

**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 July 10, 2017, in the Idyllwild Water District Board Room.*

**CALL TO ORDER:**

The meeting was called to order by President Schelly at 11:00 a.m.

**ROLL CALL:**

Directors present: President Charles Schelly, Vice President Vic Sirkin, Geoffrey Caine, and Steve Kunkle. Interim General Manager Jack Hoagland, Chief Financial Officer Hosny Shouman and Board Secretary Erica Gonzales were also present.

Peter Szabadi was absent due to a scheduled vacation.

General public present: (-1-)

**PUBLIC COMMENT:** None

President Schelly moved Director's Comments to the front of the meeting at the request of Vice President Sirkin.

**DIRECTORS COMMENTS:**

**VICE PRESIDENT SIRKIN** – Distributed notes that he had created before the meeting. Concerned about a member of the public's accusation that the new rate structure may not be in compliance with Proposition 218. These notes address this and some other things concerned about. Did some calculations and feels that Commercial Customers are paying less for same amount of water as Residential customers. Would like rate structure to be evaluated by legal counsel. Would like legal counsel to advise on how staffing positions should be posted. Would like to see positions posted for all qualified applicants including Board members. Wants legal counsel to advise what the protocol would be if a Board member applied for a position and was qualified. Does not agree with pre-paid water included in the rate structure. Feels that the pre paid water would be a point of contention with other districts on the hill in the event of consolidation. Also feels pre-paid water does not promote conservation. Does not agree with the Pipeline Project. Feels that the cost is too great and that we should stop the project and refuse the grant.

**PRESIDENT SCHELLY-** Have we received a written legal opinion on our compliance with Proposition 218?

**JACK HOAGLAND** – We received an email confirming we are in compliance.

**PRESIDENT SCHELLY** – Talking about having someone on the Board that is qualified to run the WWTP is walking a thin legal line. We cannot state that “if someone will do this, then we will do this.” That is an “id pro quo” statement and the State frowns on this kind of thing heavily and will attract legal action. That type of innuendo is an area we should not get into.

**VICE PRESIDENT SIRKIN** – Didn’t know how to address this situation. Feels that all staff vacancies should be open to the public and conveniently located so that anyone wanting to apply can, no matter their location or current position. This is something that our legal counsel should advise us on.

**PRESIDENT SCHELLY** – After reading point three under notes about pre-paid water, just want to clarify that Vice President Sirkin is against subsidies?

**VICE PRESIDENT SIRKIN** – Not against subsidies, in general, but against the subsidies in the rate structure. Would like legal counsel to advise on this matter. May require an Actuarial to determine what the rate structure should be.

**PRESIDENT SCHELLY** – How long do you expect a study by an Actuary to take, reasonably? Can tell you that it will take 2-3 weeks to hire an Actuary and then the study will be in the queue for at least 3 months.

**VICE PRESIDENT SIRKIN** – Would like a recommendation from legal counsel on the best way to do a study and build a rate structure.

**JACK HOAGLAND** – Fern Valley had a study done and it cost them more than \$40,000.00. You are ok with spending that kind of money?

**VICE PRESIDENT SIRKIN** – Ok with it because it serves the public’s interest. Would be a good investment.

**DIRECTOR CAINE** – If thinking about consolidation with Pine Cove and Fern Valley, why not adopt the principle they use for their rate structures, not necessarily their rates, but the principle?

**PRESIDENT SCHELLY** – They are two entirely different districts, they do not have a treatment plant, commercial customers, and their source of water is different. This is Director’s Comments which is supposed to be used for future Agenda Item ideas, spent enough time on this topic.

**DIRECTOR KUNKLE** – Jack stated there was an opinion in email form, is fine with that. Taking pre-paid water away from the Commercial customers was the first step in getting rid of the pre-paid water altogether. That is the goal.

**ITEM 1 – Memorandum of Understanding with Idyllwild Arts Foundation:**

Recommendation: That the Idyllwild Water District Board of Directors consider approval of the attached Memorandum of Understanding (MOU) with Idyllwild Arts Foundation regarding Water Connection Fees.

Background: In April 2013, Idyllwild Water District and Idyllwild Arts Foundation executed a MOU related to water connection fees for anticipated activities by IAF.

With the adoption of New Rules and Regulations for Water Service by the Idyllwild Water District Board of Directors, effective July 1, 2017, the basic assumptions of the 2013 MOU are no longer valid. Therefore, Idyllwild Water District and IAF have determined that it would be in both parties interest to execute a new MOU to reflect the current water service provisions.

