

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

JANUARY 16, 2007

President McGehee called the Regular Meeting of the Board of Directors of Crestline Village Water District to order at 3:00 pm, on Tuesday, January 16, 2007, 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, Field Supervisor Donald Wagner and Office Manager Karl Drew. Absent was Engineer Fred Hanson.

Also present were property owner James Lane and Steven Farrell.

MINUTES OF PREVIOUS MEETINGS: On a motion by Director Stone and a second by Director Spinks, the minutes of the Regular Meeting of December 19, 2006 were unanimously approved as corrected.

PUBLIC COMMENTS: Mr. Farrell asked about the meeting that was held on January 11, 2007 regarding the formation of a community services district (CSD). The meeting was organized by individuals from the community who are interested in the possibility of forming a CSD. Kathleen Rollings-McDonald, the Executive Officer from the San Bernardino County Local Agency Formation Commission, was at the meeting and explained what a CSD is and what the process is to create one.

REQUEST FOR ADJUSTMENT, JAMES LANE, ACCOUNT NO. 18-0482-00, 23493 LAKE DRIVE: Mr. Lane had a water leak at his property sometime in December 2006. The leak was discovered during the regular meter reading cycle. The leak resulted in a water loss of 16,100 CF and a water bill in the amount of \$1,002.69. Mr. Lane feels that the adjustment of \$100.27 that is normally allowed for these situations is inadequate as he did not intentionally waste the water. He is asking that the full amount of water used be charged at the lowest consumption rate.

Mr. Lane addressed the Board regarding his water bill. He objected to the 14,714 CF of water that was billed at the Excess Consumption rate. The Excess Consumption rate is \$6.30 per 100 CF, while the Basic Allocation rate is \$4.20 per 100 CF. He would like to have all the water charged at the lower Basic Allocation rate. He views the Excess Consumption rate as a rate established to penalize customers for unacceptable behavior. He understands the need to conserve water, but feels that the water loss was unavoidable and he should not be penalized.

Office Manager Drew addressed three points with the Board:

1. Each year, notices are sent to customers advising them to use their shut off valves to turn off the water when the property is unoccupied, especially during the winter months. If

the water had been shut off as recommended, this high bill most likely would have been avoided.

2. The tiered water rates were established because of the water situation in the District's service area. The District has a limited supply of local water from wells and depends on imported water to meet the District's water needs. The cost of local water is about \$375 per acre foot, while the cost of imported water is \$1,150 per acre foot. The tiered rate structure was established to reflect the higher cost of imported water and to allocate an equitable amount of water for all customers at the lower rate. The Excess Consumption rate is not a penalty rate as suggested by Mr. Lane.
3. The District has customers who use water in excess of the Basic Allocation on a regular basis during their "normal" usage and are not necessarily being wasteful. To adjust the water rates for Mr. Lane would cast into doubt the validity of the District's water rate structure.

There was general discussion with Mr. Lane regarding this matter. On a motion by Director Clanin and a second by Director Huckell, the Board unanimously approved the regular adjustment of \$100.27 for Mr. Lane and denied his request for an additional adjustment.

EXECUTIVE SESSION, CONFERENCE WITH LABOR NEGOTIATORS: The Board entered into closed session at 3:30 pm. The Board returned to open session at 4:40. Attorney Van Blarcom reported that no reportable action was taken during closed session.

RETIREMENT PROGRAM: The District has received the latest actuarial valuation from CalPERS. The Employee Benefits Committee of President McGehee and Director Huckell have met with staff to discuss the CalPERS proposals.

After considerable discussion, on a motion by Director Stone and a second by Director Clanin, the Board unanimously approved the following committee recommendations to participate in the California Public Employees Retirement System and authorized Manager Hunt to sign the appropriate forms to initiate the process:

- Participate in the 2.5% @ 55 Full formula plan with Prior Service for employees employed on contract date.
- The District will contribute \$500,000 from reserves to reduce the side fund amount from \$1,504,443 to \$1,004,443.

HEALTH INSURANCE PREMIUM INCREASES: The Board reviewed the increases in the health insurance premiums. They had previously reviewed them on November 21, 2006 and had asked that they be reviewed again at a later date. The premiums increased by 5.2% in 2005, 5.8% in 2006 and 14.2% on January 1, 2007, for a total increase of 25.2%. There has been no adjustment to the maximum benefit of \$990 per month per employee since 2004. The Employee Benefits Committee is recommending that the maximum monthly benefit be increase from \$990 to \$1,115 per employee. The increase is 12.6%, which is equal to one half of the percentage increase in premiums. On a motion by Director Clanin and a second by Director Stone, the Board unanimously approved increasing the maximum monthly health benefit from \$990 per employee to \$1,115 per employee, effective January 1, 2007.

PROPERTY APPRAISALS: Manager Hunt briefly discussed the property appraisals with the Board. The appraisals will be reviewed at the next Board meeting.

PINECREST WATER STORAGE EXPANSION PROJECT: Manager Hunt reported that the site drainage facilities were completed and that District personnel would complete the site piping, connecting the tanks to the water system, as soon as weather permits.

RECOGNITION OF EMPLOYEE WITH TWENTY YEARS OF SERVICE, KARL B. DREW: Office Manager Drew has been employed by the District for twenty years. President McGehee, on behalf of the entire District, congratulated and thanked Office Manager Drew for his twenty (20) years of service with the District.

MANAGER'S REPORT: Manager Hunt reported that the new Trav-L-Vac and trailer were now in service. The old vacuum will be cleaned up and advertised for sale to some of the local water utilities. It is worth approximately \$3,000.

Manager Hunt further discussed the meeting that was held regarding the possibility of forming a CSD. Mike Chilson, a local resident, is interested in forming an improvement district for the business district of Crestline. He initially approached County Special Districts and was advised that they would charge an approximate 30% administrative charge for administering the improvement district. There are also concerns in the community about how Special Districts is administering the Crestline Sanitation District and the administrative charge they are being charged. Mr. Chilson approached LAFCO about possibly forming a CSD to consolidate the local districts into a single self-governed district. This would possibly include the sanitation district, fire district, street lighting districts and various road districts, as well as Crestline Village Water District. Manager Hunt and Office Manager Drew attended the meeting as observers.

There was a brief discussion regarding the monthly financial, investment and production reports.

DIRECTORS' REPORT: None.

As there was no further business, the meeting was adjourned at 5:14 pm. The next meeting is scheduled for Tuesday, February 20, 2007 at 3:00 pm.