

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS

IDYLLWILD WATER DISTRICT
25945 Highway 243
Idyllwild, CA 92549

Vice President Szabadi will be calling from

Chemin du Croset 6
1180 Bugnaux sur Rolle, Gimel, Switzerland.

Phone # 079 217 02 81

or

Phone# 079 342 92 82

September 19, 2018 - 6:00 P.M.

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

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

PUBLIC ATTENDANCE: 49

DIRECTORS COMMENTS: President Schelly told the public there will be a change tonight, he specified if anyone who wants to comment on any item on the Agenda do so at the beginning of the meeting, you will be allowed to speak for 4 minutes. We will not have comments during the items on the Agenda.

PUBLIC COMMENTS: Public concerns are the three meters given in trade to Rustic Rentals without board approval and the strain it would put on the waste water treatment plant. Pine Cove customers were present to emphasize their opposition to any action that would initiate any effort toward consolidating the two water districts. Vic Sirkin requested a letter written by Peter Szabadi be recorded into the minutes. See Attached Letter.

GM COMMENTS: Explained why the minutes were a month behind which is due to long meetings and a new staff member still learning at this time.

DIRECTORS COMMENTS: Director Szabadi questions President Schelly's ruling as far as 4 minutes and no discussion from the public.

"Is this a ruling of the chair"? President Schelly states it's a ruling of the chair according to the Brown Act as it is written. JP, from the Town Crier states that's not correct. Schelly states the chair can follow the Brown Act as it's worded and that's what we are doing tonight. Director Kunkle would like to find options to reduce the cost of Computer Options.

1. 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.

- A. MINUTES** – July 18, 2018 Regular Meeting Minutes
August 8, 2018 Special Meeting Minutes
August 28, 2018 Minutes of the Consolidation Committee

B. FINANCIAL REPORTS July 2018

1. Income statement for the Second month ending August 2018
2. District warrants for August 2018.

Check #	14948-14987	= \$	135,357.20
Gross Payroll		= \$	60,000.00
Federal/State PR taxes		= \$	18,260.00
LAIF Transfers		= \$	0.00
Transfers/charges		= \$	0.00

C. OPERATIONS REPORT FOR THE SECOND MONTH – August 2018

Vice President Szabadi does not approve the minutes from the July 18, 2018 meeting and wants them withdrawn. Also Szabadi stated that Stage 1 water restrictions should have been an AGENDA Item. We had a MOTION and it was approved to put into effect sometime in the future

Vice President Szabadi made a MOTION to approve the Consent Calendar with the July 18th minutes not included and Director Gin seconded. The vote was as follows:

AYES	NAYS	ABSTAIN	ABSENT
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**Dr. Schelly
Peter Szabadi
Steve Kunkle
David Hunt
Les Gin**

2. **WATER QUALITY ISSUES** – Staff will update the Board of Directors regarding the recent public water quality notifications, discuss progress on remediation, provide information for the Board to consider the provision of accessory equipment to customers (upon which they may take action) and discuss intermediate steps to move the distribution system toward compliance.

GM COMMENTS: Explained the current test numbers and how IWD is meeting its standards. IWD is using its city wells, minimizing the water that is coming from Foster Lake and we will continue to do that until we can have our Carbon Filter installed. We have selected Evoqua Water and looking at the end of the year for delivery. The cost

should be about \$103,000.00. Staff will be doing the pad, the extension of the building and the piping for this process.

DIRECTOR COMMENTS: Director Hunt would like to know how long it will take and GM said a couple weeks. Hunt said before we can connect all the way through to IAA he would like an unmetered spigot at the Idyllwild Pines Camp for use of a community orchard organized by Young Idyllwild and the Local Girl Scouts. He feels that would help with our flushing. Kunkle would like to have more information and reviewing to make sure IWD gets the best value. Director Gin would have also liked more information regarding the carbon filter, the cost and would have liked more bids. Hoagland states Evoqua Water offered better design. We are looking into a smaller carbon that was designed to remove smaller molecules from the water. Vice President Szabadi would like to know what does Jack attribute the improvement in the readings. GM says it was due to blending and using almost all city water. Szabadi states that this item was approved on the general budget though would like to know if this item requires competitive bidding whatever statute we were working under and does the purchase contract require board approval? GM states that at the last meeting you gave board approval to me to move on with the process. Director Hunt would like to move forward on this item not try to find a way to save a dollar.

