5. Except as provided in Paragraph 4 above, to the extent any prior resolution, policy, administrative practice, or provision of the Administration Code conflicts with the Policy adopted herein, the provisions of the Policy adopted by this Resolution shall control, subject in all cases to applicable federal and state law.

6. If any provision of this Resolution or the Policy adopted herein is determined to be invalid or unenforceable, the remaining provisions shall remain in full force and effect.

7. This Resolution shall take effect immediately upon adoption. The Collection Enforcement, Liens, and Bad Debt Write-Off Policy shall become effective on August 20, 2026.

PASSED AND ADOPTED this 19th day of August, 2026, pursuant to the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

__________________________________ __________________________________

Sarah Johnson, Board Secretary Stacy Doolittle, President

EXHIBIT A

JOSHUA BASIN WATER DISTRICT

COLLECTION ENFORCEMENT, LIENS, AND BAD DEBT WRITE-OFF POLICY

[Attach final corrected policy here.]

JOSHUA BASIN WATER DISTRICT

Collection Enforcement, Liens, and Bad Debt Write-Off Policy

Adopted: __08/19/26__

Effective: __08/20/26__

Supersedes: N/A

Next Review: Every five (5) years, or as otherwise directed by the Board of Directors.

Prepared by: Director of Finance, A. Roman

Joshua Basin Water District

Finance Department

Table of Contents

Article 1: Purpose

1.01 Purpose and Policy Intent

- Purpose: The purpose of this Policy is to establish the Joshua Basin Water District's governance framework for the enforcement and recovery of delinquent customer accounts after they become subject to collection activities.
- The Board of Directors recognizes that amounts owed to the District constitute public assets. It is therefore the policy of the District to pursue lawful and cost-effective collection efforts that maximize recovery of public funds while treating customers fairly, consistently, and in accordance with applicable law.

This Policy establishes:

- the District's collection enforcement philosophy;
- authority for the use of property liens and other post-delinquency collection remedies;
- procedures governing accounting and permanent write-offs;
- delegated authority for administrative actions;
- Board oversight responsibilities; and
- general standards for the preservation of District collection rights.

Policy Intent:
It is the intent of the Board of Directors that this Policy provide a comprehensive governance framework for the District's post-delinquency collection activities while allowing administrative procedures to evolve over time. Accordingly, this Policy establishes the Board's objectives, delegated authorities, and financial controls, while detailed operational practices are maintained through Standard Operating Procedures approved by the General Manager or designee. This structure is intended to promote consistency, accountability, operational flexibility, and prudent stewardship of public resources.

1.02 Scope

This Policy governs collection enforcement activities occurring after an account becomes delinquent and subject to formal collection efforts.

Nothing contained herein shall be construed to limit any collection remedy otherwise authorized by:

- California law;

- the District's Rules and Regulations;
- Board-adopted fees and charges;
- contractual agreements; or
- court order.

Article 2: Authority

This Policy is adopted pursuant to the authority granted to the District under applicable provisions of California law, including but not limited to:

- California Water Code Sections 31701.6 and 31701.7;
- California Government Code Sections 60370 through 60375.5;
- California Health and Safety Code Sections 116900 through 116926, where applicable;
- applicable provisions of the United States Bankruptcy Code;
- the Joshua Basin Water District Rules and Regulations;
- Board-adopted rates, fees, charges, and resolutions; and
- other applicable federal, state, and local laws.

Nothing in this Policy is intended to conflict with applicable law. If a conflict exists, applicable law shall control.

Article 3: Relationship to Other District Policies

3.01 Existing Collections Policy

The District has previously adopted a Collections Policy (Discontinuation of Residential Service for Nonpayment) to comply with the Water Shutoff Protection Act (Health and Safety Code Sections 116900 through 116926).
That policy governs:

- discontinuation of residential water service;
- customer notices;
- payment arrangements;
- customer appeals;
- service restoration;
- tenant protections; and

- other customer protections required by law.

3.02 Supplemental Policy

This Policy supplements, and does not replace, the District's Collections Policy.
This Policy governs collection activities occurring after an account becomes subject to collection enforcement, including:

- property liens;
- bankruptcy;
- collection recovery;
- accounting write-offs;
- permanent write-offs;
- delegated authority;
- lien administration; and
- related financial controls.

3.03 Rules and Regulations

Nothing contained herein modifies the District's Rules and Regulations.
Where this Policy establishes administrative standards exceeding minimum legal requirements, District personnel shall follow this Policy unless otherwise directed by the Board of Directors or required by law.

3.04 Administrative Procedures

The General Manager or designee shall establish and maintain administrative procedures necessary to implement this Policy.
Such procedures may include:

- lien administration;
- bankruptcy administration;
- bad debt processing;
- accounting procedures;
- documentation standards;
- record retention;
- internal controls; and
- related administrative forms.

Administrative procedures shall remain consistent with this Policy but may be revised without Board action when necessary to improve efficiency or comply with changes in law.

3.05 Property Tax Roll Charges

This Policy does not govern charges collected through the San Bernardino County property tax roll, including Copper Mountain Mesa Assessment District debt service assessments or Water Availability/Standby Charges. Those charges are administered pursuant to applicable law, annual Board resolutions, and separate District administrative procedures.

Article 4: Collection Enforcement Philosophy

4.01 General Philosophy

The Board recognizes that timely collection of revenues is essential to maintaining the financial integrity of the District and ensuring that the costs of providing water service are borne equitably by those receiving such services.
Accordingly, the District shall pursue reasonable collection efforts designed to maximize recovery of delinquent accounts while balancing:

- stewardship of public funds;
- fairness to customers;
- administrative efficiency;
- legal requirements; and
- cost-effectiveness.

Collection actions shall be taken in a fair, consistent, and nondiscriminatory manner.

4.02 Progressive Collection Approach

The District shall generally utilize progressive collection practices.

