



**CHINO BASIN
DESALTER
AUTHORITY**

**Meeting of the
Finance Committee
of the Board of Directors**

August 21, 2018 • 2:00 p.m.

2151 S. Haven Avenue, Suite 202
Ontario, CA 91761 • (909) 218-3230

**FINANCE COMMITTEE OF THE
BOARD OF DIRECTORS
CHINO BASIN DESALTER AUTHORITY**

**August 21, 2018
2:00 p.m.**

**Chino Basin Desalter Authority
2151 S. Haven Avenue, Suite 202, Ontario, CA 91761**

*All documents available for public review are on file with the Authority's
secretary located at 2151 S. Haven, Suite 202, Ontario, CA 91761*

AGENDA

CALL TO ORDER

PUBLIC COMMENT

Members of the public may address the Board on any item that is within the jurisdiction of the Board; however, no action may be taken on any item not appearing on the agenda unless the action is otherwise authorized by Subdivision (b) of Section 54954.2 of the Government Code. Those persons wishing to address the Board on any matter, whether or not it appears on the agenda, are requested to complete and submit to the Board Secretary a "Request to Speak" form which is available on the table in the Board Room. Comments will be limited to five minutes per speaker.

ADDITIONS TO THE AGENDA

In accordance with Section 54954.2 of the Government Code (Brown Act), additions to the agenda require two-thirds vote of the legislative body, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the local agency subsequent to the agenda being posted.

ACTION ITEMS

1. MINUTES OF JULY 31, 2018 FINANCE COMMITTEE MEETING

2. PURCHASE OF REVERSE OSMOSIS (RO) MEMBRANE ELEMENTS

Report by: Todd Minten, CDA Operations Manager

It is recommended that the Committee recommend the following action to the full Board at the 09/06/18 Board Meeting:

1. Approve a purchase order with Dow Water & Process Solutions for the supply and installation of RO membrane elements in the amount of \$401,625.00.

3. ADOPTION OF CHINO BASIN DESALTER AUTHORITY'S REVISED RESERVE POLICY

Report by: Michael Chung, CFO/Treasurer

It is recommended that the Committee recommend the following action to the full Board at the 09/06/18 Board Meeting:

1. Approve the Chino Basin Desalter Authority's Reserve Policy as submitted; and
2. Adopt Resolution 2019-01 approving the CDA's Revised Reserve Policy.

INFORMATION ITEMS

4. MONTHLY CREDIT CARD ACTIVITY REPORT FOR JUNE 2018

Report by: Jose Garcia, CDA Principal Accountant

COMMITTEE MEMBER COMMENTS

STAFF COMMENTS

CDA CFO/Treasurer
CDA General Manager/CEO

ADJOURN

Declaration of Posting

I, Casey Costa, Executive Assistant to the Chino Basin Desalter Authority, hereby certify that a copy of this agenda has been posted at the Chino Basin Desalter Authority's main office, 2151 S. Haven Ave., Ontario, CA by August 17, 2018 at 2:00 p.m.

Casey Costa, Executive Assistant



Finance Committee Meeting

Agenda Item

No. 1

**MEETING OF THE FINANCE COMMITTEE
OF THE BOARD OF DIRECTORS OF THE
CHINO BASIN DESALTER AUTHORITY**

MINUTES

July 31, 2018

The Meeting of the Finance Committee of the Chino Basin Desalter Authority (CDA) was held at the CDA Administrative Offices, 2151 S. Haven Avenue, Suite 202, Ontario, CA, on the above date.

The meeting was called to order at 2:00 p.m.

COMMITTEE MEMBERS PRESENT

Tom Haughey, City of Chino
Peter Rogers, City of Chino Hills
Betty Anderson, Jurupa Community Services District

COMMITTEE MEMBERS ABSENT

None

OTHERS PRESENT

Curtis Paxton, CDA General Manager/CEO
Michael Chung, CDA CFO/Treasurer
Todd Minten, CDA Operations Manager
Jose Garcia, CDA Principal Accountant
Casey Costa, CDA Executive Assistant
David Crosley, City of Chino
Steven Popelar, Jurupa Community Services District
Rod LeMond, Western Municipal Water District
Cindy Miller, Hazen & Sawyer

PUBLIC COMMENT

There were no comments from the public.

ADDITIONS TO THE AGENDA

There were no additions to the agenda.

