

# **Indian Wells Valley Water District**

**Board of Directors Meeting**



**January 9, 2017**

# INDIAN WELLS VALLEY WATER DISTRICT

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## BOARD OF DIRECTORS

Peter Brown, Vice President  
Chuck Cordell  
Leroy Corlett  
Donald J. Cortichiato, President  
Chuck Griffin

Donald M. Zdeba  
*General Manager*  
Krieger & Stewart, Incorporated  
*Engineers*  
McMurtrey, Hartsock & Worth  
*Attorneys-at-Law*

## 2016 COMMITTEE ASSIGNMENTS

### ADMINISTRATION/EXECUTIVE COMMITTEE (CORDELL/CORTICHIATO)

Personnel, Legal Matters, General Plan, Community Relations, Board Meeting Agendas, Ordinances, Rules, Regulations, Policies, Procedures, Customer Service, Variances, Director's Manual, etc.

### FINANCE COMMITTEE (CORTICHIATO/CORLETT)

Rates, Cost-of-Service, Budget, Audits, Cost Allocation, Investments, Financial Services, Insurance, Loans/Grants, Water Sales & Service Policy Manual, Accounting, Assessment Districts, Billing, etc.

### WATER MANAGEMENT (BROWN/CORDELL)

Water Management, Water Policy, Water Quality, Conservation, Urban Water Management Plan, California Urban Water Conservation Council, Title 22 Compliance, etc.

### PLANT & EQUIPMENT COMMITTEE (GRIFFIN/CORLETT)

Transmission/Distribution System, Vehicles & Equipment, Wells, Reservoirs, Real Property Management, Telemetry, etc.

### AD-HOC ALTERNATE WATER SUPPLY/SUSTAINABLE GROUNDWATER MANAGEMENT COMMITTEE (BROWN/GRIFFIN)

Alternative sources for water supply including Blending, Importation, Reuse, etc. and Sustainable Groundwater Management Act.



BOARD OF DIRECTORS  
INDIAN WELLS VALLEY WATER DISTRICT

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REGULAR BOARD MEETING

AGENDA

MONDAY, JANUARY 9, 2017 - 6:00 P.M.

BOARD OF DIRECTORS' HEARING ROOM  
500 W. RIDGECREST BLVD., RIDGECREST

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*(In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact Rose Koch at (760) 384-5502. Requests must be made as early as possible and at least one full business day before the start of the meeting. Pursuant to Government Code section 54957.5, any materials relating to an open session item on this agenda, distributed to the Board of Directors after the distribution of the agenda packet, will be made available for public inspection at the time of distribution at the following location: Indian Wells Valley Water District, 500 W. Ridgecrest Blvd., Ridgecrest, CA).*

1. CALL TO ORDER
2. PLEDGE OF ALLEGIANCE
3. ROLL CALL
4. POSTING OF AGENDA DECLARATION
5. CONFLICT OF INTEREST DECLARATION
6. PUBLIC QUESTIONS AND COMMENTS

(THIS PORTION OF THE MEETING IS RESERVED FOR PERSONS DESIRING TO ADDRESS THE BOARD ON ANY MATTER NOT ON THE AGENDA AND OVER WHICH THE BOARD HAS JURISDICTION. HOWEVER, NO ACTION MAY BE TAKEN BY THE BOARD OF DIRECTORS ON ANY ITEM NOT APPEARING ON THE AGENDA. NON-AGENDA SPEAKERS ARE ASKED TO LIMIT THEIR PRESENTATION TO FIVE MINUTES. PUBLIC QUESTIONS AND COMMENTS ON ITEMS LISTED ON THE AGENDA WILL BE ACCEPTED AT ANY TIME THE ITEM IS BROUGHT FORTH FOR CONSIDERATION BY THE BOARD. WHEN YOU ARE RECOGNIZED BY THE CHAIRPERSON, PLEASE STATE YOUR NAME AND ADDRESS FOR THE RECORD).

## 7. CURRENT BUSINESS/COMMITTEE REPORTS

### A. Consent Calendar

**Description:** Approval of Board Meeting Minutes and Accounts Payable Disbursements.

1. Approval of Minutes:
  - a. December 12, 2016 Regular Board Meeting
2. Approval of Accounts Payable Disbursements

### B. Administration/Executive Committee

1. Ordinance No. 101: Adopting Regulations and Penalties to Identify and Discourage Excessive Water Use Pursuant to Senate Bill 814

**Description:** Board to review draft Ordinance No. 101, discuss, and consider adopting to comply with Senate Bill No. 814 Chapter 230, an act to add chapter 3.3 (commencing with Section 365) to Division 1 of the Water Code, relating to excessive water use.

**Committee Recommends:** Staff create a spreadsheet to include the percentage of customers who enter tiers 3 and 4, by how much they exceed tier 3 and 4 usage, as well as compile a report on what the cost would be to customers if the rates in tiers 3 and 4 are doubled, as proposed in the draft Ordinance, in the event of a Governor Declared Drought State of Emergency.

### C. Indian Wells Valley Groundwater Authority

**Description:** Report and discussion regarding the Indian Wells Valley Groundwater Authority (IWVGA). Board consideration of issues of importance requiring action by the Indian Wells Valley Groundwater Authority. Next meeting is scheduled for January 19, 2017.

### D. General Manager and Staff Update (The Board will consider and may take action on the following items):

1. Water Production, New Services, and Personnel Safety Record  
**Description:** Water produced from all District wells, report of the new services installed in the District, and personnel safety record for the preceding month.
2. January Annual Board Workshop  
**Description:** Agenda Items for the Annual Board Workshop on Tuesday, January 24<sup>th</sup> at 9:00 a.m.
3. Public Outreach  
**Description:** Public Outreach Report.
4. July 19, 2016 Special Board Workshop Action Items Update  
**Description:** Update on the items below.
  - Purchase Policies: Contact all vendors on the vendor list by e-mail and advise them to register on the District's website to receive e-

mail alerts for all District projects requiring bids. Also, advertise annually in the newspaper advising vendors to register on the website.