Depending upon the circumstances of an individual account, collection activities may include:

1. regular billing;
2. delinquency notices;
3. payment arrangements;

4. discontinuation of service where authorized by law;
5. Intent to File Lien notices;
6. recording of Certificates and Notices of Lien;
7. renewal of recorded liens;
8. monitoring notifications of bankruptcy proceedings;
9. filing bankruptcy claims when appropriate in response to notifications of bankruptcy;
10. monitoring property tax sales;
11. filing claims for excess proceeds from tax sales;
12. referral to collection agencies when appropriate;
13. accounting write-offs; and
14. permanent write-offs.

The District may omit or reorder collection activities whenever staff determines that doing so is authorized by law and is in the District's best financial interest.

4.03 Cost-Effective Collection

Collection actions should be reasonably proportional to the amount expected to be recovered.

The District shall seek to maximize recovery while avoiding unnecessary expenditures of public resources.

When determining whether additional collection activity is warranted, the General Manager or designee may consider:

- the amount owed;
- anticipated recovery;
- administrative costs;
- legal costs;
- likelihood of collection;
- age of the debt;
- existence of security;
- availability of assets; and
- other relevant circumstances.

4.04 Preservation of Collection Rights

Whenever practical, the District shall preserve legal remedies available for collection of delinquent accounts.

The District shall generally preserve valid lien rights whenever economically justified.

Accounting treatment of a receivable shall not determine whether legal collection rights continue to exist.

4.05 Coordination Among Departments

Effective collection requires coordination among Customer Support, Finance, Administration, and District Counsel.

The General Manager or designee shall ensure that appropriate administrative procedures are maintained to promote consistent administration of this Policy.

Article 5: Property Liens

5.01 Purpose

- The Board of Directors finds that recording Certificates and Notices of Lien for unpaid water charges is an effective and equitable means of protecting District revenues and reducing the financial burden placed upon customers who timely pay for water service.
- Accordingly, it is the policy of the District to utilize property liens, when appropriate, as a principal collection remedy for delinquent accounts associated with real property receiving District water service.

- Nothing in this Article shall be construed to limit the District's authority to pursue any other lawful collection remedy.

5.02 Authority

- Property liens shall be recorded pursuant to applicable California law, the District's Rules and Regulations, and this Policy.

- Except where otherwise required by law, the recording of a Certificate and Notice of Lien is an administrative collection action and does not require separate approval of the Board of Directors, a public hearing, or publication.

5.03 Eligibility for Lien

A Certificate and Notice of Lien may be recorded when all of the following conditions have been satisfied:

1. Water charges or other amounts authorized by the District's Rules and Regulations remain delinquent.
2. The delinquent charges are associated with real property receiving District water service.
3. Required notices have been provided.
4. The account is not subject to a legal or administrative hold.
5. Recording the Certificate and Notice of Lien is determined to be in the District's best financial interest.

5.04 Eligibility for Lien Recording

- The District shall generally record Certificates and Notices of Lien for delinquent accounts that meet the eligibility requirements established by this Policy and the District's administrative procedures.

- The General Manager or designee shall establish administrative criteria governing the minimum balance, documentation, and other operational requirements for lien recording. Such criteria shall be maintained in the District's Lien Administration Standard Operating Procedure and shall be reviewed periodically to ensure they remain cost-effective and consistent with the District's collection objectives.

- Nothing in this section shall limit the District's authority to record a lien when otherwise authorized by law and determined to be in the District's best financial interest.

5.05 Ownership Verification

Prior to recording a Certificate and Notice of Lien, the General Manager or designee shall ensure that reasonable efforts have been made to verify:

- ownership of the property;
- the current Assessor Parcel Number;
- the legal owner of record;
- the relationship between the customer account and the property receiving service; and
- any other information necessary to properly identify the property.

Ownership verification may utilize information available from:

- County Assessor records;
- County Recorder records;
- title information;
- probate records;
- trust documents when available;
- or other reliable public records.

5.06 Notice Requirements

Prior to recording a lien, the District shall provide all notices required by law.
In addition to statutory notice requirements, the District shall generally provide an Intent to File Lien notice advising the property owner that:

- the account is delinquent;
- the account is eligible for lien processing;
- the amount owed;
- payment deadline;
- payment arrangement options, if any;
- and the District's intent to record a Certificate and Notice of Lien if payment is not received.

Except where otherwise required by law, the District shall generally allow at least thirty (30) calendar days following mailing of the Intent to File Lien before recording the lien.

5.07 Recoverable Costs

To the extent authorized by law and the District's Rules and Regulations, the lien amount may include:

- unpaid water charges;
- service charges;
- penalties;
- interest;
- returned payment fees;
- recording fees;
- lien release fees;
- lien renewal fees;
- administrative costs associated with lien processing; and
- other lawful charges.

The District shall seek recovery of its reasonable costs incurred in administering the lien process whenever authorized by law.

5.08 Recording of Liens

The General Manager or designee is authorized to record Certificates and Notices of Lien on behalf of the District after determining that:

- legal requirements have been satisfied;
- required notices have been provided;
- ownership has been reasonably verified;
- and recording is consistent with this Policy.

Operational procedures governing preparation and recording of lien documents shall be maintained in the District's Lien Administration SOP.

5.09 Lien Register

The District shall maintain a lien register containing information sufficient to monitor and administer recorded liens.

The register should include, as appropriate:

- property owner;
- APN;
- recording number;
- recording date;

- outstanding balance;
- expiration date;
- renewal status;
- release status; and
- other information necessary for administration.

5.10 Duration and Renewal of Liens

Unless sooner satisfied, released, or extinguished by operation of law, a Certificate and Notice of Lien shall remain effective for the period authorized by California law.

Under current law, a recorded Certificate and Notice of Lien generally remains effective for ten (10) years from the date of recording.

The General Manager or designee shall establish procedures to periodically review liens approaching expiration.

When continued collection is determined to be in the District's best financial interest, the General Manager or designee may authorize renewal of the lien by recording a new Certificate and Notice of Lien prior to expiration.

A renewed lien shall establish a new period of enforceability as authorized by law.

5.11 Interaction with Statute of Limitations

The Board recognizes that unsecured collection actions are generally subject to applicable statutes of limitation under California law.
However, a properly recorded Certificate and Notice of Lien constitutes a separate legal remedy.

