

**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 October 25, 2017, in the Idyllwild Water District Board Room.

CALL TO ORDER:

The meeting was called to order by President Schelly at 6:00 p.m.

ROLL CALL:

Directors present: President Charles Schelly, Vice President Peter Szabadi, Geoffrey Caine, Steve Kunkle and Catherine Dearing. Interim General Manager Jack Hoagland, Chief Financial Officer Hosny Shouman, Auditor Scott Manno and Board Secretary Erica Gonzales were also present.

General public present: (6)

PUBLIC COMMENT:

None.

In order to allow Scott Manno to present the Audit and excuse himself from the rest of the meeting, President Schelly moved Item 2 forward in the Agenda.

ITEM 2 – Consider Acceptance of the Fiscal Year 2016-2017 Audit

Recommendation

That the Board of Directors accept the Fiscal Year 2016-2017 Audit and make it available to any interested parties.

Background

The District is required by State law to have its financial status audited annually by a certified public accountant. In 2016, the District hired Rogers, Anderson, Malody & Scott, LLP to audit the District for 5-years. FY 2016-17 is the second year of that audit agreement.

Scott Manno, the partner in charge of the District's Audit, was present to review his firm's findings and opinions regarding the District's financial status and documentation.

SCOTT MANNO – Rogers, Anderson, Malody & Scott, LLP gives Idyllwild Water District the highest level of assurance they can provide on an Audit. Idyllwild Water District is in conformity with all Generally Accepted Accounting Principles. This is generally called a “clean opinion.” There is one person managing the financial aspect of operations which can make the separation of duties difficult because of the size of the staff, but Idyllwild Water District is doing everything possible to reach a high level of internal controls. The only solution is to hire two more people, which would cost \$40,000-\$65,000 per year or hear this comment from your auditor every year.

VICE PRESIDENT SZABADI – Concerned about the amount of unfunded liability.

JACK HOAGLAND – Clarified that the unfunded liability is only post- retirement medical benefits. The pension plans are not unfunded liability.

A MOTION was made by Vice President Szabadi to accept the Audit for the Fiscal Year 16/17 and Director Kunkle seconded. The vote was as follows:

AYES	NAYS	ABSTAIN	ABSENT
Peter Szabadi			
Steve Kunkle			
Geoffrey Caine			
Catherine Dearing			
Charles Schelly			

The Motion was approved.

ITEM 1- CONSENT CALENDAR:

MINUTES – September 27, 2017

FINANCIAL REPORTS SEPTEMBER 2017

- A. Income statement for the Third month ending September 2017
- B. District warrants for September 2017.
 - Check # 14324 - 14370 = \$ 213,701.19
 - Gross Payroll = \$ 51,595.92
 - Federal/State PR taxes = \$ 17,178.61
 - LAI F Transfers = \$ 0.00
 - Transfers/charges = \$ 152.15

OPERATIONS REPORT AND GRAPHS FOR THE THIRD MONTH ENDING SEPTEMBER, 2017.

Two mainline leaks were reported in September and there were 2 unmetered leaks. Foster Lake's level was at 11 feet and 4 inches at the end of September. There was 0.64" of precipitation in September and there has been 0.75" of precipitation for the fiscal year to date. The static water levels at the Foster Lake Wells were 5' below ground level, and the downtown well #23 is currently pumping at 203' and the downtown well #24 is static at 23' below ground level respectively. Production for September was 1,005,296 cubic feet. September's unaccounted for water was 7.08% of water production. Fiscal year to date unaccounted for water average is 6.78% of water production.

COMMENT:

DIRECTOR CAINE – Questioned why minutes are so long? Should be action minutes.

JACK HOAGLAND – Style of minutes is dictated by Board. Most Districts try to find a compromise between strictly action minutes and verbatim.

ERICA GONZALES – Policy for Minutes is Action Minutes but Board members have, in the past, asked to have more detail for Public and Director's Comments. Try to accommodate.

VICE PRESIDENT SZABADI – Inquired about Retiree Healthcare payments and why there is not a standard amount for every Retiree. Would like to bring this issue back to the Board to try to standardize the Retiree Healthcare Expense.

