

IDYLLWILD WATER DISTRICT

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REGULAR MEETING OF THE BOARD OF DIRECTORS

IDYLLWILD WATER DISTRICT

JANUARY 18, 2017 - 6:00 P.M.

AGENDA

CALL TO ORDER:

ROLL CALL:

PUBLIC COMMENTS:

Any person may address the Board at this time upon any subject not identified on this Agenda but within the jurisdiction of the District. Please note that for items not listed on the agenda, the Brown Act imposes limitations on what the Board may do at this time. The Board may not take action on the item at this meeting. As to matters on the Agenda, persons will be given an opportunity to address the Board when the matter is considered. If you wish to speak during public comment, please fill out a "Speaker Request Form" and give it to the Board Secretary. When the Board President calls your name, please immediately step to the podium and begin by giving your name and address for the record. Each speaker will be given four (4) minutes to address the Board.

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 – December 21, 2016
January 11, 2017

B. OPERATIONS REPORT FOR THE SIXTH MONTH – DECEMBER 2016

C. SIGNATURE CARD- The Board will consider approving updating the bank signature cards.

2. ACWA/JPIA BOARD REPRESENTATIVE:

The Board will consider appointing a representative for the ACWA/JPIA Board of Directors to represent the Idyllwild Water District.

3. FORMATION OF AN AD HOC LEGAL REPRESENTATION SUB-COMMITTEE:

The Board will consider formation of an Ad Hoc committee.

4. RECYCLED WATER PROJECT:

Staff will make a recommendation regarding the Recycled Water Project.

5. WELL REHAB:

Staff will update the Board on the Well Rehab Project.

6. FUTURE AGENDA ITEMS:

The Board will discuss items they would like addressed on future agendas.

IDYLLWILD WATER DISTRICT

DIRECTORS COMMENTS :

GENERAL MANAGER'S COMMENTS:

CLOSED SESSION: Performance Review, Chief Financial Officer

ADJOURNMENT:

To the next regular Board meeting scheduled for February 15, 2017 at 6:00 p.m., to be held at the Idyllwild Water District Boardroom, 25945 Hwy. 243, Idyllwild, CA.

Please remember during Public Comments:

- Comments should be limited to 4 minutes or less
- Comments should be directed to the Board as a whole and not directed to individual Board members.

Americans with Disabilities Act: In compliance with the ADA, if you need special assistance to participate in a District meeting or other services offered by this District, please contact the District office @ 951-659-2143 or email: admin@idyllwildwater.com. Upon request, the agenda and documents in the agenda packet can be made available in appropriate alternative formats to persons with a disability. Notification of at least 48 hours prior to the meeting or time when services are needed will assist the District staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting.



Memo

To: Board of Directors

From: Interim General Manager

Date: January 18, 2017

Subject: ITEM 1A- MINUTES OF DECEMBER 21, 2016 AND JANUARY 11, 2017

Recommendation: That the Board of Directors considers approving the Minutes of the December 21, 2016 Regular Board meeting and January 11, 2017 Special Board Meeting.

MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
IDYLLWILD WATER DISTRICT

The Board of Directors of the Idyllwild Water District met in regular session on December 21, 2016.

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 Vic Sirkin, Steve Kunkle and June Rockwell. Finance Officer Hosny Shouman and Board Secretary Erica Gonzales were also present.

General public present: (-10-)

PUBLIC COMMENT:

SUE NASH- Expressed concern about the Will Serve Letter given to the Community Center. She also expressed concern about the Treatment Plant at the Brew Pub and where the excess treated water will be going.

CONSENT CALENDAR:

MINUTES – August 16, 2016
September 22, 2016

FINANCIAL REPORTS –

OPERATING STATEMENT AND THE FINANCIAL REPORTS AUGUST, SEPTEMBER, AND OCTOBER 2016

A. District warrants for August 2016.	
Ck # 13683 - 13718	= \$ 208,995.81
Gross Payroll	= \$ 37,082.23
Federal/State PR taxes	= \$ 11,110.07
LAIF Transfers	= \$ 0.00
Transfers/charges	= \$ 65.00

OPERATIONS REPORT AND GRAPHS FOR THE FIFTH MONTH ENDING NOVEMBER, 2016.

No mainline leaks were reported in November. Foster Lake was still dry at the end of November. IWD did not divert water during November. There was 1.88" of precipitation in November and there has been 4.58" of precipitation for the fiscal year to date. The static water levels at the Foster Lake Wells were 33' below ground level, and the downtown well #23 is currently static at 10' and the downtown well #24 is static at 20' below ground level respectively. Production for November was

812,381 cubic feet. November's unaccounted for water was 8.03% of water production. Fiscal year to date unaccounted for water average is 4.66% of water production.

Director Kunkle questioned various warrants. President Cook complimented Hosny on keeping the District moving and stated that Hosny should at one point be given a bonus. Director Kunkle also complimented Hosny on keeping things moving. A motion was made By Director and seconded by Director to approve the Financial Report (Item 3), and the Operations Report (Item 4) by separate motion and duly carried. The vote was unanimous.

A MOTION was made by Director Rockwell to approve the Consent Calendar and Vice President Sirkin seconded. The vote was unanimous.

Consent Calendar approved.

ITEM #4- ROSENBERG'S RULES OF ORDER:

PUBLIC COMMENT:

SUE NASH- Board is just getting familiar with the Brown Act, why add more to it with learning Rosenberg's Rules of Order?

