MINUTES OF THE REGULAR BOARD MEETING

BOARD OF DIRECTORS
INDIAN WELLS VALLEY WATER DISTRICT

April 9, 2018

The Regular Meeting of the Board of Directors of the Indian Wells Valley Water District was called to order by President Kicinski at 6:00 p.m. in the Board of Directors Hearing Room, 500 West Ridgecrest Boulevard, Ridgecrest, California.

The Pledge of Allegiance was led by Director Cordell.

DIRECTORS PRESENT: President Ronald R. Kicinski
Vice-President Charles D. Griffin
Director Peter E. Brown
Director Charles F. Cordell
Director Donald J. Cortichiato

DIRECTORS ABSENT: None.

ALSO PRESENT: Jim Worth, Attorney;
Don Zdeba, General Manager;
Jason Lillian, Operations Manager;
Renee Morquecho, Chief Engineer;
Ty Staheli, Chief Financial Officer;
Rose Koch, Recording Secretary

AGENDA DECLARATION

Recording Secretary, Rose Koch, reported that the agenda for tonight’s Regular Board Meeting was posted on Friday, April 6, 2018.

CONFLICT OF INTEREST DECLARATION

None.

PUBLIC QUESTIONS AND COMMENTS

Mary Wegener, 606 South Sunset, Ridgecrest, CA, commented on a bill she received in February with unexplained high usage. The Wegener’s also commented on this at the March 12th Regular Board Meeting.

CONSENT CALENDAR

MOTION: was made by Director Brown and seconded by Director Cortichiato to approve the Minutes of the March 12, 2018 Regular Board Meeting, and to approve payment of Accounts Payable totaling $814,558.36. Motion was carried, unanimously. (Ayes: Brown, Cordell, Cortichiato, Griffin, Kicinski. Nays: None.)

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Ty Staheli reported that the District’s Auditor, Fedak & Brown LLP, has presented the Audit Services Proposal (included in the Board Packet) for the next three fiscal years with two option years. Recognizing the benefit of continuity with a new Chief Financial Officer, Ty Staheli along with the Finance Committee recommends Board approve the Audit Services Proposal as presented by Fedak & Brown LLP.

MOTION: was made by Director Cortichiato and seconded by Director Brown to approve the contract extension with auditor Fedak & Brown LLP for three years with two option years. Motion was carried, unanimously. (Ayes: Brown, Cordell, Cortichiato, Griffin, Kicinski. Nays: None.)

Don Zdeba reported that the Indian Wells Valley Water District has been a member of the Indian Wells Valley Cooperative Groundwater Management Group (IWVCGWMG) since its inception in 1995. With the recent formation of the Indian Wells Valley Groundwater Authority (IWVGA), the IWVCGWMG has lost some of its value and does not hold any authority. As of today, the Kern County Water Agency, County of Kern, and the Navy have withdrawn membership from the IWVCGWMG.

Mr. Zdeba also reported that it would be beneficial to use the remaining $1,900 funds with the IWVCGWMG to maintain the contract with Thomas Haslebacher, who provides stream gauge data reports and activities from Sand Canyon and Grapevine Canyon. The cost for the stream gauge program is approximately $532/month. The stream data collection is not performed every month. Once the funds have been depleted, the IWVGA Water Resources Manager should be taking over along with the annual production report.

MOTION: was made by Director Brown and seconded by Director Cortichiato to withdraw from the Indian Wells Cooperative Groundwater Management Group.

AMENDED MOTION: was made by Director Brown and seconded by Director Cortichiato to amend the previous motion to include the Indian Wells Valley Water District funding of the stream gauge monitoring and annual production reports until the IWVGA Water Resource Manager takes over. Motion was carried, unanimously. (Ayes: Brown, Cordell, Cortichiato, Griffin, Kicinski. Nays: None.)

On behalf of the Desert Empire Fairgrounds (DEF), Chip Holloway CEO presented their case for appeal to denied Unanticipated Use Claim.

Don Zdeba reported that in September 2012, the Desert Empire Fairgrounds account was credited in the amount of $1,369 for three major leaks in July and August. In September 2017, the account was credited in the amount of $3,544 for a broken pipe under a storage area.
The most recent claim is from leaks in fire hydrant main line in February 2018. The claim was denied due to the Unanticipated Use Policy “Once granted, no further credit will be given to the same customer at the same address for the same reason”.