Public wanted to comment on an ITEM and President Schelly reminded the public that all comments were to be made at the beginning of the meeting. Public strongly disapproved, Schelly excused himself and Director Hunt offered to chair the rest of the meeting.

Vice President Szabadi made a MOTION for Director Hunt to chair the rest of the meeting and Director Gin seconded. The vote was as follows:

AYES	NAYS	ABSTAIN	ABSENT
Peter Szabadi			Dr. Schelly
Steve Kunkle			
David Hunt			
Les Gin			

PUBLIC COMMENTS: Members of the public concerned about a Brown Act violation regarding the approval of a carbon filter with no CEQA review of alternatives. And after listening to the recorded meeting they feel the board gave very little consideration of the water quality problem and that members of the public gave many alternatives. Another public comment was the continued use city wells and flushing. Director Hunt stated IWD would check with legal counsel regarding any Brown Act violations on approving the carbon filter.

- 3. CONSIDER ANNEXATION OF PROPERTIES TO IMPROVEMENT DISTRICT NO. 1** – The Board of Directors will consider a request to annex properties to

Improvement District No. 1 (Sewer Service Area).

GM COMMENT: The issue is whether to annex the three lots on Marion View Drive into the wastewater system. The properties are within the water district, but not on the sewer system. Adding three more residential properties should have minimal effect on the waste treatment facility, Hoagland said there should be some sort of annexation fee comparable to the property owners who have been paying the sewer district a standby fee for decades. Hoagland recommended a \$4,375 fee for each property, which would need to be approved through a Proposition 218 process. But first, the board must decide whether it is willing to add more properties to the sewer system's capacity.

DIRECTORS COMMENTS: Director Steve Kunkle recommended that the board table this issue and ask for more information about the potential effect on the sewer system from undeveloped lots already within the sewer system.

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

AYES	NAYS	ABSTAIN	ABSENT
Peter Szabadi			Dr. Schelly
Steve Kunkle			
David Hunt			
Les Gin			

4. **CONSIDER THE PURCHASE OF AN "AUGER-MONSTER" FOR THE WWTP** – The Board of Directors will consider authorizing the purchase of an "Auger Monster" grinder and screen for the WWTP headworks and installation thereof.

GM COMMENTS: This ITEM is a budget item. The request is for the board to approve the purchase of an Auger Monster which grinds and screens biodegradable material and puts it into a trash bin rather than going through the whole treatment process. Research was done on what type of system that would actually fit into our headworks without modifying the existing channel. We found that JWC Environmental manufactures this Auger Monster which this is the smallest model they make but works up to 250,000 gallons a day. GM has solicited proposals for the installation, with one bid at hand for 17,500.00 and is working hard for a second bid. IWD does not have the expertise in house to do the installation.

PUBLIC COMMENTS: Community would like to know if installation could be done in house with the help of Fern Valley Water District. Also concerned what the danger is to our sewer district if IWD waits to purchase the Auger for six months. Is this an emergency or should you table this ITEM.

DIRECTORS COMMENTS: Director Kunkle states that the grinder is making noises. From this company you can get rebuilt bottom end that can be changed out in about two hours and hopefully someone in water is able to do the work. The Auger has issues such as maintenance issues, smell issues, vector issues and disposal issues. Steve feels we can

get one for less but something has to be done. Director Gin agrees with Kunkle and would like IWD to look into other options. Director Hunt feels environmentally the screening makes a lot of sense.

A MOTION was made by Director Hunt to approve the purchase of the “Auger-Monster” and Vice President Szabadi seconded. The vote was as follows:

AYES	NAYS	ABSTAIN	ABSENT
Peter Szabadi David Hunt Les Gin	Steve Kunkle		Dr. Schelly

5. **CONSOLIDATION COMMITTEE** – The Board of Directors will hear a report from the Consolidation Committee and may take action to determine if and how to proceed.

DIRECTORS COMMENTS: Vice President Szabadi strongly argued that naming the committee “consolidation” was a mistake, Szabadi merely wants to formalize a committee of the three local water districts, including Fern Valley, for the elected leaders to discuss common issues and, perhaps, joint solutions. Muir indicated that the realtors’ association might be helpful in this pursuit. Szabadi recommended renaming the committee and writing the two districts requesting them to join IWD in these types of talks. Directors Les Gin and Steve Kunkle concurred. Hunt pointed to the strong animosity coming from Pine Cove residents. Hunt urged the committee to dissolve so that IWD was not seen as the instigator and find a citizen group to try to unite residents from the other districts.

