

**MINUTES of the REGULAR MEETING  
OF THE BOARD OF DIRECTORS**

November 21, 2018 - 6:00 P.M.

NOTE: IT IS ANTICIPATED THAT THIS CLOSED SESSION WILL TAKE A MINIMUM OF 30 MINUTES

CALL TO ORDER: President Schelly called the meeting to order at 6:00 p.m.

**PUBLIC COMMENTS:** Sue Nash would like in the record that this is an improper way to hold a meeting.

**ADJOURN TO CLOSED SESSION:** The Board adjourned to closed session at 6:05pm to discuss candidates for the General Manager position.

**RECONVENED TO OPEN SESSION:** The Board reconvened to Open Session at 6:30 pm.

**ROLL CALL:** Directors present: President Schelly, Vice President Peter Szabadi, Director Steve Kunkle, Director David Hunt, and Director Les Gin. General Manager Jack Hoagland, Chief Financial Officer Hosny Shouman and Board Secretary, Jeannine Olsen were also present.

**Pledge of Allegiance:**

1. **FISCAL YEAR 2017-2018 AUDIT PRESENTATION** – The Board of Directors will hear a presentation from Rogers, Anderson, Malody & Scott the District’s auditor and will consider accepting the audit of Fiscal Year 2017-2018.

**AUDITORS COMMENTS:** Scott Manno, a partner in the audit firm Rogers, Anderson Malody and Scott, discussed the audit. “We have rendered an unmodified opinion, which is the highest level we can give,” he told the board. At the end of the fiscal year, IWD’s net assets were greater than \$9 million, of which \$4 million was cash. This includes about \$1.2 million in specific reserves. For the fiscal year, both the operating costs for the water and sewer programs exceeded the revenue from sales. However, the addition of property tax revenue and meter sales resulted in a positive outcome for the water program. The sewer program ended the year with a \$14,000 deficit, covered by reserves.

**PUBLIC COMMENT:** Tom Paulek concerned about the cost of the audit. JP, from the Town Crier questioned the \$250,000.00 used for studies. Staff referred to the inundation study, rate study, dam study and engineering study for the pipeline.

**Vice President Szabadi made a MOTION to accept the Audit for Fiscal Year 2017-2018 and Director Gin seconded. The vote was as follows;**

**AYES**

**NAYS**

**ABSTAIN**

**ABSENT**

**Dr. Schelly**  
**Peter Szabadi**  
**Steve Kunkle**  
**David Hunt**  
**Les Gin**

**PUBLIC COMMENT:** Sue Nash feels since there were people here who had to leave because they didn't want to stand out in the cold, Ms. Nash would like to note for the record that she was blocked by the GM from going into the lobby while waiting for the public comment period, I was told to go stand out in the cold. Sue feels that no action should be taken on the rest of the AGENDA because of the way the notice was put and the way the public was told to leave for an indefinite amount of time and that this meeting is improper as far as public notice is concerned and that you don't have any authority to take action over any of the AGENDA items.

**2. 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 any Board member, staff member, or interested person requests that an item be removed from the Consent Calendar, it shall be removed so that it may be acted upon separately. General Manager Comments (Item D) are verbal and will follow action on the written materials.

**A. MINUTES – November 21, 2018**

**B. FINANCIAL REPORTS October 2018**

1.	Income statement for the Fourth month ending October 2018		
2.	District warrants for October 2018.		
	Check # 15040 – 15105	= \$	225,479.18
	Gross Payroll	= \$	65,200.00
	Federal/State PR taxes	= \$	16,500.00
	LAI F Transfers	= \$	0.00
	Transfers/charges	= \$	0.00

**C. OPERATIONS REPORT FOR THE FOURTH MONTH – October 2018**

**D. GENERAL MANAGER'S COMMENTS:** The forms were poured on Monday at Lily Creek, we are waiting for the delivery of the weir plate to be mounted and our staff will be pouring a lead in slab to the structure so we will have an area to remove the silt that will built up if we have flow. We will still need to calibrate the measuring device. The inundation study is complete and has been accepted by the California Office of Emergency Services. The GAC Vessel is in production and delivery is mid to late January 2019, the slab floor has been poured and the carbon filter is in the permitting process with the Division of Drinking Water. The Auger Monster for the wastewater plant is in production, delivery is middle to late January 2019. We met with the installer and the vendor. We got the submittal package and met at the site and made sure it was going to fit before IWD approved the production. Sewer flows are running 80 to 90 thousand during the week and around 100,000 on the weekends. IWD has installed 30 meters and issued 62 Service Availability letters since July of last year. Well 24 had an emergency repair we pulled the pump and put another one in and are back in service now. Staff built a new well house at well 11 at Foster Lake and pumping equipment for that is coming in and should be installed the week

after the holiday. That well is 100 yards upstream and is 950 feet deep. The pump will be set historically at 650 feet. This well has been out of service for so long that the Division of Drinking Water is requiring the well to be re permitted. There was a sewer break at the Community Center as part of their construction they broke a private sewer lateral which runs from Strawberry Plaza caused a big spill that IWD did help coordinate with the Regional Quality Control Board to make sure ICC got it cleaned up and that nothing went into Strawberry Creek.