HOSNY SHOUMAN – Explained that the Reimbursements were for Supplemental Healthcare costs. The amount depends on the plan that the Retiree has chosen and whether or not they have a spouse that is covered. It is difficult to standardize.

A MOTION was made by Director Caine to approve the Consent Calendar and Vice President Szabadi seconded. The vote was as follows:

AYES	NAYS	ABSTAIN	ABSENT
Geoffrey Caine			
Peter Szabadi			
Catherine Dearing			
Steve Kunkle			
Charles Schelly			

Consent Calendar was approved.

ITEM 3 – Consider Adopting an Investment Policy

Recommendation

That the Board of Directors Adopt Resolution No. 741 updating the District’s Investment Policy.

Background

The District last updated its Investment Policy in 1996. To insure compliance with California State Requirements, Staff requested that the policy be reviewed by Fieldman, Rolapp and Associates (FRA), a financial consulting firm to California government entities. FRA suggested several minor edits which are incorporated in the attached Proposed Investment Policy.

DISCUSSION:

None.

A MOTION was made by Vice President Szabadi to approve Adoption of Resolution No. 741 updating the District’s Investment Policy and Director Dearing seconded. The vote was as follows:

AYES	NAYS	ABSTAIN	ABSENT
Peter Szabadi			
Catherine Dearing			
Geoffrey Caine			
Steve Kunkle			
Charles Schelly			

The Motion was approved.

ITEM 4 – Consider Acquisition of a Skid-Steer Loader and Accessories

Recommendation

Authorize the General Manager to purchase a Caterpillar 262D skid-steer tractor and accessories from Quinn/Cat for \$83,000.

Background

Based on numbers from an unknown source the District budgeted \$40,000 for a skid steer loader.

When outfitted with the two accessories that make the unit most efficient for the District, the final price is \$82,585.18. Since this is substantially more than the budget, staff investigated acquisition of a used model at \$82,672.70. The Government Discount on the new unit actually results in a net lower price than the used unit, which is not eligible for the discount.

The vigorous construction climate has driven the price of used equipment up and made high quality newer units very rare and expensive.

The new equipment will replace a Case 580C S/N 8969962 backhoe/loader (the trade-in) and offer additional mechanical assistance for the staff especially the cold planer for excavation of service lines for installation and repair (a recent repair on Tollgate required 27 man-hours due to the more than 12-inch thickness of the paving). The skid steer is also a much smaller piece of equipment which will allow access to more areas in the District.

This item was brought in front of the Board after being table at the meeting on September 27, 2017.

DISCUSSION:

DIRECTOR KUNKLE – Still believes this is a “want” not a “need.”

DIRECTOR DEARING – Would like to buy the Skid –Steer but also keep the Back hoe that would be traded in.

A MOTION was made by Director Dearing to approve the purchase of a Skid- Steer loader and keep the Back hoe. There was no Second. The Motion died for lack of a second.

The Item died for lack of a Motion.

ITEM 5 – Consider Approving an Agreement with ERSC to Update the Foster Lake 1974 Inundation Study

Recommendation

That the Board of Directors authorize the General Manager to execute an agreement with ERSC to update the Foster Lake Dam Inundation Study for a fee of \$68,280.

Background

In a reaction to the confusion and damage that occurred at Oroville Dam in the Spring of 2017, the California State Legislature, as part of budget trailer bills, added Sections 6160 and 6161 to the State Water Code requiring dam owners whose dams meet the “high” hazard classification (Foster Lake Dam is in this category) to prepare an emergency action plan (EAP) by January 1, 2019. Prior to this date, as required under the new law, an inundation map must be submitted for review and approval by the Division of Safety of Dams.

Idyllwild Water District's inundation study for Foster Lake Dam was developed in 1974 and is out of date with the additional growth and development that has occurred over the last 43-years. Staff contacted ERSC as the successor to Neste, Burdin and Stone which prepared the 1974 study. Staff also contacted Mead & Hunt, a Sacramento engineering firm that performs these studies for multiple entities statewide. Both fees were comparable but ERSC offers more local coordination and a history of working with the District.