**DISCUSSION-**

Vice President Vic Sirkin made a MOTION to approve the MOU with Idyllwild Arts Foundation and Director Caine seconded. The vote was as follows:

<b>AYES</b>	<b>NAYS</b>	<b>ABSTAIN</b>	<b>ABSENT</b>
<b>Victor Sirkin</b>			<b>Peter Szabadi</b>
<b>Geoffrey Caine</b>			
<b>Steve Kunkle</b>			
<b>Charles Schelly</b>			

**The Motion passed.**

## **ITEM 2 – SEWER PUMPS:**

**Recommendation:** That the Idyllwild Water District Board of Directors consider approval of replacement of the Return Activated Sludge (RAS) and Waste Activated Sludge (WAS) pumps at the Wastewater Treatment Plant (WWTP) at a cost of \$43,000.

**Background:** The RAS/WAS pumps are critical for the efficient operation of the WWTP. There are two such pumps, each of which, through valve manipulation can perform either function. These pumps have been in service for many years and have been rebuilt numerous times. The particular style is prone to clogging with fibrous materials that occur in sewage resulting in somewhat maintenance intensive attention to the pumps.

With the failure of one of the pumps, staff and our contract operators from Specialized Utility Services Program (SUSP) recommended changing the pumps to a different style that is not prone to clogging, Vaughan Chopper pumps, which have been used to great success in many wastewater plants in our size range (<1 MGD).

Rockwell Engineering and Equipment, the California distributor has submitted a proposal of \$11,435 per pump (\$23,220 for both including \$350 shipping). Note the cost for rebuilding the existing pumps is approximately \$8,500 each.

Quotes for installation were solicited from three firms and two firms responded. While Jimini Systems was less costly, their quote did not include installation of a support system for the new pumps. Modification to the support system is necessary because the new pumps do not fit on the existing concrete pump bases. The District would have had to engage and coordinate an additional contractor for the support system construction and installation. Since Mid-Town Plumbing will do the entire installation including the pump support system, staff recommends engaging them for the installation.

Jimini	\$16,665.
Mid-Town	\$19,578.

Total Project cost \$42,798.

**DISCUSSION:**

**VICE PRESIDENT SIRKIN** – If the current working pump were to fail, where would we be? Would our staff be able to reinstall if we were to rebuild existing pumps? Is there a benefit to having the new pumps that chop as well as pump? Are they likely to last longer between rebuilds? Is there a savings by doing both pumps at the same time?

**JACK HOAGLAND** – If current pump were to fail right now, we would be in an emergency situation. Our current staff does not have to ability and knowledge to reinstall the pumps after rebuild. There is great benefit to having a pump that chops because it will reduce clogging and reduce maintenance on the pumps. Yes, spoken to people that are using this pump. Yes there is a savings.

**DIRECTOR KUNKLE** – If the Headworks pump were doing its job, there wouldn't be as much solids and we wouldn't have the problem we are having now, believe Jack is planning to replace the Headworks pump in the future. Disappointed that staff is not able to do more of the work on this.

**VICE PRESIDENT SIRKIN** – This brings up the staffing issues that need to be addressed.

**DIRECTOR CAINE** – Can we use this as a training program?

**JACK HOAGLAND**- Staff will be involved and will be observing and attempting to learn more.

Director Caine made a MOTION to approve the replacement of the Return Activated Sludge (RAS) and Waste Activated Sludge (WAS) pumps at the Wastewater Treatment Plant (WWTP) at a cost of \$43,000 and was seconded by Director Kunkle:

<b>AYES</b>	<b>NAYS</b>	<b>ABSTAIN</b>	<b>ABSENT</b>
Geoffrey Caine			Peter Szabadi
Steve Kunkle			
Charles Schelly			
Victor Sirkin			

**The Motion passed.**

**ITEM 3 – FIELD OPERATIONS SUPERVISOR:**

Recommendation: That the Idyllwild Water District Board of Directors consider approval of the attached Job Description and a Salary Range of \$33.70/hr. to \$46.71/hr.

Background: The District has been unable to recruit a Chief Sewer Operator for several years and has contracted with the Specialized Utility Services Program of California Rural Water Association to fulfill the requirements of the State/Regional Water Quality Control Board. The current fee is over \$12,000 per month for the service.

Staff has used a recruiting service (Project Partners) to assist the District in identifying potential candidates and has been successful. In order to streamline the District organizational structure, a position has been resurrected from past District operations to oversee all field operations to be called Field Operations Supervisor.

