

**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 June 15, 2016.

CALL TO ORDER:

The meeting was called to order by Vice-President Cook at 6:00 p.m.

ROLL CALL:

Directors present: President Jim Billman, Vice-President John Cook, Mike Freitas, June Rockwell and Steve Kunkle. Also present was General Manager, Tom Lynch, and Finance Officer, Hosny Shouman.

General public present: (- 5 -)

PUBLIC COMMENT: Mr. Smith inquired about agenda items. Ms. Muir inquired about the history of water meter allocations.

CONSENT CALENDAR:

MINUTES – May 18, 2016 (Moved as a separate MOTION) Director Kunkle requested a number of amendments (attached). Motion by Director Billman; second by Director Rockwell; carried by majority vote, with Director Cook abstaining.

FINANCIAL REPORTS –

**OPERATING STATEMENT FOR THE ELEVENTH MONTH ENDING May 31, 2016
DISTRICT WARRANTS FOR MAY–**

CHECK #13495-13540	= \$	133,738.53
PAYROLL	= \$	41,463.00
FEDERAL/STATE TAXES	= \$	7,296.00
LAIF TRANSFERS	= \$	-0-
TRANSFERS/CHARGES	= \$	-0-

OPERATIONS REPORT AND GRAPHS FOR THE ELEVENTH MONTH ENDING MAY 31, 2016.

No mainline leaks were reported in May. Foster Lake was still dry at the end of May.

IWD did not divert water during May. There was .93” of precipitation in May and there has been 24.80” of precipitation for the fiscal year to date. The static water levels at the Foster Lake Wells were 32’ below ground level, and the downtown wells are currently at 13’. Production for May was 850,337 cubic feet. May unaccounted for water was 2.18% of water production. Fiscal year to date unaccounted for water average is 1.17% of water production. Staff provided some general comparisons of well depths and volumes of water produced in the last two years. Director Kunkle questioned the formulas used to prepare the G.M. Report. Various questions arose on the warrants for the months of May but were explained in-depth by staff. A motion was made By Director Rockwell and second by Director Freitas to approve the Financial Report (Item 2), and the Operations Report (Item 3) by separate motion and duly carried with a unanimous vote of all Directors present by the following vote:

AYES: NAYS: ABSTAIN: ABSENT:
Jim Billman
John Cook
Mike Freitas
June Rockwell
Steve Kunkle

IWD Board Meeting, 6/15/16, Continued

WATER AND WASTEWATER ISSUES – We remain at Stage II, and water consumption was down last month which is normal for this time of year. Foster Lake remains empty.

The State has proposed statewide standards to achieve a 20% reduction in water consumption by 2020. Several pieces of new legislation potentially impacting water districts are going through the State Assembly and Senate.

The video of the wells targeted for rehabilitation is now complete, and this work will be available to contractors to bid on the project.

The District's tank inspections have resumed this week, and the contractor should finish their work by the end of the week.

SPi has submitted the final draft of the design of the recycled water project equipment and we are reviewing. We are evaluating routing options for recycled water lines. The SPi plans will provide support for all the engineering companies who have expressed an interest in developing the plans and specifications for the project.

The wastewater treatment office has been painted inside and out, and looks very good. The building has needed the painting for years.

Filtronics and our SCADA interface is now underway. These system updates will save chemicals, water and electricity.

ENERGY CONSUMPTION UPDATE – The Energy Coalition is analyzing our present wastewater plant conditions and the expansion we contemplate for water recycling. This will dovetail into our expansion planning for greater efficiencies in our energy consumption. Any equipment capital cost associated with equipment upgrades can be partially or completely reimbursed by S.C.E. and the Energy Coalition.

The staff has completed construction of a roof cover for our new inverters at the solar panels.

OTHER PROJECTS AND MATTERS – The proposed budget contains costs for new equipment and several capital projects, including well rehabilitation, water recycling and water pipeline replacement. The replacement of equipment took into consideration State standards for air quality, vehicle repair history, maintenance cost, age, mileage and liability risk. The budget also includes costs for replacing our financial system, which is over 20 years old.