ACTION ITEMS

1. MINUTES OF JUNE 21, 2018 FINANCE COMMITTEE MEETING

Motion: It was moved by Director Haughey/Chino, seconded by Director Rogers/Chino Hills, and carried unanimously to approve Action Item 1.

2. PURCHASE OF REVERSE OSMOSIS (RO) MEMBRANE ELEMENTS

Report by: Todd Minten, CDA Operations Manager

It is recommended that the Committee recommend the following action to the full Board at the 08/02/18 Board Meeting:

1. Approve a purchase order with Dow Water & Process Solutions for the supply and installation of RO membrane elements in the amount of \$401,625.00.

General Manager Paxton reported that this item requires further TAC discussion and will be agendaized for a future Finance Committee Meeting.

3. PHASE 3 EXPANSION PROJECT: AMENDMENT NO. 2 TO AGREEMENT WITH HAZEN AND SAWYER FOR PROGRAM MANAGEMENT SERVICES

Report by: Curtis D. Paxton, General Manager/CEO

It is recommended that the Committee recommend the following action to the full Board at the 08/02/18 Board Meeting:

1. Approve Amendment No. 2 to the Professional Services Agreement with Hazen and Sawyer for program management services in the not-to-exceed amount of \$148,080; and
2. Authorize the General Manager/CEO to finalize and execute the amendment and approve authorized expenditures up to a not-to-exceed total of \$570,834.

General Manager Paxton reviewed the recommendation to approve Amendment No. 2 to the Professional Services Agreement with Hazen and Sawyer to provide the remaining program management services for the Phase 3 Expansion Project. Rod Lemond/MMWD questioned the 15% markup on direct expenses; General Manager Paxton replied that staff is comfortable with the markup. There were no further questions or comments.

Motion: It was moved by Director Haughey/Chino, seconded by Director Anderson/JCSD, and carried unanimously to approve Action Item 3.

4. PHASE 3 EXPANSION PROJECT: AMENDMENT NO. 2 TO DUDEK'S CONTRACT FOR DESIGN OF DUAL PRODUCT WATER PIPELINES USING HORIZONTAL DIRECTIONAL DRILLING

Report by: Cindy Miller, Phase 3 Project Program Manager

It is recommended that the Committee recommend the following action to the full Board at the 08/02/18 Board Meeting:

1. Approve Amendment No. 2 in the amount of \$45,740 to Dudek's contract for Design of Dual Product Water Pipelines Using Horizontal Directional Drilling, for a total contract amount of \$632,966.

2. Authorize the General Manager to execute Amendment No. 2 and approve authorized expenditures up to a not-to-exceed total of \$662,612.

Program Manager Miller reviewed the recommendation to approve Amendment No. 2 to Dudek's contract for Design of Dual Product Water Pipelines Using Horizontal Directional Drilling. The Amendment will include language to withhold 20% of the hours allocated for the CM Inspector, which may only be authorized by the General Manager. There were no questions or comments.

Motion: It was moved by Director Anderson/JCSD, seconded by Director Haughey/Chino, and carried unanimously to approve Action Item 4.

5. PHASE 3 EXPANSION PROJECT: CONSTRUCTION CONTRACT AWARD FOR THE PRODUCT WATER PIPELINE, SANTA ANA RIVER HDD CROSSING (SPEC NO. CDA EXP16-12)

Report by: Cindy Miller, Phase 3 Project Program Manager

It is recommended that the Committee recommend the following action to the full Board at the 08/02/18 Board Meeting:

1. Approve a construction contract award to DDH Apple Valley Construction, Inc. for construction of the Product Water Pipeline, Santa Ana River HDD Crossing (Spec No. CDA EXP16-12) in the not-to-exceed amount of \$2,225,593.
2. Authorize the General Manager/CEO to execute the contract and approve authorized expenditures up to a not-to-exceed total of \$2,450,000.

Program Manager Miller reviewed the recommendation to approve a construction contract award to DDH Apple Valley Construction, Inc. for construction of the Product Water Pipeline, Santa Ana River HDD Crossing. CDA received three bids, and DDH Apple Valley Construction was identified as the lowest responsive and responsible bidder. Additionally, Norstar Plumbing & Engineering and Michel's Corporation were found to be non-responsive, as they did not include required information, while it was clearly specified that bid would be rejected if that information was not included. She reported that a Formal Bid Protest was received from a subcontractor of Norstar concerning the qualifications of DDH Apple Valley concerning their HDD construction experience. Program Manager Miller reported that DDH Apple Valley's subcontractor, who was determined to be qualified, will perform that portion of the work. She reported that she and General Manager Paxton have a meeting scheduled with CDA Legal Counsel to discuss the merits of the protest. Staff recommends moving forward with award of the contract to DDH Apple Valley Construction, Inc, as it is critical to complete the project prior to the bird nesting season in March 2019.

