

**MINUTES OF THE ADJOURNED REGULAR MEETING OF THE BOARD OF
DIRECTORS OF CRESTLINE VILLAGE WATER DISTRICT**

SEPTEMBER 17, 2002

Vice President McGehee called the Regular Meeting of the Board of Directors of Crestline Village Water District to order at 3:00 PM, on Tuesday, September 17, 2002, at the regular meeting place of said Board at its office in Crestline, California.

ROLL CALL: Present were Vice President C. N. McGehee, Directors William Valko, Alan Clanin and Charles Spinks. Absent was Director William Huckell. Staff members present were Manager/Secretary Norman L. Hunt, Attorney Ronald Van Blarcom, Engineer Fred Hanson, Auditor Jay Zercher, Field Supervisor Don Wagner and Office Manager Karl Drew. Also present was Trisha Zadick of the Crestline Courier-News.

MINUTES OF PREVIOUS MEETING: On a motion by Director Valko and a second by Director Clanin, the Board unanimously approved the minutes of the Adjourned Regular Meeting of August 13, 2002 as presented.

PUBLIC COMMENTS: None.

REORGANIZATION OF BOARD OF DIRECTORS: The Board tabled this item until all the Board members were present.

RECOGNITION OF EMPLOYEE WITH TWENTY YEARS OF SERVICE: The Board of Directors recognized Robert L. Jobe for achieving twenty years of service with the District. The Board invited Robert Jobe to the meeting and presented him with a Certificate of Appreciation in recognition of his twenty years of service.

PRESENTATION OF AUDIT REPORT FOR FISCAL YEAR ENDING APRIL 30, 2002: Jay Zercher, the District's auditor, presented the audit report for the fiscal year ending April 30, 2002 to the Board. The audit report conforms to the requirements of the Governmental Accounting Standards Board Statement Number 34 (GASB 34) for the second year. The audit report received an unqualified opinion from the auditor that the financial statements fairly present the financial position of the District. Mr. Zercher reviewed and discussed the financial statements with the Board.

The District is in a good financial condition with a ratio of current assets to current liabilities of 4.35 to 1. The District experienced an Operating Loss for the first time in many years. The Operating Loss was \$62,539. The District had an Income Before Contributions of \$156,243. The District has not had a water rate increase since 1993 and the increased Purchased Water costs due to the drought conditions, along with other increased costs have resulted in an Operating Loss.

There was a discussion about increasing water rates as well as equalizing the water rates between the Crestline and Lake Gregory Divisions. There is currently a \$4.50 per month difference in the monthly

rates for the two divisions. The Lake Gregory Water Company Purchase Note will be paid in full in 2005. Auditor Zercher indicated that it would be good to have the rates equalized at that time.

On a motion by Director Spinks and a second by Director Clanin, the Board unanimously accepted the Audit Report for the Fiscal Year ending April 30, 2002.

MAIN LINE REPLACEMENT JOBS: Field Supervisor Wagner reported that the water main on an easement between Highway 138 and Cypress Drive was installed and is in the process of being disinfected. The easement line between Wabern Drive and Wald Court is installed and disinfected.

Manager Hunt reported on the progress of obtaining easements for the Highway 138 to Crestline Mountain Park mainline project. A meeting is scheduled for Thursday, September 19, 2002 at 10:00 AM to meet with the Department of Fish and Game to discuss the creek crossing.

PROGRESS REPORT ON NEW WELLS: Manager Hunt reported that the environmental documents for the Chamois vertical well and the Pinecrest vertical well have been completed and distributed. Notices of the Proposed Negative Declarations for the two wells have been published and posted and a public hearing is scheduled for the next Board meeting on October 15, 2002. After the public hearing and after the Board adopts the proposed Negative Declarations, work to complete the wells will begin.

Harich Construction has been delayed from beginning work on the Lake Gregory test well due to equipment breakdowns.

CHILLON AND SAXON STORAGE TANKS: Manager Hunt reported that Superior Tank has begun work on the tanks. One of the items to be done is to install a new ring wall for each tank. Before work began, it was discovered that the base of each tank was out of level by about 0.3'. When an attempt was made to level the Chillon tank, the roof rafters and sheeting, as well as the flooring, did not fit properly. After further review, it appears that when the tanks were designed and constructed 50 years ago, the base may have been designed to be out of level for drainage purposes. The tank was returned to its original position and work on the ring wall is continuing.

NEW SIGNATURE CARDS FOR ACCOUNTS AT VINEYARD NATIONAL BANK: This item was tabled until the reorganization of the Board of Directors is completed.

ATTENDANCE OF ACWA-JPIA AND ACWA CONFERENCE, NOVEMBER 18 – 22, 2002: The next ACWA-JPIA and ACWA conference is scheduled for November 18 – 22, 2002 in Anaheim. Director Huckell has indicated that he would like to attend the ACWA portion of the conference. On a motion by Director Clanin and a second by Director Spinks, the Board unanimously approved the attendance of Director McGehee of the ACWA-JPIA conference on November 18 and 19, 2002 and the attendance of Directors Huckell, Valko and Spinks of the ACWA conference on November 20 – 22, 2002. Manager Hunt will also be attending the ACWA conference.

The November Board meeting is scheduled for November 19, 2002. Since the conference is during the same week, on a motion by Director Spinks and a second by Director Clanin, the Board unanimously rescheduled the November Board meeting from November 19, 2002 to November 26, 2002.

CLAIM FOR DAMAGES, LARRY HEIMGARTNER, ACCOUNT NO. 24-4528-00, 1086 BIG TREE LANE: The Board reviewed a amended claim for \$50,239.22 presented by the Law Offices of Gary J. Siener on behalf of the homeowner Larry Heimgartner and the insurer Fire Insurance Exchange (Farmers). The property suffered water damages on February 7, 2002 when two valves were blown off plumbing fixtures. The claim alleges that the damage was caused because there was “a fire being fought in the neighborhood” and that “adjustments were made to water pressure.” The Board had denied the claim due to insufficient information at their August meeting. After discussion, on a motion by Director Spinks and a second by Director Valko, the Board unanimously denied the amended claim on its merits.

MANAGER’S REPORT: There was a brief discussion regarding the monthly financial and water production reports.

DIRECTORS' REPORT: None.

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION; PURSUANT TO SUBDIVISION (a) OF SECTION 54956.9; GABLE vs. COUNTY OF SAN BERNARDINO (San Bernardino Superior Court Case No. SCV 39629): The Board entered into closed session at 4:53 PM to discuss this matter. The Board returned to open session at 5:02 PM. No action was taken during closed session.

As there was no further business, the meeting was adjourned at 5:05 PM. The next Regular Meeting is scheduled for Tuesday, October 15, 2002 at 3:00 PM.