



# Phelan Piñon Hills Community Services District

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**PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT  
REGULAR BOARD MEETING  
May 19, 2010 – 7:00 p.m.  
Phelan Community Center  
4128 Warbler Road, Phelan, CA 92371**

## MINUTES

**Board Members Present:** Charlie Johnson, President  
Joe Fahrlander, Vice President  
Ken Anderson, Director  
Mark Roberts, Director  
Al Morrissette, Director

**Board Member Absent:** None

**Staff Present:** Don Bartz, General Manager  
Allyson Beran, Board Secretary  
Chris Bishop, Operations Manager

### Call to Order

President Johnson called the meeting to order at 7:02 p.m. and the Pledge of Allegiance was conducted.

### Roll Call

All Board Members were present.

#### 1. Approval of Agenda

Mr. Bartz stated he would like to add two items to the Consent Calendar; 3e Resolution #2010-16 and 3f to set the hearing date for the appropriations limit. Director Anderson moved to approve the Agenda as amended. Director Morrissette seconded the motion. All were in favor. Additionally, Mr. Bartz stated there is no need for the Antelope Valley Adjudication Closed Session. Vice President Fahrlander moved to approve the Agenda. Director Anderson second the motion. All were in favor.

#### 2. Public Comment

Mr. Brocklehurst addressed the Board regarding not regularly receiving his water bill. He also stated the amount of his bill has increased more than 6 times of what his normal bill was since the new meter was installed. He stated he has experienced grit in his waterline causing damage to his irrigation system in addition to his \$388 water bill. He feels there was an error in the meter reading. He requested an investigation and a refund of his overpayment. Mr. Bartz will direct staff to look into his concerns and contact him.

#### 3. Consent Items

Director Morrissette moved to approve the Consent Items. Director Roberts seconded the motion. All were in favor.

#### 4. Matters Removed from Consent Items

None

#### 5. Presentations/Appointments

None

6. **Continued/New Agenda Items – Action Items**

a. **Public Hearing for the Proposed Adoption of the Final Budget for 2010/2011**

President Johnson opened the hearing at 7:15 pm.

1) **Secretary's report on written protests, objections, and comments**

There were no written protests, objections or comments received.

2) **Attorney's report on action taken prior to this hearing**

Mr. Kennedy reported:

- a. Notice of hearing published in the Neighborhood section of the Mountaineer Progress on May 6, 2010.
- b. Compliance with all legal requirements for this hearing within the manner and time specified in the Government Code.

3) **Staff's Report**

The Budget was discussed at the meeting of January 27, 2010, and the Board directed staff to continue to identify and implement efficiencies, operating the District as proficiently as possible, with no additional staff, assuming a minimal increase in expenses and minimal changes in revenue for the 2010/2011 budget.

The preliminary budget was prepared and presented to the Board at a special meeting on April 7, 2010. Staff implemented the changes identified and prepared the Final Draft Budget. The Hearing Notice was advertised, as required by law. A copy of the Budget was provided to the Directors and made available in the District office for review.

The budget reflects the changes made as directed at the special meeting. The results of the budget, after the changes, are as follows:

- Net Income (Deficit) Operations = (\$1,225,058)
- Net Income (Deficit) Non-Operations budget = \$1,583,884
- Net Income (Deficit) total budget = \$358,826
- Projects & Capital Purchases = \$3,118,000
- Net Reduction of Cash Reserves = \$3,025,558

4) **Public Comments, Protests, and Objections:**

a. **Any person may address the Board on the Final Budget for 2010/2011**

There were no public comments.

b. **Responses to comments, protests, and objections from staff**

Director Morrisette moved to close the public hearing. Vice President Fahlender seconded the motion. All were in favor. The Public hearing was closed at 7:19 pm.

b. **Discussion and Possible Approval of the 2010/11 Budget**

Mr. Bartz reviewed the changes to the Budget with the Board and recommended the Board approve the budget as presented. Director Anderson questioned Line Item 51, Water Purchases/Replacement Water, and asked what the actual percent of water the District was leased versus purchased from MWA. Mr. Bartz stated 80% of the water is leased from other producers in the Basin. Mr. Roberts asked what water rights the District owns. A discussion took place regarding reducing the budget by \$100,000 due to the success the District has had in leasing water and what the District will actually be paying to MWA. Mr. Bartz recommends reducing the amount from \$405,500 to \$305,500. Vice President Fahlender asked what amount was budgeted and what amount was spent during this budget year. The Board's consensus was to reduce Line Item 51 to \$305,500.

Director Roberts questioned Line Items 77 and 97 and stated he suggested removing the costs for the High Desert Undergrounds (HDU) Valve Crew that was added into these Line Items. President Johnson stated the request is to reduce Outside Services. Ms. Lowrance stated the new value for these two line items would be \$147,122. Mr. Bartz stated staff would consent to that amount, if the Board wishes. Board consensus was to make the change per Director Roberts's request.

