

MINUTES OF THE SPECIAL BOARD MEETING WORKSHOP

BOARD OF DIRECTORS
INDIAN WELLS VALLEY WATER DISTRICT

December 5, 2011

The Special Meeting Workshop of the Board of Directors of the Indian Wells Valley Water District was called to order by President Manning at 7:00 p.m. in the Board of Directors Hearing Room, 500 West Ridgecrest Boulevard, Ridgecrest, California.

CALL TO ORDER

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

ROLL CALL

DIRECTORS ABSENT: None.

ALSO PRESENT: Tom Mulvihill, General Manager;
Larry DeGano, Operations Superintendent;
Jennifer Keep, Chief Financial Officer;
Renée Morquecho, District Engineer;
Rose Koch, Recording Secretary

AGENDA DECLARATION

**AGENDA
DECLARATION**

Recording Secretary, Rose Koch, reported that the agenda for today's Special Board Meeting Workshop was posted on Friday, December 2, 2011.

CONFLICT OF INTEREST DECLARATION

**CONFLICT OF
INTEREST**

None.

PUBLIC QUESTIONS AND COMMENTS

**PUBLIC
COMMENTS**

None.

BOARD WORKSHOP

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Jennifer Keep introduced Doug Dove and Catherine Tseng, Cost of Service Study consultants from Bartle Wells Associates, who participated via teleconference. COST OF SERVICE STUDY

Doug Dove presented the Cost of Service Study, which was distributed prior to the Board Workshop. Ms. Keep announced that Table 9 had been revised and copies were made available to participants and public at the workshop.

Bartle Wells and Associates consultants gave an overview of the following:

1. Current rates.
2. Current Reserve Fund Balances are \$6,820,787.
3. Current total expense budget is \$8,525,900 (not including debt). Future annual expenses were projected with a 3% escalation factor.
4. Current debt service is \$2,146,813 (included principal and interest).
5. Capital Improvement Program cost projections vary from \$1,278,500 in 2012 to \$2,789,750 in 2017.
6. Actual and projected water sales revenue. Water revenue includes water sales, water service and non-operating income. Current total revenue budget is \$8,729,700. Water sales revenue is projected to decrease compared to the two prior years.

The primary reason is reduced water consumption. Two options were presented to the Board of Directors for increasing rates to cover the fixed costs of the District. Both scenarios assumed a conservation effect of 0% on Tiers 1 thru 3 and 4% on Tiers 4 thru 7.

Scenario 1: The Ready to Serve Charge would cover 52% of the total revenue requirement. The Usage Charge would cover 48% of the total revenue requirement. Compared to current rates, the Usage Charge would be reduced in Tiers 1 thru 3. Tiers 4 through 7 would remain the same. Allocation for this scenario was based on an analysis by each department.

Scenario 2: The Ready to Serve Charge would cover 43% of the total revenue requirement. The Usage Charge would cover 57% of the total revenue requirement. The Usage Charge would be increased in Tiers 3 thru 7. Allocation for this scenario was based on salaries/benefits and debt service.

Both scenarios also include a fixed arsenic charge based on both debt service and operating costs of the two new arsenic treatment plants.

After review of each scenario, the Board agreed that Scenario 1 would be the better option to assure the revenues required for covering the fixed costs of the District. The Board asked that a table be presented showing both scenarios and more conservation rate options that would reflect 1% or 2% conservation effect on Tiers 1 thru 3 for the next 3 years. Consultants will present the table for review at the Regular Board Meeting on December 12th.

BOARD COMMENTS/FUTURE AGENDA ITEMS

BOARD COMMENTS

On behalf of the District, Director Cortichiato accepted the Association of California Water Agency's (ACWA) Outreach award for Region 7 while attending ACWA's Fall Conference last week.

Director Cortichiato suggested to staff to look at the Water Tool Kit on ACWA's website. He feels that the District could benefit from the information that is available to educate the public.

Director Cortichiato commented the District should only show usage in gallons and have no references to hundred cubic feet (HCF).

Director Corlett asked what the Board could do to reduce staff time on customer complaints. The Board agreed that staff should continue to educate and re-educate the public.

Director Breeden reported that there was a Facebook posting regarding the District's arsenic compliance letter. She suggested that we continue to educate the public.

With no further Board comments, President Manning recessed the workshop and adjourned to Closed Session at 8:47 p.m.

CLOSED SESSION

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The meeting was reconvened in Closed Session at 8:52 p.m.

The meeting was recalled to Open Session at 9:42 p.m.

There was no action taken which would require disclosure under the Brown Act.

ADJOURNMENT

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With no further business to come before the Board, the meeting was adjourned by President Manning at 9:42 p.m.

Respectfully submitted,



Rose Koch
Recording Secretary

APPROVED: December 12, 2011