

MINUTES OF THE SPECIAL BOARD MEETING

BOARD OF DIRECTORS
INDIAN WELLS VALLEY WATER DISTRICT

JUNE 13, 2022

The Special Meeting of the Board of Directors of the Indian Wells Valley Water District was called to order by President Saint-Amand at 3:30 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 Mallory Boyd. **PLEDGE**

DIRECTORS PRESENT: President David C.H. Saint-Amand
Director Charles D. Griffin
Director Stan G. Rajtora
Vice President Mallory J. Boyd **ROLL CALL**

DIRECTORS ABSENT: Director Charles F. Cordell

STAFF PRESENT: Don Zdeba, General Manager
Jim Worth, Attorney
Chuck Krieger, Consulting Engineer
Ty Staheli, Chief Financial Officer
Jason Lillion, Operations Manager
Renée Morquecho, Chief Engineer
Lauren Smith, Recording Secretary

VIA TELECONFERENCE: Dave Scriven, Consulting Engineer

AGENDA DECLARATION

Recording Secretary, Lauren Smith, reported that the agenda for today's Special Board Meeting was posted on Thursday, June 9, 2022. **AGENDA DECLARATION**

CONFLICT OF INTEREST DECLARATION

President Saint-Amand stated his opinions shared during this meeting are his own and do not necessarily reflect the opinions of his employer, nor the Board. **CONFLICT OF INTEREST**

PUBLIC QUESTIONS AND COMMENTS ON CLOSED SESSION

None. **PUBLIC COMMENTS**

With no further Board or Public comments, President Saint-Amand recessed the meeting and adjourned to Closed Session at 3:31 p.m.

CLOSED SESSION

The meeting was reconvened in Closed Session at 3:34 p.m. **CLOSED SESSION**

Closed Session was adjourned at 5:49 p.m.

The meeting was reconvened to Open Session at 6:00 p.m.

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

PUBLIC QUESTIONS AND COMMENTS

**PUBLIC
COMMENTS**

The Board heard public comment from Mike Sinnott.

DOMESTIC WATER SYSTEM 2020 WATER GENERAL PLAN

**2020 WATER
GENERAL PLAN**

Dave Scriven and Chuck Krieger, of Krieger & Stewart (K&S), have previously provided presentations on the process of developing the 2020 Water General Plan to the Board of Directors. After receiving comments from the Board, they revised the Plan and explained the revisions made.

The 2020 Water General Plan final draft is available for review on the IWVWD website.

Dave Scriven commented they are maintaining their recommendations previously made in January regarding the facilities they believe should be constructed. Those recommendations include pipeline facilities on Bowman Road, Springer Avenue, and Gateway Blvd., as well as storage improvements that are currently underway, along with some improvements to the Springer flow control valve station and the Bowman PRV station. This would allow the District to maintain its storage and production demands through year 2045.

Changes made to the Plan since the presentation in January include the addition of a well replacement plan based on an estimated 50-year service life, updated well production and water quality data with the most recent data available, updated description of Well 35 and its solar facilities, and discussion of future annexations. K&S clarified with SWRCB the District will not be expected to proceed with the annexations unless paid for by the State.

Board members asked questions for further clarification of the General Plan final draft.

The Board heard public comment from Don Decker, Judie Decker, and Mike Sinnott.

MOTION: was made by Vice President Boyd and seconded by Director Griffin adopting Resolution No. 22-06: Adopting Domestic Water System 2020 Water General Plan and authorizing staff to file a Notice of Exemption. Motion was carried, unanimously by the following roll call vote:

President Saint-Amand:	Aye
Director Griffin:	Aye
Director Cordell:	Absent
Director Rajtora:	Aye
Vice President Boyd:	Aye

FINANCIAL AND RATE ANALYSIS

**FINANCIAL /
RATE ANALYSIS**

Mark Hildebrand, of Hildebrand Consulting, provided a presentation on the Financial Plan Findings (included in the Board packet).