Director Roberts also questioned the proposed 4% increase in Salary and Wages. He does not feel that an increase is warranted and mentioned the situation Snowline School District is in, as well as

the District currently operating in a deficit. He moved that there will not be a pay increase to staff this year.

Director Anderson stated he sees getting into a regular routine of offering raises and noted that many are not offering raises, but facing huge budget deficits. He noted his concern as to how customers will react to the District giving increases. He feels it is reasonable to ask for no increases in light of the District not asking for a reduction of benefits or staff.

President Johnson asked what the value of the 4% increase would be. Ms. Lowrance stated it would be approximately \$70,000.

Director Morrisette stated it may be harsh but he really doesn't care about the School District and that their woes are directly related to the woes of the state. Personally speaking, he does not have a problem with giving staff increases. He confirmed that last year's increase was equivalent to 3%. Vice President Fahrlender asked if the 4% included COLA, Mr. Bartz stated that the District is not budgeting for a COLA Increase, but a 4% merit increase. He stated that we are in an extraordinary time with the economy right now and we need to be cognizant of that. The District should be doing what they can, when possible to mitigate that.

President Johnson agreed with Director Morrisette regarding the School District Budget and stated the comparison is not valid and he does not see the connection. President Johnson reviewed the salary survey that was discussed at the Finance Committee meeting and distributed to Board members. President Johnson stated that we need to be very good at what we do; efficient and productive. We have accomplished that through the hard work of the staff. Our most valuable asset is not on the balance sheet but in the office and the field. His concern is that if we don't offer some type of increase to our staff we risk losing valuable staff and impacting District services. He argued that the District needs to maintain some small increase in our budget at the discretion of the General Manager. He reiterated that this increase is not automatic but must be earned by staff through their performance.

Vice President Fahrlender questioned if the amounts listed on the survey are Board approved increases for the upcoming fiscal year. Ms. Lowrance stated staff will be verifying that. He also stated that there is a socioeconomic disparity between the CSD and the District's surveyed and that is not an honest comparison. He compared the Districts surveyed and our District to Wal-Mart and Nordstrom's stating Wal-Mart may determine not to give a raise when Nordstrom's might. He also reiterated that this same argument for increases was offered last year as well and staff did receive an increase. However, if staff is living locally, there is a lower cost of living. He brought up the need for a benchmark to maintain an honest comparison.

President Johnson stated the increase broken out per customer was immaterial; \$1 per customer per month on their bill.

Director Morrisette suggested reducing the increase to 2%. VP Fahrlender questioned if any staff progressed any salary ranges over the course of the previous year. Director Anderson asked if increases were based on years of service. Mr. Bartz stated that there are no automatic salary increases. Additional education and certificates do not automatically earn staff an increase in salary. Everything is based on merit. Director Anderson suggested setting this issue aside and returning to it later in the meeting.

The Board agreed with Mr. Kennedy's consent to approve changes to the budget line by line and a general vote for the entire budget as modified.

Director Roberts mentioned the Continuing Education and Training budget on Line Item 87 as a reference point related to the salary increase issue. He also discussed Line Item 100, Small Tools, and clarified what amounts were for Enterprise Funds versus the entire District. He feels that this Line Item can be decreased in future years. A discussion took place if this Line Item was outfitting vehicles or tool replacement. Mr. Bartz stated this item is basically tool replacement and staff will be watching

this Line Item closely during the upcoming fiscal year. He also reviewed the justifications for this Line Item and how a portion of this does include vehicle outfitting. He stated it would be possible to reduce this item to \$25,000. Board consensus was to reduce the Line Item.

Vice President Fahlender questioned Line Item 102, Vehicle Maintenance, and work that occurred on vehicles during the year. It was noted that a portion of this Line Item included tire replacement.

The Board revisited the salary issue. Director Roberts confirmed that a 2% increase would be approximately \$35,000. Vice President Fahlender asked how many surveys were sent and how many were received. Ms. Lowrance stated twenty five surveys were sent out and staff attempted to follow up on those who did not respond but were not successful.

Director Roberts stated that water is like gasoline and electricity, but that is not justification enough to raise rates. He noted it is a leverage situation that is being abused. A discussion took place regarding increases taking place during the current economy and the actions other Districts are taking to support salary increases during this time. President Johnson stated the District is not currently discussing raising rates to offset salary increases. Director Morrisette clarified what Director Roberts was saying; any increase now may result in rate increases further down the road. President Johnson stated there is a correlation between expenses and rate increases.

Director Anderson and Vice President Fahlender stated they do not support any salary increase at this time. Director Roberts was unsure about supporting the salary increases.