JEFF SMITH- Glad the Board is considering Rosenberg's Rules of Order, with no by-laws this is a big step forward in order to create guidelines.

TOM POLLOCK- Decent procedure but still want public input.

PRESIDENT SCHELLY- The only Rules and Regulations for Board meetings is Resolution 714 and it gives decorum but no rules of order. IWD needs a basic set of Rules and Rosenberg's Rules of Order are less difficult than Robert's Rules of Order. This complies with the Brown Act by organizing the meeting.

SUE NASH- Withdraws objections after learning there are no by laws.

President Schelly made a MOTION to approve adopting Rosenberg's Rules of Order for Board meeting and was seconded by Vice President Sirkin. The vote was unanimous.

Motion passed.

ITEM #5- BOARD COMPENSATION:

Director Kunkle made a MOTION to discuss the current Board compensation and Director Sirkin seconded.

DIRECTOR KUNKLE- Has no problem with reducing the stipend from \$100 to \$50 per meeting with the maximum being \$50 per day and would like payment to Bard members to be in Warrants and not payed through payroll.

HOSNY SHOUMAN- Would like all Board members to accept compensation in order to be required to comply with AB-1234.

PRESIDENT SCHELLY- There are many causes on the hill that Board members can donate their

stipend to if they do not wish to keep it for themselves. It would be a way for IWD to give back.

HOSNY SHOUMAN- It would make things less complicated for the audit if all Board members took the stipend.

DIRECTOR KUNKLE- Would like accepting the stipend to not be mandatory.

PRESIDENT SCHELLY- Could the stipend be sent directly to a charity from IWD?

HOSNY SHOUMAN- This would be more complicated.

VICE PRESIDENT SIRKIN- Would like to be able to not accept the stipend but voluntarily comply with AB- 1234.

JEFF SMITH- Don't reduce the stipend amount. Looks good for the press but it is not practical.

SUE NASH- Concerned about setting a precedent for future Board to not be required to comply with AB-1234 because they are not required to take the stipend.

STEVE MOULTON- Was at the meeting when the water and sewer rates were increased and in the same meeting the stipend was increased. Made him upset. Other Boards on the hill only take \$50 per meeting. Would be a show of good faith to reduce it back to \$50 per meeting.

JACK HOAGLAND- Current Board Policy precludes Board members from getting more than one stipends per day already. Some Boards have forms that you fill out in order to get paid. Board members could simply not fill one out. The stipend cannot be given directly to a charity because it would be a gift of public funds.

Director Kunkle made a MOTION to reduce the stipend for Board members to \$50 per meeting and was seconded by Vice President Sirkin. The vote was unanimous.

The MOTION passed.

ITEM #6- ACWA/JPIA BOARD REPRESENTATIVE-

Vice President Sirkin mad a MOTION to Table Item #6 until there is a full Board.

President Schelly tabled the Item.

Director Rockwell requested to move Item #10 forward.

ITEM #10- NEW GENERAL MANAGER-

President Schelly made a MOTION to accept the contract between IWD and John "Jack" Hoagland and was seconded by Vice President Sirkin.

DIRECTOR KUNKLE- How can the Interim GM take PTO when there is no commitment to a minimum of hours worked and getting paid salary?

GEOFFREY CAINE- why not commit to a minimum amount of hours.

JEFF SMITH- Jack Hoagland is a rare find and doesn't think there is anything to worry about.

JP- Commit to a certain amount of hours per month.

PRESIDENT SCHELLY- Will a minimum of 120 hours per month satisfy everyone?

President Schelly made a MOTION to accept the contract between IWD and John "Jack" Hoagland with the amendment added that he will work a minimum of 120 hours per month and was seconded by Vice President Sirkin. The vote was unanimous.

The MOTION passed.

ITEM #7- PIPELINE REPLACEMENT PROJECT-

Director Kunkle made a MOTION to authorize staff to enter into an agreement with an engineering firm for preparation of contract documents for replacement of approximately 3,200 linear feet of aging pipelines and was seconded by Vice President Sirkin.

JEFF SMITH- Encourages IWD to replace pipeline, not only in area that attract attention, but to highly encourage Board to consider extremely old and out of code pipelines on the outer limits of the system. Also, would like Board to consider upgrading fire hydrants to CAL FIRE standards.

The vote was unanimous.

The MOTION passed.

ITEM #8- WELL REHAB PROJECT –

HOSNY SHOUMAN- the deadline to have the project completed is August 30, 2017. Jack has started reviewing.

JACK HOAGLAND- Doable but need to move forward on the project.

DIRECTOR SIRKIN- Can we get an extension?

HOSNY SHOUMAN- No, the grant will be forfeited if project not completed by August 30, 2017.

JACK HOAGLAND- There hasn't been a lot of pre planning but can find a way to spend the grant in a productive way.

The vote was unanimous.

The MOTION passed.

ITEM #9- RECYCLED WATER PROJECT-

Vice President Sirkin made a MOTION to halt the Recycled Water Project and refund the State of California \$332,000 in reimbursements from the grant and was seconded by Director Kunkle.

DISCUSSION:

VICE PRESIDENT SIRKIN- Would like for community to review opinions of Tom Lovejoy and vote on stopping or moving forward with project.

HOSNY SHOUMAN- Need permission from Board to call State and ask about procedure to stop the project.

JACK HOAGLAND- Direct staff to collect more details and bring information back in January.