Director Anderson/JCSD asked how the subcontractor of DDH was determined to be qualified. Program Manager Miller replied that the subcontractor submitted their qualifications and have performed numerous similar projects during the last five years. Director Haughey/Chino questioned where the HDD subcontractor is located, with concerns specifically about mobilization of equipment during the winter if they are located in the high desert. Program Manager Miller reported that the subcontractor is not located in the high desert. Furthermore, DDH Apple Valley have performed other projects in the nearby area with no issues relating to mobilization. There were no further questions or comments.

Motion: It was moved by Director Anderson/JCSD, seconded by Director Rogers/Chino, and carried unanimously to approve Action Item 5.

INFORMATION ITEMS

6. MONTHLY CREDIT CARD ACTIVITY REPORT FOR MAY 2018

Report by: Jose Garcia, CDA Principal Accountant

Principal Accountant Garcia reviewed Information Item 6. There were no questions or comments.

COMMITTEE MEMBER COMMENTS

There were no comments.

STAFF COMMENTS

General Manager Paxton reminded Committee Members that the upcoming Board Meeting was scheduled for Thursday, August 2, 2018.

ADJOURN

There being no further business the meeting was adjourned at 2:25 p.m.



Finance Committee Meeting

Agenda Item

No. 2



SUBJECT: PURCHASE OF REVERSE OSMOSIS (RO) MEMBRANES ELEMENTS

RECOMMENDATION:

Staff recommends that the Board:

1. Approve a purchase order with Dow Water & Process Solutions for the supply and installation of 945 RO membrane elements in the amount of \$401,625.00.

BACKGROUND:

A portion of the RO membrane elements at Chino I and Chino II Desalters have reached the end of their useful life and require replacement. Based upon direction from the TAC, a Request for Proposal (RFP) for purchase of RO membranes was sent to the two membrane manufacturers that had successfully operated membranes at Chino I and Chino II Desalters, Dow Water & Process Solutions and Toray Membrane USA. Both manufacturers submitted proposals that complied with the requirements of the RFP.

Projected performance shows that Dow membranes operate an average of 5% lower pressure than Toray membranes. Dow overall purchase price is higher than Toray Membrane by \$23,398.20, however the cost will be recovered through lower energy cost by the end of year one. Total net evaluated cost savings assuming a 5-year membrane life is \$59,856.30. After the first 5 years of operation, the Dow and Toray elements have equal energy costs.

Dow membrane performance at Chino I and II show long term stable operation for eight years. Toray membranes have not been operated for the same length of time. Toray membranes have performed well but experienced a more rapid initial productivity loss greater than experienced by the Dow membrane, which will likely impact membrane life.

Based upon consideration of multiple criteria including price, expected permeate quality and membrane life, purchase of the Dow BW30XRF-400/34 membranes are recommended.

The table below shows the total evaluated costs at 5 years of operation.

Supplier (945 Units)	Unit Price	Total Bid Price	Energy Differential	Total Evaluated Cost
Dow Water & Process Solutions	\$425.00	\$401,625.00	\$0.00	\$401,625.00
Toray Membrane USA	\$400.24	\$378,226.80	\$83,254.50	\$461,481.30
Difference	\$24.76	\$23,398.20		\$59,856.30

Prepared by: Todd Minten, CDA Operations Manager

Board of Directors: Approved Continued Denied

CDA GM/CEO Acknowledgement: _____ Date: _____

The item was reviewed/approved by the Technical Advisory Committee (TAC) on August 14, 2018 and Finance Committee on August 21, 2018.

IMPACT ON BUDGET:

Purchase order costs are expected to be incurred in CDA's FY 2018/19 budget.