5. West Church Avenue Service Lateral Replacements Project  
**Description:** Announcement of the Project.
6. Well 33 Repair/Rehabilitation Project  
**Description:** Update on the status of this Project.
7. OpTerra Solar Project  
**Description:** Update on the OpTerra Solar Project.
8. Water Supply Improvement Project  
**Description:** Update on the status of this project.
9. Financial Status  
**Description:** Report on the District's current financial status.
10. AMI Pilot Project  
**Description:** Update on the AMI Pilot Project.
11. Conservation  
**Description:** Update on the Conservation Program and discussion on water conservation related items.
12. Arsenic Treatment Facilities  
**Description:** Update on the Arsenic Treatment Facilities.
13. Operations  
**Description:** Staff report on operations.

8. BOARD COMMENTS/FUTURE AGENDA ITEMS

9. CLOSED SESSION

- A. Potential Litigation  
Conference with Legal Counsel  
One Matter  
(Pursuant to Government Code Section 54956.9(d)(2))
- B. Conference with Labor Negotiators  
District Representatives: Don Zdeba and Jim Worth  
Employee Organization: General District Employees  
(Pursuant to Government Code Section 54957.6)

10. ADJOURNMENT



# Approval of Minutes

MINUTES OF THE REGULAR BOARD MEETING

BOARD OF DIRECTORS  
INDIAN WELLS VALLEY WATER DISTRICT

December 12, 2016

The Regular Meeting of the Board of Directors of the Indian Wells Valley Water District was called to order by President Cortichiato at 6:00 p.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 Kicinski. **PLEDGE**

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

**DIRECTORS ABSENT:** None.

**ALSO PRESENT:** Jim Worth, Attorney;  
Don Zdeba, General Manager;  
Jason Lillion, Operations Superintendent;  
Renee Morquecho, Chief Engineer;  
Jennifer Keep, Chief Financial Officer;  
Rose Koch, Recording Secretary;

**AGENDA DECLARATION**

**AGENDA  
DECLARATION**

Recording Secretary, Rose Koch, reported that the agenda for tonight's Regular Board Meeting was posted on Friday, December 9, 2016.

**CONFLICT OF INTEREST DECLARATION**

**CONFLICT OF  
INTEREST**

None.

**PUBLIC QUESTIONS AND COMMENTS**

**PUBLIC  
COMMENTS**

Public making comment were Stan Rajtora regarding the Cost of Service Study encouraging the Board to reconsider rates and Judie Decker regarding dust control at Well sites 30 and 31.

**PRESENTATION BY CHRIS BROWN OF FEDAK & BROWN, LLC: 2015-2016 AUDIT REPORT**

**PRESENTATION:  
2015-2016  
AUDIT REPORT**

A PowerPoint Presentation of 2016 Audit Results was given to the Board of Directors by Christopher J. Brown of Fedak & Brown LLP. Mr. Brown reported on the financial highlights of the District such as current assets, current liabilities, total net assets, total revenues, total expenses, and total expenses vs. total revenues.

It is Fedak & Brown LLP's opinion, the financial statements present fairly, in all material respects, the respective financial position of the District, as of June 30, 2016 and 2015, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### CONSENT CALENDAR

#### CONSENT CALENDAR

MOTION: was made Vice-President Brown and seconded by Director Cordell to approve the Minutes of the November 14, 2016 Regular Board Meeting, and to approve payment of Accounts Payable totaling \$914,648.49.

Director Griffin commented that he would like the minutes of November 14, 2016, under the item of Indian Wells Valley Groundwater Authority, to reflect that he has not been communicated with very well.

AMENDED MOTION: was made by Vice-President Brown and seconded by Director Cordell to approve the Minutes of the November 14, 2016 Regular Board Meeting with the addition of "Director Griffin is very dissatisfied with the communication between the primary representative and the rest of the board", and to approve payment of Accounts Payable totaling \$918,648.49. Motion was carried, unanimously. (Ayes: Brown, Cordell, Cortichiato, Griffin, Kicinski. Nays: None.)

#### ELECTION OF OFFICERS

#### ELECTION OF OFFICERS

President Cortichiato opened nominations for Board President and Vice-President. President Cortichiato nominated Peter Brown for President and Chuck Cordell for Vice-President for the 2017 calendar year.

MOTION: was made by Vice-President Brown and seconded by Director Cordell, appointing Peter Brown as Board President and Chuck Cordell as Vice-President for the 2017 calendar year.

Director Griffin commented that he'd like to see a better rotation of the President. Director Griffin noted that Director Brown has been President several times and would like to see a change. Vice-President Brown responded that he has been on the Board for 22 years and that last year he had nominated Director Cordell for Vice-President, but Director Cordell declined because he felt he wasn't ready.

With no other nominations, the nomination for the positions of President and Vice-President were closed by President Cortichiato.

Motion was carried, unanimously. (Ayes: Brown, Cordell, Cortichiato, Griffin, Kicinski. Nays: None.)

#### 2017 COMMITTEE ASSIGNMENTS

#### 2017 COMMITTEE ASSIGNMENTS

Incoming President Brown asked the Directors to notify him and/or Don Zdeba of their preference of the following committees no later than Tuesday, December 27<sup>th</sup>, close of business:



- Administration/Executive Committee
- Finance Committee
- Water Management Committee
- Plant & Equipment Committee
- Ad-Hoc/Alternate Water Supply/Sustainable Groundwater Management Committee

Vice-President Brown asked the Board to consider other committee structures necessary to function. This item will be discussed further at the January Board Workshop.

**FINANCE COMMITTEE**

**FINANCE**

Jennifer Keep presented the mid-year revision of the 2016-2017 General Fund Budget.

2016-2017  
GENERAL FUND  
BUDGET - MID  
YEAR REVISION

The 2016-2017 Cash Flow mid-year projection indicates the District will meet its debt service coverage obligation and the required emergency reserve will be fully funded. 2016-2017 cash flow is projected to decrease by \$10,371,129. \$5,861,224 of this cash reduction will be funded with the solar loan proceeds. The remaining \$4.5 million cash reduction will be funded with existing reserve funds. The previously anticipated \$5.5 million loan is not expected to be needed.