Accordingly:

- the expiration of the District's general collection period applicable to unsecured debt does not, by itself, extinguish a valid recorded lien;
- a valid recorded lien shall remain enforceable for the period authorized by law;
- renewal of a lien shall preserve the District's lien rights to the extent authorized by law.

The existence of a valid recorded lien shall generally preclude permanent write-off of an account solely because four years have elapsed since delinquency.

5.12 Preservation of Lien Rights

It is the policy of the District to preserve valid lien rights whenever practical and cost-effective.

Accounting write-offs and permanent write-offs are accounting determinations and shall not, by themselves:

- release;
- impair;
- waive;
- extinguish; or
- otherwise affect

the validity or enforceability of a recorded lien.

5.13 Administrative Lien Releases

The General Manager or designee may authorize recording of a Release of Lien when:

- the underlying obligation has been fully satisfied;
- the lien has been extinguished by operation of law;
- the lien was recorded in error;
- a court orders release; or
- release is otherwise required by law.

These actions are administrative and do not require Board approval.

5.14 Discretionary Lien Releases

The General Manager or designee may authorize the voluntary release of a valid lien securing an unpaid obligation when:

- the outstanding balance does not exceed the delegated monetary authority established in Section 9.03;
- all reasonable collection efforts have been exhausted;
- further enforcement is unlikely to produce material recovery or is not cost-effective;
- release is determined to be in the District's best financial interest; and
- the basis for the release is documented in writing.

In addition, one or more of the following conditions shall exist:

- the lien is determined to be legally unenforceable;

- ownership or title issues materially impair enforcement;
- the recorded property owner cannot reasonably be connected to the indebted account;
- title has transferred in a manner preventing practical enforcement;
- District Counsel has advised enforcement is unlikely to succeed; or
- other unique circumstances demonstrate that continued maintenance of the lien provides no practical benefit to the District.

Discretionary lien releases exceeding the delegated monetary authority established in Section 9.03 shall require approval by the Board of Directors.

5.15 Legal Consultation

When questions arise regarding:

- lien validity;
- ownership;
- title;
- trusts;
- probate;
- bankruptcy;
- recording defects; or
- other legal enforceability issues,

the General Manager or designee shall consult with District legal counsel when reasonably necessary and cost-effective to do so.

Consultation with legal counsel is not required when the anticipated cost of obtaining legal advice would reasonably exceed the value or likely recoverable amount of the lien, provided the General Manager or designee documents the factual basis supporting the determination that the lien is unenforceable or that further enforcement is not in the District's best financial interest.

The General Manager or designee may rely upon prior written legal opinions or established District legal precedent addressing substantially similar circumstances in lieu of obtaining a new legal opinion.

5.16 Relationship to Administrative Procedures

The General Manager or designee shall establish and maintain administrative procedures governing:

- lien recording;

- notices;
- ownership verification;
- lien administration;
- lien renewals;
- releases;
- record retention; and
- related operational activities.

Such procedures shall be maintained in the District's Lien Administration Standard Operating Procedure and may be revised administratively provided they remain consistent with this Policy and applicable law.

Article 6: Bankruptcy

6.01 Purpose

- The District recognizes that customer bankruptcy proceedings may affect the timing, method, and extent of collection efforts. It is the policy of the District to comply fully with applicable federal bankruptcy law while preserving the District's legal rights and maximizing recovery of public funds whenever practical.
- Nothing in this Policy shall be interpreted as authorizing collection activity prohibited by the United States Bankruptcy Code.

6.02 Compliance with Bankruptcy Law

- Upon receiving notice that a customer has filed for bankruptcy protection, the General Manager or designee shall ensure that all collection activities comply with applicable federal bankruptcy law, including the automatic stay.
- Collection activities prohibited by law shall cease immediately upon receipt of notice of the bankruptcy filing.
- Nothing herein shall prevent the District from exercising rights specifically authorized under the Bankruptcy Code.

6.03 Evaluation of Bankruptcy Cases

The General Manager or designee shall evaluate each bankruptcy case to determine the District's rights and the likelihood of recovery.
The evaluation may include consideration of:

- the chapter under which the bankruptcy was filed;
- status of the bankruptcy proceeding;
- whether the debt is secured or unsecured;
- existence and validity of any recorded lien;
- anticipated recovery through the bankruptcy estate;
- estimated costs of participation;
- and any other factors affecting collectability.

6.04 Bankruptcy Claims

The District may file proofs of claim, objections, or other pleadings when determined to be in the District's best financial interest.

When determining whether participation is appropriate, the General Manager or designee may consider:

- expected recovery;
- administrative costs;
- legal expenses;
- complexity of the proceeding;
- available District resources; and
- recommendations of District Counsel.

6.05 Effect Upon Recorded Liens

The Board recognizes that bankruptcy may discharge a debtor's personal liability while leaving valid property liens unaffected.

Accordingly:

- bankruptcy shall not automatically release a recorded District lien;
- bankruptcy shall not automatically require permanent write-off of a liened account;
- valid recorded liens shall be preserved whenever legally enforceable and economically justified.

6.06 Bankruptcy Write-Off Authority

The General Manager or designee may authorize permanent write-off of bankruptcy-related accounts when:

- the debt has been discharged and no further recovery is legally available;
- no material recovery is expected through the bankruptcy estate;
- participation would not be cost-effective;

- or the account otherwise satisfies Article 8 of this Policy.

6.07 Documentation

Bankruptcy-related write-offs shall include documentation, as applicable:

- District form
- bankruptcy case number;
- bankruptcy chapter;
- discharge or dismissal;
- proof of claim activity;
- lien status;
- legal consultation, if any;
- and the basis supporting the District's determination.

Article 7: Accounting Write-Offs

7.01 Purpose

- The Board recognizes that generally accepted accounting principles require periodic removal of certain aged receivables from active accounts receivable records for financial reporting purposes.
- Such accounting write-offs are intended to improve the accuracy of the District's financial statements and shall not be interpreted as forgiveness of debt.

7.02 Accounting Write-Off Defined

An Accounting Write-Off is the removal of a delinquent account from the District's active accounts receivable records for accounting purposes while preserving the District's legal right to continue collection.

Accounting write-offs:

- are accounting entries only;
- do not extinguish the debt;
- do not impair collection rights;
- do not release liens;
- and do not prevent future recovery.