Staff met with the County to tour our proposed areas for pipeline replacement utilizing Federal C.D.B.G. funding and the District's matching capital improvement funds. An agreement for the project and the environmental assessment is being prepared. The grant awarded amount of \$155,000 from C.D.B.G. is slightly under the amount we originally requested.

Staff also met with State Senator Stone to discuss water recycling long term objectives and State legislative agendas that can improve water sustainability.

The California Rural Water Association continues to be very helpful in filling in while we recruit for a new Wastewater Supervisor replacement.

ITEM #5) RESOLUTIONS #720 AND #721 – SETTING A DATE FOR A PUBLIC HEARING FOR WATER AND SEWER STANDBY ASSESSMENTS –

Staff recommends setting a Public Hearing date of July 20, 2016 to receive public comment on the District's water and sewer standby availability assessment fees for the fiscal year 2016-17. A motion was made by President Billman and seconded by Director Kunkle to set the date of Public Hearing for water and sewer standby fees for July 20, 2016. Motion carried unanimously.

ITEM #7) (Taken out of sequence) – HEAVY EQUIPMENT ACQUISITION –

The District has undertaken an analysis of its current vehicle fleet. This analysis included the vehicles age, mileage or hours, its maintenance record, its repair history, availability of replacement parts, compliance with air quality standards, and overall District liability. Four pieces of equipment need replacement as follows:

1. Unit #80 – 1980 Case 580C Skip Loader with 3210 hours
2. Unit #78C – 1978 Case 580C Backhoe with 3466 hours (2 Wheel Drive)
3. Unit #5 – 1987 Ford F700 Dump truck
4. Unit #8 – 1987 Chevrolet One Ton Service Truck

All these units are old, have high mileage or service hours, high maintenance costs and frequent repair needs, and are not up to the service demands of the District. The District bears high liability risk due to these vehicles not having adequate braking, sloppy steering, unreliable wiring and frequent breakdowns. None of the vehicles can operate safely in snow conditions.

Staff has explored suitable replacements with multiple vendors and is recommending purchasing good condition used Caterpillar Backhoe Loaders (414E and 420F), both four wheel drive, with low service hours, that have been professionally maintained and come with 48 month warranties. Both these vehicles meet current State Air Quality standards. These units are offered with large government discounts through Johnson Machinery. Staff is also recommending replacement of the 1987 Ford Dump Truck, and the 1987 Chevrolet Service Truck. After comparing low mileage used vehicles with new vehicles purchased through the California State Contract, the new vehicles are the more cost effective alternative. The State Contract will save the District in excess of \$10,000.00 per vehicle.

Below are quotes for all four vehicle replacements:

1. CAT 414E Backhoe Loader (net price)	36,460.00
2. CAT 420F Backhoe Loader (net price)	81,400.00
3. Ford F700 Dump Truck	82,032.00
4. Ford Service Truck (diesel)	<u>49,148.00</u>
	\$249,040.00*

*This total takes into account \$8,500.00 in trade-in value for the old equipment.

Staff provided additional information from Johnson Machinery stating the existing District's diesel equipment is not capable of rehabilitation, and documentation from the California State Air Resources Board verifying that the District's diesel equipment will no longer meet State ARB standards. Discussion ensued regarding the competitive bidding for the proposed equipment. Staff verified that the new equipment was competitively bid through the California State Contract, and that the used equipment cannot be competitively bid, but the items were available with governmental discounts and a forty-eight month warranty. A motion was made by President Billman and seconded by Director Freitas. The vote was as follows:

AYES:	NAYS:	ABSTAIN:	ABSENT:
Jim Billman	June Rockwell		
Mike Freitas	Steve Kunkle		
John Cook			

Motion was approved.