The committee reviewed the 2016-2017 General Fund budget mid-year proposal in which revenues are \$11,350,000 and expenses are \$10,919,500 for a balanced budget in which revenues exceed expenses by \$430,500 compared to the 2016-2017 Approved General Fund budget in which revenues were \$10,248,600 and expenses were \$11,085,700 for an imbalanced budget in which expenses exceeded revenues by \$837,100.

Significant budget adjustments are as follows:

- Total water sales increased by \$456,000 reflecting actual revenues received from July through November.
- Capital Facility Fees was increased \$914,600 whereas Distribution System Fees was reduced by \$13,000 to reflect actual fees received from July through November.
- The Capital Contributions - Developer budget was increased by \$408,000 to reflect the actual value of assets dedicated to the District from Super WalMart and the Oriole development.
- Per the auditor's request, the Cash for Grass Grant non-operating revenue budget was reclassified as Capital Contributions - State. This change does not impact total revenues.
- Interest Income was increased by \$42,000 to reflect anticipated revenues.
- Miscellaneous Revenue was increased \$36,800 to reflect actual revenues received through November.  
Per the auditor's direction, Public Employers Retirement System (PERS) Employer Contributions and PERS Cost by Function budget lines were added to each departmental expense budget and decreased the total expense budget by \$110,000.
- Total labor budgets increased by \$35,000 due to the addition of one new full-time employee offset by personnel changes within departments and employees on FMLA leave.

- Total benefits budgets decreased by \$13,000 due to updated benefit costs offset by the addition of one new full-time employee.
- Pumping Plant decreased by \$136,000 due to the PERS expense reclassifications, labor and benefits adjustments in addition to reducing purchased power by \$68,000 and water treatment chemicals by \$19,000 to reflect current needs.
- Arsenic Plant decreased by \$56,000 due to the PERS expense reclassifications, labor and benefits adjustments in addition to reducing water treatment chemicals by \$43,000, solids disposal by \$7,000 and miscellaneous parts and materials by \$3,000 offset by increasing maintenance of structures by \$5,000 to reflect current needs.
- Transmission and Distribution (T&D) increased \$78,300 due to the PERS expense reclassifications, labor and benefits adjustments in addition to \$21,000 for maintenance of T&D, valves, boxes and permits.
- Engineering decreased by \$9,300 due to the PERS expense reclassifications, labor and benefits adjustments.
- Customer Service decreased by \$10,000 due to the PERS expense reclassifications, labor and benefits adjustments.
- Field Service increased by \$11,900 due to the PERS expense reclassifications, labor and benefits adjustments.
- Administration, Accounting and General decreased by \$58,300 due to the PERS expense reclassifications, labor and benefits adjustments in addition to reductions to management travel (\$2,000), telephone service by switching over to the new VoIP (\$7,000), and eliminating the salary survey consultant (\$8,000) offset by increased legal services (\$17,000), warehouse supplies to ensure more general items are stored in the warehouse (\$5,000), a prior year adjustment to workers' compensation premiums (\$5,000) and repairs to the security gate in the back yard (\$3,000).
- Legislative decreased by \$6,000 due to reduced director's fees (\$4,000), reduced health insurance expense (\$4,000) and increased elections expense (\$3,000).
- Depreciation decreased by \$8,000 to reflect planned changes in capital projects.
- Non-Operating Miscellaneous expenses decreased by \$5,000 for Indian Wells Valley Cooperative Groundwater Management Group (IWVCGWVG that are offset by Non-Operating Alternate Water expenses increasing by \$51,000 for the new GSA.

The committee recommended approving the 2016-2017 General Fund Budget - Mid-Year Revision as presented.

MOTION: was made by President Cortichiato and seconded by Director Kicinski to approve the 2016-2017 General Fund Budget - Mid Year Revision as presented. Motion was carried, unanimously. (Ayes: Brown, Cordell, Cortichiato, Griffin, Kicinski. Nays: None.)

Jennifer Keep presented the mid-year revision of the 2016-2017 Capital Improvement Projects and Purchases Budget

2016-2017 CIP  
& PURCHASES  
BUDGET - MID  
YEAR REVISION

The committee reviewed the Capital Improvement Projects and Purchases mid-year budget proposal. The 10-year Capital Improvement Plan totals \$41,120,239, and the 2016-2017 Capital Improvement Projects and Purchases budget proposal totals \$11,718,311, which is \$4,228,882 less than the Approved budget.

Significant budget adjustments are as follows:

- Reduced WSIP Phase 1 - Well 35 by \$1.8 million by postponing completion of the project until FY 2017-2018. The District still plans to drill the well by June 2016-2017.
- Added \$155,000 in adjustments for Well 17, 33 and 34 rehabs/re-equipping.
- Added \$17,000 in adjustments for replacing arsenic plant acid piping and chlorine pump replacement.
- Decreased Gateway mainline replacement budget to reflect final project costs.
- Added \$620,000 to replace asbestos cement mainline piping on Mesquite Street.
- Added \$200,000 to replace service laterals on Church Street during the City's current street paving projects.
- Decreased AMI Pilot project budget by \$2 million by postponing the final phase of the project until FY 2017-2018.
- Decreased 5/8" Meter Exchange program budget by \$67,000 to reflect anticipated costs.
- Added \$10,000 for the new VoteLynx system purchase.
- Decreased GIS project budget by \$50,000 to reflect anticipated costs.
- Decreased New Equipment budgets for the Walk-Behind Saw, the Pressure Reduction Valve and the Total Station by \$85,000 by postponing the purchases until at least FY 2017-2018.
- Added \$10,000 to the Telephone System budget for actual installation costs.
- Added \$300,000 for Guam and Bowman Lighting. The Committee discussed this anticipated cost, and staff noted this amount is a placeholder as the actual cost has not yet been finalized and could be significantly lower.
- Added \$70,000 to the Fence Line Replacement budget to reflect anticipated needs.
- Decreased the Solar Project budget by \$1.55 million as this was amount was spent in FY 2015-2016.

