

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

APRIL 20, 2004

President McGehee called the Regular Meeting of the Board of Directors of Crestline Village Water District to order at 3:00 PM, on Tuesday, April 20, 2004, at the regular meeting place of said Board at its office in Crestline, California.

ROLL CALL: Present were President C. N. McGehee, Directors William Huckell, William Valko, Alan Clanin and Charles Spinks. Staff members present were Manager/Secretary Norman L. Hunt, Attorney Ronald Van Blarcom, Engineer Fred Hanson, Field Supervisor Don Wagner and Office Manager Karl Drew.

MINUTES OF PREVIOUS MEETING: On a motion by Director Spinks and a second by Director Clanin, the minutes for the Regular Meeting of March 16, 2004 were unanimously approved as corrected.

PUBLIC COMMENTS: None.

PROPOSED PINECREST II WATER STORAGE TANK: Manager Hunt reviewed with the Board drawings of possible configurations for the expanded Pinecrest Tank Site. The expanded site will accommodate the District's need for additional water storage at this location, as well as the anticipated needs for the Royal Rangers' project. There was discussion about the District's requirements for additional storage and the Royal Rangers' anticipated needs.

2004 RATE AND FEES STUDY: Office Manager Drew reviewed with the Board a memo recommending that the Board increase the water rates to generate approximately \$300,000 of additional revenues each year. These additional revenues would allow the District to achieve its goals of having a positive Net Income from Operations and to begin funding a Reserve for Purchased Water.

The District has not increased its water rates since 1993 and has had a negative Net Income from Operations for the past few years. The Reserve for Purchased Water would allow the District to use the reserve to level off the peaks and valleys in the annual cost of purchased water, without adversely affecting the other operations of the District.

President McGehee reported that the Rate Committee is recommending a \$2.00 per month increase to the Monthly Charge and a \$.45 per 100 cubic feet increase in the Basic Consumption Rate. If these rate increases are adopted, the Excess Consumption Rate would increase by \$.67 (1½ times the Basic Rate) as defined in Ordinance No. 29. The proposed rate increase would cause an increase in the water bill for most of the Crestline Division customers of 12% to 13% depending on their water consumption and an increase for most of the Lake Gregory Division customers of 10% to 12% depending on their water usage. Several different rate increase combinations were reviewed and discussed, but the recommended increase is the combination that would have the most uniform effect on all of the District customers.

Attorney Van Blarcom discussed with the Board the required procedures for adopting a water rate increase. There are no hearing requirements for a water rate increase. He recommended that the Board change the rate by resolution.

There was considerable discussion regarding the proposed rate increase. The Board directed staff to prepare a resolution for an increase in the water rates based on the recommendation of the Rate Committee.

CASH BUDGET FOR FISCAL YEAR 2004-05: Office Manager Drew reviewed the proposed Cash Budget for Fiscal Year 2004-05 with the Board. The District's Operating Expenditures have increased over the past few years, with the major increase being in purchased water. It is projected that the District will spend about \$645,000 for supplemental purchased water in the current fiscal year. With the addition of the three new verticals wells this year, it is expected that the need for purchased water will decrease slightly in the coming year. The line item for Purchased Water is being budgeted at \$600,000.

In the Discretionary Capital Expenditures category of the budget, the major work planned in the coming year is the installation of approximately 3,130 lf of water mains, the preliminary engineering and site work for the new Pinecrest II Storage Tank, the fencing of the Pinecrest and Chamois Vertical Wells and the fencing of the Saxon and Chillon Tanks. The District is also planning expenditures to improve the security of the District's facilities.

The District has not increased its water rates for 11 years. The last increase was effective July 1993. The proposed cash budget does include a proposed rate increase that will generate additional revenues of about \$300,000 per year.

On a motion by Director Huckell and a second by Director Valko, the Board unanimously adopted the Cash Budget for Fiscal Year 2004-05.

RESOLUTION NO. 336 ESTABLISHING WATER AVAILABILITY ASSESSMENTS FOR FISCAL YEAR 2004-2005: The Board discussed the proposed resolution. There is no change in the amounts of the proposed assessments from prior years.

On a motion by Director Clanin and a second by Director Huckell, the Board adopted Resolution No. 336, establishing the water availability assessment for fiscal year 2003-2004 at Thirty Dollars (\$30.00) per acre for the first acre or portion thereof plus Fifteen Dollars (\$15.00) per acre over one acre for all unimproved property, or Fifteen Dollars (\$15.00) per acre for the first acre or portion thereof plus Fifteen Dollars (\$15.00) per acre over one acre for all improved property within the District, on the following roll call vote:

AYES: Directors McGehee, Huckell, Valko, Clanin and Spinks
NOES: None
ABSENT: None
ABSTAINED: None

UNCOLLECTABLE ACCOUNTS FROM 1998: Office Manager Drew discussed with the Board the accounts that had balances older than five years. He requested that the Board write off

the balances for 27 closed accounts and 2 abandoned account from 1998 or before, totaling \$6,733.31.

On a motion by Director Huckell and a second by Director Clanin, the Board unanimously approved the writing off of the unpaid balances from 1998 and before.

LOCAL AGENCY FORMATION COMMISSION MEETING, APRIL 8, 2004: President McGehee reported that he had attended the Local Agency Formation Commission (LAFCO) meeting on April 8, 2004. The purpose of the meeting was to elect a special districts representative for the commission. A representative was not elected as they were three districts short of having a quorum of districts represented. The meeting was rescheduled.

THREAT TO PUBLIC SERVICES OR FACILITIES: Consultation with District Legal Counsel, Ronald Van Blarcom and District Security Operations Manager, Norman Hunt: The Board did not enter into closed session and there was no discussion on this item.

MANAGER'S REPORT: Manager Hunt reported that the contractor working on Highway 18 is purchasing construction water from the District. It represents a significant amount of water used.

Manager Hunt briefly reported on the tree removal status. Last year the District removed approximately 300 trees. There are currently about another 300 dead trees on District property to be removed this year and it is estimated that another 500 to 600 trees may die in the next two years.

There was a brief discussion regarding the monthly Financial, Investment and Water Production reports.

DIRECTORS' REPORT: President McGehee requested that the next Board meeting be rescheduled from May 18 to May 25, 2004. Director Clanin also asked that the meeting be rescheduled as he had a scheduling conflict. The Board agreed to reschedule the meeting to May 25, 2004.

As there was no further business, the meeting was adjourned at 5:02 PM. The next Regular Meeting is scheduled for Tuesday, May 25, 2004 at 3:00 PM.