A discussion took place regarding budget reductions that the Board has already enacted and the impact reducing salary increases from 4% to 2% would have. President Johnson expressed concerns that this is the first time this issue has come up even though the Board has had an opportunity review the Budget five times previously. He also stated that the Board needs to weigh the benefits and the costs of not approving a salary increase for staff.

Director Roberts requested that this item be continued to a future meeting. Ms. Lowrance stated the budget must be approved by June 30<sup>th</sup>.

The Board's consensus was to continue the discussion of this item on June 2, 2010 following the presentation of the Budget as revised above with the salary increase reduced to 2%.

**c. Discussion and Possible Action Regarding the Districts Mission and Vision Statements**

The Mission and Vision Statement Committee distributed sample Mission and Vision statements for the Board's review. The Board can give any changes or suggestions it has to the Committee. This item will be placed on the June 2, 2010 Board Agenda for discussion and approval. The Committee stated the proposed statements are to be considered a framework.

**ACTION ITEM:** Mrs. Bishop to send a reminder to the Board members to submit suggestions or changes to the Mission and Vision Statement Committee by Monday May 24, 2010 for revision and inclusion in the next Board Meeting Agenda on June 2, 2010.

This item will be continued to the June 2, 2010 Board Meeting.

**d. Discussion and Possible Action Regarding the Board of Directors using Laptops for Meetings**

Mr. Bartz reviewed the additional information provided to the Board at their request. These figures are on a per meeting basis. Director Anderson would like to see this information on an annual basis. Vice President Fahlender stated the only realized reduction in costs from providing laptops would be in staff packets. Paper packets would still need to be generated for the public. Mr. Bartz stated that it comes down to Board preference. Vice President Fahlender would like to see an indexed, comprehensive, searchable database available for staff and Board use. Director Anderson asked if it would be possible for Directors to access this information as stored on the District's server. Director Morrisette stated the issue is not really cost based but efficiency based. The issue was also raised on the ability of the public to subpoena District information being housed on Director's private laptops and home computers. Director Roberts requested the actual cost of the laptop and software to be

purchased. He also requested clarification on the actual software needed by the Board. Average cost per Board member would be \$2500. Total cost = \$12,500.

Director Anderson is opposed to pursuing this purchase at this time.

Director Morrisette motioned to purchasing hardware, software, etc. Vice President Fahrlander stated he would like to see what software is available that may piggyback on Adobe. Director Anderson stated his concern that Security software and maintenance agreements on that software are not included. He also brought up the District's Cell Phone Policy and how that might apply to Board member computers. Vice President Fahrlander recommended a pilot program and demonstration prior to purchasing individual computers. Director Morrisette retracted his motion. Director Roberts stated he would like to see hard numbers.

**ACTION ITEM:** Staff to look into other software programs available and create a demonstration on how this would work in the real world on an existing District owned computer.

This item will be continued to a future Board Meeting.

- e. Discussion and Possible Action Regarding the Proposal for the Amphitheater for the Phelan Park**  
Mr. Bartz reviewed the proposal for the Amphitheater for the Phelan Park with the Board Members as well as the different options available and the associated costs.

Vice President Fahrlander asked what the Committee's recommendation was. Director Morrisette stated that the Committee wanted to present multiple options to the Board for its consideration.

Director Anderson confirmed that both the natural turf option and the artificial turf option included an irrigation system. Mr. Lowrance stated that there are different cooling options available. The Board has the option to choose between Stage Options A or B and Ground Cover Options A, B or C.

Director Morrisette made the comparison to the Amphitheater in Wrightwood. Natural turf installation is sod. Director Roberts asked how this project integrates with the development plan on the adjacent lot. Director Morrisette stated the two projects are not related.

Director Anderson brought up the planning and parking requirement issues. A discussion took place regarding those concerns, as well as capacity and surface concerns including life expectancy and temperature, Liability/Safety issue from surface temperature and Revenue generation possibilities.

This item will be continued to a future Board Meeting.

- f. Discussion and Possible Action Regarding Purchase of Tax-Defaulted Properties**  
Mr. Bartz reviewed the recommendation and the map showing the locations of these properties with the Board.

Vice President Fahrlander moved to accept the recommendation, Director Roberts seconded. President Johnson questioned the requirements of the mission statement and site use. All were in favor and the motion passed.

- g. Discussion and Possible Action Regarding Grant Proposition for Nature Education Projects**  
Director Morrisette reviewed the information presented to the Board. A discussion took place regarding the handout, Grant and the proposed project for the Smithson Springs area. The Grant Proposition will require Resolutions similar to those passed for the last grant the District applied for.