The analysis showed the need for rate increases due to increased

capital expenditures, as outlined in the draft General Plan, and inflationary pressure.

Board members asked questions for further clarification of the Financial and Rate Analysis.

Director Rajtora provided a handout to the Board members, a scope of what he would like to see included in the next Rate Study.

Ty Staheli clarified this was a rate analysis not a Cost of Service Study.

No action needed. Item was received and filed.

CONSENT CALENDAR

CONSENT CALENDAR

MOTION: was made by Director Griffin and seconded by Director Rajtora approving the Minutes of the May 9, 2022, Regular Board Meeting, payment of Accounts Payable totaling \$1,421,968.87, and Resolution No. 22-07: AB 361 Finding. Motion was carried, unanimously by the following roll call vote:

President Saint-Amand:	Aye
Director Griffin:	Aye
Director Cordell:	Absent
Director Rajtora:	Aye
Vice President Boyd:	Aye

FINANCE COMMITTEE

**FINANCE:
BANKING RFP**

On April 19, 2022, staff mailed requests for proposals to six banks or credit unions that have branches locally. The RFP stated the District is seeking an agreement with the Institution providing the highest quality service at the lowest overall cost. Alta One Federal Credit Union was the only institution that submitted a proposal by the May 23, 2022, due date. Currently, the District uses Mission Bank for daily banking services though Mission Bank has recently pulled out of Ridgecrest. Staff reviewed the proposal and found that it met the requirements outlined in the RFP. Alta One's standard charges were provided, and the institution has agreed to meet or beat all charges currently being charged by Mission Bank. These charges include on-line banking services, monthly statements via the web (including image on demand), ACH, Positive Pay (fraud protection), wire transfers, direct debits (i.e., auto payment), direct credits (direct deposit of paychecks), and remote deposits (electronic deposits).

MOTION: was made by Director Griffin and seconded by Vice President Boyd approving the General Manager to negotiate and enter into a banking services agreement with Alta One Federal Credit Union. Motion was carried, unanimously. (Ayes: Boyd, Griffin, Rajtora, Saint-Amand. Nays: None. Absent: Cordell)

Ty Staheli reviewed the 2022-2023 General Fund and Capital Improvements and Projects budget proposals with the Board. The District's financial goals are to have a balanced budget in which revenues exceed expenses, have positive cash flow, meet debt service obligations and not incur new debt. Due to leveling revenues outside of the GA Fees, inflationary cost increases of operating expenses, and

2022-2023
GENERAL FUND
BUDGET

significant capital projects, the District will not meet the first two of these goals. The District will meet its debt service obligation and is not anticipating incurring new debt. The proposal projects revenues at \$17,291,332 and expenses at \$18,019,617 for a difference in which expenses exceed revenues by \$728,285. Specific budget changes compared to the 2021-2022 Fiscal Year General Fund Budget are as follows:

- Total water sales increased by \$948,762 due to budgeting a 3% consumption reduction due to conservation and implementation of the scheduled 3% rate increase.
- All labor and benefits costs increased due to an estimated COLA, applicable merit raises, and benefit cost increases.
- Administration, Accounting and General increased by \$1,457,190. Increases include liability insurance, PERS unfunded liability and legal costs.
- GSA Fee Pass-through expense decreased due to reduced consumption.
- Offsetting Reductions across many departments to maintain the debt service coverage of 1.20.
- Does not include potential January 1st rate adjustment.

Director Griffin commented that he supports the increase staff will receive due to inflation because District staff is vital. President Saint-Amand echoed Director Griffin's comments.

