

PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT

**SPECIAL MEETING – April 30, 2008
Snowline Joint Unified School District
Curriculum Building
4075 Nielson Road, Phelan**

MINUTES

Board Members Present: Mark Roberts, President
Charlie Johnson, Vice President
Mike Adams
Ken Anderson
Al Morrissette

Board Members Absent: None

1. Call to Order and Flag Salute

President Roberts called the meeting to order at 7:00 p.m. and the Flag Salute was conducted.

2. Approval of Agenda

Vice President Johnson moved the agenda be approved as written. Director Anderson seconded the motion and all were in favor.

3. Public Comment

Phil Crawford expressed his interest in the CSD joining a Joint Powers Agreement whereas Sheep Creek Water District (SCWD) and the Phelan Piñon Hills Community Services District (PPHCSD) can work together. Vice President Johnson stated it was unfortunate he was not at the last meeting where the PPHCSD Board members spoke with SCWD about working together.

4. Fire Agreement

Mr. Kennedy stated he received a redline version of the Fire Agreement from Dawn Messer from his redline version of the Fire Agreement which he summarized for the Board members.

Director Morrissette inquired on the liability if the Fire Department had an accident in the building. Mr. Kennedy recommended inserting a negligence clause stating the District would be responsible for anything over \$1,000 unless that repair or replacement was caused by an act or omission of County Fire or an occupant of the premises. Vice President Johnson asked if the clause would cover the station if there was a sublease too. Mr. Kennedy stated it would.

Director Morrissette asked if the question of subleasing was addressed. Mr. Kennedy stated it was addressed in section 17.

A discussion took place regarding extending the lease at 5 year intervals. President Roberts stated he understood they were looking into another building. Vice President Johnson explained that the government doesn't move quickly and there is no commitment to another building. Director Anderson stated he would be concerned if this were changed. Vice President Johnson asked if the Board could e-mail Mr. Kennedy with their changes. The Board agreed to have their comments e-mailed to Mr. Kennedy by May 7, 2008. President Roberts suggested tabling this item until Mr. Kennedy is ready to put it back on the agenda.

5. LAFCO 2008/09 Budget Proposed Fee to PPHCSD

Vice President Johnson reviewed the LAFCO 2008/09 Budget Proposed Fee to the PPHCSD Board stating the fee is \$10,000. Vice President Johnson moved to instruct Mr. Booker to add \$10,000 to the PPHCSD Budget. Director Adams seconded the motion. Bart Inglese asked the Board to explain LAFCO and how they are able to assess the PPHCSD. Vice President Johnson explained each district, county and city in the district contributes an annual amount to support LAFCO as they are an independent agency that provides support to the districts. He explained the district is in charge of boundaries, district formations, etc. The Board voted and all were in favor.

6. Transfer of CIEDB Loan

Vice President Johnson briefed the Board and public on the CIEDB Loan and its requirements. Vice President Johnson recommended to direct District Counsel, the Interim General Manager and himself to work together to complete the requirements of the loan to get this item to the Board. Director Adams motioned to direct as Vice President Johnson stated above. Mr. Kennedy stated he could review this item to see if Special Bond Counsel is needed. President Roberts asked for this item to be on the agenda for the May 14th meeting for an update. President Roberts seconded the motion and all were in favor.

ACTION ITEM: Mr. Kennedy to review this item to see if Special Bond Counsel is needed.

7. Consideration of Hiring Board Secretary

Director Adams asked if the Board Secretary would be replacing Mrs. Bishop. Director Morrissette explained that they were informed that Mrs. Bishop was putting in the majority of her time supporting the PPHCSD Board. He stated the thought is that they should pursue obtaining their own Secretary. Director Adams asked if this was something Mrs. Bishop no longer wanted to do. Mr. Benitez stated the District can do so; however, they will need to add additional staff and it would be added to the operating costs of the PPHCSD. Director Adams stated his concern as to how they would work together. With Mrs. Bishop doing it, she is right there with the people hired to manage the PPHCSD. He questioned how efficient it would be if they didn't continue this relationship. Mr. Kennedy stated he had some legal concerns regarding this issue. He stated the Board hires a General Manager and they can also hire a Treasurer; the Board does not hire any other employees beyond that. He questioned who the

