

MINUTES OF THE SPECIAL BOARD MEETING

BOARD OF DIRECTORS
INDIAN WELLS VALLEY WATER DISTRICT

December 8, 2009

The Special Meeting (Workshop) of the Board of Directors of the Indian Wells Valley Water District was called to order by Vice-President Brown at 9:07 a.m. in the Board of Directors Hearing Room, 500 West Ridgecrest Boulevard, Ridgecrest, California.

CALL TO ORDER

The Pledge of Allegiance was led by Director Cortichiato.

PLEDGE

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

ROLL CALL

DIRECTORS ABSENT: President Leroy H. Corlett

ALSO PRESENT: Jim Worth, Attorney (arrived at 9:50 a.m.);
Isaac St. Lawrence, Attorney (arrived at 9:50 a.m.);
Tom Mulvihill, General Manager;
Jason Lillion, Assistant Operations Superintendent;
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 Workshop was posted on Friday, December 4, 2009.

CONFLICT OF INTEREST DECLARATION

**CONFLICT OF
INTEREST**

None.

PUBLIC QUESTIONS AND COMMENTS

**PUBLIC
COMMENTS**

None.

COST OF SERVICE STUDY

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A Power Point presentation was given by Doug Dove and Catherine Tseng of Bartle Wells and Associates to present the results of the rate study. Three alternative rate options were presented: least impact, conservation incentive/new source of supply rate effective 2012, and conservation incentive/new source of supply rate effective 2010. Changes were also proposed to the Capital and Distribution Fees for new hook ups.

The study objectives were to provide an independent review of the District's water rates and finances, develop 10-year cash flow projections and long-term financial plan, determine future annual revenue requirements, meet debt service ratio requirements and maintain good credit rating, 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.

Based on the District's fixed expenses and arsenic treatment, the Ready to Serve (Base) Charge was proposed at a 7% annual increase based on meter size for residential and non-residential customers. Tom Mulvihill proposed to the Board that after the rates have been adopted to allow single-family residents to exchange their 1" meter to a 3/4" meter at no charge due to the changes in tiers for residential customers.

Zone charges were calculated based on elevation zone and amount of water use and were designed to recover the cost of pumping water to higher elevation zones for residential and non-residential customers. Proposed rate increase is 3% annually based on change in pumping plant expenditures.

Single-Family Residential quantity rates were presented in one rate tier structure for all single-family residential customers without consideration as to meter size. Tier 1 allotment is based on domestic water use for two people based on 60 gallons/day/person. Tier 2 allotment is based on domestic water use for five people based on 60 gallons/day/person. Tier 3 allotment is based on typical usage for xeriscape landscaping for a 6,300 square foot yard. Tiers 4-7 are based upon the costs of alternative water supply and conservation projects. Tier 7 allotment is over three times the single-family residential medium of .39 acre-feet.

After review of the rate options, Vice-President Brown expressed concerns about the sudden impact of a high conservation rate without giving customers the time to adjust and prepare for the increase. After an extensive discussion, the following Motion was made:

MOTION: was made by Director Cortichiato, and seconded by Director Breeden to authorize staff to begin the Proposition 218 notices based on Option 2 for the first year followed by Option 3 for the following three years. Motion was carried. (Vote 4-0)

The Board also suggested creating an outreach program to alert customers of the upcoming rate increase and discussed revisiting the rates annually before each increase becomes effective.

Director Breeden left the workshop at 10:31 a.m.

Doug Dove continued with presenting the Capital Facility Fee and Distribution Facility Fee. The Capital Facility Fee recovers the cost of water supply, storage, major transmission and distribution pipelines, and related facilities needed to provide capacity to serve new development. The fee is based on meter size and meter capacity. The Distribution System Fee recovers the cost of water distribution system pipelines typically located between main transmission lines and service laterals.

The next step is to receive Board authorization to send Proposition 218 rate increase notices and hold a public rate hearing no less than 45 days after notices are mailed. The new water rates are currently proposed to become effective March 1, 2010.

MOTION: was made by Director Cortichiato, and seconded by Vice-President Brown to accept the Capital and Distribution System fees as presented. Motion was carried. (Vote 3-0)

MOTION: was made by Director Cortichiato, and seconded by Vice-President Brown that after adoption of the rates, staff will notify single-family residents offering to exchange their 1" meter to a 3/4" meter at no charge. Motion was carried. (Vote 3-0)

Workshop was recessed at 10:45 a.m. and re-adjourned at 11:00 a.m.

**WATER SALES
& SERVICE
POLICY**

WATER SALES AND SERVICE POLICY

The Board of Directors and staff reviewed the draft Water Sales and Service Policy presented in the Board Package. In addition to staff revisions, the following changes were recommended:

1. Remove Level Payment Plan. Currently the District does not have the capability to offer this program to customers.
2. Various editing and organization changes to improve readability.
3. Remove the last sentence from Customer Complaints, "The decision of the General Manager shall be final."

The revised draft Water Sales and Service Policy will be reviewed again at a future Board of Directors Meeting.

**BOARD
COMMENTS**

BOARD COMMENTS/FUTURE AGENDA ITEMS

Director Cortichiato inquired about whether staff should be working on the Water Efficient Landscape Ordinance since the City of Ridgecrest is close to the adoption of the Water Efficient Landscape

Ordinance. The deadline to have an ordinance in place is January 31, 2010. Tom Mulvihill responded that the State Model Ordinance is effective to agencies that do land use planning. If the City passes the ordinance under the second reading, staff will work on enforcement provisions and due process and bring the District's Water Efficient Landscape Ordinance to the Board. Staff continues to work on the covenant which will restrict turf in the front yard of new single-family dwellings.

Director Cortichiato also inquired of the status of street paving. Tom Mulvihill responded that staff is drafting new standards and will proceed with a Request for Bid to eight perspective contractors.

Vice-President Brown commented that it was good to agree to have discussions such as this one. It was a productive discussion.

ADJOURNMENT

ADJOURNMENT

With no further business to come before the Board, the meeting was adjourned at 12:19 p.m.

Respectfully submitted,



Rose Koch
Recording Secretary

APPROVED: December 14, 2009