The committee recommended approving the 2016-2017 Capital Improvement Projects and Purchase Budget - Mid Year Revision as presented.

Director Cordell had commented on the mainline replacement program. Director Cordell asked the Board to consider holding on to funds in lieu of the mainline replacement unless an emergency requires spending. President Cortichiato responded that when the City of Ridgecrest tears up a street, it is the District's responsibility to assess whether or not the mainline should be replaced at the same time. President Cortichiato agreed with Director Cordell that the District needs to consider the cost to replace mainlines. Staff added that when the

City repaves the road, there is a five-year moratorium. If you patch three leaks in a street during this five year moratorium, you must repave the entire street.

MOTION: was made by President Cortichiato and seconded by Vice-President Brown to approve the 2016-2017 Capital Improvement Projects and Purchase Budget - Mid Year Revision as presented. Motion was carried, unanimously. (Ayes: Brown, Cordell, Corlett, Cortichiato, Griffin. Nays: None.)

**ADMINISTRATION COMMITTEE**

**ADMIN/EXEC**

Kern County Local Agency Formation Commission (LAFCo) is accepting nominations to fill the vacant position of Special District Representative Alternate. The committee recommended President Cortichiato. LAFCO NOMINATION

MOTION: was made by President Cortichiato and seconded by Vice-President Brown to nominate President Cortichiato to fill the vacant position of Special District Representative Alternate for Kern County LAFCo. Motion was carried, unanimously. (Ayes: Brown, Cordell, Cortichiato, Griffin, Kicinski. Nays: None.)

Don Zdeba reported that Senate Bill No. 814 was signed in to law by Governor Brown on August 29<sup>th</sup>. This legislation applies when the Governor issues a State of Emergency based on statewide drought conditions or an urban water supplier declares a local water supply shortage. This requires urban water suppliers to define what their excessive use is and establish penalties for infractions for exceeding their excessive use threshold. The legislation also allows the usage over the established threshold at the discretion of the local supplier may result in a fine of up to \$500 for each hundred cubic feet (hcf) of water over the threshold that is established. The fines will be added to the customer's bill and payable with the bill. A process must be established for non-payment of the fine and to establish a process and define the conditions for appeal of the fine. SB 814

The committee discussed the legislature and recommended that there be two separate actions based on the fact the sheer size of the state, the diverse geography, and the uniqueness of the basins:

- 1) The Governor declares statewide drought conditions.
- 2) Local water supply shortage.

Declaration of a statewide drought will impact water suppliers in different ways depending on their sources. Those completely dependent on groundwater, such as the Indian Wells Valley, may not be as adversely impacted in the short-term. The committee proposed during a statewide drought declaration by the Governor, the District would double the rates in Tiers 3 and 4. Tiers 3 and 4 provide water over and above that needed for indoor use, evaporative cooling, and a reasonable area of xeriscaped landscaping. For a local water shortage such as a result of an earthquake or some similar localized occurrence, a fine of \$100 would be issued for usage entering in Tier 3 in addition to \$10 per hcf in Tier 3 or 4. Should the emergency condition continue into subsequent months, the amount would increase \$100 per month up to \$500 and \$10 per hcf above Tier 2 up to \$50. Staff is proposing to draft an ordinance (101) and bring it to a subsequent board meeting. Legislation takes effect January 1, 2017 and only applies to single-family and multi-family dwellings.

MOTION: was made by President Cortichiato and seconded by Director Cordell to authorize staff to proceed with drafting Ordinance No. 101 to comply with the requirements of Senate Bill No. 814.

Don Zdeba expects to bring draft Ordinance No. 101 to the January 9<sup>th</sup>, 2017 Regular Board Meeting.

Director Griffin stated that he is against it. He is not against it if there is a problem with the wells, which he feels is covered in the Urban Water Management Plan. As far as the Governor declaring a drought, he is against doubling Tiers 3 and 4 due to several people living in his home and being in Tier 4 every month. Director Griffin stated that he does not waste water, but has a large family. There are certain circumstances where you cannot judge everyone in Tier 3 as a water waster or in Tier 4 as an excessive water waster. Then you would have to prove that you are not a water waster. As long as the District continues to sell construction and commercial water cheaper than residential water, Director Griffin will not vote for any type of restrictions on residential customers because he disagrees with the rates as they are set up now.

Vice-President Brown commented that he understands the need if there is a catastrophic event. There is an issue with doubling the rates. When the Governor declares a state of emergency, there are a lot of water agencies that are inter-connected and it becomes necessary. The Indian Wells Valley is like an island.

Director Kicinski questioned that in the case of an event, what happens to the collected excess funds and what if the District does not comply.

Motion was carried. (Ayes: Brown, Cordell, Cortichiato, Kicinski. Nays: Griffin.)

**INDIAN WELLS VALLEY GROUNDWATER AUTHORITY**

**IWVGA**

Vice-President Brown gave a report on the meeting of the Indian Wells Valley Groundwater Authority (IWVGA) held on December 8<sup>th</sup>.

The following items were discussed:

- ✓ The purpose of the December 8<sup>th</sup> Public Hearing Meeting was to file with the state to become the Groundwater Sustainability Agency for the basin. There was one public comment for and one against. It passed unanimously (5-0). The Policy Advisory Committee structure will include, but is not limited to, two business, two large agriculture (identified as Mojave Pistachio and Meadowbrook Farms), one small agriculture, and two domestic well owners. Those wanting to be part of the structure would fill out an application to be reviewed.
- ✓ Financing. No decisions were made. Director Brown had suggested that if they run out of funds, maybe the District could use the Alternate Water Supply fund as a lending proponent. He had also stated this is not vetted and that the District's Board would have to approve. Funds are needed to function.

Director Griffin disagreed with Vice-President Brown with loaning District funds to the IWVGA.

