

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

AUGUST 18, 2015

CALL TO ORDER AND FLAG SALUTE: President Davis called the Regular Meeting of the Board of Directors of Crestline Village Water District to order at 3:00 pm, on Tuesday, August 18, 2015, at the regular meeting place of said Board at its office in Crestline, California.

ROLL CALL: Present were President Darel Davis, Alan Clanin, Steven Farrell, Kenneth Stone and Connie Bracher.

Staff members present were General Manager Karl B. Drew, Engineer Wally Franz, Attorney Ronald Van Blarcom, Field Supervisor Chris Heryford and Office Manager Larrie Davis.

Also present was the District Auditor Scott Manno of Rogers, Anderson, Malody and Scott.

MINUTES OF PREVIOUS MEETING: On a motion by Director Farrell and a second by Director Bracher, the minutes of the Regular Meeting of July 21, 2015 were unanimously approved as written.

CASH DISBURSEMENTS: The Board reviewed the cash disbursements for the month of July 2015. On a motion by Director Stone and a second by Director Clanin the cash disbursements for the month of July 2015 were unanimously approved.

PUBLIC COMMENTS: None.

PRESENTATION OF ANNUAL AUDIT REPORT FOR FISCAL YEAR 2014-15: The District's Auditor Scott Manno, of Rogers, Anderson, Malody & Scott, LLP, Certified Public Accountants, presented the audit report for the fiscal year ending April 30, 2015. The audit report includes an opinion that the financial statements present fairly, in all material respects, the financial position and cash flows of the District. Mr. Manno explained the purpose of the annual audit and the role of the auditor with both the Board and the District staff.

Currently the District has no debt other than current payables and is operating on a pay as you go basis. Mr. Manno reviewed and discussed the various financial statements, schedules and notes in the audit report with the Board.

The ratio of current assets to current liabilities is 14:1 as compared to 24:1 for last year. Crestline Village Water District had a net decrease in cash due to capital improvements which include the new Zurich II Tank. The auditor's minimum guideline for this ratio is 1.5:1.

The District had an Operating Loss of \$401,782. In the previous year, the District had an Operating Loss of \$225,252. Loss of revenue due to decreased consumption and an increase in purchased water were the main reasons for the change in operating income. Declining revenues remain a growing concern.

There was general discussion regarding the audit. Director Bracher wanted assurance from Mr. Manno that the District was following Best Practices. On a motion by Director Farrell and a second by Director Stone, the Board unanimously accepted the 2014-15 Annual Audit Report as presented.

REPORT ON ZURICH III TANK PROJECT: Manager Drew reported the project has slowed down somewhat. After sandblasting the welded areas, painters discovered inconsistent welding in the roof and floor of the tank. This has since been corrected. Interior coating is complete and the exterior primer has been applied. Exterior coating should be applied by week end. The coating will then cure and be tested. On-site plumbing will be done by District staff.

CONSIDER ACWA COMMITTEE APPOINTMENT NOMINATIONS: There was general discussion regarding ACWA Committees. Director Farrell is interested in the Water Management or Groundwater Committee. This item will be placed on the September agenda.

CONSIDER ATTENDANCE AT ACWA REGION 9 PROGRAM; INLAND EMPIRE UTILITIES AGENCY, SEPTEMBER 18, 2015, CHINO, CA: No action was taken.

CONSIDER CALIFORNIA SPECIAL DISTRICTS ASSOCIATION FREE WORKSHOP, "UNDERSTANDING THE BROWN ACT", SEPTEMBER 28, 2015, APPLE VALLEY, CA: There was general discussion regarding this free workshop provided by Special Districts. Both Director Clanin and Director Bracher are interested in attending. On a motion by Director Farrell and a second by Director Clanin, the Board unanimously approved attendance of this workshop by any director wishing to attend.

CONSIDER ACWA REGION 9 BOARD BALLOT: The Board reviewed the Nomination Committee's recommended slate of candidates and the Individual Board Candidate nominations. On a motion by Director Farrell and a second by Director Bracher the Board voted to accept the Region 9 Nominating Committee's recommended slate on the following vote:

AYES: Directors Davis, Clanin, Farrell and Bracher.

NOES: Director Stone.

ABSENT: None

ABSTAINED: None

REPORT ON DISTRICT ELECTION: Manager Drew reported that the filing period for the District Elections ended on August 7, 2015. Other than our current directors running for re-election, there were no other candidate filings. Director Stone and Director Bracher will be appointed in lieu of Election at the November 17, 2015 San Bernardino County Board of Supervisors meeting.

MANAGER'S REPORT: Manager Drew reported that July was the second month in a row that the District exceeded a 25% reduction in water usage. Due to the loss of revenues the last two years the District will need to begin looking at a rate increase. Manager Drew provided the Board with a new Salary Schedule effective July 31, 2015 and reported that he added a scale for part-time and seasonal employees.

Manager Drew reported that American Tower's option for leasing property at the Brookside tank site for a cell tower has expired.

Manager Drew reported that he has received a couple of inquiries from Dart Canyon residents about purchasing water from the District. The Dart Canyon area in question is outside District boundaries and would need Crestline-Lake Arrowhead Water Agency's (CLAWA) approval to supply water. Karl has contacted CLAWA to get their input.

Engineer Franz reported that the Biological Reports on Valle and Electra Well sites has been completed and show no evidence of protected plant species. The well sites are now being tested for the Southern Rubber Boas and the Northern Flying Squirrels. Next month the final environmental report should be ready.

As there was no further business to discuss, the meeting was adjourned at 4:55 pm.

The next meeting is scheduled for Tuesday, September 15, 2015 at 3:00 pm.