President Johnson moved to approve moving forward with the grant and paying the associated fees of \$9000. Mr. Kennedy voiced his concerns with the agreement. The motion was amended to include counsel's review and addressing counsel's concerns. Vice President Fahrlander seconded the motion. Director Roberts voiced his concern regarding the buildings at Smithson Springs and a complete vetting of the adjudication and water rights there. The motion was amended to include the complete vetting of adjudication concerns at Smithson Springs. Director Anderson requested that this issue be

moved to Closed Session for further discussion. The motion was amended to include “before the District moves forward with this item, the District will do a thorough vetting of all the issues regarding the adjudication concerns of the Board Members. All were in favor and the motion was passed.

**7. Review of April Disbursement List**

Vice President Fahrlander noted the Line Item on page 86 that made reference to a 401K Program when it should state a 457 Program.

**ACTION ITEM:** Mrs. Bishop to make change regarding Line Item on page 86 referencing a 401K Program; it should state 457 Program.

**8. Review of Action Items**

Mr. Bartz reviewed the Action Items with the Board.

**9. Committee Reports**

- a. **Engineering Committee (Standing)** – Director Roberts stated the Engineering Committee meet this afternoon. He stated most of engineering is on hold pending completion of the master plan. He stated they discussed Smithson Springs and the tank overhauls.
- b. **Parks, Recreation & Street Lighting Committee (Standing)** – Director Morrissette stated there was nothing to report.
- c. **Finance Committee (Standing)** – President Johnson stated the Finance Committee met prior to this meeting. He stated they reviewed agenda items and had nothing extraordinary to report.
- d. **Building Committee (Standing)** – Mr. Anderson stated the Committee has not met since it last reported.
- e. **Adjudication Committee (Ad Hoc)** – Director Roberts stated the Committee continues to meet.
- f. **Solid Waste Powers (Ad Hoc)** – Vice President Fahrlander stated they had nothing new to report.
- g. **Legislative & Grant Committee (Standing)** – Vice President Fahrlander stated they had not met since they last reported.
- h. **Mission & Vision Statement Committee (Ad Hoc)** – Director Roberts stated they will present the results at the next Board Meeting.

**10. General Manager’s Report**

A written report was provided to the Board. Mr. Bartz also reported equipment was sold at auction for \$27,500 and checks were received for scrapped material in excess of \$175,000. He also provided an update on Southwest Underground and stated the County faxed a copy of the check to the District and the check should be received tomorrow. If the check is received tomorrow, the contractor will start Monday.

**11. Reports**

**a. Director’s Report**

**Anderson** – Director Anderson stated he had nothing further to report.

**Fahrlander** – Vice President Fahrlander thanked the Finance Committee and staff for all the time they put in on the Budget. He also stated he appreciates everyone patience and candor during the Budget conversations.

**Roberts** – Director Roberts stated had nothing further to report.

**Morrissette** – Director Morrissette stated he went to Sacramento for the Leadership Academy and has received his certificate. He also attended the CSDA Legislative Days and met with Senators Runner and Knight. He stated he and Don had a very good interface with them. Director Morrissette

also went to a meeting with the head of the Federal Bureau of Reclamation Water Management. He also met with Michael Orme, who is the new field representative for Representative McKeon. Director Morrisette thanked the Finance Committee for all the efforts they have put out. President Johnson thanked Director Morrisette and stated a lot of the credit goes to staff.

- b. **President’s Report** – President Johnson appreciated the civil discussion and patience during the discussion and stated every meeting the Board is getting better.

**12. Correspondence/Information**

President Johnson received correspondence regarding the grant for Parks. He stated he turned it over to Mr. Bartz. The application was incomplete because it was missing documents for CEQA and they need the size and footage for the structures. Mr. Brandon mentioned that the Phelan Phun Days will now be billed as the Phelan Piñon Hills CSD Phelan Phun Days due to the CSDs contributions.

**Set Agenda for Next Meeting – June 2, 2010**

- Continued Discussion of the Revised Proposed Budget and Discussion of Salary Increases
- Discussion and Possible Approval of the 2010/11 Budget
- Discussion and Possible Action Regarding the Districts Mission and Vision Statements
- Discussion and Possible Action Regarding the Board of Directors using Laptops for Meetings
- Discussion and Possible Action Regarding the Proposal for The Amphitheater for the Phelan Park

**Future Board Meeting**

- Discussion regarding the three tiered rate structure
- Discussion of Reformation of the Citizen’s Advisory Committee
- District Rules and Regulations

**Adjourn**

The Board Adjourned for Closed Session at approximately 9:55 p.m.

**Reconvene Meeting**

The Board reconvened the Board meeting at approximately 10:45 p.m.

**Announcements of Any Reportable Closed Session Actions**

There were no reportable items from the Closed Session.

**Adjourn**

With no further business, the meeting was adjourned at approximately 10:50 p.m.

Board approved the above Minutes on June 2, 2010:

Charlie Johnson, President	Date
Debbie Bishop, Board Secretary	Date