The salary range is internally consistent within Idyllwild Water District (equivalent to an annual range of \$70,096 to \$97,162).

**COMMENTS:**

**PRESIDENT SCHELLY** – This is something that Vice President Sirkin has advocated for in the past, does this job description fit idea of what the operations manager should be??

**VICE PRESIDENT SIRKIN** – Feels that a Field Supervisor is a valid position and one that should be equally responsible for the Water distribution and the Waste Water Treatment. Doesn't feel that this job description meets that entirely. Would like to hear legal counsel's opinion about questions that were raised earlier in the meeting.

**DIRECTOR CAINE** – Noticed that the primary experience recommended for the selection process is in the treatment of wastewater. Why?

**JACK HOAGLAND** – The person would be the Chief Waste Water Treatment Plant Operator in addition to supervising the Water Distribution side.

**PRESIDENT SCHELLY** – What would be the cost savings by creating this position and hiring the candidate you have spoken to? What does “act as District’s safety chairman” mean exactly?

**JACK HOAGLAND** – Around \$20,000 per year because we would be paying for retirement and benefits in addition to the salary. Would make sure we are in compliance with CAL/OSHA, would be the point person with ACWA/JPIA, hold safety meetings, etc.

**DIRECTOR KUNKLE** – On right path with this position. Hesitant to approve this because this would mean we would have 7 field employees, which is more than we have had in the past.

**PRESIDENT SCHELLY** – Have been hearing from multiple Board members in the meetings that we would like to do more of the work in house rather than contracting. This person would have the knowledge and adding a 7<sup>th</sup> employee would give the additional help to be able to work on projects while also being able to do the day to day operations.

**DIRECTOR CAINE** – Doesn’t have enough background information and doesn’t know if this position would be permanent or temporary.

**PRESIDENT SCHELLY** – All employees have a probationary period of 6 months where they are at- will. This is a position that we have told our General Manager that we want filled and he has worked to do what we have asked. How long have we been filling this position with SUSP, Inc.?

**JACK HOAGLAND** – 2 years.

President Schelly entertained a motion.

Item 3 died for lack of Motion.

#### **DIRECTORS COMMENTS:**

**PRESIDENT SCHELLY** – Will this be last large check to Tyler Tech for billing system implementation? Are we getting closer to having things on the website such as the recordings of the meetings?

**HOSNY SHOUMAN** – Yes, all additional bills from Tyler Tech will be for support help and will be regular charges.

**JACK HOAGLAND** – Will be bringing some more information to the Board for a more sophisticated recording system.

**GENERAL MANAGER'S COMMENTS:**

**JACK HOAGLAND-** Distributed Cost of Service Study. Stated that removing the pre-paid water feature is a plan for the future but doing it in steps. Doesn't want to shock the customers too much. Did get in contact with someone for some records management assistance to help create a better records retention policy and decide what are good records and what are bad records.

**ADJOURN TO CLOSED SESSION:**

President Schelly adjourned to closed session at 12:26 p.m.

**RECONVENE INTO OPEN SESSION:**


The Board reconvened in open session at 1:12 p.m.

**REPORT ON CLOSED SESSION:** President Schelly reported there was no reportable action.

**ADJOURNMENT:** President Schelly adjourned to the Special Meeting at 1:13 p.m.

**APPROVED:**

IDYLLWILD WATER DISTRICT

BY: 

DR. CHARLES SCHELLY-  
BOARD PRESIDENT

IDYLLWILD WATER DISTRICT

BY: 

ERICA GONZALES-  
BOARD SECRETARY



July 7, 2017

## Concerns and observations for future agenda items

I would like to make the following suggestions for the district to move forward. Although we have accomplished much, please consider the following.

### Regarding the new rate structure:

Since it is possible to change things, and although our first action on rates was very important, the following should be considered. With that in mind, I believe that some more preliminary work is essential, particularly as several members of the public have suggested, and may be right, that the new system may not be in compliance with prop. 218

1. It is imperative that we obtain a written legal opinion showing that we are in complete legal compliance with proposition 218.
2. As just one example: @ 1000 cf of usage residential customers are paying significantly more than commercial customers for the same amount of water.
3. The rest of the rate structure also needs to be evaluated by legal council and a written summary prepared for board review regarding compliance with prop 218.
4. If prop. 218 indicates that ratepayers should only pay for the actual cost of the water and district operating expenses then why are commercial and residential customers paying different amounts depending on various tiers?
5. If our rate structure is non compliant have we any past liability? And if so, what if anything needs to occur?