MOTION: was made by Director Rajtora and seconded by Director Griffin approving the 2022-2023 General Fund Capital Improvements and Projects Budget as presented. Motion was carried, unanimously. (Ayes: Boyd, Griffin, Rajtora, Saint-Amand. Nays: None. Absent: Cordell)

ADMINISTRATION/EXECUTIVE COMMITTEE

Governor Newsom issued Executive Order N-7-22 March 28th which required the State Water Resources Control Board (SWRCB) to adopt regulations to address the extended drought conditions by May 25th. The SWRCB issued their regulations for urban water suppliers May 24th. The regulations will remain in effect for one year.

ADMIN/EXEC:
EXEC ORDER N-7-22

Don Zdeba referred to the SWRCB Fact Sheet (included in the Board packet) and highlighted the three regulatory actions:

1. Submit preliminary Supply and Demand Assessment by June 1st. Staff completed and submitted the Assessment by the required date.
2. Urban water suppliers must implement Level 2 of their Water Shortage Contingency Plans (WSCP). Mr. Zdeba referred to the District's requirements included in its Level 2 of their WSCP.
3. No irrigating of commercial and institutional "non-functional" turf and water agencies are required to contact those customers and advise them. A letter has been drafted for Board approval advising our commercial and institutional customers.

Mr. Zdeba reviewed annual IWVWD water production since 2007, actions taken, and milestones reached during that time.

Staff and legal agree that only a Resolution implementing Level 2 of the District's WSCP is necessary as the District's Ordinance 103: Emergency Water Conservation Mandatory Restrictions has been in place since 2017 and does satisfy the majority of the Executive Order.

Staff will continue to update the public and inform them of all requirements involved with implementing Level 2 of the WSCP.

Mr. Zdeba clarified that ornamental turf used for human recreation purposes such as school fields, sports fields, and areas regularly used for civic or community events, such as Freedom Park, would be exempt from the ban on irrigation.

He further reviewed exceptions which include irrigation of trees and perennials plantings near or on non-functional turf. Turf irrigated with non-potable water, and certain turf species requiring low levels of water.

The Board reviewed a draft letter for our commercial and institutional customers advising them of the requirements for non-functional turf.

Director Griffin shared his concern with restricting the washing of vehicles, specifically local car washes that do not recycle water and the potential financial impact on those car wash owners. He also voiced his opposition of implementing Level 2 of the WSCP.

Jim Worth clarified the District is choosing only to implement the three portions mentioned in Resolution No. 22-08 and not the entire recommended list as outlined in the WSCP, which refers to the restriction of car washes.

The Board heard public comment from Judie Decker.

MOTION: was made by Vice President Boyd and seconded by Director Rajtora adopting Resolution No. 22-08: Implementing Level 2 of the 2020 Water Shortage Contingency Plan in Compliance with Executive Order N-7-22. Motion was carried, by the following roll call vote:

President Saint-Amand:	Aye
Director Griffin:	Nay
Director Cordell:	Absent
Director Rajtora:	Aye
Vice President Boyd:	Aye

The Board of Directors reviewed the proposed fees (included in the Board Packet) as presented by McMurtrey, Hartsock, Worth & St. Lawrence. Last increase took effect three years ago on July 1, 2019. **ATTORNEY FEES**

MOTION: was made by Director Griffin and seconded by Director Rajtora to approve the McMurtrey, Hartsock & Worth fees as presented in letter dated June 6, 2022, effective July 1, 2022. Motion was carried, unanimously. (Ayes: Boyd, Griffin, Rajtora, Saint-Amand. Nays: None. Absent: Cordell)

INDIAN WELLS VALLEY GROUNDWATER AUTHORITY (IWVGA)

Director Rajtora commented on the June 8, 2022, Board meeting of the IWVGA including:

- Next IWVGA Board Meeting is scheduled for July 13, 2022
- Annual Report release process has not been discussed
- The need for planning and budgeting tools to be implemented
- Board authorized implementation of proposed improvements to IWVGA's C&E Plan, with an initial budget of \$60,000 for 2022, with funds reallocated from the Shallow Well Mitigation program and Replenishment Fee
- The FY 2020 Audit was presented. The auditor suggested numerous corrective actions for the IWVGA financial process
- Still no validated method to measure change in groundwater storage, thus being unable to calculate recharge or overdraft
- RFP for the imported pipeline was released on May 23rd, responses due by June 27th

