

**MINUTES OF THE WORKSHOP MEETING**  
**OF THE BOARD OF DIRECTORS**  
**IDYLLWILD WATER DISTRICT**

*The Board of Directors of the Idyllwild Water District met in special session on December 06, 2017, at the Idyllwild Water District Board Room.*

**CALL TO ORDER:**

The Special Meeting was called to order by Vice President Peter Szabadi at 6:00 pm.

**ROLL CALL:**

Directors present: Vice President Peter Szabadi, Steve Kunkle and Catherine Dearing. Also present were General Manager Jack Hoagland, Chief Financial Officer Hosny Shouman, and Board Secretary Erica Gonzales.

President Charles Schelly and Director Geoffrey Caine were absent.

General public present: (- 5 -)

**PUBLIC COMMENT:**

**TOM PAULEK-** Requested that the issue of Transparency in the District be put on January Agenda instead of December Regular Agenda so that he may attend.

**1. PUBLIC WORKSHOP ON INFRASTRUCTURE AND RATES:**

General Manager Jack Hoagland gave a presentation that included a slideshow showing a 5- 10 year plan for replacing water lines and other infrastructure in Idyllwild Water District for Water and Sewer as well as key basics on Costs and Revenues for Idyllwild Water District to show that the current rates are not generating enough revenue to cover CIP. (Slideshow is attached). Recommended doing a rate study.

**TOM PAULEK –** Read that Pine Cove is replacing pipeline for \$100/ foot. Wanted clarification as to why it would cost Idyllwild Water District \$200/foot. Is the cost difference due to contracting out rather than using Idyllwild Water District workers?

**VICE PRESIDENT SZABADI –** Factoring in testing and regulatory costs along with material and labor costs, \$200/ foot is a realistic cost. After researching contracting vs. the cost of a larger staff, the costs were about the same. This plan is a good starting point. Plan can be modified to be less aggressive.

**MARGE MUIR –** Would like to see consolidation of the Water Districts.

**HERB BERGSTROM –** Spoke about the report he put together titled "Idyllwild Water District Potable Water Mains," how pipeline was replaced in the past and answer various questions

about Idyllwild Water District operations in the past.

**JACK HOAGLAND** – There are some areas where the lines can be replaced by existing staff and will not need to be contracted out.

**VICE PRESIDENT SZABADI** – Because of Prop 218, we are constricted on how and what we charge. All charges must be defensible.

**VICTOR JIMINEZ** – General Manager of Fern Valley Water District- Stated that Fern Valley Water District has had to increase their rates due to not enough revenue for CIP. Said FVWD will be going to capacity based meter charges. Supported Jack's presentation.

**JACK HOAGLAND** – Spoke about annual water use, water storage, Foster Lake levels. The Water Shortage Contingency plan needs to be revised.

**DIRECTOR KUNKLE** – Asked various questions about what would be involved in having a rate study done.

**JACK HOAGLAND** – Has requested proposals for Rate Studies from 3 different sources. Would like to set a special meeting for the first week of January to review these proposals and to create criterion for a rate study. Addressed that there are several ways to charge for Sewer use and there are very few customers and all fixed costs must be covered with the sewer charges.

**VICE PRESIDENT SZABADI** – Would like to see further analysis of contracting vs in house installation of pipeline.

**ADJOURNMENT:** At 7:50 pm, Vice President Szabadi adjourned the workshop meeting.

**APPROVED:**

IDYLLWILD WATER DISTRICT

BY: 

DR. CHARLES SCHELLY-  
PRESIDENT

IDYLLWILD WATER DISTRICT

BY: 