ATTACHMENT:

- 1) Separation Processes, Inc. evaluation memorandum dated June 21, 2018

DRAFT

Prepared by: Todd Minten, CDA Operations Manager

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Board of Directors: Approved Continued Denied

CDA GM/CEO Acknowledgement: _____ **Date:** _____



Separation Processes, Inc.
 3156 Lionshead Ave., Suite #2
 Carlsbad, CA 92010
 Tel: 760-400-3660
 Fax: 760-400-3661
 www.spi-engineering.com

Date: June 21, 2018
 To: Chino Basin Desalter Authority
 From: John Perlman and Gabriela Handley - SPI
 Subject: Recommendation for Award

Background

Chino Basin Desalter Authority (CDA) operates two reverse osmosis (RO) systems, Chino I and Chino II, to treat brackish groundwater sourced from multiple wells. A portion of the reverse osmosis membrane elements in both systems are being replaced because they have reached the end of their useful life. A Request for Proposal (RFP) for purchase of the Reverse Osmosis Membrane Elements was prepared by CDA and Separation Processes, Inc. (SPI) and issued to prospective suppliers on March 15, 2018. The RFP was sent to the following suppliers:

- Dow (Filmtec)
- Toray

Bid Responses

Responses to the RFP for the purchase including membranes, all spare parts, freight, and services were due on May 18, 2018. Responses were received from both suppliers and the results are tabulated below.

Supplier	Total Purchase Price for 1246 elements including listed spare parts, shipping and taxes	Total purchase price per element
Dow	\$529,550.00	\$425.00
Toray	\$494,699.35	\$397.03

- Toray indicated that their bid included installation of the new membrane elements at no additional cost. This does not include unloading of the existing elements. Unloading and/or loading of elements was not a requirement in RFP.
- Toray bid separate pricing for the 945 elements requested in the base bid and the 1246 elements on the price sheet.
- Dow provided the bid sheet with pricing for 1246 elements and stated the same unit price is valid for 945 elements.
- Toray provided projections for Chino I, years 0, 3 and 5 and projections for Chino II for years 0 and 3 (with different fouling allowances).
- Dow provided projections for Chino I and II for years 0, 3 and 5.
- Toray and Dow signed the Bid Sheet acknowledging agreement with the terms of the RFP.



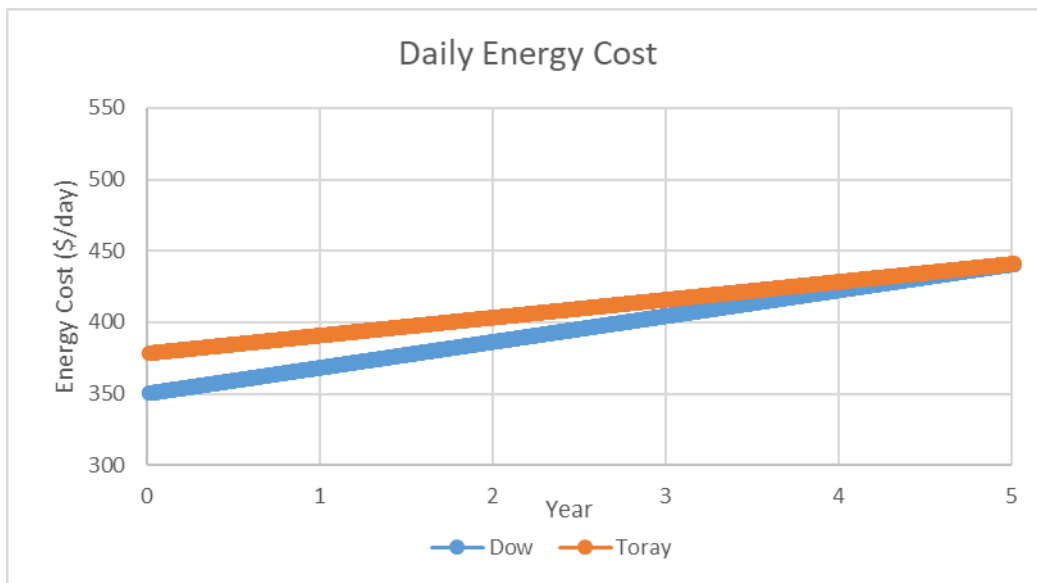
June 21, 2018
Subject: CDA RO Membrane Procurement

Bid Evaluation

Per the RFP: CDA will make their selection based on multiple criteria including price per element, expected permeate quality, and membrane life.