Jim Worth reported on recent actions regarding the Comprehensive Adjudication, including:

**COMPREHENSIVE
ADJUDICATION**

- All the Cases have been assigned to Judge Claster in the Orange County Complex division, except for the cases assigned through the judicial council
- A Case Management Conference took place on May 20, 2022
- A request for an extension of the fee waiver, which expired on April 29th, has been approved and extended until July 31st
- Positive comments and feedback on the Facilitation Support services provided by the Department of Water Resources (DWR) and potential outcomes
- Judge granted a stay of discovery in the adjudication matters for 180 days
- Denied Mojave Pistachios' motion to amend their third amended petition and instructed to correct technical deficiencies
- A Case Management Conference has been scheduled for December 2, 2022; 1:30 p.m.
- The final batch of mailers has been mailed

Don Zdeba provided an update on actions taken since the DWR Facilitation Meeting held on May 17, 2022, and steps going forward.

Stakeholder Assessments will be offered either virtually or in-person, with virtual meetings being scheduled from June 14th through June 30th. The assessments are scheduled to be 90-minute interviews. For those wishing to conduct the assessment in-person, staff from Stantec will be at the District office July 11th - July 13th. They will also hold assessments in Trona, at the Senior Citizen center, beginning at 11:00 a.m. on July 11th.

The Board heard public comment from Ron Kicinski and Mike Sinnott.

GENERAL MANAGER AND STAFF UPDATE

**GENERAL
MANAGER AND
STAFF UPDATE
SAFETY,
PRODUCTION &
NEW SERVICES**

Don Zdeba updated the safety record to 418 consecutive days without a recordable injury.

Metered water production at the wells for the month of May was 184,208,800 gallons (565.3 acre-feet). The number the State Water IWVGA

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 May, the number is 132,995,200 gallons (408.2 acre-feet).

The conservation results for May were reported to the SWRCB on June 2nd. Consumption was down 35.9% compared to May 2013. The 20% conservation target established by the Board of Directors took effect June 2016. Since that time, the cumulative result is 22.9%. Comparing the May conservation results in recent years, 2021 was 25.1% lower than the 2013 baseline year, 2020 was 30.9% lower, 2019 was 27.9% lower, and 2018 was 23.8% lower. The residential gallons for capita per day (R-gpcd) for the month of May was 103.2. This includes both indoor and outdoor usage. More recently, in response to Governor Newsom's request for a voluntary 15% reduction to address current drought conditions, the State Board is comparing current water consumption to the same month in 2020. Comparing May 2022 to May 2020, there is a 7.2% reduction in consumption.

Also, monthly reporting to the State is currently required by the 28th of each month. The District typically reports within the first week of the month. Beginning next month, to track conservation results in a timelier manner, the State Board is requiring an additional preliminary report to be filed by the third business day of the month. The preliminary report only requires three pieces of information: Production for the month with units specified, population served, and percent residential use.

There were four connections added during the month of May including one pre-paid. There have been 63 new connections during this current fiscal year that began on July 1st. The new connections have contributed \$314,214 in Capital Facility Fees, including \$15,204 this month.

Mr. Zdeba attended the June 7th Community Collaborative meeting. He mentioned the June Board meeting would be a Special meeting due to the early start time of 3:30 p.m. with Closed Session ahead of Open Session due to anticipated discussions on agenda items for the 2020 Water General Plan, the FY2022-2023 General Expense and Capital Budgets, and the 10-year Financial Analysis. He also reported the SWRCB issued regulations May 24th based on directives in Executive Order N-7-22 issued March 28th. He further reported SB 1157 sponsored by Senator Hertzberg which changes the 2030 target of 50 gpcd indoor use to 42 gpcd. The bill is scheduled to go to the Assembly, Water, Parkers, and Wildlife Committee June 14th. A coalition of member agencies of the Association of California Water Agencies (ACWA) has adopted an opposed unless amended position. The District is a member of that coalition.