ERICA GONZALES –  
BOARD SECRETARY



# **IDYLLWILD WATER DISTRICT**

## **Workshop/Study Session**

December 6, 2017

6:00 pm

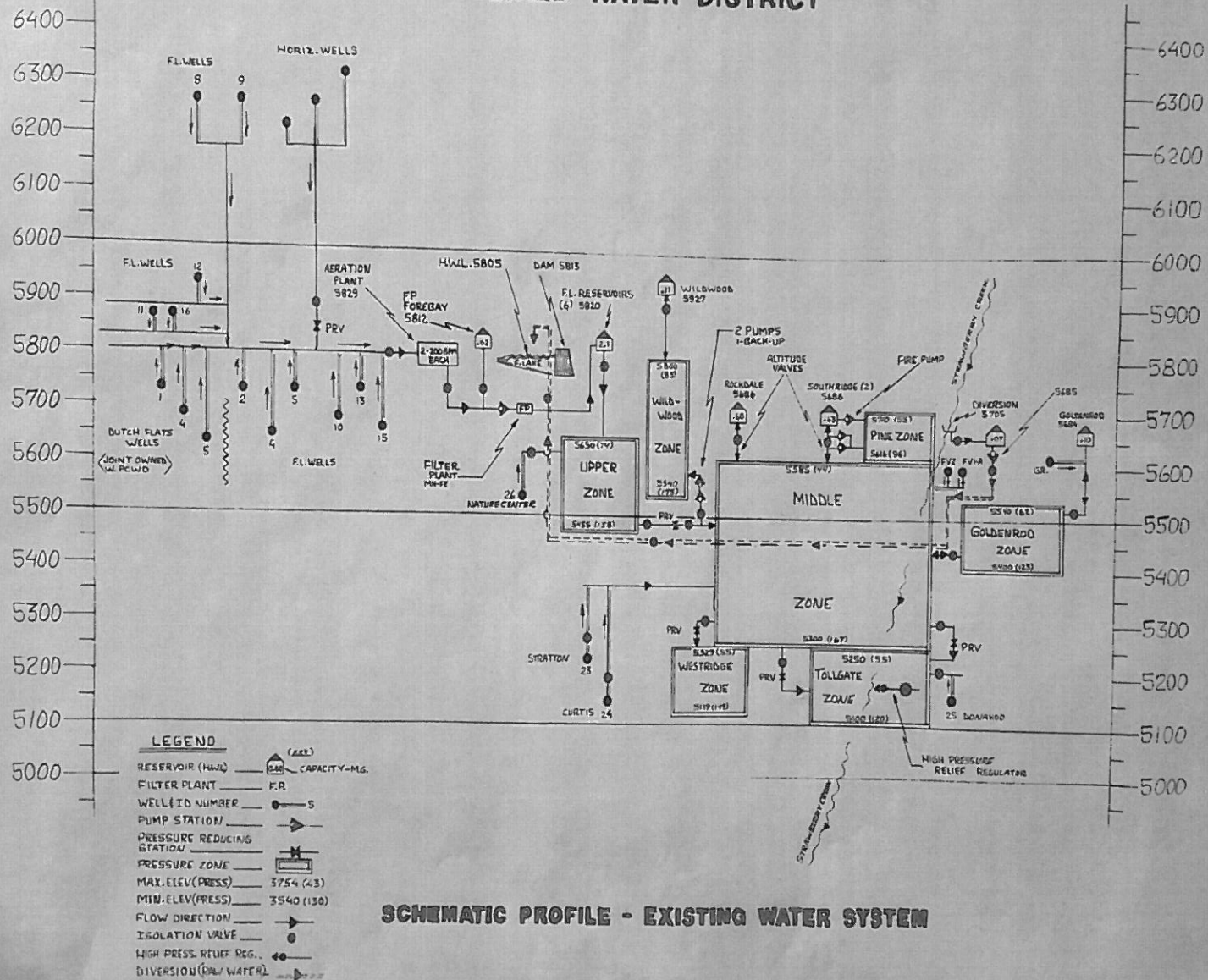
# AGENDA

- Idyllwild Water District System 101
- Infrastructure Replacement
  - History, Criteria, Future
- Rates
  - Basics
  - Tiers
  - Conservation Incentives