Director Kicinski commented that there has to be a way for the Board to discuss items that are coming up before they have their meeting.

Director Griffin stated there are some actions items next month that should be discussed:

- ✓ AD-Hoc meeting for finance committee (Peter Brown and Mick Gleason). Director Griffin would like to make this meeting an open meeting for the public to attend. Director Brown responded that this is for finance committee structure.
- ✓ Communication - Supervisor Mick Gleason had recommended a workshop to streamline the process. A workshop will be scheduled.
- ✓ Change the meeting time to accommodate public attendance, with consideration to those that have to travel (San Bernardino and Inyo Counties, Bakersfield, etc.). There was a suggestion to schedule the March meeting in the evening. Once the Policy Advisory Committee is formed and meeting regularly, it could also be scheduled in the evening.

Director Brown complimented staff member Lauren Duffy for completing the meeting minutes thoroughly and promptly.

Director Griffin announced that on January 19<sup>th</sup> at 10:00 a.m., City Council Chambers, there will be a presentation by Kern Co Farming proposing to sell water to the IWVGA. KernCo Home and Farming, LLC would like to sell approximately 10,000 to 12,000 acre-feet of water from Fremont Valley to Indian Wells Valley, which Director Griffin disagrees with.

Director Cordell commented that as far as the GSA goes and representation, he thinks the District has two intelligent representatives attending the meetings and would like them to get together and discuss the meetings.

#### **GENERAL MANAGER AND STAFF UPDATE**

#### **GENERAL MANAGER & STAFF UPDATE**

Don Zdeba updated the safety record to 699 consecutive days without a recordable injury.

**SAFETY,  
PRODUCTION &  
NEW SERVICES**

Metered water production at the wells for the month of November was 146,185,900 gallons (446.6 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 November, the number is 146,844,000 gallons (450.6 acre-feet). The conservation results for November were reported to the SWRCB on December 5<sup>th</sup>. Consumption was down 21.1% compared to November 2013. The 20% conservation target established by the Board of Directors took effect June 1<sup>st</sup>. For the six-month period since, the District's cumulative result 21.3% exceeding the goal by 1.3%.

For the month of November, the District's reported R-gpcd was 131. This was the first November under the one-day per week outdoor landscape watering restriction in Ordinance 100. When compared to November 2013, a lower R-gpcd was expected, however that was not the case. The R-gpcd was identical to November 2015 and higher than November 2014 (124). That may be an indication people typically turn

off their sprinklers during the winter so the effect of the Ordinance during this time of the year isn't as significant as one might think.

There were three new connections during the month of November. Total number of new connections for this fiscal year is 26, contributing \$216,246.00 in revenue.

The Annual Board Workshop is scheduled for Tuesday, January 24<sup>th</sup>, 2017 at 9:00 a.m. BOARD WORKSHOP

Public Outreach:

PUBLIC OUTREACH

- Don Zdeba attended the Community Collaborative meeting at City Hall on December 6<sup>th</sup>. Mr. Zdeba provided updates on the following: November conservation numbers, draft framework for long-term Urban Water Conservation released by the State November 30<sup>th</sup> to make conservation a way of life in California, Solar Projects, application for permit to drill Well 35 has been filed with Kern County, and Well 33 is currently out of service.

Don Zdeba updated the Board of Directors on the July 19<sup>th</sup>, 2016 Special Board Workshop Action Items: BOARD WORKSHOP UPDATE

- Purchase Policies: Draft a vehicle purchase policy. Contact all vendors on the vendor list by e-mail and advise them to register on the District's website to receive e-mail alerts for all District projects requiring bids. Also, advertise annually in the newspaper advising vendors to register on the website. Resolution 16-09 was presented to the Board for approval August 8<sup>th</sup>. The Board agreed by consensus to continue current policy practices and not approve Resolution 16-09. This item will be complete when staff emails vendors to register on website. Update: No change. The vendor list is under review, but progress has slowed due to other priorities such as the salary survey and mid-year budgets.

Renee Morquecho reported that the Church Avenue Service Lateral Project will be done in-house. Due to the City's schedule to perform sewer work and repave Church Avenue, the project has postponed the mainline replacement on Mesquite Avenue. There are approximately 94 service laterals to be replaced. CHURCH SERVICE LATERAL PROJECT

The rehabilitation of Well 33 began in October and is being done by Layne Christensen. The well had not been cleaned since being put in service in 2000. As expected, the casing was fouled and virtually all the pumping equipment needs to be replaced. As Layne proceeded with the scrubbing and then chemical clean of the well, the swab broke off and became stuck in the well at around 765 ft. Layne had attempted to remove the swab by airlifting around it. Unfortunately, they were getting gravel pack out of the well and therefore, there may be a breach in the casing. A meeting was held and decided to proceed with blasting to remove the 4-inch pipe. Once the pipe is removed, the well will be video logged again. Staff will keep the Board up to date on the progress and plans to repair the well. WELL 33 REHAB

Director Griffin stated that he is frustrated and believes it is staff's fault. He feels if it would've been video logged first, just like he had stated last meeting, there would've been a good image and known from the start what was going on. The project will now cost the rate payers approximately \$300,000.

Vice-President Brown responded that it is counterproductive to criticize staff. It is not the Board's job to second guess staff and tell them how to do their job. Things unexpectedly happen.

Director Cordell suggested changing the procedures for bidding and well rehabilitation.

OpTerra has begun installation of solar in the parking area of the District office. They are installing modules at Wells 9A/10 and 30 and racking at Well 31. They have finished driving piles at Well 34. OpTerra is holding off on driving piles at Well 33 until the District knows more about what will be done to repair this well. Kern County has reviewed the public easement vacation at Well 34. Staff and OpTerra are aware of the dust control at Well sites 30 and 31. OpTerra is accepting bids for screening to control the blowing dust.