Both suppliers submitted bids that were responsive to the RFP requirements on most items. While Dow did not provide separate pricing for the smaller quantity of membranes, the RFP reserves the right to negotiate with a selected bidder. Toray included proprietary bidirectional brine seals in their bid which allows the elements to be loaded from either end of the pressure vessel. When installed properly, both the standard brine seals and bidirectional seals perform identically. Historically at both Chino I and Chino II, membrane loading and unloading is extremely rare and reverse flow cleaning is not recommended. Therefore, the bidirectional seal does not provide an advantage over properly loaded standard brine seals as those are the instances where bidirectional seals are advantageous.

Projected permeate TDS for both is better than the project requirements. Note that the Dow program historically gives very conservative permeate TDS projections while the Toray projections are more “optimistic”. A review of the Toray nitrate projections vs. the actual performance at Chino 1 train 5 indicate that the Toray permeate nitrate projection is not accurate. Projected performance for the Dow membranes shows operation at an average of 5% lower pressure than the Toray membranes. In the figure below, the daily energy cost for one train is shown over a 5-year period.



At approximately 5 years in operation, the Dow and Toray elements have equal energy costs. Since the Dow membranes start at a lower pressure than the Toray membranes, the calculated energy cost is significantly lower to begin and gradually increases. In the first 5 years of operation, Dow membranes would offer a cost savings of approximately \$25,901 per train over the Toray



June 21, 2018
 Subject: CDA RO Membrane Procurement

membranes. The table below summarizes total energy costs after 3 and 5 years in operation for each vendor for one representative train.

Cumulative RO Pumping Energy Cost (one train)				Additional Cost (Toray)
Year	Dow	Toray	Difference	
3	\$ 415,229	\$ 436,839	\$ 21,609	\$ 73.50
5	\$ 725,032	\$ 750,933	\$ 25,901	\$ 88.10

Dow membrane performance at Chino I and II show long term stable operation for eight years. Toray membranes have not been operated for the same length of time. Toray membranes have performed well but experienced a more rapid initial productivity loss greater than experienced by the Dow membrane, which will likely impact membrane life.

Assuming a 5-year membrane life, the additional energy cost listed in the previous table was added to the Toray subtotal. The table below provides a summary of the total evaluated cost for 1,246 elements including energy costs and spare parts.

Company	Membrane Model	Membrane Qty	Unit Purchase Price	Spare Parts	Shipping Cost	Tax	Subtotal	Energy Differential	Total Evaluated Cost	Comments
Dow	FILMTEC BW30XRF-400/34	1,246	\$ 425.00	\$0.00	\$0.00	\$0.00	\$529,550.00	\$0.00	\$529,550.00	Unit purchase price includes spare parts, shipping and taxes
Toray	TM720D-400	1,246	\$ 366.00	\$297.50	\$3,000.00	\$35,365.85	\$494,699.35	\$109,772.60	\$604,471.95	

The following table summarizes the relative strength of the products proposed by the suppliers:

Company	Scale	Toray	Dow
Total evaluated cost (including differential energy cost & spare parts)	0-50	44	50
Expected Permeate Quality	0-50	50	50
Membrane Life	0-50	50	50
Total	150	144	150

Recommended Selection

Based upon a review of the proposals, SPI recommends the purchase of the Dow BW30XRF-400/34 membrane. We believe that these membranes will be a suitable replacement for the membranes currently installed. We are confident these membranes will meet the District's water production and quality goals.



Finance Committee Meeting

Agenda Item

No. 3



SUBJECT: ADOPTION OF CHINO BASIN DESALTER AUTHORITY'S REVISED RESERVE POLICY

RECOMMENDATION:

- 1. Approve the Chino Basin Desalter Authority's Reserve Policy as submitted; and
2. Adopt Resolution 2019-01 approving the CDA's Revised Reserve Policy.

BACKGROUND:

The current reserve policy was adopted by the Board on July 10, 2013. According to the policy, staff is to review annually each reserve item to determine if any modification is necessary.

ISSUES AND ANALYSIS

There have been significant changes in CDA's operating conditions, primarily due to the Phase 3 Expansion Project. The current policy's reserve for Operating Contingency is based on three months of Operating Revenue. The proposed Operating Contingency reserve has been calculated based on two months of Operating Revenue using the current adopted budget. Additionally, Rate Stabilization was incorporated into the annual budget and has been removed from the policy.

Based on the adopted budget for FY 2018/19, the level of reserves should be modified accordingly. The following table denotes the proposed modification of each reserve addressed in the policy. The overall summary reveals a small decrease of \$20,000 to the total reserve amount.