7.03 Board Approval

- Accounting write-offs shall generally be presented to the Board of Directors annually in conjunction with the District's financial statement preparation, audit process, or other periodic financial reporting.
- Board approval authorizes the accounting treatment of the receivables and does not terminate collection activity.

7.04 Continued Collection

Following Board approval of an accounting write-off, the District may continue collection activities including:

- billing;
- payment arrangements;
- collection agencies;
- bankruptcy participation;
- monitoring of tax sales;
- claims for excess proceeds;
- recorded liens;
- lien renewals;
- or any other lawful collection activity.

7.05 Four-Year Collection Period

- Unless otherwise authorized by law, unsecured delinquent accounts shall generally remain eligible for collection efforts for four (4) years following the date the obligation became legally enforceable.
- Expiration of the applicable statute of limitations may be considered in determining whether an account qualifies for permanent write-off.

7.06 Effect of Recorded Liens

The Board recognizes that a properly recorded Certificate and Notice of Lien constitutes a separate legal remedy.

Accordingly:

- the four-year collection period applicable to unsecured debt does not, by itself, terminate a valid recorded lien;
- valid liens remain enforceable for the period authorized by California law;
- properly renewed liens continue the District's secured collection rights.

Accounts secured by valid recorded liens shall generally continue through lien administration until:

- payment;
- release;
- expiration without renewal;
- extinguishment by operation of law;
- or other legal termination.

7.07 Recovery Accounting

Amounts recovered after accounting write-off shall be recorded as revenue in the period received in accordance with generally accepted accounting principles.

7.08 Accounting Records

The District shall maintain records distinguishing:

- active receivables;
- accounting write-offs;
- permanently written-off accounts;
- recovered accounts;
- and liened accounts.

Article 8: Permanent Write-Offs

8.01 Purpose

- Permanent write-offs recognize that certain accounts have reached the end of the District's practical or legal collection efforts.
- Unlike accounting write-offs, permanent write-offs represent an administrative determination that no further collection activity is warranted.
- Permanent write-off does not, by itself, release or impair any valid recorded lien.

8.02 General Manager or Designee Authority

- The General Manager or designee may authorize permanent write-off of accounts that satisfy the criteria established by this Article, subject to the delegated monetary authority established in Section 9.03 of this Policy.

- Permanent write-offs exceeding the delegated monetary authority established in Section 9.03 shall require Board approval.

8.03 Criteria for Permanent Write-Off

An account may be permanently written off when one or more of the following conditions exists:

- the applicable statute of limitations has expired and no enforceable lien remains;
- a lien has been extinguished by operation of law and no recoverable proceeds remain available;
- the debtor is deceased and no estate or successor recovery is reasonably available;
- bankruptcy has discharged the debt and no practical recovery remains;
- the cost of additional collection efforts exceeds reasonably anticipated recovery;
- ownership or title issues prevent practical enforcement;
- District Counsel advises that collection is unlikely to succeed;
- or the account is otherwise determined to be legally or practically uncollectible.

8.04 Relationship to Accounting Write-Offs

- Accounts previously approved by the Board as accounting write-offs may subsequently become eligible for permanent write-off through operation of law or satisfaction of the criteria established in this Article.
- Routine permanent write-offs resulting from previously Board-approved accounting write-offs do not require additional Board approval or reporting.
- The Board has already authorized removal of those receivables from the accounting records. Permanent write-off merely recognizes the conclusion of collection efforts under this Policy.

8.05 One-Off Permanent Write-Offs

This Article also governs unique or unusual circumstances not associated with the District's annual accounting write-off process.
Examples include:

- extinguished liens following tax sales;
- unsuccessful claims for excess proceeds;
- deceased debtors with no recoverable estate;
- bankruptcy discharges;
- title defects preventing enforcement;

- and other isolated circumstances where further collection is unwarranted.

These determinations may be made administratively by the General Manager or designee within the delegated monetary authority established in Section 9.03.

8.06 Documentation

Each permanent write-off shall include documentation supporting the determination, including, as appropriate:

- account history;
- collection efforts;
- lien status;
- bankruptcy documentation;
- tax sale information;
- probate information;
- statute of limitations analysis;
- legal opinions relied upon;
- ownership research;
- and the basis supporting the determination.

8.07 Future Recoveries

- If funds are recovered after permanent write-off, the District shall accept such payment and record the recovery in accordance with generally accepted accounting principles.
- Acceptance of payment following permanent write-off shall not invalidate the prior administrative determination.

8.08 Relationship to Lien Releases

- Permanent write-off shall not be construed as authorization to release a valid recorded lien.
- Release of liens shall be governed exclusively by Article 5 of this Policy.

Article 9: Delegation of Authority

9.01 Purpose

- The Board of Directors recognizes that efficient administration of the District's collection program requires delegation of routine administrative authority while preserving appropriate Board oversight of significant policy matters.
- The General Manager shall remain accountable to the Board for administration of this Policy but may delegate responsibilities to qualified District personnel.

9.02 General Manager or Designee

Except where Board approval is expressly required by this Policy or applicable law, the General Manager or designee is authorized to administer this Policy and may:

- authorize the recording of Certificates and Notices of Lien;
- approve lien renewals;
- approve administrative lien releases;
- approve discretionary lien releases within Board-approved delegated authority;
- determine eligibility for accounting write-offs;
- authorize permanent write-offs within the delegated monetary authority established in Section 9.03;
- administer bankruptcy matters;
- authorize participation in bankruptcy proceedings when cost-effective;
- evaluate title, ownership, and trust issues;
- consult with District Counsel when appropriate;
- approve collection agency referrals;
- execute documents necessary to administer this Policy; and
- establish administrative procedures consistent with this Policy.

The General Manager may further assign operational responsibilities to District employees as appropriate while retaining overall administrative responsibility.