JEFF SMITH- Jim Ludy made a report that this would be a failed project and he was fired.

SUE NASH- This should be turned over to the GM, we should be thinking about the long term and the drought.

JEFF SMITH- If no violations, no notices, should move forward with the project.

GEOFFREY CAINE- No objection to stopping the project but need to look at long term.

TOM POLLOK- IWD is very fortunate to have Jack and we should utilize his knowledge. Should look at long term and make sure that stopping this project is the right decision for the community.

President Schelly tabled until the January regular meeting.

DIRECTORS COMMENTS:

VICE PRESIDENT SIRKIN- Report on the Legal Counsel ad hoc committee. Received a list of law firms from Jack, had a phone conference with two of them where Vic Sirkin, June Rockwell and Hosny Shouman attended. Both firms have lots of resources and handle many Special Districts.

HOSNY SHOUMAN- Would like President Schelly and Vice President Sirkin to mark their calendars for Feb 27- Mar 1 for a Board conference in La Jolla.

ADJOURNMENT:

Director Kunkle made a MOTION to adjourn the meeting and Director Rockwell seconded. The vote was unanimous. The meeting was Adjourned to the next Regular meeting on January 18, 2017 at 6 pm.

APPROVED:
IDYLLWILD WATER DISTRICT

BY: _____
DR. CHARLES SCHELLY-
NEW BOARD PRESIDENT

IDYLLWILD WATER DISTRICT

BY: _____
ERICA GONZALES-
BOARD SECRETARY

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 11, 2017.

CALL TO ORDER:

The meeting was called to order by President Schelly at 1:00 p.m.

ROLL CALL:

Directors present: Charles Schelly, Victor Sirkin, and Steve Kunkle. John Hoagland, Interim General Manager and Board Secretary Erica Gonzales were also present.

General public present: (- 6 -)

PUBLIC COMMENT:

SUE NASH- gave handout to Board members (included). Stated she had concerns about IWD not having documents for Brew Pub and their waste water plans. Renewing public records request with the County, IWD, Board of Supervisors and Santa Ana RWQCB.

ITEM #1- CONSIDER FILLING TWO VACANCIES ON THE BOARD OF DIRECTORS

Recommendation- Appoint two qualified candidates to fill the current vacancies on the Board of Directors. Interview the candidates prior to making the appointment decision.

Background-

As a result of resignations, the Idyllwild Water District Board of Directors has two vacancies.

State law provides the District with several options for filling the vacancies:

- The remaining Board members may appoint qualified applicants to the position(s);
- The Board can call a special election to fill the positions; or
- The Board can default to the Board of Supervisors of Riverside County to appoint qualified applicants to the positions.

The Board has chosen to appoint qualified candidates as the most expeditious and fiscally prudent option.

The appointed board members will be required to stand for election at the next regularly scheduled election in August 2017 if they desire to continue on the Board.

PUBLIC COMMENT-

Tom Paulek- Glad to see the full Board Packet on the website for this meeting and judging by resumes, these are all excellent candidates.

Vice President Sirkin made a MOTION to appoint Geoffrey Caine to one empty Board seat and was seconded by Director Kunkle. The vote was as follows:

AYES NAYS ABSTAIN ABSENT
Victor Sirkin
Steve Kunkle
Charles Schelly

Motion was approved.

Vice President Sirkin made a MOTION to appoint Peter Szabadi to one empty Board seat and was seconded by Director Kunkle. The vote was as follows:

AYES NAYS ABSTAIN ABSENT
Victor Sirkin
Steve Kunkle
Charles Schelly

Motion was approved.

ITEM #2- Engagement of General Counsel

Recommendation- That the Board of Directors considers a report and recommendation from the Legal Representation ad hoc committee and takes action to approve the engagement of a law firm to act as General Counsel for the District.

Background-

The Board of Directors, at a previous meeting, determined that the time was appropriate to solicit proposals from attorneys to act as General Counsel to the District. The President appointed an ad hoc Legal Representation sub-committee to evaluate District options and make a recommendation to the full Board of Directors. Subsequently one of the ad hoc sub-committee members has resigned from the Board.

Director Sirkin (the remaining ad hoc committee member) will make a verbal presentation and recommendation to the Board for their consideration.

JOHN HOAGLAND- Since the posting of this Agenda, Best, Best and Krieger, the law firm that Director Sirkin was going to recommend, has withdrawn from our new legal counsel due to irreconcilable conflicts of interest with their current client, Fern Valley Water District. Staff's revised recommendation is to solicit and obtain new proposals from law firms that do not represent any neighboring Water Districts and return to the Board with a recommendation at the February Regular Meeting.

VICE PRESIDENT SIRKIN- Need to solicit farther out, would like to reformat the ad hoc committee, replace Hosny with John and replace June with another Board member.

PRESIDENT SCHELLY- Will have to revisit once the new Board members are sworn in.

PUBLIC COMMENT-

SUE NASH- Glad the subject is being reopened because of conflicts. Would like the Board of Directors to utilize new legal counsel to obtain a grant from LAFCO to create a study on the pros and cons of consolidating the water districts on the hill.

Item Tabled until January 18, 2017 Regular Meeting.

ITEM #3- State Mandated Board Member Training

Recommendation

That the Board approve sending four Board members to Brown Act and Ethics training courses required by the State of California Sponsored by the Pine Cove Water District on January 19th, 2017.

Background

The State of California requires that all Special District elected officials take two hour courses on compliance with the Brown/Public Records Acts and Ethics/Public Disclosure requirements every two years. New Board members have one calendar year to complete the required courses.