A MOTION was made by President Szabadi to make a formal request on behalf of this water district addressed to the two other water districts to form or reform a committee to increase cooperation and improve relations between the districts and to promote a healthy dialog and Director Gin seconded. The vote was as follows:

AYES	NAYS	ABSTAIN	ABSENT
Peter Szabadi Steve Kunkle David Hunt Les Gin			Dr. Schelly

6. **GENERAL MANAGER POSITION** – The Board of Directors will hear a report from the General Manager committee and may take action related to the Committee’s recommendations.

DIRECTORS COMMENTS: Director Kunkle reported that Director Hunt and he had met three times as regards to the General Manager search. We have come up with options to bring to the board. First, run a general add in surrounding newspapers for the General Manager in the Los Angeles Times, San Diego Tribune, Press Enterprise, Desert Sun and waterjobs.com. Second option is to have a Special Meeting next Wednesday night to go over the documents and finalize the job description and advertise. Third option was to have committee members finalize job description and present to the board at the regular board meeting

on Oct 17 to have a board approval and then advertise. Fourth option is to have Director Hunt and myself to finalize job description and finalize. Director Hunt would like the search to stay local to Southern California first then send out a general add without specifics, a general interest adds at first. Vice President Szabadi and Director Gin agree IWD needs a GM who is hands on, a field supervisor out in the field. Essentially Director Hunt feels it would be hard to find one person to be Administrative and Field supervisor. He likes the possibility to hire two people for the position.

A MOTION was made by Director Hunt to send the general information add out as soon as possible and have a special meeting next Wednesday September 28, and Director Gin seconded. The vote was as follows:

AYES	NAYS	ABSTAIN	ABSENT
Peter Szabadi			Dr. Schelly
Steve Kunkle			
David Hunt			
Les Gin			

7. **WATER SHORTAGE CONTINGENCY PLAN AND DROUGHT RATES-ADOPT RESOLUTION NO. 756 TO SET A PUBLIC HEARING** – The Board of Directors will consider the draft Water Shortage Contingency Plan and proposed Drought Rates and may adopt Resolution 756 to set a public hearing.

The board set a public hearing for Nov. 21 on a new water-shortage contingency plan and related drought rates. Ordinance 64, the current policy for implementing water conservation measures, including conditions during droughts, will be discussed at the Oct. 17 meeting date to consider adoption of the WSC Plan and associated rates.

PUBLIC COMMENT: Would like a ballot on the 218.

A MOTION was made by Vice President Szabadi to set a public hearing on November 21 on a new water shortage contingency plan and Director Hunt seconded. The vote was as follows:

AYES	NAYS	ABSTAIN	ABSENT
Peter Szabadi			Dr. Schelly
Steve Kunkle			
David Hunt			
Les Gin			

8. **CONSIDER OPTIONS FOR STRUCTURES DESTROYED IN THE CRANSTON FIRE** – The Board of Directors will consider options related to water service for properties with complete destruction of structures.

GM COMMENT: GM recommended relief for the property owners on Deerfoot Lane, who lost their residences from the Cranston Fire. He said the district could remove the

meters until they were ready to rebuild, and then re-install them at no cost. The revenue loss over three years might be \$1,350, Hoagland estimated. The board concurred.

A MOTION was made by Vice President Szabadi give relief of monthly base charges for the 4 homes that burnt down in the Cranston Fire and Director Hunt seconded.

