

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

AUGUST 22, 2006

President McGehee called the Adjourned Regular Meeting of the Board of Directors of Crestline Village Water District to order at 3:00 pm, on Tuesday, August 22, 2006, 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, Alan Clanin, Charles Spinks and Kenneth Stone.

Staff members present were Manager/Secretary Norman L. Hunt, Attorney Ronald Van Blarcom, Engineer Fred Hanson, and Office Manager Karl Drew. Absent was Field Supervisor Donald Wagner. Engineer Hanson arrived at 3:40 pm.

Also present was Steven Farrell.

MINUTES OF PREVIOUS MEETINGS: On a motion by Director Stone and a second by Director Clanin, the minutes of the Regular Meeting of July 18, 2006 were approved as submitted.

PUBLIC COMMENTS: None.

PUBLIC HEARING – ADOPTION OF URBAN WATER MANAGEMENT PLAN: President McGehee opened the public hearing at 3:03 pm. Mr. Farrell addressed the Board and expressed his concerns about the assumptions regarding the reliability of future water supplies that was presented in the proposed plan. He is concerned that the assumptions made do not follow the guidelines established by the Department of Water Resources for determining the reliability of State Water Project water. The assumptions also do not reflect the information presented in Crestline-Lake Arrowhead Water Agency's Urban Water Management Plan. There was discussion between the Board, staff and Mr. Farrell regarding his concerns. As Engineer Hanson had not yet arrived at the meeting, at 3:26 pm, the Public Hearing was continued to later in the meeting.

PRESENTATION OF AUDIT REPORT FOR FISCAL YEAR 2005-06: The District's Auditor, Jay Zercher, of Rogers, Anderson, Malody and Scott, LLP, Certified Public Accountants, presented the audit report for the fiscal year ending April 30, 2006. The audit report includes an unqualified opinion from the auditor stating 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 7.96:1 as compared to 5.02:1 for last year. The auditor's guideline for this ratio is 1.5:1.

The District had an Operating Income of \$515,233. In the previous year, the District had an Operating Income of \$179,428. The change in the Operating Income is mainly due to the wet year that resulted in lower purchases of supplemental water.

The District's Cash and Cash Equivalents at End of Year increased by \$380,214 and now total \$2,098,068. This amount is a good foundation for funding the District's capital improvement plans as specified on page 5 of the audit report.

On a motion by Director Huckell and a second by Director Stone, the Board unanimously accepted the audit report for fiscal year 2005-06 as presented.

PUBLIC HEARING (CONTINUED) – ADOPTION OF URBAN WATER MANAGEMENT PLAN: President McGehee continued the public hearing at 4:09 pm. Engineer Hanson discussed the information used in determining the assumptions regarding the reliability of the future water supplies. He feels that the State reliability study is too severe for the mountain area and does not take into consideration the minimum amount of water that would be available from the State for public safety.

The Board asked Mr. Farrell to submit written clarification of his verbal comments within the next week. The engineers will provide a written response to his comments before the next meeting. The Board will take action to adopt the Urban Water Management Plan at the next meeting.

On a motion by Director Stone and a second by Director Clanin, the Board closed the period of time to receive comments on the proposed Urban Water Management Plan, with the exception of receiving the written comments from Mr. Farrell. The public hearing was closed at 4:47 pm.

PINECREST WATER STORAGE EXPANSION PROJECT: The Board viewed pictures of the progress at the Pinecrest Tank site. The tank erection crew should be completing their work within the next week. The painting and coating subcontractor is scheduled to begin work during the first week of September. Our crew will begin work on the on-site piping after the tank erection crew has completed their work.

PURCHASE TRAV-L-VAC 300 TRANSPORTABLE VACUUM SYSTEM: Manager Hunt reviewed with the Board a proposal to purchase a new Trav-L-Vac 300 Transportable Vacuum System. The District had previously purchased a Trav-L-Vac 80 Transportable Vacuum System in 1996. The new system has a larger engine and a larger debris tank. The District will need to purchase a trailer to mount the vacuum system on, as the District wants to have a generator and other tools on the same unit as the vacuum.

The vacuum is used to clean out valve cans, meter boxes and PR station vaults. Two other water utilities on the mountain have expressed an interest in purchasing the old system from the District.

Manager Hunt had originally acquired the information for this proposal in June 2006 but had delayed presenting it to the Board since another vendor wanted to demonstrate a competing model from a different manufacture to the District. The other product was not a comparable unit and was more expensive.

On a motion by Director Stone and a second by Director Huckell, the Board unanimously approved the purchase of the Trav-L-Vac 300 from Wachs Company for \$14,432.78.

EXECUTIVE SESSION, CONFERENCE WITH LABOR NEGOTIATORS: The Board did not enter into closed session.

HEALTH BENEFITS AND RETIREMENT PROGRAMS: There was no information to discuss on this item.

MANAGER'S REPORT: Manager Hunt discussed the other various projects that are currently underway.

- Lake Gregory Trail Project: The District has completed the relocation of its facilities that are affected by the trail project. During the work being done by the contractor, a water main was broken on San Moritz Drive. A bill for \$17,643.75 has been sent to Grand Pacific Contractors for reimbursement of the costs to relocate the District facilities and to repair the water main.
- Forest Shade Drainage Project: A bill for \$6,278.56 has been sent to the contractor, Bonadiman-McCain, for the cost of isolating the section of main that will be replaced during this project. The contractor is completing their work before the District replaces the section of main that was removed.
- Pinecrest Conference Center New Gym: The District relocated a section 6" main and one fire hydrant and installed another hydrant as a result of the construction of the new gym at Pinecrest. A bill for \$28,880 was sent to the Conference Center for the cost of the main and hydrant work and the cost for a new 2" water service.
- Lake Gregory Self Storage: District crews will be installing mains and hydrants that are required for the Lake Gregory Self Storage project. Lake Gregory Self Storage will pay the District for the cost of installing these facilities.
- Meter Reading Systems: Manager Hunt briefly discussed the meeting that he and Office Manager Drew had with representatives from Neptune Meters. The District is comparing "fixed network" and "mobile" meter reading systems. The "fixed network" appears to be the next generation of meter reading systems. In a fixed network, meter reads are transmitted by radio to fixed collectors that are located at certain points throughout the District. Meter reads are then transmitted to the District office. This allows meter readings to be collected on a regular schedule and would allow office staff to identify and track problems quicker. It would also eliminate the need to have field personnel reading meters for regular billings and closing bills.

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

DIRECTORS' REPORT: None.

As there was no further business, the meeting was adjourned at 5:27 pm. The next meeting is scheduled for Tuesday, September 19, 2006 at 3:00 pm.