Conveniently, the Pine Cove Water District has opened the training courses provided by its General Counsel to other local agency officials required to take the courses. There is a minimal fee of \$25 to attend (\$100 total for Idyllwild Water District's attendees).

That the courses are offered so soon after the appointment of new Board members to the Board, at a convenient local, and at minimal cost will help Board members become aware of the additional requirements they now have in their official capacities.

PUBLIC COMMENT-

SUE NASH- Wanted to know why only 4 Board members will be attending and would like to see the topic of By- Laws come up. Is it legal that IWD has none? Looks forward to receiving a report from the Board members on this.

PRESIDENT SCHELLY- has a conflicting appointment that day and will not be able to attend but will be attending the CSDA Leadership Conference at the end of February, which will cover these topics and more. Willing to take the training online also.

Vice President Sirkin made a MOTION to approve sending 4 Board members to Brown Act and Ethics training in Pine Cove on January 19, 2017 at 1 pm and Director Kunkle seconded. The vote was as follows:

AYES	NAYS	ABSTAIN	ABSENT
Victor Sirkin			
Steve Kunkle			
Charles Schelly			

Motion was approved.

DIRECTORS COMMENTS: None

At 1:20 pm President Schelly adjourned the meeting to the Regular meeting on January 18, 2017 at 6 pm.

APPROVED:

IDYLLWILD WATER DISTRICT

BY: _____

DR. CHARLES SCHELLY
- BOARD PRESIDENT

IDYLLWILD WATER DISTRICT

BY: _____

ERICA GONZALES
- BOARD SECRETARY

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Idyllwild Water District
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RE: Comments on agenda for Special Board Meeting of January 11, 2017.

Public Comments on items not on the Agenda but within the jurisdiction:

I made a public Records Request for the Will Serve letter, the MOU and the Consultant's report regarding the Idyllwild Brew Pub's agreement with the Idyllwild Water District that will regulate the Brewpub's discharge of effluent into IWD's wastewater collection system. The IWD indicates they do not have any of these documents. Does that mean the Brewpub is discharging wastewater into the Districts wastewater collection system without having paid for a sewer connection and an MOU based on the engineer's study including the requirement that the Brewpub's wastewater will be treated and that such wastewater may legally be used to irrigate landscaping adjacent to Strawberry Creek? Attached is the September 8, 2016, article from the Town Crier implying that all of these documents are in the possession of the Idyllwild Water District. I have renewed my Public Records Request to include the Riverside County Planning Department, the Office of Supervisor Washington, the Santa Ana Regional Water Quality Control Board and the Idyllwild Water District. I hope that by the January 18, 2017 Board meeting, the public will be shown all these documents and be assured that the Brew Pub is operating legally with all required permits.

Item # 3 Engagement of General Counsel.

I assume and hope that any general counsel hired by the water district will, at the appropriate time, be able to assist the District in making a grant application to LAFCO for a study on the pros and cons of consolidating the three Water Districts.

Item # 4 State Mandated Board Member Training.

Are there only four Board members attending this training because one Board member already has? If not, I would suggest all 5 Board members attend on January 19, 2017.

Idyllwild Brewpub plans 'green' operations, but no green beer

By JP CRUMRINE
NEWS EDITOR

The opening of the Idyllwild Brewpub is still in the future. But when its taps do pour many special-craft brews, residents should enjoy the local libations as well as be proud of the effort to build one of the most technologically advanced and environmentally considerate businesses on the Hill.

From providing the purest water available to its brews to applying state-of-the-art cleaning and recycling processes to the product that remains after the beer is kegged, the Brewpub will represent a true 21st century entity.

In the beginning of the pub's construction and of the beer brewing, Don Put, head brewer of the Brewpub, will use pure mountain water drawn from the pub's own well.

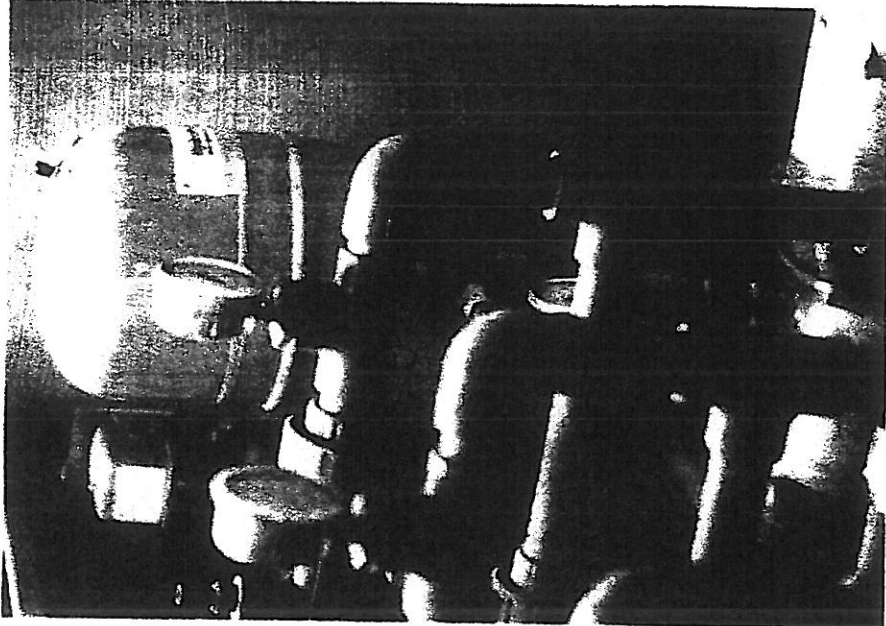
The volume of water the Brewpub will consume is about 0.3 percent of the Idyllwild Water District's average water production this year. Put estimates that the maximum monthly use will be about 20,000 gallons, which is less than the largest water consumers in IWD now.