ITEM #6) (Taken out of sequence) – 2016 / 2017 ANNUAL BUDGET –

The proposed FY 2016/2017 budget presents the annual work plan for the District. The District is in good financial shape based on steps taken by the Board in previous years. Annual revenues are estimated to be \$2,267,488. Proposed expenditures for operations and maintenance are \$1,720,787. Major projects include the water recycling project, well rehabilitation, review and replacement of various pumps and motors in cooperation with the Energy Coalition and S.C.E., solar upgrades, water tank rehabilitation, water pipeline replacement and rehabilitation of the shop area. The significant cost items in this year’s budget are outlined as follows:

Based on District needs, staff is proposing capital expenditures in the amount of \$807,408.

The capital expenditure breakdown is as follows:

1. Vehicle Replacement	131,148.00
2. Recycled Water	2,045,217.00
3. Water Line Replacement	465,000.00
4. Water Well Rehabilitation	225,000.00
5. Water Tank Rehabilitation	80,000.00
6. Water Well Development	100,000.00
7. Equipment Replacement	<u>211,260.00</u>
Total:	\$3,257,625.00

The capital expenditures include contributions from financial assistance provided by State and Federal grants and low-interest loans and reduce the amount of the Districts capital improvement expense by \$2,450,217.00.

Other significant expenses include an adjustment to employee medical benefits based on anticipated increases in the District’s insurance policies in the amount of \$9,600.00. This adjusted amount will offset the increases in insurance premiums.

The District has had difficulty in staff recruitment. Advertising extensively did not produce an adequately certified Wastewater Supervisor. After conferring with the District's consultants from the California Rural Water Association, they feel the present compensation level is below industry standards. Staff also contacted the California Special District Association which had just completed a comprehensive survey of salary and benefits for 2015 - 2016. In addition, staff obtained specific salary comparisons for nine additional water districts in the Riverside and San Bernardino area. Based on all this input and data, staff is proposing a modification of the District's current salary schedule, by adding four additional salary steps to stay competitive with industry standards. This does not mean any automatic increase in individual employee salaries. Staff is recommending broadening the salary ranges to be consistent with other districts, promote broader recruitment, improve employee retention, and allow for long term growth. Any advancement by existing employees in the salary range will be based on performance achievement. This will not impact the proposed budget cost.

Staff worked very hard to reduce District costs and provided an approximate annual savings of \$122,000 with this budget. Staff recommends approval of the FY 2016-2017 annual budget, and adjustments to the salary schedule. Discussion ensued regarding components of the proposed budget. A motion was made by President Billman and seconded by Director Freitas to approve Resolution #723 adopting a salary schedule adjustment and medical insurance benefits. The vote was as follows:

AYES:	NAYS:	ABSTAIN:	ABSENT:
Jim Billman	June Rockwell		
Mike Freitas	Steve Kunkle		
John Cook			

Resolution #723 was approved.

A motion was made by President Billman and seconded by Director Freitas to approve Resolution #722 adopting the Budget for FY 2016 / 2017. The vote was as follows:

AYES:	NAYS:	ABSTAIN:	ABSENT:
Jim Billman	June Rockwell		
Mike Freitas	Steve Kunkle		
John Cook			

Resolution #722 was approved.

DIRECTORS COMMENTS:

Director Kunkle gave a synopsis of an email exchange between himself and the General Manger. Vice President Cook suggested discussion at the next regular meeting of Action Minutes.

ADJOURNMENT:

President Billman made a MOTION to adjourn the regular meeting which was seconded by Director Freitas. With a unanimous vote by all Directors present, the regular meeting was adjourned at 7:45 p.m. The next Special meeting of Board will be on Thursday, June 16, 2016 at 11:00 AM. The next regular meeting of the Board will be Wednesday, July 20, 2016 at 6:00 PM. Both meetings will convene At the Idyllwild Water District Boardroom, 25945 Highway 243, Idyllwild, CA.

APPROVED:
IDYLLWILD WATER DISTRICT

IDYLLWILD WATER DISTRICT

BY: _____
JIM BILLMAN- PRESIDENT

BY: _____
TEMP. BOARD SECRETARY