# Water System 101

- System Schematic
- System Map

# IDYLLWILD WATER DISTRICT



**SCHEMATIC PROFILE - EXISTING WATER SYSTEM**



# Water Infrastructure

- 151,000 feet of water lines (28.6 miles)
- 129,000 feet installed since 1974
- 22,000 feet installed prior to 1974 (43+yo)
- 3,270 feet between 2000 and 2016
  - 2,042 feet for Tollgate Reservoir connection



# IDYLLWILD WATER DISTRICT POTABLE WATER DISTRIBUTION MAINS

PCWD

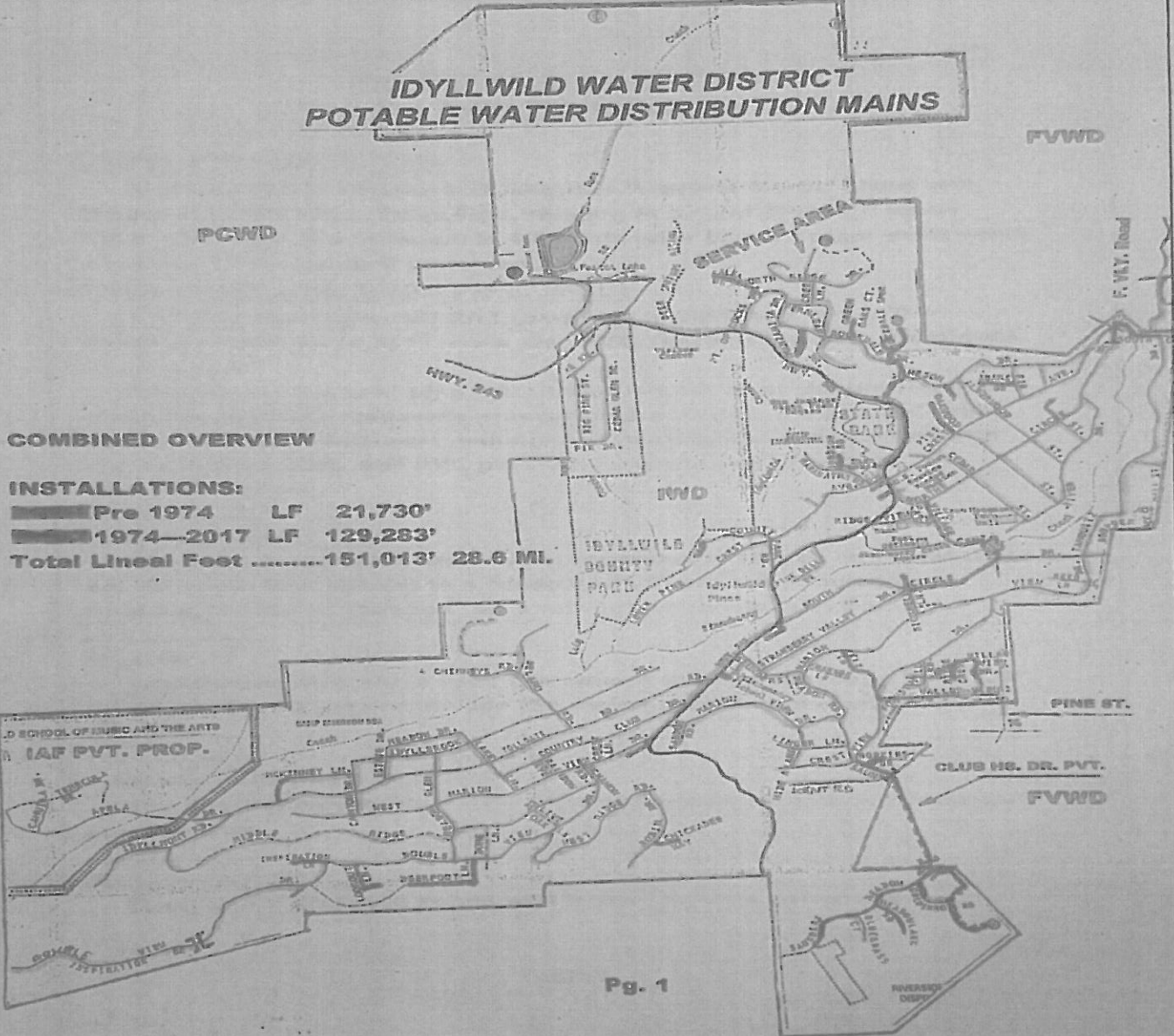
FVWD

SERVICE AREA

**COMBINED OVERVIEW**

**INSTALLATIONS:**

Pre 1974    LF 21,730'  
 1974—2017    LF 129,283'  
**Total Lineal Feet .....151,013' 28.6 MI.**



# Replacement Criteria

- Pipe age
- History of leakage
- Improve fire flow
- Improve water flow (eliminate dead ends)

# 10-year Pipeline Replacement

Street	From	To	Size	Footage	Cost @ \$200/foot
<b>2018</b>					
South Circle	Bicknell	Village Drive	8"	1200	
Village Drive	South Circle	North Circle	8"	1400	
Alt 1 - Oakwood	Pine Crest	Jameson	6"	800	
Alt 2 - Ridgeview	Hwy 243	Village Drive	8"	780	
		2018 Total		3400	\$680,000
<b>2019</b>					
Valley View	Crestview	South Ridge Reservoir	8"	1050	