**DIRECTORS COMMENTS:** Director Szabadi would like to know when the carbon filter is going online and what other steps are there. GM states that the building and the piping has to be completed. IWD has a proposal from a piping expert that should take about a week. The Division of Drinking Water will have some test requirements but IWD doesn't know what they require so far. After receiving the filter production should start 2 weeks after.

**Vice President Szabadi made a MOTION to approve the Consent Calendar and Director Hunt seconded. The vote was as follows:**

<b>AYES</b>	<b>NAYS</b>	<b>ABSTAIN</b>	<b>ABSENT</b>
<b>Dr. Schelly</b>			
<b>Peter Szabadi</b>			
<b>Steve Kunkle</b>			
<b>David Hunt</b>			
<b>Les Gin</b>			

- 3. WATER SHORTAGE CONTINGENCY PLAN AND DROUGHT RATES** – The Board of Directors will hold a Public Hearing in conformance with the requirements of Proposition 218 and may adopt Ordinance No. 66 establishing a Water Shortage Contingency Plan and establishing water rates for use during times of drought.

**GM COMMENTS:** The new policy defined five water-emergency stages (see accompanying table), customer responsibilities to conserve water during the various stages, and the authority to raise water rates during the three most stringent stages as water usage declines. For several months, the board has discussed and debated the district's water status. Fern Valley is in Stage 1, essentially voluntary conservation. Only in October did IWD decide to enter water emergency Stage 1. The new Ordinance (66) replaces the current water-shortage policy (Ordinance 64). The full ordinance may be read in the Public Notices section; starting on page A7. General Manager Jack Hoagland did praise IWD customers for their careful use of water. "Our customers are pretty efficient. The highest usage was 285 gallons per minute in January 2001," he said. "It has not been greater than 250 gpm in more than a decade. "The principal criterion for determining in which stage IWD will be is called the district's Basic Capacity Ratio. This is simply the prior month's water usage divided by the district's supply capacity.

Hoagland provided the ratio for the past five months as an example. In July, the water demand (usage) was 236 gpm and the capacity was 427 gpm. The demand was 55 percent of the district's capacity. In October, demand fell to 173 gpm and capacity was 420 gpm for a ratio of 41 percent. This ratio will trigger the various stages. When it is less than 50 percent, IWD will be in Stage 1, unless there are other circumstances requiring a different stage. As the demand increases, the district will shift to a higher stage. For example, if demand or usage exceeds 50 percent of

capacity, Stage 2 can be triggered. Stage 3 will be entered when the ratio of usage to capacity exceeds 60 percent. Stage 5 will be applied when usage is greater than 86 percent of IWD water capacity. As IWD moves into higher water-shortage stages and requests greater water conservation from its customers, usage will decline. To avoid the traditional problem of falling revenue with greater conservation, the board adopted new water rates for stages 2 through 5. For example, a tier one user, less than 450 cubic feet, would be charged \$.02 per cubic foot in Stage 2. If the district had to enter Stage 5, the cost-per-cubic-foot would be \$.0257, a 28.5 percent increase. Hoagland stressed that as customers do reduce usage, their actual bills will not increase. Rather, with the higher rates, they will be paying more for the water that is used. These rates were proposed and evaluated in the comprehensive rate study, which NBS conducted for the district in the spring. This study was the basis for the new rate structure adopted in June. During the discussion of the ordinance, Hoagland said there are three wells that will be added to the distribution system within the next year. These could add about 30 to 40 gpm to the district's capacity, which would lower the BCR, if usage remains about the same.

**DIRECTORS COMMENTS:** Vice President Szabadi states that Director Hunt and himself has worked on this item for months and concluded if you reduce your consumption by 10% customers won't be paying more for their water. And we as a board has the authority to put the district in another water shortage stage should we consider other factors than just mathematical factors.

**PUBLIC COMMENT:** Sue Nash, an Idyllwild resident, raised this question in the meeting and urged the board not to rely solely on its usage and supply. "I'm concerned about running out of water. The board should not rely solely on financial criteria. It's important to use other criteria," she said.

**PRESIDENT Schelly closed the public hearing at 7:32 pm**

**Back in session at 7:40**

**Ballot votes; 29 protest which is 1.75%**

**Vice President Szabadi made a MOTION to approve the Water Shortage Contingency Plan reflecting Ordinance #66 and Director Gin seconded. The vote was as follows:**

**AYES**

**NAYS**

**ABSTAIN**

**ABSENT**

**Dr. Schelly  
Peter Szabadi  
Steve Kunkle  
David Hunt  
Les Gin**

4. **IDYLLWILD COMMUNITY CENTER** – The Board of Directors will here an update on the interface between the Staff and the ICC project members and may take action related to water infrastructure related to the project.

**GM COMMENTS:** The basic facilities are completed and I have been in contact with ICC staff who requested a letter read into the record.

