



BOARD OF DIRECTORS

Meeting Minutes

November 21, 2019 6:00 PM.
Crestline Sanitation District, Meeting Room
24516 Lake Drive, Crestline, CA 92325

CALL TO ORDER: Director Pederson calls the meeting to order at 6:03 PM.

PRESENT: President: Donald Pederson
Vice President: Gilbert Flores
Treasurer: Daniel Dobrescu
Secretary: Joseph Jackson
Director: Eric Stone

STAFF: Office Administrator: Rosemarie Garcia
Chief Water Operator: Nathan Burwell

Audience Members: Teresa Radsick, Shareholder

Director Flores led the Pledge of Allegiance.

1. Consent Agenda

- A. November 21, 2019 Agenda, Approval.
- B. September 19 2019 minutes, Approval.
- C. August 15, 2019 minutes, Approval.

DISCUSSION: N/A

MOTION: Director Flores motions to approve the Consent Agenda as presented. Director Dobrescu seconds the motion.

ACTION: Motion approved upon unanimous vote.

2. Old Business:

A. By-Laws, General Update

DISCUSSION: The attorney working with the Board on this matter has continued to be unresponsive. Directors Pederson and Jackson both indicated a willingness to research possibilities for a new attorney. There is no deadline for completing the By-laws update.

MOTION: N/A

ACTION: N/A

3. New Business:

A. Rate Study

The Board reviewed the Rate Study from Bartle Wells Associates, which suggests a 5.5% increase in Membership Fees, Meter Charges and Consumption Charges each year for the next five years, in order to align with rising operating costs, provide for long term capital improvements, and to preserve existing reserves. Discussion points noted by Board members include:

- The cost of the 1997 main-line replacement was \$2.75 million. We received a USDA government loan for \$1.67 M at 4.5% interest, with a conditional \$1.08m grant. There is approximately 15-years left on the loan. There is a 30-40 year life span for the improved infrastructure, so the Company can expect to pay up to a \$5m for mainline replacement over the next 5 to 15 years.
- It's estimated that we will have approximately \$375,000 in minor capital costs over the next 5-years.
- We continue to do relatively expensive operational maintenance and moderate capital improvements, which has been deferred for many years and is depleting our reserves. Without the proposed rate increase, we will basically have to choose between continuing these activities and saving for replacement of the main-lines.
- It is important to maintain adequate emergency reserve funds.
- Would comparing rates with other companies help? (lots of variables to consider).
- Should we eliminate Tier 3 as the Rate Study recommends?
- Can we be sure that funds raised from a rate increase will actually be dedicated to capital improvements?

MOTION: N/A

ACTION: The Board will continue the discussion at the next meeting, likely in December 2019.

4. Financial Report, October 2019:

DISCUSSION: The Board and Staff review the financial reports.

Director Pederson discussed the Treasury bill report distributed earlier this month, and the Board's goal is to have \$240,000 invested in T-bills by Fiscal Year end 2019/2020. At this mid-point of the year, there is 53% of projected revenue, and 64% of expected expenses. This expense overage is explained by recent payment of annual property taxes, costs of capital improvements, annual RUS loan payment and SCADA payments incurred in FY 18/19 that were not expensed until FY 19/20.

MOTION: N/A

ACTION: N/A

5. Operations and Production Report, October 2019

A. Field Operations Report

- Repaired small leak on Devils Canyon Rd. from existing repair clamp on main line. Tightened nuts on clamp and leak stopped.
- Installed new sample point on Hartman Circle West. While digging with the backhoe for installation, after spotting 6'' AC main line. Ended up hitting 6'' PVC main line causing a main line leak. Shut valves down to stop water flow and repaired 6'' PVC main line. (3,856.58 cubic feet) After repair, flushed debris out of main line. (1,550 cubic feet)
- Replaced broken fitting near injector to chlorine line inside Coonturn pumphouse.
- Removed old non usable chlorinators from walls inside Sawpit and Coonturn pumphouses.
- Patched cutouts on Devils Canyon Rd. from small main line leak and added temp to patch at 21727 Devils Canyon Rd.