Table with 4 columns: Reserve, Current Level, Proposed Level, Change. Rows include Infrastructure Maint/Replacement, Operating Contingency, Rate Stabilization, Membrane Reserve, Capital Construction, and Total. Values are in millions of dollars.

The proposed revisions have been forwarded and reviewed by the members' Finance Directors. This agenda item was reviewed/approved by the Technical Advisory Committee on August 14, 2018 and Finance Committee on August 21, 2018.

IMPACT ON BUDGET

There is no impact on current fiscal year's budget.

ATTACHMENTS:

- Resolution 2019-01
- Proposed Reserve Policy

Prepared by: Michael Chung, CDA CFO/Treasurer

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Board of Directors: Approved Continued Denied

CDA GM/CEO Acknowledgement: _____ **Date:** _____

RESOLUTION NO. 2019-01

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE CHINO BASIN DESALTER AUTHORITY,
ESTABLISHING THE ATTACHED RESERVE
POLICY**

WHEREAS, the Board of Directors of the Chino Basin Desalter Authority is authorized to adopt a reserve policy; and

WHEREAS, the existing policy has been reviewed in order to provide for operational flexibility without sacrificing internal controls or increasing financial risk to the Authority.

NOW, THEREFORE, BE IT RESOLVED, that the CDA Board of Directors, assembled this 6th day of September 2018, does hereby adopt Resolution No. 2019-01, establishing the "Reserve Policy" as set forth in the Attachment.

BE IT FURTHER RESOLVED, that the effective date of this Resolution No. 2019-01 is September 10, 2018.

ADOPTED AND APPROVED this 6th day of September, 2018.

Greg Newton
Chairperson

ATTEST:

Tom Haughey
Secretary

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Tom Haughey, Secretary of the Chino Basin Desalter Authority, DO
HEREBY CERTIFY that the foregoing Resolution No. 2019-01 was duly adopted by
the Board of Directors on the 6th day of September 2018, by the following vote:

AYES:

NOYES:

ABSTAIN:

ABSENT:

By:

Tom Haughey
Secretary



RESERVE POLICY

Unforeseen events, emergencies, accelerated growth, supplemental budget requirements, are among the factors that can result in unplanned expenses. In addition to unplanned activities, the Authority has extensive investments in public infrastructure, operating plants, and other related facilities and equipment that require ongoing repair, maintenance, replacement, refurbishment, and expansion. The Authority must also be prepared for planning and implementation of new facilities if the need arises. The Authority is moving forward with formalizing past practice with establishment of appropriate reserves and associated target levels.

The establishment of the following reserves will prudently position the Authority to address current and future risks, as well as stabilize its rates. The reserves are categorized according to one of the following:

Reserved and Designated Fund Balances:

Reserved fund balance: Reserves that are maintained based on externally-imposed restrictions from federal and state regulatory requirements, or conditions imposed by third parties (e.g., bondholders) through bond indentures or other legal documents.

Designated fund balance: Board imposed restrictions on funds for certain Authority purposes, such as infrastructure replacement or rate stabilization.

Unreserved and Undesignated Fund Balances:

Funds available for spending with no legal, regulatory, or Board imposed restrictions.

For each of the reserves the Authority has identified a purpose, target levels, conditions under which they are to be used, and review dates for determining continued need for the reserve and appropriate levels.

RESERVED AND DESIGNATED FUND BALANCES

Infrastructure Maintenance/Replacement Reserves \$2.092.38m

Purpose: Maintaining infrastructure at an adequate level and in an acceptable condition requires that funds be continually and readily available to support replacement, refurbishment, and construction. The service provided by the Authority is critically important to the health and welfare of the citizens within the Authority's service area. No service is more basic than meeting the need for clean water. Given the nature of the service, very few options exist, if any, for service reduction levels in the event of revenue shortfalls or other funding deficiencies.

Recognizing these realities, and consistent with best practices, the Authority has prudently established reserves to ensure that ongoing capital infrastructure needs will not be neglected.

Usage Requirements: The reserve will be accessed, as needed, to fund infrastructure replacement requirements based on the Authority's Capital Improvement Program. Replacement is defined as an expense which will extend, as opposed to maintain, an asset's useful life.

Target Balance: When needed, the Infrastructure Capital Maintenance and Replacement costs will be funded annually by CDA membership.

Review Date: The Infrastructure Maintenance/Replacement Reserve will be reviewed and adjusted, if needed, annually as part of the budget process.