**DIRECTORS COMMENTS:** Director Hunt doesn't want us to take over existing pipe which is about 50 years old. The rest of the board agreed with his concern about the district assuming responsibility for a 50-year-old pipeline and its burden on IWD ratepayers. This view also applied to the possibility of the district taking responsibility for pipeline on the ICC site near the plaza. Directors Kunkle and Gin met with Robert Priefer who has had the most contact with Jack. Les and I had questions for Robert and invited him to tonight's meeting. Director Szabadi states there is no agreement, no credit and there is no benefit given to ICC. Why should we assume the responsibility for the line though Jack says there are benefits because it increases the circulation of the water and that the line that is fifty years old is in pretty good shape. Szabadi thinks the solution would be for ICC to retain responsibility for maintaining the line or bring somebody in to cover expenses in case something happens to the line. President Schelly states if all water districts would participate equally. There is tremendous community support for the community center and I would support this item if all three water districts did this as a joint venture. Vice President Szabadi and Director Kunkle question Hoagland's decisions regarding the project. They felt he should have brought the decisions to the board before district assumes the responsibility for the fire-water pipeline to the ICC site. Szabadi says for sure is to reject the quick claim, Jack did not have the authority to except that agreement. **President Schelly** feels joining of the three water districts on this item would be the only way to approve IWD participating in taking possession and maintaining the water lines.

**PUBLIC COMMENT:** Sue Nash feels this Agenda Item is inadequate and shouldn't be voted on and excepting of a water line is a gift of public funds unless you have documentation which is the appropriate thing to do. Paulek objects tonight to the lack of any CEQA review, the lack of the board approval and before you approve this item you need to do a CEQA review. JP Crumrine wants clarification if the other 2 districts join with IWD, what would be done by the three districts and **Vice President Szabadi** explains assuming responsibility for maintenance of that line.

**Vice President Szabadi made a MOTION** That the Board has not accepted the tender of responsibility for a private pipeline in Strawberry Plaza and disapproves of any understandings or agreement which might have been negotiated by the general manager regarding this issue and specifically disapproves of any understandings not approved by the board **and Director Hunt seconded. The vote was as follows:**

<b>AYES</b>	<b>NAYS</b>	<b>ABSTAIN</b>	<b>ABSENT</b>
Peter Szabadi Steve Kunkle David Hunt Les Gin		Dr. Schelly	

**The board has agreed that Vice President Szabadi be the point of contact with our legal counsel about Idyllwild Community Center.**

5. **REVIEW OF WATER SERVICE RULES AND REGULATIONS AND BOARD INVOLVEMENT IN THE PERSONNEL HIRING PROCESS** – The Board of Directors will review these policies and may take action to direct staff to bring back specific changes in the policies.

**MOVE ITEM TO NEXT MONTHS AGENDA**

6. **CONSIDER FILTER REBATES FOR IDYLLWILD WATER DISTRICT CUSTOMERS** – The Board of Directors will discuss the issue and may take action to provide direction to the staff.

**DIES for lack of motion**

7. **WATER QUALITY ISSUES: INCREASED FREQUENCY AND LOCATIONS FOR TESTING** – The board will review the current frequency and location of water test sites. The board may determine to increase frequency and or increase testing locations.

**GM COMMENTS:** Hoagland did report that the carbon filter, which has been purchased to remove organic matter in the water supply, should be delivered in January and he thought it would be operational by early February. Hoagland told the board that the current water sampling and testing procedures satisfy the state’s Division of Drinking Water. Also, testing is expensive and expanding it will cost much more. In the past, IWD has spent about \$20,000 annually on water testing. Hoagland said that \$25,000 has already been expended through the first four months of the current fiscal year.

**DIRECTORS COMMENTS:** Director Hunt would like to see more sampling and if we could train staff to do the testing in house.

**Vice President Szabadi made a MOTION to the TABLE the item and Director Gin seconded. The vote was as follows:**

**AYES**

**NAYS**

**ABSTAIN**

**ABSENT**

Dr. Schelly  
Peter Szabadi  
Steve Kunkle  
Les Gin

David Hunt

**DIRECTORS COMMENTS** : Dr. Schelly read a letter from a public member.

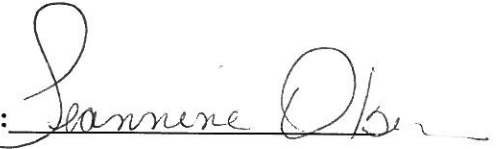
Dr. Schelly excused the public to go into closed session at 8:30 p.m.

**Idyllwild Water District**

By: 

**Dr. Schelly, Board President**

**Idyllwild Water District**

By: 

**Jeannine Olsen, Board Secretary**

**CLOSED SESSION:** Public Employee Performance Evaluation, General Manager (Government Code 94957); Public Employment, Job Title, General Manager (Government Code 94957.)

To the next Board meeting is a Regular Meeting scheduled for December 19, 2018 at 6:00 p.m., to be held at the Idyllwild Water District Boardroom, 25945 Hwy. 243, Idyllwild, CA 92549.

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