Secretary would answer to. He suggested hiring the General Manager and then have the General Manager bring in the support staff which is what is required under the Government Code. Mr. Benitez stated the District may be able to hire a Secretary on behalf of the CSD and then when the full time General Manager is hired, they can opt to hire that Secretary. Mr. Kennedy stated that is allowable under the law. Vice President Johnson stated he did research on this. He stated Helendale hired an Independent Contractor and he felt either one of those two models is workable. Mr. Kennedy agreed. Vice President Johnson stated the General Manager of Helendale then hired the Secretary on as an employee. Vice President Johnson pointed out the list of items that are currently being done and the list of items that should be done to the list stating there are certainly enough items to keep this person busy. Director Anderson felt the only way to do this is to hire under the District's jurisdiction because of the working relationship. Mr. Benitez stated he could dedicate Mrs. Bishop's time fully to the CSD, with the CSD paying for 100% of her time, which would allow him to back fill with a temporary person. He stated the only other issue is that if it is actually an Executive Secretary position, the County has established salary ranges and Job Descriptions that may conflict with what Vice President Johnson has submitted. The County has Executive Secretaries and a Clerk of the Board; therefore, there is actually two individuals performing those duties instead of one, so there could be another issue as well. He stated with that in mind, maybe an Independent Contractor would work best in this instance. Director Anderson asked if Mr. Benitez would allow the Independent Contractor full access. Mr. Benitez stated they would have to coordinate that because it is in the best interest of the CSD. President Roberts stated the Job Description, as he read it, the General Manager would be heavily involved in hiring the person he would like to have. Vice President Johnson stated if they have Mrs. Bishop dedicated full time to the CSD as a resource, he felt that was terrific because she has access to everyone and there is no learning curve at that point. If they hired an Independent Contractor, they provide their own tools. He doesn't have a preference as to which one but believes they need a dedicated person at this time. Mr. Benitez stated one other point is that Mrs. Bishop is working out of her present class and because of that, she would have to receive additional pay for that. He stated typically County Policy is an increase of 7.5%. He wanted to make sure, if they do provide 100% of Mrs. Bishop's time to the CSD, they would have to include the 7.5% increase. Director Anderson asked what happens if in three or six months they hire a General Manager who hires someone to take care of that position. What would happen to Mrs. Bishop? Mr. Benitez stated she would resume her position. He stated he just needed to address these issues because she is part of the San Bernardino County's Public Employees Association and he doesn't want to be out of compliance of that and if Mrs. Bishop did work for them full time, she would be working out of her class and he would have to pay her the additional 7.5%. Mr. Benitez stated currently the CSD is paying a percentage of her salary; however, they would need to pay 100% of her salary. Director Anderson stated in this particular case, it's obviously something we need to do because we are requiring all her time. President Roberts asked if the workload is comparable to her time. Mr. Benitez stated absolutely and just today he had to take some of her workload out of her office and put it into two other offices. Vice President Johnson stated Mrs. Bishop works every other Friday in Customer Services as well. The Board discussed the fact that it would work best and be the smoothest transition if Mrs. Bishop continued to work as their Secretary full time.

Vice President Johnson moved to direct Mr. Benitez to dedicate Mrs. Bishop to the PPHCSD's duties full time and the PPHCSD understands they will have to pay for the increase of hours dedicated to the PPHCSD as well as Mrs. Bishop's mandatory 7.5% raise. Mr. Benitez stated he believed that to be the entire cost; however, he'll need to get with Mr. Booker and Budget and Finance to determine there are no other costs. Vice President Johnson withdrew his motion and asked Mr. Benitez to summarize the figures for the Board at the May 14, 2008 meeting in his GM Report. Mr. Benitez stated effective May 1st Mrs. Bishop will track her time and charge her hours appropriately.

ACTION ITEM: Mr. Benitez to summarize the figures for Mrs. Bishop to act solely as the PPHCSD's Board Secretary for the Board at the May 14, 2008 meeting in his GM Report.

8. Community Budget Presentation and Preliminary Budget

Mr. Booker presented his presentation and preliminary budget to the PPHCSD Board and the community members present. Handouts were provided.

Mr. Booker announced the Board of Directors has decided to have a 0% rate increase and operations will continue with no significant change in the budget.

A discussion took place regarding the need for reserves and examples of why reserves are necessary were given to the community by Mr. Booker and President Roberts.

Mr. Booker announced that while user fees will increase 0%; connection fees will be increased by 2.5%.

Vice President Johnson pointed out to the community that over a million dollars of the utility costs is due to electricity costs.

Mr. Palecki clarified with Mr. Booker that the contingency accounts were separate accounts. Mr. Booker stated they were and stated he was trying to show the water fund has four months of reserves versus the three months the District recommends.

Bart Inglese asked when the day will come that builders will have to supply the water systems to supply the new homes. Director Anderson explained that perhaps in the future they will look at the fee schedule. Up to now, they have been focusing on the structure. He further explained the process for water meters and the fees for installation. He explained that the fees are designed as the customers buy in/fare share to the system.

A community member asked why the PPHCSD isn't asking the Mojave Water Agency (MWA) to revisit the adjudication. President Roberts stated that adjudication took 30 years to complete. President Roberts stated they are already addressing it with the new Well 14. Another

community member asked to address this issue. He stated what they have to do is create a unified approach with the other local water companies. Vice President Johnson explained the free production allowance and how Well 14 can make up the difference so the PPHCSD can avoid the fees for additional water paid to MWA as well as the fees paid for leasing additional water. Vice President Johnson explained the PPHCSD Board appreciates his comments and invited him back to future meetings, but stated they are currently addressing this issue.