9.03 Delegated Monetary Authority

To promote efficient administration while maintaining appropriate Board oversight, the Board of Directors delegates the following monetary authority to the General Manager or designee:

Administrative Action	**General Manager or Designee Authority**

Record Certificates and Notices of Lien	No Monetary Limit
Renew Recorded Liens	No Monetary Limit
Administrative Lien Releases (e.g., paid in full, recorded in error, court order, or extinguished by operation of law)	No Monetary Limit
Discretionary Lien Releases	Up to $10,000 per account
One-Off Permanent Write-Offs	Up to $10,000 per account
Bankruptcy-Related Permanent Write-Offs	Up to $10,000 per account
Permanent Write-Offs Resulting from Previously Board-Approved Accounting Write-Offs	No Monetary Limit
Routine Administrative Actions Authorized by this Policy	No Monetary Limit

- The General Manager may delegate authority under this Section to the Director of Finance or another management employee in writing, provided such delegation is consistent with District administrative procedures.
- The delegated authority established herein applies only to administrative implementation of this Policy and shall not authorize amendment of Board policy or actions otherwise reserved to the Board of Directors.

9.04 Matters Reserved to the Board

The following matters remain reserved to the Board of Directors unless otherwise delegated by law:

- adoption or amendment of this Policy;
- approval of permanent write-offs exceeding delegated monetary authority;
- approval of discretionary lien releases exceeding delegated monetary authority;
- establishment or modification of delegated monetary thresholds;
- adoption of fees or charges requiring Board action; and
- other matters specifically reserved by law.

9.05 Delegation Does Not Create Entitlement

- Nothing contained in this Policy shall be construed to create any right or expectation that a particular collection remedy will or will not be utilized.
- The District retains discretion to determine the most appropriate lawful collection action based upon the facts of each case.

Article 10: Reporting

10.01 Purpose

The Board shall receive periodic information sufficient to exercise oversight of the District's collection program without requiring Board action for routine administrative matters.

10.02 Annual Accounting Write-Off Report

Accounting write-offs processed pursuant to Article 7 shall be presented to the Board periodically, generally in conjunction with the District's annual financial reporting or audit process.

The report should summarize:

- number of accounts;
- total dollar amount;
- other information determined appropriate by the General Manager or designee.

Board approval authorizes the accounting treatment of the receivables.

10.03 Routine Permanent Write-Offs

Permanent write-offs approved under Article 8 do not require separate Board approval or subsequent reporting when:

- the account was previously included within a Board-approved accounting write-off;
- permanent write-off results from objective criteria established by this Policy;
- and the action falls within the delegated monetary authority established in Section 9.03.

Examples include:

- expiration of the applicable collection period where no enforceable lien exists;
- lien extinguishment by operation of law;
- unsuccessful recovery following tax sale proceedings;

- bankruptcy discharge;
- deceased debtor with no recoverable estate; or
- other routine administrative determinations authorized by this Policy.

10.04 Exceptional Matters

The General Manager or designee shall report to the Board unusual or significant collection matters, including, where appropriate:

- permanent write-offs exceeding the delegated monetary authority established in Section 9.03;
- discretionary lien releases exceeding the delegated monetary authority established in Section 9.03;
- significant legal developments affecting District collection practices;
- material bankruptcy matters;
- or other issues determined to warrant Board attention.

Such reports may be presented on the consent calendar unless a public discussion is otherwise appropriate.

Article 11: Internal Controls

11.01 General

The District shall maintain internal controls designed to ensure:

- accurate financial reporting;
- consistent administration;
- appropriate segregation of duties;
- preservation of public assets;
- and compliance with applicable law.

11.02 Documentation

Collection actions taken pursuant to this Policy shall be adequately documented. Documentation shall be sufficient to demonstrate:

- compliance with applicable law;
- compliance with this Policy;
- factual basis supporting administrative determinations; and
- appropriate authorization.

11.03 Record Retention

Records relating to collection activities shall be retained in accordance with the District's Records Retention Schedule and applicable law.

11.04 Audit

Collection activities governed by this Policy shall be subject to periodic review by management, the District's independent auditors, or other authorized reviewers.

Article 12: Administrative Procedures

12.01 Standard Operating Procedures

The General Manager or designee shall establish and maintain written administrative procedures implementing this Policy.
Such procedures may include:

- Lien Administration Standard Operating Procedure;
- Bad Debt Processing Standard Operating Procedure;
- bankruptcy administration procedures;
- forms;
- notices;
- checklists;
- workflows and decision trees;
- and other administrative documents.

Administrative procedures may be revised without Board approval provided they remain consistent with this Policy and applicable law.

12.02 Interpretation

- Questions regarding interpretation of this Policy shall be referred to the General Manager or designee.
- The General Manager or designee may consult District Counsel whenever legal interpretation is necessary.

12.03 Severability

If any provision of this Policy is determined to be invalid or unenforceable, the remaining provisions shall remain in full force and effect.

12.04 Effective Date

This Policy shall become effective upon adoption by the Board of Directors on August 20, 2026.

Definitions

For purposes of this Policy:

- Accounting Write-Off – Removal of a receivable from active accounting records while preserving the District's legal right to pursue collection.
- Certificate and Notice of Lien – A lien recorded pursuant to applicable law to secure payment of delinquent charges associated with real property.
- Collection Enforcement – Activities undertaken by the District after an account becomes delinquent to recover amounts owed.
- Delinquent Account – An account for which payment has not been received by the due date established by the District.
- General Manager or Designee – The General Manager or any employee formally authorized to perform duties delegated under this Policy.
- Permanent Write-Off – An administrative determination that further collection activity is no longer warranted because the account is legally or practically uncollectible.
- Property Owner – The owner of record as reflected in applicable public records.
- Recorded Lien – A Certificate and Notice of Lien recorded with the County Recorder.

Delegation Matrix

Action	**GM/Designee**	**Board**
Record Certificate and Notice of Lien	✓	
Renew Certificate and Notice of Lien	✓	

Administrative lien release	✓	
Discretionary lien release (≤ $10,000)	✓	
Discretionary lien release (> $10,000)		✓
Annual accounting write-offs	Recommend	✓
Routine permanent write-offs following Board-approved accounting write-offs	✓	
One-off permanent write-offs (≤ $10,000)	✓	
One-off permanent write-offs (> $10,000)		✓
Bankruptcy administration	✓	
Collection agency referrals	✓	

REVISION HISTORY

Revision	**Date**	**Description**
0	______	Initial adoption by Resolution No. ______

AGENDA ITEM NO:	7D
MEETING DATE:	08.19.26

Staff Report

PRESENTED BY:	Anne Roman, Director of Finance
TOPIC:	**GUARANTEE DEPOSIT REQUIREMENTS**
RECOMMENDATION:	Review and consider reducing the Customer Guarantee Deposit. If desired, adopt Resolution 26-1097 to amend the Rules & Regulations Article 1.11.