OPTERRA SOLAR PROJECT

Vance Corporation is finishing up the grading this week. Staff has received the contract documents from Hydro Resources West for drilling Well 35. Krieger and Stewart has reviewed and legal is now reviewing the documents. A pre-construction meeting has been scheduled with Hydro Resources West for Monday December 19<sup>th</sup> at 1:30pm. An application has been submitted for the permits. The Kern County Environmental Health inspector is waiting for completion of the grading.

WSIP

Krieger and Stewart is working on the upgrade of Well 34. A bid package will be sent out soon. District crew did the underground conduit installation for the SCE line.

Jennifer Keep reported the unaudited revenues as of November 30, 2016 are \$5,832,665 and estimated expenses are \$4,488,552, so estimated revenues exceed estimated expenses by \$1,344,113, which is better than budget by \$1,060,874.

FINANCIAL STATUS

Customer Service is adding the new meter information for 468 meters to the Springbrook billing system. Once this is completed, the new meters can be read electronically. They are also updating the system to include the 5/8" meters that have been exchanged. The new towers are picking up reads, but there is no address at this time to link to the readings until the information is entered into the database by Customer Service. N\_Sight training for Customer Service, Field Service, and others will begin this week. N\_Sight is the Neptune software that will tell where the reads are coming from, how they are coming in to the system, which meters are broadcasting, etc.

AMI PROJECT

Jennifer Keep reported on the following conservation items:

- ✓ State Water Resources Control Board (SWRCB) Water Waster Report - There were 13 water waste reports during November 2016. Three of those resulted in a formal Second Notice and one resulted in a formal Third Notice with penalty of \$50.
- ✓ Cash for Grass - Eighty three yards have been completed resulting in removal of 92,469 square feet of turf (\$92,469). There are 28 yards (34,249 square feet) in the process of being converted. There are 49 yards (\$106,000) that are pre-approved and are awaiting notice for pre-inspection. There is approximately 8,000 sq. ft. for applications (3) pending. There is \$141,282 Cash for Grass funds available from the revised \$382,000 budget. Staff is working with the State to see if it is possible to make a modification to the program again to offer

CONSERVATION



more rebate to top users. Approximately 16 acre-feet of water per year will be saved from yards that have been converted.

- ✓ XERIC® Ambassador Consultations: Four consultations were scheduled and completed for the month of November. A total of 37 consultations have been completed this year. There are two consultations scheduled and completed for December. No consultations are pending. The annual Ambassador Appreciation luncheon is Thursday.

Jason Lillion reported that the arsenic plants were taken off line on October 31<sup>st</sup>. Maintenance to be performed include sludge handling, replacing acid pipe, replacing the chlorine tank at Plant 1, and possibly replacing two chemical pumps. **ARSENIC FACILITIES**

Director Cordell questioned whether the process of blending the water to reduce arsenic levels would be more cost effective. Staff responded that blending is an option, but would require a lot of piping to bring water in from Wells 30 and 31. This option among others were investigated initially before the arsenic facilities were built. Don Zdeba commented that staff has reduced the costs of running the facilities since their installation. Jennifer Keep reported that it is costing the District approximately \$325,000 per year to operate the arsenic plants. Capital investments have been made and we have until 2040 to pay off the debt. Staff will locate the initial investigation package for Director Cordell.

For the month of November, 13 services were repaired and 24 were replaced. There were 28 blowoffs for a loss of 42,271 gallons. Thirty four valves were turned. **OPERATIONS REPORT**

**BOARD COMMENTS/FUTURE AGENDA ITEMS**

**BOARD COMMENTS**

Vice-President Brown welcomed newly elected Director Kicinski to the Board.

Director Kicinski commented that this will be interesting. He didn't say as much as he could've, but is learning how the Board works together and what the staff does. He appreciates the staff. Director Kicinski commented for staff not to feel bad about Well 33 rehabilitation that, in his experience with wells, things happen. You do the best you can with the information available, you move on and learn from there.

Director Cordell commented that the City of Ridgecrest is doing a wonderful job with the streets. With regards to the Super Walmart project, he would like the District to play a larger role with the City in landscape approval.

With no further Board or Public comments, President Cortichiato recessed the meeting and adjourned to Closed Session at 8:42 p.m.

**CLOSED SESSION**

**CLOSED SESSION**

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

The meeting was recalled to Open Session at 9:28 p.m.

No action was taken that would require disclosure under the Brown Act.

**ADJOURNMENT**

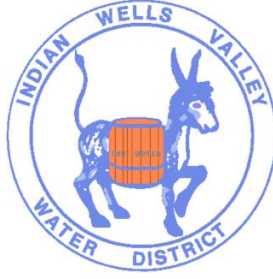
**ADJOURNMENT**

With no further business to come before the Board, the meeting was adjourned at 9:28 p.m.

Respectfully submitted,

Rose Koch  
Recording Secretary

**APPROVED:** \_\_\_\_\_



# Committee Reports

BOARD OF DIRECTORS  
INDIAN WELLS VALLEY WATER DISTRICT

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ADMINISTRATION/EXECUTIVE COMMITTEE  
MEETING MINUTES

WEDNESDAY, JANUARY 4, 2017 – 3:30 P.M.

BOARD ROOM  
500 W. RIDGECREST BLVD., RIDGECREST

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Attendees: Peter Brown, Chuck Cordell, Don Zdeba, Renée Morquecho, and Jason Lillion

**1. Call to Order**

The meeting was called to order at 3:35pm

**2. Committee/Public Comments**

None.

**3. Ordinance 101**

The Committee reviewed a draft of Ordinance 101 as prepared by staff and reviewed by legal counsel to comply with Senate Bill No. 814 Chapter 230, an act to add chapter 3.3 (commencing with Section 365) to division 1 of the water code, relating to excessive use. The Committee recommends that staff create a spread sheet to include the percentage of customers who enter tiers 3 and 4, by how much they exceed tier 3 and 4 usage, as well as compile a report on what the cost would be to customers if the rates in tiers 3 and 4 are doubled, as proposed in the draft Ordinance, in the event of a Governor Declared Drought State of Emergency.

**4. Draft Agenda for Regular Board Meeting of January 9, 2017**

The Committee reviewed the agenda and made changes as necessary.

