

**MINUTES OF THE SPECIAL MEETING**  
**OF THE BOARD OF DIRECTORS**  
**IDYLLWILD WATER DISTRICT**

*The Board of Directors of the Idyllwild Water District met in special session on January 03, 2018.*

**CALL TO ORDER:**

The Special Meeting was called to order by President Charles Schelly at 6:00 p.m.

**ROLL CALL:**

Directors present: President Charles Schelly, Vice President Peter Szabadi, Steve Kunkle, and Catherine Dearing. Also present were General Manager Jack Hoagland, Chief Financial Officer Hosny Shouman and Board Secretary Erica Gonzales.

Director Geoffrey Caine had an excused absence.

General public present: (- 5 -)

**PUBLIC COMMENT:**

**JEFF SMITH** - Requested copy of 2009 Water Rights study. Believes that determination in Water Rights issue will help to solidify rights to water or solidify no rights to water.

**TOM PAULEK** - Appreciates that Board discussed the issue of Transparency. Believes that \$5,000 is a small price to pay to record meetings and post online, which would be more transparent.

**MARGE MUIR** - Disappointed at the District's lack of interest in the land near La Casita with a well. Believes that people in the Sewer District already paid for the Sewer on their taxes and that they should not be charged an additional Capacity fee to be connected to the Sewer.

**ITEM 1 – REVENUE GENERATION AND COMPLIANCE**

**Recommendation**

That the Board of Directors review the attached proposals and consider engaging one of the proposers to review the District's current rate structure to insure regulatory compliance, adequacy of revenue generation and ability to convey appropriate conservation messages to the District ratepayers.

**Background**

To facilitate the long term financial stability of the District's two enterprises (Water and Sewer) and to assure compliance with newer regulatory requirements related to rate structures for utilities in California, staff solicited proposals (Request for Proposals attached) from three

qualified firms with regional offices here in the Inland Empire: Raftelis Financial Consultants; David Taussig and Associates; and NBS Financial.

Fee proposals were also received and will be provided at the Meeting.

**COMMENT:**

**DIRECTOR KUNKLE** - Wanted an example of what the rate would look like if Rate Structure were to be constructed by staff.

**JACK HOAGLAND** - Base rates would go up. Flat cost of unit of water would be closer to 10 cents per Cubic Foot. High users would probably see a rate reductions, lower users would see a rate increase. There would be no "pre-paid" water.

**JP CRUMRINE** - The Agenda item is about selecting a firm for a rate study, not about what the Rate Structure would look like.

**DIRECTOR DEARING** - Does not want to hire a firm. Thinks the rate structure should be built by Staff. Need a tailored Structure for the Community. If the budget does not allow for all of the projects that would like to be done, prioritize and start with highest priority and other projects would be delayed.

**VICE PRESIDENT SZABADI** - Believes that this is too complicated an issue to leave it to staff. A Rate Study needs to be done by professionals. Does not agree with the way the proposals were presented and the amount of \$ being charged for certain stages in the project. Would like a more limited contract but believes we need a Study either way.

**PRESIDENT SCHELLY** - Likes the idea of looking long term to gradually change rates rather than a large, shocking change sometime in the future. Spoke with a representative from SCE, had to change their rates to be in compliance with prop 218 also. Would like to hire firm because it would give a long term view of what it will cost and what it will take to be able to do Capital Improvements and improve infrastructure.

**VICE PRESIDENT SZABADI** - Should have a vote on whether or not Board wants a study and then a separate vote on which firm to hire.

**HOSNY SHOUMAN** - Should do a Study so that rates are defensible to any challenge or lawsuit.

A MOTION was made by Vice President Szabadi to engage a firm to review the District's current rate structure to insure regulatory compliance, adequacy of revenue generation and ability to convey appropriate conservation messages to the District ratepayers and Director Kunkle seconded. The vote was as follows:

**AYES**

**Peter Szabadi  
Steve Kunkle  
Catherine Dearing  
Charles Schelly**

**NAYS**

**ABSTAIN**

**ABSENT**

**Geoffrey Caine**

**Motion approved.**

A MOTION was made by Vice President Szabadi to engage NBS Financial as the above mentioned firm and Director Kunkle seconded. The vote was as follows:

<b>AYES</b>	<b>NAYS</b>	<b>ABSTAIN</b>	<b>ABSENT</b>
<b>Peter Szabadi</b>			<b>Geoffrey Caine</b>
<b>Steve Kunkle</b>			
<b>Catherine Dearing</b>			
<b>Charles Schelly</b>			

**Motion approved.**

**MARGE MUIR** – Expressed that if planning for the future, should think about consolidating the 3 Districts.

**ADJOURNMENT:**

A MOTION was made by Vice President Szabadi to adjourn the meeting and Director Kunkle seconded. The vote was as follows:

<b>AYES</b>	<b>NAYS</b>	<b>ABSTAIN</b>	<b>ABSENT</b>
<b>Peter Szabadi</b>			<b>Geoffrey Caine</b>
<b>Steve Kunkle</b>			
<b>Catherine Dearing</b>			
<b>Charles Schelly</b>			

**Motion approved.**

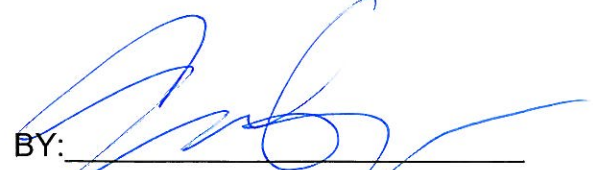
**The meeting was ADJOURNED at 7:16 pm.**

IDYLLWILD WATER DISTRICT

BY: 

DR. CHARLES SCHELLY-  
BOARD PRESIDENT

IDYLLWILD WATER DISTRICT

BY: 

ERICA GONZALES-  
BOARD SECRETARY