SUMMARY: The current Guarantee Deposit methodology is based on approximately three months of average residential water charges to mitigate the District's financial exposure before water service may legally be discontinued for nonpayment. As water rates have increased, the resulting deposit has become a barrier for some customers. Staff analyzed the historical financial impacts of reducing the deposit methodology and recommends reducing the calculation to two and one-half (2.5) months of average residential water use, which is estimated to increase annual bad debt exposure by approximately $836 (approximately 2% of recent average annual bad debt) while reducing the standard residential deposit by $68.

ANALYSIS: The District sets forth a Guarantee Deposit for subject customers to establish water service. The District offers a no cost, soft credit check to determine customers who are subject to the deposit. The deposit formula, which is designated in the Rules & Regulations Article 1.11, automatically adjusts the deposit amount when water rates change to keep the deposit reasonably aligned with the District's anticipated financial exposure.

As rates have increased over time, the deposit level has increased to a point where some customers and Board members have questioned the feasibility of paying such deposit. While the District can review the deposit level, the application of an alternate formula or methodology must remain reasonably related to the District's financial risk and consistent with the cost-of-service principles embodied in Proposition 218. To be equitable to all customers and minimize the bad debt impacts of a deposit reduction, Staff has prepared an analysis of the existing methodology and made a recommendation herein that works within the constraints of Proposition 218.

The current deposit is set at $408 and is applied towards the account balance upon account closing or achieving 24 months of service with no more than two late payments, no cutoffs for non-payment, and no returned checks. In addition to the initial deposit, a customer may be required to increase their deposit upon termination of service for non-payment (cut off) or meter damage. The deposit to reinstate service after non-payment shutoff is currently $612.

TIMING OF BILLS & LAWFUL SHUT-OFF

Water is billed in arrears. The current deposit formula takes into account current rates, an average monthly amount of consumption from the 2023 Water Rate Study (8 units), and a three-month period of time in which the water may not legally be shut off/cut off ($136/month average bill x 3 months = $408). This is a period of maximum exposure to bad debt for the District. The billing / payment / shut-off cycle that follows illustrates the basis for the existing three-month deposit methodology and the District's maximum unsecured exposure prior to lawful termination of service.

DAY #	DATE	STEP	BALANCE
1	01/01	EARLIEST FIRST DAY OF SERVICE FOR A NEW ACCT or FIRST DAY IN NEW BILLING CYCLE	0.00
31	01/31	FIRST BILL ISSUED for usage 12/01 – 12/31	N/A
51	02/20	FIRST BILL DUE	N/A
52	02/21	FIRST BILL DELINQUENT	N/A
59	02/28	SECOND BILL ISSUED for usage 01/01 – 01/31	136.00
79	03/20	SECOND BILL IS DUE	136.00*
80	03/21	SECOND BILL IS DELINQUENT	136.00*
90	03/31	THIRD BILL IS ISSUED for 02/01 – 02/28	272.00*
110	04/20	THIRD BILL IS DUE	272.00*
111	04/21	THIRD BILL DELINQUENT	272.00*
120	04/30	FOURTH BILL IS ISSUED for 03/01 – 03/31	408.00*
140	05/20	FOURTH BILL IS DUE	408.00*
141	05/21	FOURTH BILL IS DELINQUENT	408.00*
141	05/21	FIRST BILL WITH CONSUMPTION THAT WAS DUE ON 03/20 CAN LEGALLY BE SHUT-OFF FOR NON-PAYMENT AFTER PROPER NOTIFICATION	408.00*

*plus penalties

Understanding that the deposit level may be unmanageable for some customers, the District also offers to bill the deposit in installments and transfers deposits from an established account with good credit to another.

A/R AND BAD DEBT HISTORY

Accounts receivable (A/R) and Bad debt have increased since the implementation of SB998 in 2020. The Water Shutoff Protection Act extended the time to legally shut-off accounts for non-payment by an additional 30 days. Customers with failed payment arrangements receive another 60 days to pay before they can be shut off. Despite active collection efforts, bad debt has generally increased following implementation of SB998. A/R has increased 231% between 2018/19 and 2025/26. For the same years, bad debt has increased 235%.

		SB998						
TYPE	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26
A/R	529,975	678,042	907,968	1,096,517	1,032,037	1,073,362	1,167,693	1,227,831
BAD DEBT	22,940	20,585	19,978	3,359**	34,486	104,045	45,786	53.969

** STATE ARREARAGE CREDITS WERE APPLIED.

ANALYSIS

To evaluate the financial impact of the proposed reduction included herein, staff reviewed approximately five years of historical customer write-off data for accounts that were required to maintain Guarantee Deposits under the District's credit policy. The analysis compared the actual deposits held on those accounts to a modeled deposit equal to 80% of the historical deposit amount,

representing the proposed reduction from three months to two and one-half months of coverage.
The historical analysis indicates that the proposed reduction would have increased unsecured bad debt exposure by approximately $4,181 over the five-year analysis period, or approximately $836 per year. Compared to the District's average annual bad debt write-offs of approximately $41,531 for Fiscal Years 2020/21 through 2024/25, the estimated increase represents approximately 2.0% of average annual bad debt.

The analysis further indicates that Guarantee Deposits serve as a risk mitigation tool rather than a guarantee against all bad debt. Even under the current methodology, historical write-offs often exceeded the amount of the deposit held. Consequently, the proposed reduction is expected to have a relatively modest effect on the District's overall bad debt experience while providing a meaningful reduction in the upfront cost of establishing water service.