"The well is sufficient to serve whatever the restaurant and the pub need," Put said. No treatment of the well water is necessary. Put will use the same testing protocols as IWD, which is every three months he will conduct a bacterial panel. "We are basically our own water company," he said.

Water is a vital ingredient of the pub's product. "Beer styles are a direct result of the water that brewers have access to," Put stressed. "Idyllwild water is like a blank canvas for brewers."

The output from the pub will exit through modern wastewater treatment equipment intended to protect the local environment and water table. "We want clean brewery effluent," Frank Ferro, local restaurateur, said.

"Our goal is not to send any wastewater to IWD unless we have to do that," Put emphasized. "Ideally, we will treat it on site for use for irrigation."



Part of the piping to help reclaim the water to be used at the coming Idyllwild Brewpub. PHOTO BY JP CRUMRINE

In March, when IWD and the Brewpub signed a memorandum of understanding, General Manager Tom Lynch concurred: "In many respects, the pre-treated material that will be released will be beneficial to the wastewater treatment process at the plant."

The MOU will regulate the Brewpub's discharge of effluent into IWD's wastewater collection system. The MOU specifies several key points, including that the

Brewpub's discharge will be retreated.

Also, any discharge will occur between Monday and Friday, excluding weekends, which are already IWD's peak wastewater surge periods. The weekly total is limited to 2,000 gallons and no more than 400 gallons in one day without prior permission. Any discharge will occur after 8 p.m., which places less demand on the IWD facility.

The MOU was a product of negotiations between the Brewpub, the district and IWD's wastewater consultant, Wyatt Troxel, whose report a year ago verified how the Brewpub's discharge would help IWD's waste-treatment system.

The beer waste will travel through a receiving tank, aerobic digesters, then a settling tank, and move through both an ozone and ultraviolet cleansing processes. This water will be clean enough to be dispersed around the pub for irrigation to protect and enhance the vegetation.

Put has been working with state and county health officials to establish criterion for the wastewater. Biological oxygen demand, chemical oxygen demand, nitrogen content and total dissolved solids will be closely monitored.

"We expect they will hold us to the same limits as IWD," Put stressed. The only breweries with this type of reclamation technology are some of the largest in the state, such as Stone Brewery in Escondido and Sierra Nevada in Chico, he added.

The spent grain, a brewing product, will become cattle feed available to several farms and ranches in Anza.

The spent yeast is planned to become compost to be used on site. Ferro added, "If there is enough, we can share with the community."

In addition to their concern about safe and clean water in and out of the pub, energy is another concern. To minimize the pub's demand from the electric grid, solar panels have been installed on the roof. These are capable of supplying between 75 and 80 percent of the facility's electricity.

Finally, the lighting will be LEED compliant, too.

"Everything will be green," Put declared. Except the beer.

JP Crumrine can be reached at jp@towncrier.com.

Memo

To: Board of Directors

From: Interim General Manager

Date: January 18, 2017

Subject: ITEM 1B – JANUARY 2017 OPERATIONS REPORT

Recommendation: That the Board of Directors considers an action to Receive and File the January, 2017 Operations Report covering the first six (6) months of FY 2016-17.

Background: Attached is the Operations Report for the first six months of FY 2016-2017 for the Board's information.

Operations Report for December 2016

Currently – Stage 2 (Stage 3 triggers-Static water levels-FL Wells @50'/Downtown Wells @20'

Production – December 778,718 c.f. / 139.4 gpm

Foster Lake level -0-

Water and Sewer installations -0-

Leaks --

Mainline -0-/Unmetered -0 /Metered -1

December Water Loss = 3.75%-- 4.53% Y.T.D.

Production

Drinking water storage- 3.3 MG

14 wells available/ 9 utilized/ 4 Full Time/ 5 Part Time

Wastewater Treatment Plant

December 2016-Average daily flow 83,264 gpd/Average weekend flow 83,812 gpd

December 2015-Average daily flow 76,349 gpd/Average weekend flow 81,805 gpd

Precipitation

December 2016 – 5.48” Y.T.D – 10.06” December 2015 – 7.32” Y.T.D. 2015 – 15.42”

Diversion -0-

STATIC WELL LEVELS

	DECEMBER 2016	DECEMBER 2015	DECEMBER 2014
Foster Lake (Average 3 wells)	32.3' Static	43' Static	50.0' Static
Well # 26 (Nature Center)	122' Static	106' Static	353' Pumping
Well # 27 (Nature Center)	107' Static	96' Static	131' Static
Well #28 (Rockdale)	141' Static	146' Static	129' Static
Downtown Wells* #23 & #24	8' Static 18' Static	9' Static	24' Static
FV1A	390' Pumping	396' Pumping	383' Pumping
FV2	301' Pumping	282' Pumping	216' Pumping

*Downtown Wells Static level is an average for 2015 and 2014. December 2016 both well levels are included

Memo

To: Board of Directors

From: Interim General Manager

Date: January 18, 2017

Subject: ITEM 1C – AUTHORIZE BANKING SIGNATURES

Recommendation: That the Board of Directors authorizes all directors, the Chief Financial Officer and the Interim General Manager to be Bank account signatories and approve the attached Resolution.