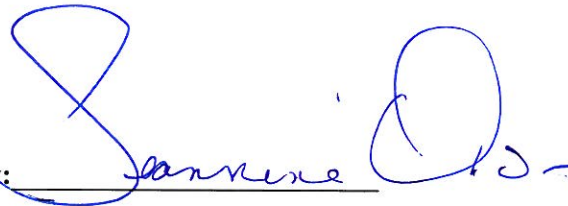
ADJOURNMENT: Director Hunt Adjourned the meeting at 8:50

Idyllwild Water District

By: 

David Hunt , Board Director

Idyllwild Water District

By: 

Jeannine Olsen, Board Secretary

Oakwood Project – ICC Project (Notes for the Meeting)

1) **How did we get here?**

I learned of the Oakwood Project just at the time the work was commenced. I understood that there was going to be some credit given to the developer for putting in the pipes and connecting to our own Oakwood well. I was concerned about the structure of the deal and the relative benefits to our district versus to the developer. I immediately contacted our President and asked that our arrangements for the Oakwood Project be examined in a special meeting of our Board. Chip agreed, and I asked Jack to set up the special meeting. For reasons I still don't know, Jack did not schedule the special meeting and eventually, after discussion between Jack and Chip, Chip decided that this issue would be best handled at our next general meeting which is now set for Oct. 17.

I was concerned that the Board did not have an opportunity to discuss or pass on the project and I questioned the authority of our General Manager to enter into any agreement concerning the Oakwood Project and the eventual credits which would be granted to the developer. I still believe that it would have been better, if we, as a Board, would have been involved from the very beginning and not as now, only after all the work has been completed and the terms of the exchange and credits between the developer and our district is a finalized done deal.

2) **The details of the deal.**

I still do not understand what is benefit we are receiving under the current arrangement. My confusion may be due to not being fully familiar with the process involved in extending our lines to a new customer.

As I understand, it is the responsibility of the new customer to provide the means of connecting to our existing line. The construction of the connection may be done by our customer meeting our standards, or, alternatively, the connection may be constructed by the District the cost of which is reimbursed by the customer. While I do not know what would have been is the actual cost of us constructing the connection in this case, I'm sure our own staff would have completed the project for less than what was charged to the developer. I need more information to determine what would have been the best choice to pursue in this case, as the choices are completely within the discretion of our District.

I hope that Jack, at the meeting, will be able to explain the mechanics of the deal and how it has benefited our district. Unless I am convinced otherwise at the meeting, the deal was a serious failure of judgement and misevaluation of the motivation and interest of the developer. I understand that the agreement between the district and the developer was drafted by the developer and was not reviewed by our own counsel. Some of the apparent problems of the agreement would have been easily corrected had our counsel been involved. This is especially true with regards to the developer's current claim for extra credits beyond the waiver of the connection fees.

3) The authority of the general manager to enter into an agreement on the Oakwood Project.

Jack quotes sections of the local rules for the proposition that he had full authority to enter into the subject agreement. There is no question, that the DISTRICT has such authority, but the rules do not define the term "DISTRICT" whether it refers to the action by the Board or of the General Manager. It is also true that the regulation specifically provides for the construction of facilities in exchange for waiver of fees. The rules also specifically provide for Board action for the approval of additional credits for the transfer of facilities valued greater than the waved fees.

I understand that there is no history of similar arrangements therefore we cannot look to the past for precedence to answer our question.

Looking at this issue in the broader perspective, given that some Board Members were not happy with the arrangement Jack made on the Oakwood Project, it is curious how Jack did not conclude that this matter should immediately be submitted by Jack to the Board for its views. Given the uncertainties of interpretation and the lack of clear guide lines, I certainly would have erred on the side of caution by bringing this matter to the Board's attention. Similarly, after the special meeting was requested, I would have supported the immediate hearing of all relevant questions and issues by the Board. However, this was not done.

4) What is to be done?

Personally, I do not appreciate Jack's approach on this subject and his disregard for the concerns of at least a certain number of Board Members. To eliminate any future confusion of the General Manger's authority, implied or otherwise, to enter into similar agreements, we should clearly define the scope of that authority on this issue and have the General Manager refer similar issues to our Board for its views. Board action must be a prerequisite before engaging in any similar arrangements. In line with our promise to be transparent, any suggestion or implication that our District favors one customer over another or makes sweetheart deals must never occur.

We should conduct a complete legal review of the Agreement executed by Jack, including any limitations on title, maintenance and use of to the constructed facilities on Oakwood.

Based on the discussions and findings at tonight's meeting, consideration should be given for appropriate disciplinary action, if any, which might be warranted under the circumstances.

5) ICC Project

I do not know of the details of the ongoing connection project, but I hope that Jack has not finalized any agreements and that it will be handled appropriately under the new procedures to be considered by our Board as above.

Submitted by Peter Szabadi, Member of the Board