Village View	South Ridge Road En	Forest View	6"	800	
Alt 1 - Oakwood	Pine Crest	Jameson	6"	800	
Alt 2 - Ridgeview	Hwy 243	Village Drive	8"	780	
		2019 Total		2650	\$530,000
<b>2020</b>					
Deerfoot Lane	Double View	Double View (Loop)	6"	2500	
Lookout Lane	Double View	End	6"&2"	550	
Inspiration Lane	Double View	End	4"	400	
		2020 Total		3450	\$690,000
<b>2021</b>					
Lower Pine Crest	Riv. County Plygrnd Rd	Harold K Smith	8"	1400	
North Cir-So. Circle	North interconnection		8"	1100	
		2021 Total		2500	\$500,000
<b>2022</b>					
Azalea	Point of Rocks	End	4"	200	
Green Oaks Ct	Rockdale	End	6"&4"	325	
Rockdale Spur	Jameson	Reservoir	10"	850	
Elk Lane (Liner)	Crestview	Marian View Dr		950	
		2022 Total		2325	\$465,000
<b>2023</b>	To be determined			2000	\$400,000
<b>2024</b>	To be determined			2000	\$400,000
<b>2025</b>	To be determined			2000	\$400,000
<b>2026</b>	To be determined			2000	\$400,000
<b>2027</b>	To be determined			2000	\$400,000

# Other Water Infrastructure

- Insure reliable revenue stream
- Improve customer service
- Maintain Reservoirs and pumping facilities
- Improve and expand source of supply