Background: With the changes in the composition of the Board of Directors and district management there is currently only one authorized signatory for District banking business. To facilitate good checks and balances and comply with District policies it necessary to have all of the directors in addition to the Interim General Manager available for authorizing payments of the District.

To comply with Banking regulations the Board of Directors is required to make the determination through the adoption of a Resolution (attached).

RESOLUTION NO. 728

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
IDYLLWILD WATER DISTRICT
AUTHORIZING AUTHORIZED SIGNERS FOR BBVA, CHASE, AND BANK OF HEMET ACCOUNTS

At the Idyllwild Water District's board meeting on January 18, 2017, it was resolved that the authorized signers for BBVA, Chase and Bank of Hemet will be changed to include only:

1. Name/Title: Charles Schelly/Board President
2. Name/Title: Victor Sirkin/Board Vice President
3. Name/Title: Geoffrey Caine/Board Member
4. Name/Title: Peter Szabadi/Board Member
5. Name/Title: Steven Kunkle/Board Member
6. Name/Title: Hosny Shouman/Chief Financial Officer
7. Name/Title: John E. Hoagland/General Manager

Any one of these authorized signers have the authority to transact business, including but not limited to the maintenance of checking, savings, and other accounts, on behalf of the Idyllwild Water District. The undersigned certifies that she/he is qualified to sign that the forgoing has been duly adopted at this meeting in accordance with state law and the Bylaws of this cooperation.

President, Board of Directors

Secretary, Board of Directors

Memo

To: Board of Directors

From: Interim General Manager

Date: January 18, 2017

Subject: ITEM 2 – APPOINT ACWA/JPIA REPRESENTATIVE

Recommendation: That the Board of Directors appoint a representative and an alternate to the Association of California Water Agencies/Joint Powers Insurance Authority.

Background: Idyllwild Water District has Liability, Property, Worker's Compensation and employee Medical insurance through the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA or JPIA). JPIA is a separate government entity composed of several hundred water agencies in California that have come together in a joint exercise of powers agreement to help manage the costs and risks associated with providing insurance to the members of the joint exercise of powers entity.

Unlike an insurance company, the JPIA is a pool of entities that are self-insured for the first increment of loss (the amount varies depending on the particular program) and then have "stop loss" coverage to protect the members from large claims.

As a joint exercise of powers entity, the governance is through a Board of Directors which then elects an Executive Committee, the principle governing body. Each agency

member is entitled to one Director appointed from the governing body of the member agency and an alternate member that can be an “elected” or a staff member. At the general meetings (held twice per year in conjunction with the Association of California Water Agencies bi-annual conferences) each agency in attendance has one vote.

The JPIA offers guidance and resources to its members to minimize risk to the pool of all members. As with all insurance coverage, entities that demonstrate above average risk through claims history incur higher premiums. Likewise entities that demonstrate lower than average claims receive rebates on their premiums. The premiums are set separately for each of the four pools (Liability, Property, Worker’s Compensation and Medical Benefits) separately since the membership of each pool or Program is different (an Agency can belong to one, two, three or all of the Programs).

JPIA Board of Directors - Member/Alternate



An excerpt from the JPIA Agreement:

"Article 7 - Board of Directors"

- (a) The Authority shall be governed by the Board of Directors which is hereby established and which shall be composed of one representative from each Member, who shall be a Member director selected by the governing board of that Member. Each Member, in addition to appointing its member of the Board, shall appoint at least one alternate who shall be an officer, member of the governing board, or employee of that Member. The alternate appointed by a Member shall have the authority to attend and participate in any meeting of the Board when the regular member for whom he or she is an alternate is absent from said meeting.
- (b) Each Director or alternate of the Board shall serve until a successor is appointed. Each Director or alternate shall serve at the pleasure of the Member by which he or she has been appointed.
- (c) Each Director representing a Member, or his or her alternate, shall have one vote.

Please have your agency's Board of Directors designate a JPIA Director Representative and Alternate Representative.

Member Agency: _____

JPIA Director Representative: _____

Must be a member of the agency's board of directors.

Preferred mailing address: _____

E-mail address: _____

Phone number: _____

Assuming office date: _____

JPIA Alternate Representative: _____

Preferred mailing address: _____

E-mail address: _____

Phone number: _____

Please mail form to: Attn: Bobbette Wells, ACWA/JPIA, PO Box 619082, Roseville, CA 95661-9082

or FAX to: (916) 774-7040

Memo

To: Board of Directors

From: Interim General Manager

Date: January 18, 2017

Subject: Formation of an Ad Hoc Legal Representation Sub-Committee

Recommendation

That the Board of Directors considers the formation of a Legal Representation ad hoc committee and direct staff to Facilitate the committee with the goal of recommending a firm to act as General Counsel for the District.

Background

As a result of various actions, the District is essentially without a General Counsel. The Board believes that it is important to engage a General Counsel at the earliest opportunity. The Board of Directors, at the December 21, 2016 meeting, determined that the time was appropriate to solicit proposals from attorneys to act as General Counsel to the District. The President appointed an ad hoc Legal Representation sub-committee to evaluate District options and make a recommendation to the full Board of Directors.