A community member asked if it were possible to list on the pie chart next time the amount of income from the meter service charge. President Roberts stated the majority of it is from water sales and that they are only projecting 50 to 100 meters to be installed this year. He stated he didn't mean the meters, he meant the facility charge on the meters. Vice President Johnson stated they will take a look at the rate structures in the future.

A community member clarified Well 14 was out of MWA's jurisdiction and asked when it would be running. President Roberts stated it is out of their jurisdiction and Well 14 is currently running. A discussion took place regarding the formation of other adjudications.

Glen Palkiewicz asked what was being paid to Edison. He asked what the energy cost was per acre foot. Vice President Johnson provided him with a handout showing line-item 2180 which addresses those costs. Mr. Palkiewicz then stated how important it is to be energy efficient.

Vice President Johnson moved to approve the preliminary budget with an amendment to the increase of \$10,000 for the LAFCO fees. He explained the final budget will be approved later in the year. He explained the PPHCSD is working on creating a supplemental budget because of the actions they are taking as a CSD which will be included in the final budget. Director Morrissette seconded the motion. All were in favor.

Vice President Johnson thanked the community for attending the meeting and invited them back.

A community member asked if he could ask a question since they were late because they had gone to the wrong building. He wanted to ask about the paving of Duncan Road. Director Morrissette stated paving is handled under the Phelan Municipal Action Committee who meets tomorrow night at the community center. Vice President Johnson stated he had received information stating that Duncan Road Paving is scheduled to start in February 2009.

9. Board Comments

President Roberts thanked the community for attending and mentioned the amount of work the PPHCSD has been doing to get this started. He asked for the community's patience.

Vice President Johnson asked Mr. Benitez for an update on the insurance. Mr. Benitez stated they were in contact with the insurance company today and they are still processing the application and they still want more information including the actual value of assets.

Vice President Johnson asked about the status of the CSD Membership. Mr. Benitez stated that was submitted three or four weeks ago and he would need to get the status of it.

ACTION ITEM: Mr. Benitez to report back to the Board the status of the CSD Membership.

Vice President Johnson asked the Board for direction to be able to pursue other water service options for running the district to compare to the County. The Board agreed.

Vice President Johnson asked the Board for approval to apply to the Association of the San Bernardino County Special Districts. Stating without any employees it is fifty-five dollars a year. The Board agreed.

Vice President Johnson noted all the decisions that have been made the last several meetings. He asked Mrs. Bishop to set up an outstanding issues list to track the issues. A discussion took place regarding the Reminder list being more of a tickler file. The Board agreed.

10. Set Agenda for Next Meeting

Vice President Johnson asked Mr. Benitez the status of allowing Mr. Stone to run for the MWA TAC meeting. Mr. Benitez stated he will ask Mr. Stone to run for the committee.

President Roberts asked Mr. Benitez about the World Development Loan stating Mr. Benitez was contacted by Mr. Boon. Mr. Benitez stated he conducts periodic safety inspections on facilities that were improved with USDA funds. He stated the District has already done this once with Mr. Boon and he has already contacted Mr. Boon and told him the District will be performing the inspection with him. President Roberts stated Mr. Boon thought the City of Chino Hills was still paying the County on their portion of the loan. President Roberts asked Mr. Benitez to report back to the PPHCSD Board whether this will be turned over to the District. Mr. Benitez stated he will speak to Mr. Boon.

Vice President Johnson stated Laurie Hull asked the PPHCSD Board what the course of action should be concerning easements and liens. She has asked for this to be a future agenda item. Mr. Kennedy stated he had received information from Ms. Hull and stated some of those policies do not apply to Community Services Districts. He suggested he worked with Ms. Hull and bring the form to the Board when it's ready.

A community member asked when agenda's are available. Vice President Johnson stated agendas are posted at the Phelan and Piñon Hills Community Centers 72 hours prior to a Regular Meeting and they are also posted inside the meeting room. He stated the agenda's can also be found on the unofficial website at csd.webexone.com.

ACTION ITEM: Mr. Benitez to report on the status of the Chino Hills portion of the World Development Loan and how payment will continue.

The following items will be added to the agenda for the **May 14, 2008** meeting:

- a. Additional Incentives for the MWA Water Conservation Program
- b. Contract with the Piñon Hills Chamber of Commerce
- c. Parks/Contract with the Piñon Hills Chamber of Commerce
- d. Mojave Water Agency Technical Advisory Committee tabled from 4-23-08 Mtg.
- e. Insurance/Appraisal of Assets
- f. Ethics Training – 4:30 – 6:30 p.m.
- g. Board Secretary
- h. Propositions 12 & 40 Loans

The following items will be added to the agenda for the **May 28, 2008** meeting

- a. Golden State Water Company to discuss options of various interconnections between the three water utilities.

The following items will be added to the agenda for the **July 9, 2008** meeting:

- a. Workshop from Kirby Brill of MWA re: Water Issues

11. Adjournment

With no further business before the Board, the meeting was adjourned at 8:51 p.m.