- Removed fencing at Ferncrest tanks and cleaned out dirt and rocks sitting against tank 1.
- Flushed dead end on Hansen Circle due to low Chlorine residual at sample house. (45 cubic feet).
- 48-hr notices on the 15th, Lock offs on the 17th.
- Meter reading on the 15th and 16th.
- Removed debris from and flushed out culverts at Sawpit in preparation for rain. (1,550 cubic feet).
- Sawpit site- moved dirt and filled in hole on south side under fence. Removed dirt from top of cinderblock wall and placed sandbags along the top of the wall. Dugout ravine on east side of site to direct water flow down to culvert.
- Replaced broken angle stop at 22321 Forest Dr.
- Replaced non-registering meter at Sawpit tank from clear well.
- Insulated Lovers inlet/outlet pipes on tank 1 and 2.
- Replaced 6 meter lids and 1 hard to read meter found during meter reading.
- Finished winterizing Middle, Upper and Coonturn sites.
- Rented chipper and chipped tree branches cleared at Sawpit and Jobs sites.
- Replaced hard to read meter and broken curb stop at 22328 Pine Dr.
- Marked out 13 Dig Alert tickets for Edison replacing power poles.
- All water samples taken for October and reported to State Water Resources Control Board reveal all samples taken are fine and under MCL.

B. Production Report

Domestic production in September was 246,271 cubic-feet (42.6 gpm). Domestic production in October was 255,747 cubic feet (44.3gpm). CLAWA has been turned off since February 2019.

6. Public Comment:

No comment cards were submitted.

7. Announcements:

A. Director Pederson stated the next Regular Meeting is tentatively scheduled for December 19, 2019 at 6:00 p.m.

Adjourn to Executive Session

MOTION: Director Flores motions to adjourn to executive session at 7:40 pm. Director Dobrescu seconds the motion.

ACTION: Motion approved upon unanimous vote.

8. Shareholder Matters:

A. Request for Removal of Penalty Charge, Account #4-276

DISCUSSION: The Board and Staff discuss the circumstances of the request.

MOTION: Director Flores motions to deny the request. Director Dobrescu seconds the motion.

ACTION: Motion approved upon unanimous vote.

9. Shares Canceled/Issued:

MEMBERSHIP CANCELATION/ ISSUANCE, CHANGE IN OWNERSHIP

Account:	Cert# Cancelled:	Cert# Issued:
1. 7-517	7782A	010875A
2. 7-127	009599A	010877A
3. 4-184	9351A	010878A
4. 7-67	9407A	010879A
5. 5-75	010590A	010880A
6. 8-118	010693A	010881A
7. 7-227	7563A	010882A
8. 5-545	010353A	010883A
9. 10-180	010310A	010884A
10. 6-616	009651A	010885A
11. 9-69	010463A	010886A

MOTION: Director Stone motions to approve cancellation and issuance of memberships associated with the accounts as listed. Director Pederson seconds the motion.

ACTION: Motion approved upon unanimous vote.

10. Personnel Matters:

Director Pederson reports an Office Assistant (part-time/temporary) was hired in early November, under the supervision of Office Administrator Garcia.

MOTION: N/A

ACTION: N/A

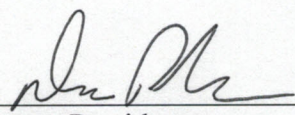
11. Legal Matters: N/A

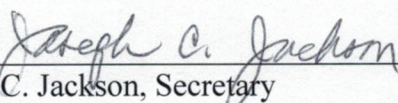
12. Third Party Contracts: N/A

ADJOURNMENT

MOTION: Director Pederson motions to adjourn the Executive Session at 8:01pm. Director Dobrescu seconds the motion.

ACTION: The Meeting was adjourned upon unanimous vote.

Approved:  Date: 12/19/19
Donald Pederson, President

Attest:  Date: 12-19-2019
Joseph C. Jackson, Secretary