The Legal Representation ad hoc sub-committee solicited proposals from Best, Best & Krieger and Varner & Brandt, both firms with extensive experience with Special Districts, labor, water rights and municipal law in general. After reviewing the proposals the ad hoc sub-committee interviewed the firms via telephone. Subsequently one of the ad hoc sub-committee members resigned from the Board.

Upon further review of the potential issues facing this District, Best, Best, and Krieger withdrew from consideration due to irreconcilable conflicts with their representation of Fern Valley Water District. Although not withdrawing, Varner & Brandt would have similar conflicts as it represents Pine Cove Water District.

Therefore, the Ad Hoc Legal Representation Sub-Committee would seek a non-conflicted Firm that would have practice areas that could support the District over the range of its activities to recommend to the full Board of Directors.

Memo

To: Board of Directors
From: Interim General Manager
Date: January 18, 2017
Subject: ITEM 4 – RECYCLED WATER PROGRAM

Recommendation: That the Board of Directors directs staff to take all necessary steps to cancel the District's Recycled Water Program.

Background: Ten years ago the District initiated a program to develop recycled water (RW) as a water source to supplement the local water supply.

Recycled water programs have been very successful in many jurisdictions but every program is governed by the specific details and criteria of the project. Unfortunately, IWD's program seems to have been one that tried to impose a "one size fits all" process on the unique demographic, geographic and hydrologic conditions of the community.

Two general paths were available to the District for the RW program:

- A. Replace irrigation with potable water with irrigation with RW; or
- B. Use the RW to supplement local groundwater supplies through replenishment via Foster Lake.

Either path would require a substantial upgrade of the Wastewater Treatment Plant processes from the existing secondary treatment to tertiary treatment. (The additional facilities required would include flocculation, filtration and disinfection in addition to the current processes.)

The District prosecuted the program diligently, getting a planning grant from the State Department of Water Resources (DWR), performing engineering studies on the necessary plant improvements, identifying pipeline routes and preparing an environmental assessment. To date the District has spent \$365,000.

However, in hind sight, three fatal flaws were present in the program:

1. Regarding substitution of RW for potable irrigation water:

There does not appear to be the identification of a large enough demand nor commitment from potential users. In a December 5, 2011 technical memorandum this fact is noted. With the short “growing season” this program would only be active about six months each year. The proposed use of “green tanks” by residential or commercial users for remote (from the RW main distribution line) use supplied by truck delivery is fraught with regulatory and mitigation complications and costs which don’t appear to have been monetized. The amount of water that was identified in several scenarios is not clearly supported by the data. In addition, the drought has demonstrated that the flow to the Wastewater plant can drop significantly through the conservation efforts of the water ratepayers, jeopardizing the “reliability” feature touted of RW.

2. Regarding the use of RW to supplement local groundwater supplies through replenishment via Foster Lake:

This path was likely never credible due to the lack of “residence time” between Foster Lake and the production wells. Other impediments were the concerns expressed regarding the potential degradation of the water quality due to the significantly higher salt content of the RW (the RW is about 280 mg/l Total Dissolved Solids verses about

80 mg/l TDS for local ground water). Whether there is any continuity between Foster Lake and the Pine Cove Water District wells is immaterial because the most impact would have been on IWD. Because the Foster Lake wells are the primary source for the District use of RW for recharging the groundwater could lead to a degradation spiral as the source water deteriorated causing further deterioration of the RW, etc.

3. The cost of the program was not carefully evaluated:

As is summarized in the attached memo from Tom Lovejoy, due to the small demand base the unit cost for RW would be prohibitive for most potential users (\$0.48/c.f.). Since Wastewater customers gain no identifiable benefit from the additional treatment and distribution to water users, the costs would have to be borne by the Water enterprise. Marketing the RW to irrigation customers at 75% of the potable water rate would, most likely, be necessary to entice them to use the lower quality water. Such a strategy would then place the remaining financial burden of the program on the water ratepayers. However, that would be contrary to good (even practical) public policy

The RW would replace about 4% of the water demand for which water ratepayers would have to pay a 20+% increase in their rates. Such a disparate financial impact for a minor improvement in water supply would be difficult to justify to the water ratepayers. The comparison that an 10 gallon per minute water well that might cost \$100,000 (capital and \$5,000/year O&M) could provide 6% increase in water supply without any significant pressure on rates, would not be lost on the ratepayers.

Although the District has invested significant resources in the RW program, the difficult truth at this point in time is that there is not an apparent financial path for success of such a program for Idyllwild Water District. Five or ten years in the future with newer technology and a different regulatory climate the “numbers” might change and the District should be prepared to realistically re-evaluate its options at that time.

Cancelling the project will involve some work with several regulatory bodies but may result in clearer opportunities for the District’s path forward in several areas.

Attachment: Memorandum; Recycled Water Costs, From Tom Lovejoy, P.E., Dated
December 30, 2016

MEMORANDUM

Date: December 30, 2016

To: Idyllwild Water District
Jack Hoagland, Interim General Manager

From: Tom Lovejoy, P.E.

Subject: Recycled Water Costs

Idyllwild Water District has been planning to construct a system of advanced treatment, distribution and storage to provide recycled water for irrigation. It is estimated that the system would supply approximately 10,000 to 20,000 gallons per day (gpd) to five irrigation users. Using the higher rate of 20,000 gpd continuously for 180 days, the total volume of recycled water produced and sold annually would be 481,000 cubic feet (c,f.). This volume represents about 4 percent of the District's total annual water sales.