Chip Holloway reported that the DEF facility serves a diversified set of users and that over 60,000 passed through their gates in 2017. Their actual maintenance cost exceeded budget by $19,625 with over $10,000 in unanticipated repairs. There is little margin for error. The two repairs for the unanticipated use claim credits in 2018 were located in two different parts of the facility. They are going to repair lines where feasible and add a shutoff valve so they can isolate waste while awaiting repair. The recent loss exceeded 410,000 gallons in the District’s tier 4 rate.

Mr. Holloway commented that although he understands the Board of Directors position, the Fairgrounds is a struggling public facility with over $3,000,000 in obvious needed capital improvements (does not include water lines). This variance will not benefit any individual, but will be a return of value to tax payers as well as water ratepayers who ultimately own this facility. The DEF creates great value and opportunity for the entire region.

Directors Brown, Griffin, Cortichiato, and Cordell agreed by consensus that the facility is for the community, it benefits the public, and is non-profit.

Director Griffin also commented that the credit vs their annual bill is a small percentage.

President Kicinski commented that the District has a policy and that it should be followed.

Legal Counsel, Jim Worth, stressed to the Directors that all rate payers should be treated equally whether they are a school, hospital, homeowner, renter, etc.

MOTION: was made by Vice-President Griffin and seconded by Director Cortichiato to grant the appeal and credit the claim in the amount of $3,040.33 to the Desert Empire Fairgrounds. Motion was carried. (Ayes: Brown, Cordell, Cortichiato, Griffin. Nays: Kicinski.)

Agenda Item 7.D. General Manager Compensation was tabled until after GM Closed Session.

ININDIAN WELLS VALLEY GROUNDWATER AUTHORITY (IWVGA)

Director Brown reported that the IWVGA held a fee workshop on April 5th, 2018. It was a well conducted and productive workshop. Following are highlights:

- Ag commenters made very salient points. The Board acknowledged their comments regarding listening and talking to them. Their comments will be taken to the next meeting.
- Shortfall budget. The costs in the budget should be validated.
- Come up with a solution to make the fees fair to everyone.
Board concerns:

» Private wells that serve several parcels. Identifying these wells. Real Estate Agents may be able to assist with gathering this information.
» Budget on fees.
» City asking for reimbursement.
» Non-de-minimis user vs de-minimis user.

Agenda Item 6. Public Questions and Comments was re-opened for late public wishing to speak to the Board of Directors. See Page 1.

GENERAL MANAGER AND STAFF UPDATE

Don Zdeba updated the safety record to 1,182 consecutive days without a recordable injury.

Metered water production at the wells for the month of March was 128,558,000 gallons (394.5 acre-feet). The number the State Water Resources Control Board (SWRCB) is using for comparison is metered water through the distribution system or consumption, and non-revenue water which is water lost to leaks, flushing activities, blow-offs, etc. For the month of March, the number is 99,358,000 gallons (304.9 acre-feet). The conservation results for March were reported to the State Water Resources Control Board (SWRCB) on April 2nd. Consumption was down 10.3% compared to March 2013. The 20% conservation target established by the Board of Directors took effect last June 1st. Since that time, the cumulative result is 20.2%.

For the month of March, the District’s reported R-gpcd was 82. This is 10.8% higher than March 2017 (74), 4.7% lower than March 2016 (86), and 15.5% lower than March 2015 (97).

There were seven (7) new connections during the month of March resulting in capital facility fees of $35,476. There have been 52 new connections during this fiscal year that began July 1st. The new connections have contributed $263,534 in additional revenue.

Public Outreach:

- Don Zdeba attended the Community Collaborative meeting at City Hall on April 3rd. Mr. Zdeba provided the following update:
  » March conservation results.
  » Cost of Service Study status.
  » Schedule for testing the intertie connections with Searles Valley Minerals and the Navy.
  » Date and time of the workshop for the pumping assessment fee.
  » Presentation of the Indian Wells Valley Salt Nutrient Plan at the Lahontan Regional Water Quality Board in Barstow on Thursday, April 12th.