**5. Future Agenda Items**

None.

**6. Closed Session**

The meeting was reconvened in Closed Session at 4:04 p.m.

Conference with Labor Negotiators  
District Representatives: Don Zdeba and Jim Worth  
Employee Organization: General District Employees  
(Pursuant to Government Code Section 54957.6)

The meeting was recalled to Open Session at 4:14 p.m.  
No action was taken that would require disclosure under the Brown Act.

**7. Adjournment**

The meeting was adjourned at 3:38pm



# 7.B.1

## ORDINANCE NO. 101

ORDINANCE OF THE BOARD OF DIRECTORS OF THE INDIAN WELLS VALLEY WATER DISTRICT, KERN AND SAN BERNARDINO COUNTIES, CALIFORNIA, ADOPTING REGULATIONS AND PENALTIES TO IDENTIFY AND DISCOURAGE EXCESSIVE WATER USE PURSUANT TO SENATE BILL 814

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**WHEREAS**, the Indian Wells Valley Water District (District) is a County Water District formed and operating under and pursuant to California Water District Law (California Water Code §§ 30000, *et seq.*); and

**WHEREAS**, pursuant to Water Code § 31001, the District is authorized to perform all acts necessary to fully carry out its functions; and

**WHEREAS**, pursuant to Water Code § 31035, the District may undertake a water conservation program to reduce water use; and

**WHEREAS**, Water Code Sections 365-367 (Senate Bill 814) became effective January 1, 2017 requiring urban retail water suppliers to establish a method to identify and discourage excessive water use by a certain class of customers.

**NOW THEREFORE, BE IT ORDAINED** by the Board of Directors of the Indian Wells Valley Water District, as follows:

### SECTION 1. PURPOSE

The purpose of this Ordinance is to establish a method to identify and discourage Excessive Water Use by, among other things, defining local Excessive Water Use during a proclamation of a statewide drought or a local emergency water supply shortage, establishing fines for violations of the Ordinance, establishing a process for nonpayment of the fine and a process and conditions for the appeal of a fine imposed pursuant to this Ordinance.

### SECTION 2. APPLICATION

This Ordinance applies to Residential Customers in single-family residences and to customers in a multi-unit housing complex in which each unit is metered individually. This Ordinance shall apply either during a period in which the Governor has issued a proclamation of a state of emergency under the California Emergency Services Act (Chapter 7 (commencing with Section 8550) of Division 1 of Title 2 of the Government Code) based on statewide drought conditions or to an urban water supplier during a period in which the water supplier has moved to a stage of action in response to a local water supply shortage condition under the water supplier's contingency plan.

### SECTION 3. DEFINITIONS

- A. **“Drought State of Emergency”** means a proclamation by the Governor of a state of emergency under the California Emergency Services Act (Chapter 7 (commencing with Section 8550) of Division 1 of Title 2 of the Government Code) based on statewide drought conditions.
- B. **“Excessive Water Use”** means usage in excess of that established for Tier 2 of the District’s rate structure, i.e. usage entering Tiers 3 and 4.
- C. **“Hundred Cubic Feet”** or HCF, means 748 gallons.
- D. **“Local Water Supply Shortage”** means a supply shortage affecting the Indian Wells Valley Water District resulting in mandatory rationing under Stage 3 and 4 conditions as defined in the District’s 2015 Urban Water Management Plan. Triggers include a critical shortage in aquifer supply, equipment failures or natural catastrophe.
- E. **“Residential Customer”** means a single-family residence or a customer in a multi-unit housing complex in which each unit is metered individually.
- F. **“Tier 2”** means customer usage ranging from 7.01 to 24 HCF.
- G. **“Tier 3”** means customer usage ranging from 24.01 to 45 HCF.
- H. **“Tier 4”** means customer usage of 45.01 HCF of above.
- I. **“Urban Retail Water Supplier”** means a publicly or privately owned water supplier that provides water for municipal purposed either directly or indirectly to more than 3,000 customers or supplies more than 3,000 acre-feet (AF) of water annually.

### SECTION 4. GOVERNOR DECLARED DROUGHT STATE OF EMERGENCY

During a period for which the Governor has issued a proclamation of a Drought State of Emergency under the California Emergency Services Act based on statewide drought conditions, the following will apply:

- A. Residential water use in excess of Tier 2 of the District’s rate structure in a single billing cycle shall be considered excessive water use.
- B. The established rates for Residential Customers in Tiers 3 and 4 will be doubled during the declared Drought State of Emergency and will remain in effect until the Drought State of Emergency is declared over by proclamation of the Governor.

- C. Upon declaration of the end of the Drought State of Emergency, the rates for Tier 3 and 4 will return to the level in effect at the end of the Drought State of Emergency.

## **SECTION 5. LOCAL WATER SUPPLY SHORTAGE CONDITION**

During a period in which the District has moved to a stage of action in response to a local water supply shortage under the water supplier's contingency plan, the following will apply:

- A. Residential water use beyond the established upper limit of Tier 2 of the District's rate structure in a single billing cycle shall be considered excessive.
- B. A Residential Customer exceeding Tier 2 usage in a single billing cycle shall be assessed a fine of \$100 for the Excessive Water Use for the initial HCF of usage. An additional fine of \$10 per HCF over and above the initial HCF of Tier 3 usage shall be assessed in addition to the base rate.
- C. For each consecutive billing cycle that a Residential Customer's usage exceeds Tier 2 usage, the previous fine shall be increased by \$100 for the initial HCF of usage. Each additional HCF over and above Tier 2 usage shall similarly increase \$10 in addition to the base rate. For example, a second consecutive billing cycle will result in an Excessive Water Use fine of \$200 for the initial HCF of usage. For each HCF of usage over and above the initial HCF of Tier 3 usage, a penalty of \$20 shall be assessed in addition to the base rate. A third consecutive billing cycle will result in an Excessive Water Use fine of \$300 for the initial HCF of usage. For each HCF of usage over and above the initial HCF of Tier 3 usage, a penalty of \$30 shall be assessed in addition to the base rate. The fines shall increase in increments of \$100 and \$10 up to a maximum of \$500 for the initial HCF of Tier 3 usage and \$50 per HCF over the initial HCF of Tier 3 usage in addition to the base rate.
- D. Any fine resulting from violation of this Ordinance will be added to the customer's water bill and is due and payable with that water bill.
- E. Non-payment of a fine shall be addressed with due process in mind.

