

REGULAR BOARD MEETING MINUTES

October 11, 2023 – 5:00 p.m.
Phelan Community Center
4128 Warbler Road, Phelan, CA 92371
& Remotely Via Zoom or Conference Call

Board Members Present: Rebecca Kujawa, President
Mark Roberts, Vice President
Chuck Hays, Director
Deborah Philips, Director
Greg Snyder, Director

Board Members Absent: None

Staff Present: Don Bartz, General Manager
Lori Lowrance, Assistant General Manager/CFO
Kim Sevy, HR & Solid Waste Manager/District Clerk

District Counsel: Steve Kennedy, General Counsel

REGULAR BOARD MEETING – 5:00 P.M.

Call to Order

President Kujawa called the meeting to order at 5:00 p.m. and the Pledge of Allegiance was conducted.

Roll Call

All Directors were present at roll call.

1) Approval of Agenda

Director Philips moved to approve the Agenda as amended. Director Hays seconded the motion. Motion carried 5-0.

2) Public Comment

a) General Public

- Jeff Haggard regarding buried fire hydrant,
- Member of the Public regarding inquiry about District responsibility for road maintenance.

b) Community Reports

- Victor Hernandez, Field Representative for Senator Ochoa-Bogh, provided a legislative update.

3) Consent Items

Vice President Roberts moved to approve the consent items. Director Snyder seconded the motion. Motion carried 5-0.

4) Matters Removed from Consent Items – None**5) Presentations/Appointments**

- **Water Rate Study Report**

By: Habib Isaac, IB Consulting Inc.

Mr. Isaac provided a presentation of the Water Rate Study Report and answered questions from the Board and public.

6) Continued/New Agenda Items**a) Public Hearing on Proposed Water Rates**

President Kujawa declared the Public Hearing open at 5:41 p.m.

1) Secretary's Report

Ms. Sevy reported the District received 11 total written protests, objections, and comments on the proposed water rate increase and water rate schedule at the time of the hearing.

2) Attorney's Report on Action Taken Prior to this Hearing

Mr. Kennedy reported Notice of Hearing was mailed out on August 25, 2023, to approximately 7,200 metered customers, in compliance with Proposition 218. The Notice of Hearing was also posted in the District Office and on the District Website on August 25, 2023. Compliance with all legal requirements for this hearing are within the manner and time specified in Proposition 218.

3) Staff's Report

Mr. Bartz reported that the District provides water service to approximately 7,200 customers. The District's water system includes 353 miles of pipeline that range in diameter from 4 inches to 16 inches. Customers are primarily served with groundwater from the local aquifer through wells within the Mojave Basin Adjudication and the Antelope Valley Adjudication.

The District periodically reviews water rates to determine if revenues are sufficient to pay for costs to operate the water utility and to build, repair, and upgrade infrastructure. The District engaged IB Consulting, Inc. to prepare the District's required Water Rate Study.

The purpose of the Rate Study is to develop a financial plan, with associated rates and charges, designed to ensure revenues are sufficient to fund the ongoing operating and capital costs necessary to operate the water department, while meeting the financial requirements and goals set forth by the District. As a government enterprise, the District's water utility is not a for-profit company. Also,



water revenues do not provide funding for government fund activities such as parks and recreation.

The District's most recent water rates were adopted in December 2021. Since then, the District has experienced an increase in operating costs primarily due to hyperinflation. For example, a fire hydrant was approximately \$2,300 in 2020. The same part in 2022 was \$4,000. Since 2022, the cost has further increased to \$5,200 as quoted this month. Extraordinary increases have impacted all materials and services, such as electricity, required to operate the water utility.

The District is also preparing for increased water costs resulting from ramp down of the District's free production allowance, or the District's ability to pump groundwater without paying replacement water costs to the watermaster. While the District has acquired approximately 5,000 Acre Feet of water rights in Mojave Water Agency's service area, with production ramp downs implemented by Mojave, the District's Free Production Allowance for fiscal year 2024 is 2,518 acre feet and will reduce to 1,582 acre feet by fiscal year 2028 resulting in the necessity to purchase replacement water from Mojave Water Agency.

To ensure the proportional share of water costs are allocated fairly, a new tier structure based on the free production allowance has been recommended for all customer classes. This will reduce the number of tiers from three to two and will remove commercial, institutional, and industrial customer classes. The Chromium-6 surcharge will remain at \$9.71 per month and will expire in fiscal year 2031 if the maximum contaminant level set by the state is 10 parts per billion or higher and capital cost projections remain within budget.

4) **Public Comments, Protests, and Objections**

Public comments, protests, and objections were provided by Nord Embroden & an unidentified member of the public.

Director Philips moved to close the Public Hearing. Director Snyder seconded the motion. Motion carried 5-0 and the Public Hearing closed at 6:19 p.m.

b) **Discussion & Possible Adoption of Resolution No. 2023-27; Determining There Was No Majority Protest of the Proposed Water Rate Increases and Adopting a Water Rate Schedule and Superseding Existing Rates**

Staff Recommendation: For the Board to adopt Resolution No. 2023-27; Determining There Was No Majority Protest of the Proposed Water Rate Increases and Adopting a Water Rate Schedule and Superseding Existing Rates.

Mr. Bartz introduced this item.

Director Snyder moved to adopt Resolution No. 2023-27. Vice President Roberts seconded the motion. Motion carried 5-0.



c) Update on Solid Waste Program Implementation

Staff Recommendation: None

Ms. Sevy provided a presentation. Note: The presentation is available at www.PPHCSD.org.

No action taken; not an action item.

d) Update on the Proposed Civic Center & Phelan Park Expansion

Staff Recommendation: None

No action taken; not an action item.

7) Committee Reports/Comments

- a) **Engineering Committee (Standing)** – Met and reviewed projects and the water system. Discussed watermaster.
- b) **Finance Committee (Standing)** – A special meeting is scheduled for October 24, 2023.
- c) **Legislative Committee (Standing)** – Has not met since last Board meeting.
- d) **Parks, Recreation & Street Lighting Committee (Standing)** – Has not met.
- e) **Waste & Recycling Committee (Standing)** – Meets next week at 2:30 p.m.

8) Staff and General Manager's Report

Nothing further to report.

9) Reports**a) Director's Report**

Snyder – Nothing to report.

Hays – Nothing to report.

Roberts – Nothing to report.

Philips – Attended MWA's Wonders of Water class.

b) **President's Report** – Nothing to report.

10) **Correspondence/Information** – The items in the packet were noted.

11) Review of Action Items**a) Prior Meeting Action Items**

- Fuel Storage options will be brought to a future Board meeting after proposals are finalized.
- Contact MWA about providing a presentation on rampdown and the adjudication at a future meeting – completed.

b) **Current Meeting Action Items** – None

12) Set Agenda for Next Meeting

- Regular Board Meeting – October 25, 2023, 5:00 p.m.

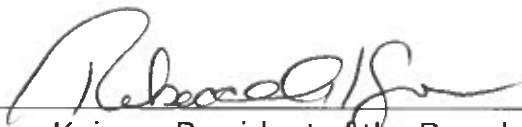
13) Adjournment

With no further business before the Board, the meeting was adjourned at 6:35 p.m.



NOTE: The Closed Session was cancelled.

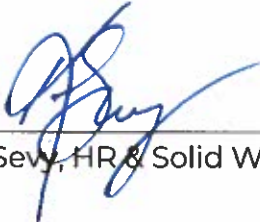
Agenda materials can be viewed online at www.pphcsd.org



Rebecca Kujawa, President of the Board



Date



Kim Sevy, HR & Solid Waste Manager/District Clerk



Date