Staff updated the Board of Directors on the items pending from the January 23rd, 2018 Special Board Workshop:

» Credit Card Charges - Staff research whether or not it would be cost-effective to the District to charge a convenience fee and to bring information to the Finance Committee.
**Update:** Staff updated the Board of Directors on the current contractor processor that is tied to the Springbrook financial system. The contract does not allow for any amount to the posted price of goods or services you offer as a condition of paying with a card, except as permitted by the Rules. Interpretation of the Rules was not clear. State law also prohibits charging a credit card surcharge. Legal Counsel will seek clarification and will report back at the May Regular Board Meeting. Staff will contact processor and report back to the Finance Committee.

Update: Demolition of the dais will begin April 16th. Staff will handle the Ethernet and electrical work by April 20th. Construction will begin April 23rd. Project should be completed by the May 14th Regular Board Meeting.

Renee Morquecho provided PowerPoint slides of Wells 34 and 18.

Renee Morquecho reported that Best Drilling and Pump has placed the WELL 18 liner and placed the gravel pack. There has been some consolidation via swabbing and will begin air-lifting tomorrow, April 10th.

Well 34: As of today, all of the electrical has been installed and WSIP inspected. Startup is planned for tomorrow morning, April 10th, followed by flushing and sampling. Staff expects the well to be back online by the end of next week.

The last system to go online will be at Well 34. The upgrades must be completed before the system can be energized. Well 34 is expected to be online by the end of next week.

Ty Staheli reported that through March Fiscal Year 2018, budget for FINANCIAL revenues is $6,936,300 and have received $7,266,539. For expenditures STATUS there is a budget of $9,515,046 and have spent $8,743,582. This is overall positive by approximately $1,250,859.

Stantec continues to develop the rate structure. They are reviewing COST OF the Capital Improvement Budget for the next 10 years. Tentatively, SERVICE STUDY the study will be presented in June.

The Request for Proposal (RFP) for the customer portal was released on AMI PROJECT Friday, April 6th. Bids are due May 18th.

Ty Staheli reported on the following conservation items:

- State Water Resources Control Board (SWRCB) Water Waster Report - For 2018, there were six water waste reports received. Six contacts were made. There were no formal Second Notices or Third Notices.

- Cash for Grass - One hundred and twenty nine (129) yards have been completed resulting in removal of 155,002.5 square feet of turf ($155,002.50). There are 23 yards (43,763 square feet) in the process of being converted. There are 42 yards ($92,000) that are pre-approved and are awaiting notice for pre-inspection. There is approximately 14,000 sq. ft. for application (1) pending. There is $77,235 Cash for Grass funds available from the revised $382,000 budget. Approximately 26.6
acre-feet of water per year will be saved from yards that have been converted.

Jason Lillian reported that staff has begun preparing to start up the ARSENIC treatment facilities. At Plant 2, staff will be replacing O-rings on the effluent of the sodium hydroxide tank. The pneumatic controls are leaking air on the filter vessel. Both treatment facilities should be back on line before the end of the month.

For the month of March, three (3) services were repaired and 18 were OPERATIONS replaced.

The Distribution Maintenance Crew has been installing a new mainline system at Forest Knoll/Greenlawn area.

The NO-DES truck made 11 runs and filtered 104,780 gallons. For the 12 months the District has been utilizing the NO-DES truck, it has saved 2.7 million gallons of water and has seen a considerable improvement in the quality of water.

Two hundred and seventy four valves were turned.

**BOARD COMMENTS/FUTURE AGENDA ITEMS**

Director Brown announced that he will be having foot surgery on May 11th and will not be able to apply weight on that foot for a duration of 12 to 14 weeks.

President Kicinski thanked Jim Worth for his work performed on the report for the Groundwater Authority.

With no further Board or Public comments, President Kicinski recessed the meeting and adjourned to Closed Session at 7:48 p.m.

**CLOSED SESSION**

The meeting was reconvened in Closed Session at 7:58 p.m.

The meeting was recalled to Open Session at 8:17 p.m.

Referring to Agenda Item 7.D. General Manager Compensation:

**MOTION:** was made by Vice-President Griffin and seconded by Director Brown to enter into a new three-year Employment Contract with Donald M. Zdeba as General Manager and to increase his salary by 11.3%, retroactive April 1, 2018. Motion was carried, unanimously.  (Ayes: Brown, Cordell, Cortichiato, Griffin, Kicinski. Nays: None.)

No further action was taken that would require disclosure under the Brown Act.
With no further business to come before the Board, the meeting was adjourned at 8:20 p.m.

Respectfully submitted,

Rose Koch
Recording Secretary

APPROVED: May 14, 2018