## **SECTION 6. APPEAL**

A. A Residential Customer determined to be in violation of this Ordinance may appeal the imposition of the fine for Excessive Water Use either by submitting a written appeal or by requesting a hearing with the Administrative and Executive Committee of the Board of Directors. The hearing shall be scheduled within thirty (30) calendar days of the request. The hearing shall be attended by the District's General Manager or a designated representative of the General Manager.



B. The Residential Customer shall be provided with an opportunity to provide evidence that there was no excessive use of water or of a bona fide reason for the excessive use, as determined by the District. The District will provide the Residential Customer with documentation demonstrating the excessive water use.

C. The District's General Manager or a designated representative of the General Manager shall mail the Residential Customer a written decision within ten (10) calendar days of the hearing. If the Residential Customer is dissatisfied with the outcome of the hearing, the Residential Customer may request the matter be placed on the agenda of the District's Regularly Scheduled Board Meeting. The Residential Customer may then present his or her position to the Board of Directors. The Board's determination shall be final.

**SECTION 7. EFFECTIVE DATE**

A. The foregoing Ordinance shall become effective on January 9, 2017 upon adoption of same by the Board of Directors of the District.

**SECTION 8. PUBLICATION**

A. The Secretary is hereby directed to cause this Ordinance to be published once in full in a newspaper of general circulation, printed, published and circulated within the District within ten (10) days after adoption.

All the foregoing being on the motion of \_\_\_\_\_ seconded by \_\_\_\_\_,  
, and authorized by the following vote, namely:

AYES:

NOES:

ABSENT:

ABSTAIN:

I HEREBY CERTIFY that all the foregoing ordinance is the ordinance of the Indian Wells Valley Water District as duly passed and adopted by said Board of Directors at a legally convened meeting held on the 9<sup>th</sup> day of January, 2017.

WITNESS my hand and the official seal of said Board of Directors this 9<sup>th</sup> day of January, 2017.

\_\_\_\_\_  
President of the Indian Wells Valley  
Water District Board of Directors

ATTEST

\_\_\_\_\_  
Secretary of the Indian Wells Valley  
Water District Board of Directors

(SEAL)

DRAFT



**7.D.11.**

### SWRCB Water Waster Report

	# of water waste reports received	# of contacts made (written or verbal)	# of formal warning actions	# of penalties issued
Jan-16	40	40	2	0
Feb-16	54	54	4	0
Mar-16	74	74	3	0
Apr-16	45	45	1	0
May-16	70	70	6	2
Jun-16	42	36	7	0
Jul-16	20	20	1	0
Aug-16	18	17	1	0
Sep-16	9	9	0	0
Oct-16	10	10	0	0
Nov-16	13	13	3	1
Dec-17	11	11	0	0
<b>TOTAL</b>	<b>784</b>	<b>775</b>	<b>68</b>	<b>13</b>
<b>TOTAL PENALTIES BILLED</b>				<b>\$1,400</b>
<b>TOTAL PENALTIES COLLECTED</b>				<b>\$1,400</b>

### Cash for Grass

\* In January 2016, the State approved \$322,000 grant funds for IWWWD Cash for Grass program

**C4G funds still available\* \$140,806**

		\$382,000* Budget Accounting (\$1 = 1 square foot)	Potential Annual Water Savings (AF)	Savings - Cost to Produce 1 AF
Yards completed	87	\$96,147	16.50	\$4,197.00
Yards pending	26	\$31,047	5.30	\$1,355.00
Preapproved apps to stop H2O	49	\$106,000	18.22	\$4,627.10
Applications Pending	4	\$8,000	1.40	\$349.21
<b>Total yards inspected</b>	<b>166</b>	<b>\$241,194</b>	<b>41.42</b>	<b>\$10,528</b>

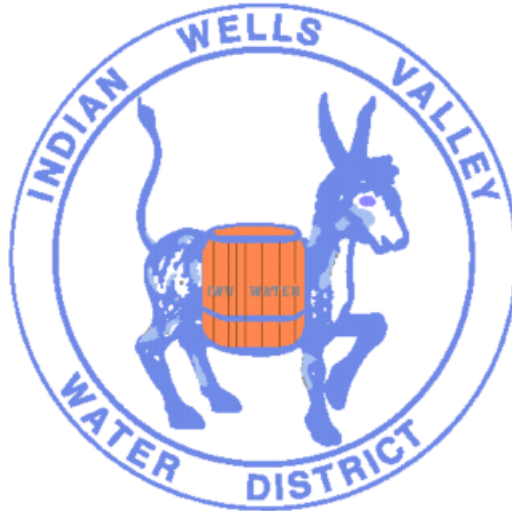
Withdrawn applications	79
Yards that didn't pass inspection	17

### XERIC® Ambassador Consultations

Jan-16	6
Feb-16	6
Mar-16	5
Apr-16	8
May-16	0
Jun-16	3

Jul-16	0
Aug-16	0
Sep-16	0
Oct-16	3
Nov-16	4
Dec-16	0

<b>Total Consultations in 2016</b>	<b>35</b>
<b>Total Consultations Currently Scheduled</b>	<b>0</b>
<b>Total Consultation Applications not Processed</b>	<b>0</b>



**The Mission**  
of the  
**Indian Wells Valley Water District**  
is to deliver the  
highest quality water at the  
best possible price  
while continuing to serve as  
respectful stewards of the environment.

**The Vision**  
of the  
**Indian Wells Valley Water District**  
is to provide for  
self-sustaining water resources  
now and for  
generations to come.

**Board of Directors**