RECOMMENDATIONS
Staff acknowledges that the current formula has resulted in a deposit level that may be unmanageable for our disadvantaged customer base. Staff is comfortable making a reasonable change to the current policy, as illustrated below. If such change is desired by the Board, Staff recommends reducing the formula to cover 2.5 months of debt instead of 3. That compromise continues to reasonably protect other ratepayers while maintaining a level of financial risk that Staff believes is appropriate based on the District's historical experience. Please see table below:

Deposit Method	**Standard Deposit**	**Reinstatement Deposit (1.5×)**	**Reduction from Current**	**Additional Estimated *Annual* Exposure***	**% of Historical Bad Debt***
3.0 Months	$408	$612	—	$0	0.0%
2.5 Months	$340	$510	$68 (16.7%)	~$836	~2%

*The estimated increase in unsecured exposure is based on historical account data and is intended to illustrate the relative financial effect of alternative deposit methodologies rather than predict future bad debt.

Staff believes the proposed revision appropriately balances customer affordability with protection of the District's financial interests and recommends approval.

If the Board chooses to change the deposit methodology:

- Staff recommends keeping a deposit formula tied to the rates (using the new number of months), which keeps the deposit aligned with the rates.
- Staff recommends starting the new deposit prospectively in January 2027 to avoid confusion of mid-year changes and allow time to revise forms.
- The Board should adopt Resolution No. 26-1097 to revise the Rules & Regulations Article 1.11 as shown in the attached proposal.

FISCAL IMPACT: Historical analysis estimates that reducing the Guarantee Deposit methodology to 2.5 months would increase unsecured bad debt exposure by approximately **$836 annually**, or approximately **2% of the District's recent average annual bad debt experience**. Actual results may vary based on customer behavior and economic conditions.

RESOLUTION 26-1097
RESOLUTION OF THE BOARD OF DIRECTORS
OF THE JOSHUA BASIN WATER DISTRICT ADJUSTING
THE DISTRICT'S CUSTOMER GUARANTEE DEPOSIT CALCULATION,
AND AMENDING ARTICLE 1.11 OF THE DISTRICT'S
RULES & REGULATIONS

WHEREAS, the Joshua Basin Water District ("District") desires to amend its Rules & Regulations relating to Guarantee Deposits, which are used to reasonably secure payment of water service charges and reduce the financial risk of unpaid accounts; and

WHEREAS, due to statutory notice requirements, billing cycles, and the time required to discontinue water service for nonpayment, the District's potential financial exposure may approach approximately three months of water service prior to termination, with additional charges incurred through final billing; and

WHEREAS, the Board has reviewed the District's historical bad debt experience, customer deposit requirements, and alternative deposit methodologies, including an analysis of the anticipated financial impact of reducing Guarantee Deposits, and finds that reducing the standard residential Guarantee Deposit from an amount approximating three (3) months of average residential water use to an amount approximating two and one-half (2.5) months of average residential water use (as dictated by the most recent Water Rate Study) appropriately balances the District's financial risk with customer affordability, continues to provide reasonable financial protection against unpaid accounts, and reduces the upfront financial burden on customers, particularly within the District's disadvantaged community; and

WHEREAS, the Guarantee Deposit, and the additional Termination of Water Service and Damage/Lock deposits established under Article 1.11, are intended to secure payment of water service charges and to bear a reasonable relationship to the actual costs and financial risks presented to the District by unpaid and delinquent accounts, and are not designed or intended to constitute, and shall not operate as, a fine or penalty; and

WHEREAS, the Board further finds that the amended Guarantee Deposit methodology continues to bear a reasonable relationship to the District's anticipated financial exposure associated with establishing water service and represents an appropriate balance between protecting the financial interests of the District and maintaining reasonable access to essential water service.

NOW, THEREFORE, BE IT RESOLVED, that Article 1.11 of the District's Rules & Regulations is amended in its entirety to read as follows:

ARTICLE 1.11 Guarantee and Other Water Account Deposits

Before water delivery is started for any new or existing Active Account, the Applicant shall secure the account by depositing with the JBWD the amount specified in Article 13.3, unless there is a Continuous Service Agreement in place – see Article 1.14.1.

Water service will not be installed, connected, or turned on for any Applicant or customer until all delinquent balances are resolved (refer to Article 1.29). In any instance where this policy conflicts with the District's Collection Policy in Appendix A, the Collection Policy will prevail.

Deposits will not automatically be refunded for customers whose account status changes (Active, Transitional, and Inactive). Customers whose account status changes will have to meet the satisfactory payment requirements as indicated in this Article before Deposit is refunded or applied to account.

Each time that water rates are changed in accordance with Board action, the Guarantee Deposit will also be re-calculated and changed, based on the average residential water consumption from the **most recent water rate study** (currently, the 2023 Water Rate Study, and eight (8) units average consumption per month) multiplied times two and one-half (2.5) months.

a. Guarantee Deposit: When the Applicant has established a satisfactory payment record for twenty-four consecutive months, the JBWD will refund the guarantee deposit by crediting the customer's account. If service is discontinued before that time, the deposit will be deducted from the closing bill, and a check for the balance or a water bill will be mailed to the customer at his last known address.
   A satisfactory payment record is achieved if the Applicant meets the following criteria within the twenty-four month period:
   - No more than two late payments,
   - No cut-offs for non-payment, and
   - No returned checks

   The JBWD may require a Guarantee Deposit on an unsecured account if one of the aforementioned items occurs during the duration of the water service.

b. Termination of Water Service Deposit. Following termination of water service for nonpayment, the customer may be subject to a deposit equal to one and one-half (1.5) times the Guarantee Deposit amount. Refund of Termination of Water Service Deposit is the same as a refund of the Guarantee Deposit.

   If a customer whose water service has been terminated for non-payment has zero deposit on-hand at the time-of-service termination, they must pay at least the

Guarantee Deposit amount before service can be restored, and the remaining additional deposit due may be established as a contract, payable by the customer over a timeframe not to exceed two months. Failure to pay the contract as required will once again subject the customer account to termination.

c. Damage/Lock Deposit. If a locked meter is unlocked or the meter is damaged, the customer may be subject to a deposit equal to two times the standard deposit. Refund of Damage/Lock Deposit is the same as refund of Guarantee Deposit.

d. Continuous Service Agreement Deposit

A property owner (or owner-authorized property manager) of a rental property who has a valid Continuous Service Agreement in place will not be required to pay a New Account charge or provide a Guarantee Deposit each time that active water service is automatically transferred into their name in between tenant accounts. The Continuous Service Agreement and this waiver of new account charge and guarantee deposit will be terminated if owner or property manager fail to pay for any past due balances associated with the subject property.

