

MINUTES OF THE SPECIAL BOARD MEETING

BOARD OF DIRECTORS
INDIAN WELLS VALLEY WATER DISTRICT

January 28, 2010

The Special Meeting of the Board of Directors of the Indian Wells Valley Water District was called to order by President Brown at 6:05 p.m. in the City of Ridgecrest Council Chambers, 100 West California Avenue, Ridgecrest, California.

CALL TO ORDER

DIRECTORS PRESENT: President Peter E. Brown
 Director Margaret "Peggy" L. Breeden
 Director Leroy H. Corlett
 Director Donald J. Cortichiato

ROLL CALL

DIRECTORS ABSENT: Vice-President Harold W. Manning

ALSO PRESENT: Tom Mulvihill, General Manager;
 Jennifer Keep, Chief Financial Officer;
 Reneé Morquecho, District Engineer;
 Lucinda Crosby, Public Education and
 Conservation Coordinator;
 Rose Koch, Recording Secretary

AGENDA DECLARATION

**AGENDA
DECLARATION**

Recording Secretary, Rose Koch, reported that the agenda for today's Special Board Meeting was posted on Monday, January 25, 2010.

CONFLICT OF INTEREST DECLARATION

**CONFLICT OF
INTEREST**

None.

PUBLIC QUESTIONS AND COMMENTS

**PUBLIC
COMMENTS**

None.

COST OF SERVICE PUBLIC OUTREACH

COST OF SERVICE PUBLIC OUTREACH

A Power Point presentation was given by Doug Dove of Bartle Wells and Associates to present an overview of the Cost of Service Study to the public.

The Cost of Service Study objectives was to have an independent review of the District's water rates and finances, develop a 10-year cash flow projection and long-term financial plan, determine future annual revenue requirements, meet debt service ratio requirements and maintain good credit rating (A+), recommend rate adjustments needed to fund the District's long-term operating and capital needs while promoting conservation, assist with Proposition 218 compliance, and update the District's capital facility fee and distribution facility fee. The Board's goal was to have minimal increases for customers who use water efficiently.

Revenue needs consist of operating expenses, a 10-year Capital Improvement Program, arsenic treatment capital and operating costs, alternate water supply, and debt service. Current revenues are received from water sales, zone charges, water services, capital and distribution system fees, interest, and other revenues.

To cover the costs of the revenue needs the following rate increases/changes are proposed:

1) A 7% annual increase of the Ready to Serve (Basic) Charge. The Ready to Serve Charge covers the District's fixed expenses and arsenic treatment. The charge is based on meter size and is the same charge for residential and non-residential customers.

2) The single family residential use tier structure is designed to increase at a minimal rate for those customers who use water efficiently. Tier 1 allotment is based on domestic water use for 2 people at 60 gallons/day/person. Tier 2 allotment is based on domestic water use for 5 people at 60 gallons/day/person. Tier 3 allotment is based on typical usage for xeriscape landscaping for a 6,300 square foot yard. The remaining 4 tiers include a component for conservation programs and to help build a reserve for alternative sources of water such as brackish water treatment.

3) There is no change in the use tier structure for non-single-family residential (multi-family, commercial, and public) customers.

4) A 3% annual increase of the Zone Charge. The Zone Charge is calculated based on elevation of the zone and the amount of water used. It is designed to recover the cost of pumping water to higher elevation zones. It is the same rate for residential and non-residential customers.

5) The Capital Facility Fee recovers the cost of water supply, storage, major transmission pipelines, and related facilities needed to provide capacity to serve new development. The fee is based on meter size and meter capacity. The Capital Facility Fee will increase approximately 27.3%.

6) The Distribution System Fee recovers the cost of water distribution system pipelines typically located between main transmission lines and service laterals. Customers whose water mains were privately funded are exempt. The Distribution System Fee will increase approximately 32.6%.

Comparisons of proposed rates to other desert water agencies were presented. Impacts on single family and non-single family residents were also shown.

The following public concerns, comments, questions and suggestions were made:

- 1) Difficulty reading the Proposition 218 notice.
- 2) Conversion of gallons to hundred cubic feet (hcf).
- 3) What is the present total cash income and what will it be after the increase?
- 4) Supplying water to Solar Millennium.
- 5) Meter size vs. capacity.
- 6) You are asking the people to use less water and pay more. Sell your rate increase in a way people understand and buy into it. Don't throw a bunch of numbers out there. Make it easier on people to understand. Have sample bills ready to show at the Public Hearing.

All public concerns and questions were addressed by the Board, consultant, and staff.

The Board of Directors thanked the public for attending the workshop and expressing their concerns and making suggestions.

BOARD COMMENTS/FUTURE AGENDA ITEMS

**BOARD
COMMENTS &
FUTURE
AGENDA ITEMS**

President Brown suggested that at the Public Hearing to have the bill calculator demonstrated and do more sample bills.

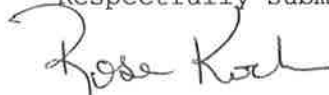
Director Corlett suggested that the impact charts include the month of July and also demonstrate the use of the zone map.

ADJOURNMENT

ADJOURNMENT

With no further business to come before the Board, the meeting was adjourned by President Brown at 7:00 p.m.

Respectfully submitted,



Rose Koch
Recording Secretary

APPROVED: February 8, 2010