Operating Contingency Reserve \$3.53.82m

Purpose: Unexpected expenditures typically occur in the dynamic environment in which the Authority operates. To accommodate unanticipated expenses, while maintaining reasonable budgetary restraint, a budgetary contingency reserve will be established.

Usage Requirements: This contingency is available to the Board to approve unexpected operating expenses which arise in the course of business during the

final year. It can only be accessed with Board approval and is subject to replenishment during the annual budget approval process. This serves as a guiding budgetary constraint, but does not prohibit the Board from approving capital projects which exceed the available contingency budget.

Target Level: The Contingency Reserve will be set at a level equal to ~~three~~two months of operating revenues of the most recently adopted budget.

Review Date: Annually during the budget development and review process.

~~Rate Stabilization Reserve~~ _____ ~~\$~~.54m****

~~Purpose: The Authority is committed to providing a clean and reliable source of water, recognizing this service as a necessary and basic need of its constituencies. The Authority strives to provide and maintain this service with a rate structure which is reasonable, affordable, and stable. However, rising costs and/or decreased revenues requires that the Authority periodically adjust its service charges.~~

~~This reserve will maintain rates stable and minimize the need for large rate increases due to unfavorable economic conditions or other factors beyond the control of the Authority.~~

~~Usage Requirements: This reserve can be used to transition expense growth to match slower revenue growth during the first 24 months of a recession or other economically constraining event. This will serve to avoid any immediate increase to the wastewater rates.~~

~~Target Level: The amount of the reserve will be initially established at \$540,000, using \$20/af for 25,000 af annual production.~~

~~Review Date: Annually during the budget development and review process.~~

~~Debt Service Reserves~~ _____ ~~\$~~6.4m****

~~Purpose: Required by relevant bond indentures as a set aside for payment of principal and interest on outstanding bonds.~~

~~Usage Requirements: This reserve will only be used to pay debt service when pledged net revenues (as defined in the relevant bond indentures) are insufficient.~~

~~Target Level: As required pursuant to the relevant bond indentures.~~

~~Review Date: Sufficiency of market value of invested debt service reserve funds must be examined semi-annually on the interest and principal payment dates (as defined in the bond indentures) to ensure enough funds are available for any debt amounts due and payable.~~

Membrane and Resin Reserve

\$5.41m

Purpose: To ensure adequate reserves in case of a complete failure of all trains in a Desalter facility.

Usage Requirements: The reserve is used to ensure periodic membrane replacement to sustain optimum operations of the desalters.

Target Level: The designated amount is set for total replacement of all four trains.

Review Date: The target level will be set and reviewed annually as part of the budget process.

Capital Construction Reserve

Per Project Award

Purpose: This reserve essentially is the encumbrance for all outstanding capital commitments, particularly for major engineering and construction projects.

Usage Requirements: The reserve is depleted as capital projects are completed.

Target Level: The target level will vary from year to year, based on capital project needs as identified in the Authority's Fiscal Budget and annual capital plan.

Review Date: The target level will be set and reviewed annually subsequent to the adoption of the annual budget as part of the budget process or as needed based on Board actions.

Funding: Any positive/negative changes of less than \$1.0m of the proposed total reserve will not be distributed/assessed to the members. In case of a need for funding of a deficiency in excess of \$1.0m, it will be incorporated in the next budget cycle.



Finance Committee Meeting

Agenda Item

No. 4



SUBJECT: MONTHLY CREDIT CARD ACTIVITY REPORT FOR JUNE 2018

RECOMMENDATION:

It is recommended that the Committee review the attached credit card activity report for June 2018.

BACKGROUND:

This report covers the month of June 2018, for which there was \$76.96 in purchases.

IMPACT ON BUDGET:

The credit card expenditures were made against the adopted budget for FY17/18.



MONTHLY LOG OF CREDIT CARD TRANSACTIONS

Card No. xxxx xxxx xxxx 4738

Month: June 10, 2018 - July 9, 2018

* Please attach all **ORIGINAL** receipts for each transaction and proof of purchase if the charge is a Web purchase.