This resolution is effective August 20, 2026.

ADOPTED this 19th day of August, 2026.

Ayes:

Noes:

Absent:

Stacy Dootlittle, President, Board of Directors

Sarah Johnson, Board Secretary

JOSHUA BASIN WATER DISTRICT
Proudly providing water from an ancient source...well into the future

AGENDA ITEM NO:	7E
MEETING DATE:	08.19.26

Staff Report

PRESENTED BY:	David Shook, Director of Administration
TOPIC:	**CUSTOMER APPEAL OF RULES & REGULATIONS ARTICLES 1.2, 1.3, 1.9.1**
RECOMMENDATION:	Uphold the District's Rules & Regulations as applied and deny the requested variance.

BACKGROUND:

Mr. Scully has submitted an official appeal to review circumstances under applicable California law and District's policies governing residential water service, medical hardship, and low-income customers.

The District's policy page currently links to the Administration Code (Updated August 2021) and the Rules & Regulations. The Rules & Regulations contain broad appeal language that appears capable of applying to a staff decision denying a water service application, although the provision does not expressly use the phrase "denied water service application.

A denied water service application may have two possible procedural paths depending on the basis for the dispute: an appeal if the applicant contends staff interpreted or applied the Rules incorrectly, or a variance request if the applicant seeks an exception from a rule that staff correctly applied. Because the appeal deadline is stated as five days after receipt of the administrative ruling, any denial notice should be reviewed promptly for potential appeal rights and timing.

ANALYSIS:

Former customer, Mr. Scully, is appealing the Board-approved Rules and Regulations, Articles:

1.2 – Availability of Service
JBWD offers water service to any person who meets the application requirements and pays the necessary fees.

1.3 – Refusal of Service
JBWD may refuse service where a condition could endanger public health or disrupt service to other customers, where there is an unlawful cross-connection, or where refusal is used to obtain compliance with the Rules & Regulations.

1.9.1 – Tenant Water Service Application
Property owner or owner authorized property manager must approve all new tenant accounts. JBWD will, upon written request of an owner (i.e. Owner Request for Tenant Water Service) and receipt of a complete water service application and payment of all applicable fees and deposits, open an account in the name of a tenant.

This applicant has not been able to prove ownership of the property nor have they been able to provide an Owner Request for Tenant Water Service as required by the Rules & Regulations. Compliance with these requirements ensures that the District retains appropriate remedies for the recovery of unpaid charges, including the ability to place a lien against the property when applicable or to seek recourse from the property owner for unpaid charges associated with tenant service.

Mr. Scully alleges that his appeal arises under SB 998 (The Water Shutoff Protection Act), which governs the *discontinuation* of existing residential service for nonpayment — not applications to establish new service. As such, SB 998 does not apply to the current request or appeal. The Act's protections, including the medical-certification exemption and the bar on shutoff while a bill appeal is pending, could only have been invoked in connection with the 2024 discontinuation.

Previously, the former customer submitted two formal complaints with the State Water Resources Control Board (SWRCB) and twice our decision was upheld regarding compliance with SB 998.

Because the service was lawfully discontinued in July 2024 after the September 2023 payment plan was breached, there is no live SB 998 matter to appeal — the only question before the Board is eligibility for new service under Article 1 of the Rules and Regulations.

Please consider the applicant's request and determine whether the District's Rules & Regulations have been properly applied and, if so, whether the circumstances presented provide sufficient grounds for granting a variance.

RECOMMENDED ACTION: Uphold the District's Rules & Regulations as applied and deny the requested variance.

ATTACHMENT: Customer Appeal Letter

STRATEGIC PLAN: Goal 5.1 Enhance customer trust, understanding, and positive perception of the work of the District to protect and provide water services.

FISCAL IMPACT: N/A

Dear Customer Support Specialist,

Thank you for your response.

I believe there has been a misunderstanding regarding my request.

I am not requesting the establishment of new water service, nor am I applying as a tenant. I was the last customer of record for the water service at **REDACTED** before service was disconnected in July 2024. I am requesting the reinstatement of my existing customer account at the same service address.

I understand that Joshua Basin Water District is required to follow its adopted policies and apply them consistently. My request is not asking the District to disregard its policies, but rather to review my circumstances under applicable California law and the District's policies governing residential water service, medical hardship, and low-income customers.

Your response did not address several important issues raised in my original email, including:

- My status as the last customer of record requesting reinstatement of my existing account rather than the creation of a new account.
- The pending Quiet Title action establishing my lawful possession of the property while ownership is being determined by the San Bernardino County Superior Court.
- The physician's medical certification stating that the lack of water service poses a life-threatening health risk to a resident of the property.
- My household's qualification as a low-income household with income below 200% of the Federal Poverty Level.
- My request for a reasonable payment arrangement and information regarding available customer assistance programs, including the Help2Others Program.

Because the record owner cannot presently be located, it is impossible to obtain an Owner Authorization form. I respectfully request that the District identify what documentation, if any, would be acceptable under these unique circumstances while the Quiet Title action is pending, rather than simply restating the standard owner authorization requirement.

If the District's position is that my existing account cannot be reinstated, I respectfully request that you identify the specific District rule, policy, ordinance, tariff, or California statute that requires denial of my request despite my status as the last customer of record, the pending Quiet Title action, the documented life-threatening medical necessity, and my qualification as a low-income household.

Because this matter involves an immediate health and safety concern, I also respectfully request that this matter be forwarded to District management, the General Manager, and District legal counsel for review.

Given the medical certification already provided, I would appreciate a written response as soon as possible identifying all available options to promptly restore water service.

Thank you for your time and consideration. I look forward to your prompt response.

Sincerely,

REDACTED (Name)

REDACTED (Phone Number)

REDACTED (Email)