# Other Water Infrastructure

<u>Project</u>	<u>Estimate</u>
<b>2018</b>	
Install 200 Water meter Radio Read set ups (Commercial )	\$ 40,000
Replace 200 Meters (195-0.625-inch, 5 other sizes)	\$ 14,000
Replace 2 Wells (8 and 11)	\$ 13,000
Complete One Well	\$ 40,000
Replace Aeration System	\$ 60,000
Map and Digitally Model Water System	\$ 50,000
Total 2018	\$ 217,000
<b>2019</b>	
Install 300 Water meter Radio Read set ups	\$ 25,500
Replace 200 Meters (195-0.625-inch, 5 other sizes)	\$ 14,000
Complete One Well	\$ 40,000
Recoat FL Tanks (6 tanks-exterior)	\$ 400,000
Total 2019	\$ 479,500
<b>2020</b>	
Install 500 Water meter Radio Read set ups	\$ 45,000
Replace 200 Meters (195-0.625-inch, 5 other sizes)	\$ 14,000
Remove Silt from Foster Lake	\$ 150,000
Total 2020	\$ 209,000
<b>2021</b>	
Install 650 Water meter Radio Read set ups	\$ 55,250
Replace 200 Meters (195-0.625-inch, 5 other sizes)	\$ 14,000
Other Miscellaneous	\$ 150,000
Total 2021	\$ 219,250
<b>2022</b>	
Add Second Wildwood Tank 0.10 MG)	\$ 350,000
Replace 200 Meters (195-0.625-inch, 5 other sizes)	\$ 14,000
Total 2022	\$ 364,000
<b>2023 - To be determined</b>	\$ 250,000
<b>2024 - To be determined</b>	\$ 250,000
<b>2025 - To be determined</b>	\$ 250,000
<b>2026 - To be determined</b>	\$ 250,000
<b>2027 - To be determined</b>	\$ 250,000

# Wastewater Infrastructure

- Improve reliability
- Increase efficiency
- Replace facilities that exceed their useful life

# Wastewater Infrastructure

<u>Project</u>	<u>Estimate</u>
<b>2018</b>	
Influent Screen and Dewaterer	\$ 100,000
Skid Steer Tractor (additional contribution, 50% of Cost)	\$ 25,000
VFD for Blowers	\$ 25,000
Apply for SRF Loan Commitment	\$ 15,000
Total	\$ 165,000
<b>2019</b>	
Effluent Flow, pH and EC Monitoring	\$ 30,000
Design/Environmental Review Replacement Facility	\$ 80,000
Total	\$ 110,000
<b>2020</b>	
Collection System Digital Map	\$ 30,000
Total	\$ 30,000
<b>2021</b>	\$ 75,000
<b>2022</b>	\$ 75,000
<b>2023</b>	\$ 75,000
<b>2024</b>	\$ 75,000
<b>2025</b>	\$ 75,000
<b>2026</b>	\$ 75,000
<b>2027</b>	\$ 75,000

# General Operating Cost Structure

- 90% of District Costs are Fixed
  - Labor and related benefits
  - General Maintenance and repair
  - Regulatory compliance
  - Risk management

10% Variable costs rarely vary by more than 1-2%

Collecting significant revenue from commodity charge can lead to revenue volatility



# General Funding Structure

- Rates and Charges cover the day-to-day operating expenses plus \$70,000/yr to Water CIP and \$0/yr to Wastesater CIP
- Property Tax Allocation is \$250,000/yr to Water CIP and \$150,000/yr to Wastewater CIP

# Revenue Realities

- ~1650 water customers
- ~ 590 wastewater customers
- ~ 10% Water Customers = Commercial
- ~ 30% Wastewater Customers = Commercial
- Cost/H<sub>2</sub>O customer for \$50,000/year = \$2.50/mo
- Cost/WW customer for \$50,000/year = \$7.06/mo

# Revenue Realities (More)

- Customers need tangible incentives related to their water use
- Loading fixed costs into fixed charges stabilizes revenue but leaves small charges for the commodity charges (i.e., low incentives)
- High allocation on the commodity charges provides incentives but can result in volatile revenue for the District

# Revenue Realities (More-2)

- High percentage of vacation homes complicates the revenue result (500 Water customers/mo have zero use)
- The Wastewater Division needs stable revenue and has only fixed charges

# Balancing Rates

- The District has unique characteristics and substantial challenges with its small customer bases (Water and Wastewater)
- The evolving demands of Proposition 218 make having a solid documentary record of rate development a requirement to avoid unnecessary defense expenses

## Balancing Rates - 2

- Staff believes that engaging professional assistance to recommend refinements to the water and sewer rate structures and for the Water Shortage Contingency Plan, and to establish solid documentation for those rate structures would be in the best long-term interest of the District