Following is a preliminary estimate of the total project cost and the unit cost of providing recycled water for irrigation. Because the project is not cost-effective by itself, an estimate of the required subsidy is included. As shown in the following calculations, if the subsidy were to be made up from the District's water fund, a substantial rate increase would be required.

The estimate is based on information available at this date. As further information is gathered, the estimate can be refined, but it is unlikely that the resulting numbers would produce a different conclusion. That is, a recycled water system in Idyllwild would operate at a substantial deficit, requiring a healthy subsidy from customers other than those buying recycled water.

ESTIMATED COST OF RECYCLED WATER

Estimated Project Cost

Phase 1—75,000 gpd microfiltration plant with ultraviolet disinfection	\$1,032,650	Note 1
6-inch pipeline, 10,050 l.f. @ \$100/l.f.	1,005,000	
Lateral to County Park, 1,000 l.f. @ \$50/l.f.	50,000	
50,000 gal. storage tank @ \$2/gal.	<u>100,000</u>	Note 2
Subtotal	2,097,650	
Contingencies @ 20%	<u>419,530</u>	
Construction cost	2,517,180	
Facilities planning and grant application	365,000	Note 3
Engineering/design @ 15%	377,580	
Construction management @ 5%	125,860	
Administrative costs @ 2%	50,340	
Right-of-way acquisition	100,000	
CEQA compliance	<u>50,000</u>	
Total estimated project cost	\$3,585,960	
Less SRF Grant	306,690	Note 4
Less SRF Loan	<u>1,022,600</u>	Note 4
Local share	\$2,256,670	

Annual Cost

Debt service on local share	\$121,600	Note 5
Debt service on SRF loan	<u>39,600</u>	Note 6
Annual cost of capital	\$161,200	

Estimated Operating Costs

O&M cost	\$10,300/yr.	Note 7
Sampling cost	9,700/yr.	Note 8
Pumping cost	<u>900/yr.</u>	Note 9
Estimated operating cost	20,900//yr.	
Additional cost for Grade 4 operator	11,000/yr.	Note 10
Loss in water sales	<u>38,500/yr.</u>	Note 11
Annual cost of operation	70,400	
Annual cost of capital	<u>161,200</u>	
Total estimated annual cost	\$231,600	

Assuming recycled water sales of 481,000 c.f./yr. (Note 11), the unit cost of producing and delivering recycled water for irrigation would be \$0.48/c.f.
(\$231,600/481,000)

Assuming recycled water is sold at 75% of the price for domestic water, its price would be \$0.06/c.f. See Note 12. Annual revenue from the sale of 481,000 c.f./yr. would be \$28,900. Thus, the operating deficit would be \$202,700 each year. (231,600 – 28,900).

Over the period from 2004 to 2014, average annual water sales were 260.4 acre-feet, or 11,343,000 c.f. If the operating deficit is to be made up from these sales, the incremental addition to the price of water would be \$0.018/c.f. (\$202,700/11,343,000). If the present charge for potable water is indeed \$0.08/c.f., the subsidy represents a 22.5% increase in charges to all domestic water users. If a portion of the subsidy were to be allocated to the sewer district, the surcharge to water users would be reduced.

Notes

1. *Source: Table 10-1, Preliminary Design Report by Separation Processes Inc., June 2016.*
2. *See Agreement No. 14-830-550, Exhibit A—Scope of Work*
3. *IWD cost to date as reported by IWD staff. See email from admin@iwd dated Dec. 29, 2016*
4. *Grant/loan amounts provided by IWD staff.*
5. *Annual debt service at 3.5% for 30 years*
6. *Annual debt service on SRF loan at 1.0% for 30 years.*
7. *Source: Table 10-4, Preliminary Design Report by Separation Processes Inc., June 2016*
8. *Based on email comments from Division of Drinking Water on review of SPI Preliminary Design Report, August 8, 2016*
9. *4,400 kwh @ \$0.20/kwh*
10. *Assume 10% increase over current payroll plus benefits for Grade 3 operator*
11. *Assume recycled water sales of 20,000 gpd for 180 days. 481,000 c.f. @ \$0.08/c.f. = \$38,500*
12. *Average unit price for domestic water (\$0.08/c.f.) provided by IWD staff.*

Memo

To: Board of Directors

From: Interim General Manager

Date: January 18, 2017

Subject: ITEM 5 – WELL REHABILITATION PROJECT

Recommendation: Staff will provide an update on the Well rehabilitation Project

Background: The District secured a Grant through the U. S. Department of Agriculture to rehabilitate the Horizontal wells. The grant requires all work to be complete by August 3, 2017. Prior to 2017, minimal progress has been made on defining and prosecuting the project.

Memo

To: Board of Directors
From: Interim General Manager
Date: January 18, 2017
Subject: ITEM 6 – FUTURE AGENDA ITEMS

Recommendation: That the Board of Directors considers and discusses future activities and agenda items for the Board members.

Background: To facilitate transparency and to assist in planning the Board desires to discuss potential future activities and agenda items including:

- January 19, 2017 – Brown Act and Ethics Training Sponsored by Pine Cove Water District
- February 27 to March 1, 2017 – CSDA Board Member Training San Diego
- Update the Water Availability Study – May Meeting
- Budget and Rate Recommendations – April Meeting
- 90-day review of the Interim General Manager – April Meeting
- Nomination period for Board of Directors (4 positions) - Late June
- Board of Directors Election – August
- Election of Board of Directors officers - December