Cardholder's Name: Chino Basin Desalter/Curtis D. Paxton

Date	User Name	Site	Vendor	Description	Amount	Account # GL/JL
3/16/2018	Casey Costa	Admin	Amazon.com	Interall Online audio conference call services	\$ 76.96	10-1-001-6720
TOTAL RECEIPTS					\$ 76.96	
Billed Amount					\$ 76.96	
Difference					\$ -	

Curtis D. Paxton

Authorized Signature: _____



CHINO BASIN DESALTER

WorldPoints

June 10, 2018 - July 09, 2018

Company Statement

Account Information:
www.bankofamerica.com

Mail Billing Inquiries to:
BANK OF AMERICA
PO BOX 982238
EL PASO, TX 79998-2238

Mail Payments to:
BUSINESS CARD
PO BOX 15796
WILMINGTON, DE 19886-5796

Customer Service:
1.800.673.1044, 24 Hours

TTY Hearing Impaired:
1.888.500.6267, 24 Hours

Outside the U.S.:
1.509.353.6656, 24 Hours

For Lost or Stolen Card:
1.800.673.1044, 24 Hours

Business Offers:
www.bankofamerica.com/mybusinesscenter

Payment Information

New Balance Total \$76.96
Minimum Payment Due **\$76.96**
Payment Due Date **08/05/18**

Late Payment Warning: If we do not receive your minimum payment by the date listed above. You may have to pay a fee based on the outstanding balance on the fee assessment date:
\$19.00 for balance less than \$100.01
\$29.00 for balance less than \$1,000.01
\$39.00 for balance less than \$5,000.01
\$49.00 for balance equal to or greater than \$5,000.01

Minimum Payment Warning: If you make only the minimum payment each period, you will pay more in interest and it will take you longer to pay off your balance.

Account Summary

Previous Balance \$129.99
Payments and Other Credits **-\$129.99**
Balance Transfer Activity \$0.00
Cash Advance Activity \$0.00
Purchases and Other Charges \$76.96
Fees Charged \$0.00
Finance Charge \$0.00

New Balance Total \$76.96
Credit Limit \$10,000
Credit Available \$9,923.04
Statement Closing Date 07/09/18
Days in Billing Cycle 30

Cardholder Activity Summary

Account Number	Credit Limit	Total Activity	Payments and Other Credits	Balance Transfer Activity	Cash Advance Activity	Purchases and Other Charges	Fees Charged
PAXTON, CURTIS D	10,000	76.96	0.00	0.00	0.00	76.96	0.00

0012999 0007696 0007696

BUSINESS CARD
PO BOX 15796
WILMINGTON, DE 19886-5796

CHINO BASIN DESALTER
2151 S HAVEN AVE UNIT 202
ONTARIO, CA 91761-074252

Account Number:
June 10, 2018 - July 09, 2018

New Balance Total \$76.96
Minimum Payment Due **\$76.96**
Payment Due Date **08/05/18**

Enter payment amount

\$ [input boxes for payment amount]

Check here for a change of mailing address or phone numbers.
Please provide all corrections on the reverse side.

Mail this coupon along with your check payable to:
BUSINESS CARD,
or make your payment online at
www.bankofamerica.com

Transactions

Posting Date	Transaction Date	Description	Reference Number	Amount
CHINO BASIN DESALTER				
Account Number: 4738				
Payments and Other Credits				
07/05	07/05	AUTO PAYMENT DEDUCTION		- 129.99
TOTAL PAYMENTS AND OTHER CREDITS FOR THIS PERIOD				-\$129.99
PAXTON, CURTIS D				
Account Number: 4883				
Purchases and Other Charges				
07/05	07/04	WUC*CONFERCING SVC 877-2116858 NE	75418238185057200208800	76.96
TOTAL PURCHASES AND OTHER CHARGES FOR THIS PERIOD				\$76.96

Finance Charge Calculation

Your **Annual Percentage Rate (APR)** is the annual interest rate on your account.

	Annual Percentage Rate	Balance Subject to Interest Rate	Finance Charges by Transaction Type
PURCHASES	22.99% V	\$0.00	\$0.00
CASH	25.99% V	\$0.00	\$0.00

V = Variable Rate (rate may vary), Promotional Balance = APR for limited time on specified transactions.

Important Messages

YOUR AUTOMATIC PAYMENT IS SCHEDULED TO BE CREDITED TO THIS ACCOUNT ON 08/03/2018.

WorldPoints Rewards for Business™ Summary

Beginning Balance	3,858.74	Other Bonuses	.00
Earned	76.96		
Redeemed	.00		
Adjustments	.00	Ending Balance	3,935.70

Redeem your points for cash, gift cards and travel by calling 1.800.673.1044, or visit bankofamerica.com/business