PUBLIC
OUTREACH

A new General Manager column was provided to The Daily Independent and The News Review entitled, "It's Time to Get Serious". The column was published in last Friday's edition of The Daily Independent and should be published in this Friday's News Review.

The Board unanimously agreed to schedule the mid-year Board Workshop for July 25th at 9:00 a.m. The Board was asked to send their agenda requests to Lauren Smith and Don Zdeba no later than July 28th.

MID-YEAR
BOARD
WORKSHOP

Canyon Springs Enterprises finished installing base and oil sand at the Gateway tank site. Paso Robles Tank will soon mobilize to begin erecting the tank. They have also begun working at the C-zone tank site and have demolished the old tank, prepared the area for the new tank, and poured the ringwall last week. Work on the bypass piping for the booster station should begin later this week in preparation for the arrival of the pump cans in mid-July.

BOOSTER
STATIONS AND
TANKS PROJECT

Pumping Plant has begun a thorough disinfection and flushing procedure to ensure the well could be put back into production as quickly as possible. The Well passed the District's cycle bacteriological test through Clinical Labs of San Bernardino on June 2nd. At that time, it was discovered the CL17 chlorine analyzer was not functioning, and the Well could not be put into the system. The analyzer was repaired as of June 8th and Well 33 has been running to the system since then.

WELL 33

Staff received a call from CalOES this morning. The Financial Unit Processing Manager apologized for not processing the payment and assured that it has now been sent to accounting to be paid. He said payment should be received within 2-4 weeks.

POST-
EARTHQUAKE/
CALOES

Ty Staheli reported that the estimated year-to-date revenues as of May 31, 2022, are \$14,589,377 and expenses are \$15,203,142. Expenditures exceeded revenues by \$613,766, which exceeds budget by \$1,403,151.

FINANCIAL
STATUS

Mr. Staheli reviewed the report provided by ENGIE Services for July 2020 through May 2022 with the Board. For May, the actual savings was \$55,717.41 and the guaranteed savings \$51,747.85. The total saving this fiscal year is \$453,921.06. At the Well 35 site, the actual savings for May was \$2,531.55 and guaranteed was \$2,135.46.

SOLAR
PRODUCTION

Mr. Staheli reported on the following conservation items:

CONSERVATION

State Water Resources Control Board (SWRCB) Water Waster Report - So far in 2022, there have been a total of 33 water waste reports received with 33 contacts made. There has been four formal Second Notice and zero penalties issued.

Plant 2 is currently being readied for use including disinfection of the filters and storage tanks, Cla-Val maintenance, and solids handling. Plant 1 is awaiting the delivery of the new underdrain system, still on target for later this month. Once received, the District will schedule a date with Pureflow for the District to remove and recover media, then Pureflow to install the underdrain and reinstall the media.

ARSENIC
TREATMENT

Mr. Lillion reported for the month of May, 11 services were repaired and 41 were replaced. The NO-DES truck made zero runs in May. Since inception, the NO-DES truck has filtered 8,396,615 gallons. 72 valves were exercised, 349 year-to-date.

OPERATIONS

BOARD COMMENTS/FUTURE AGENDA ITEMS

**BOARD
COMMENTS**

Director Rajtora asked for an item on the July Workshop agenda to discuss the potential of creating an Ad-Hoc Committee to work with staff and the financial consultant on a Rate Study.

President Saint-Amant thanked staff and the consultants for their excellent service.

ADJOURNMENT

ADJOURNMENT

With no further business to come before the Board, the meeting was adjourned at 9:14 p.m.

Respectfully submitted,



Lauren Smith

Recording Secretary

APPROVED: June 11, 2022