I should add that as the Board is ultimately responsible, we should take steps to be more engaged with counsel.

6. All communication with legal counsel should always have at least one board member and preferably two or more present to be

certain the dialogue represents the concerns of the board as well as the questions posed by the general manager. All dialogue to be followed up by a written summary from the legal counsel.

7. To accomplish item 6 it would be prudent to increase the compliance committee to 4 members, which would likely require open meetings.

### **Regarding staff issues:**

We are spending a lot of money on temporary management of the waste treatment plant while we have, on the present board, someone fully qualified to do so. With that in mind I suggest that:

1. At this moment a hiring freeze should be initiated until the board and the interim general manager agree on a hiring policy, the positions needed, job descriptions, pay, benefits, etc.
2. Staff positions should be posted and open to all qualified applicants.
3. Legal counsel should advise the board of the correct procedure should a board member wish to apply for a staff position.
4. There should be no further delay in seeking a full time general manager. Upon hiring a successful candidate for the full time GM position an overlap of managers would help to create a seamless transition.

### **Regarding the concept of pre-paid water:**

This is a complex issue that affects us now, but whatever we decide now will impact us for many years. That means that

1. Legal opinion needed again as this is a controversial issue.
2. Several points to consider. They relate to conservation as well as the longer-term possibility of consolidating the water districts:

- a. Vacant parcels with meters and part-time homeowners are subsidizing full time owners as they pay for an allotment they are often not using.
- b. There is no direct incentive (other than a moral incentive) to conserve water if there is a pre paid allotment and the homeowner doesn't require 300cf.
- c. A single full time person who may never need 300cf will be paying for more water than they can use.
- d. If it is the boards unified intention to consider consolidation of the water districts then our present method of pre paid water is confusing and will be a point of contention with Pine Cove and Fern Valley as they charge for water actually used. It is a straightforward system.
- e. Charging for water actually used will promote conservation and many will see a smaller bill.
- f. It appears advisable and promotes a more equitable rate structure to ascertain annual district water usage and then rework the rates to create a reasonable base rate along with a tiered water rate, (with no pre paid water) that provides for the districts needed revenue and does not create a system where different users pay different prices for a cubic foot of water they may or may not need.

### **Infrastructure repairs/replacements:**

In the rush to implement the grant and repair 3000' of pipeline, I believe we have overlooked several essential issues. In effect we should have a clear long term plan and incorporate the new repairs in that plan.

### **Questions:**

1. How many feet of pipeline are there in the district?
2. Procedure to determine order of replacement?
3. Cost of replacement and timeframe?
4. In house oversight or outside contractors?

**Points to consider:**

If our present plan is to replace the 3000 linear feet of pipeline by next June, and the bids are higher than expected at the time of the original planning and grant approval, then why would we consider paying a disproportionate cost per foot of pipe when we would not have the reserves to handle more than a few more similar projects?

Is there an imminent health and safety issue with this stretch of pipe?

Is it simply a matter of keeping up with older leaking pipes?

If we overpay now just to use a grant will we be likely to have to borrow money eventually to complete necessary future pipe replacements?

How will this debt service affect the ratepayers' bills?

It is conceivable that walking away from a grant puts us in the position of doing the job at a lower cost and at a timeframe of our choosing. Perhaps doing the job at a time when the bids are more reasonably in line with our reserves. Perhaps when there is less demand for these contractors?

By rethinking this expensive project at this time we may actually gain more respect from various agencies if we pass on the grant.

**Generally:**

As a new board there is much to learn and evaluate yet there always seems to be a rush to action. It is disquieting. Access to legal explanations and opinions will provide the needed education this board requires for future planning as well as to provide guidance to this interim manager as well as a future full time manager.

Members of the community are rightfully concerned about our rates, potential conflicts of interest etc.

To promote absolute transparency and fairness to all, we need to be in a position of knowledge. The board needs to have not only the knowledge but also the reasoning behind all critical decisions.

The board needs to provide guidance to the manager with regard to board concerns for absolute health and safety, as well as acknowledging the districts financial strength and its ability to complete all projects in a proper fashion and at a reasonable cost.

As it is often said "all of us are smarter than one of us". This board has a great diversity of experience and capabilities. Now we need to pause, think together and take more time - if necessary - to make decisions that will work for us in the long term.

Respectfully submitted,

Victor Sirkin