Although the fee is substantial in absolute terms, it represents significant labor effort for surveying and modeling to comply with the state requirements.

DISCUSSION:

JACK HOAGLAND – Vice President Szabadi had an interesting idea to submit the 1974 Inundation Study for approval because where the water will go should the dam fail has not changed. Willing to try but does not think this will be accepted by the State. Would like Board to approve this Item in the event the 1974 Study is not accepted by the State.

SUE NASH – Sounds fraudulent.

DIRECTOR DEARING – Would like staff to look into possible monetary assistance from the State because they are requiring this be done.

President Schelly called a 5 minute recess.

PRESIDENT SCHELLY – Reminded the Board and members of the public of the Rules of Order and how the meetings should be organized.

A MOTION was made by Vice President Szabadi to approve the agreement with ERSC to update the Foster Lake inundation study in the event that the Division of Safety of Dams does not approve the resubmittal of the 1974 Study and Director Caine seconded. The vote was as follows:

AYES	NAYS	ABSTAIN	ABSENT
Peter Szabadi		Charles Schelly	
Geoffrey Caine			
Catherine Dearing			
Steve Kunkle			

The Motion was approved.

ITEM 6 – Reappointment of Board Members

Recommendation

That the Board of Directors note the reappointment of Board Members by the Riverside County Board of Supervisors.

Background

Idyllwild Water District was scheduled to have an election for four board members ending August 29, 2017. Since only the incumbent board members applied to participate in the election process, no election was held and the incumbent board members were appointed "in lieu" to serve in the terms for which they ran:

Dr. Charles A. Schelly, Short Term, December 1, 2017 to December 6, 2019

Peter Szabadi, Short Term, December 1, 2017 to December 6, 2019

Geoffrey Caine, Regular Term, December 1, 2017 to December 3, 2021

Note the District will again have four seats up for election in 2019, as, in addition to Directors Schelly and Szabadi, Directors Kunkle and Dearing's seats will be up for consideration.

President Schelly and Director Caine were sworn in by Board Secretary Erica Gonzales. The terms official begin on December 1, 2017.

DIRECTOR'S COMMENTS:

DIRECTOR KUNKLE – Concerned about the legal fees.

VICE PRESIDENT SZABADI – Would like to have a study session for the Board to discuss a possible Rate Study, cost of Retiree Healthcare and Long term policies for pipeline replacement. Would like this study session advertised in the Town Crier for maximum participation.

JACK HOAGLAND – Would like to focus on the Rate Study and Pipeline Replacement aspect of requests in order to make the Agenda manageable.

A Study Session was set for December 6, 2017 at 6:00 pm.

PRESIDENT SCHELLY – Have completed a Job Description for the General Manager. Need Bios from Directors for Certificate of Transparency. Wanted to reiterate his request for an analysis of the cost of 3 employees over a period of 15 years.

GENERAL MANAGER'S COMMENTS:

JACK HOAGLAND – Have installed 11 water meters and have 4 pending. Pipeline project should be finished Tuesday, October 31, 2017. Had some change orders but still under bid award amount. Houston and Harris making good progress, in the last third of the system. Had one spill due to lines being clogged by some rocks and pvc pipe. Originally thought that the spill had leaked into Strawberry Creek but it did not reach the Creek. The diversion structure has been cleaned out, prepared for the winter. Will be having a closed session on November 15, 2017 in addition to the Regular Meeting. Legal Counsel will attend to discuss a lengthy confidential memo and their findings about out Water Rights.

ADJOURN TO CLOSED SESSION AT 7:39 PM

1. Performance Review, Interim General Manager

RECONVENE INTO OPEN SESSION: The Board reconvened in open session at 8:04 pm.

General Manager Jack Hoagland reported that there was no reportable action.

ADJOURNMENT: President Schelly adjourned the meeting at 8:05 pm.

IDYLLWILD WATER DISTRICT

BY: 
DR. CHARLES SCHELLY-
BOARD PRESIDENT

IDYLLWILD WATER DISTRICT

BY: 
ERICA GONZALES-
BOARD SECRETARY