

JOSHUA BASIN WATER DISTRICT
Minutes of the
REGULAR MEETING OF THE BOARD OF DIRECTORS
December 18, 2013

1. CALL TO ORDER: 7:00 PM

2. PLEDGE OF ALLEGIANCE

3. DETERMINATION OF QUORUM:

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| Victoria Fuller | Present |
| Bob Johnson | Present |
| Mickey Luckman | Present |
| Mike Reynolds | Present |
| Gary Wilson | Present |

STAFF PRESENT:

Susan Greer, Acting General Manager
Marie Salsberry, HR Manager/Administrative Specialist
James Corbin, Construction & Maintenance Supervisor
Keith Faul, GIS Coordinator
Anne Roman, Accountant

CONSULTANTS PRESENT:

Gil Granito, District Counsel, Redwine & Sherrill
Eli Underwood, Redwine & Sherrill
Kathleen Radnich, Public Outreach Consultant
Paul Kaymark, Charles Z. Fedak & Co.

GUESTS 12

4. APPROVAL OF AGENDA

MSC Reynolds/Fuller 5/0 to approve the agenda for the December 18, 2013 Regular Meeting of the Board of Directors.

5. PUBLIC COMMENT

None.

6. CONSENT CALENDAR

MSC Reynolds/Johnson 5/0 to approve the draft minutes of the November 20, 2013 Regular Meeting of the Board of Directors, to approve the October 2013 Check Audit Report, and to approve the September 2013 Financial Report.

7. 12/13 AUDIT REPORT PRESENTATION FROM CHARLES Z. FEDAK & COMPANY, CPAs

Acting General Manager Susan Greer introduced Paul Kaymark of Charles Z. Fedak & Co, who prepared the fiscal year end 2013 financial report for the District. Mr. Kaymark then presented the results of the audit for the fiscal year. He explained the audit process and gave an overview of the financial highlights of the year, He noted that the District is in a healthy financial position.

District Counsel Gil Granito reported on Assembly Bill 1248 which mandates that the state controller will develop internal control guidelines by December 2014; public agencies will then have a year to implement the guidelines.

AGM Greer complimented her staff, Anne Roman, Patricia Freeman, Autumn Rich and Shirley Bolha for a job well done.

MSC Johnson/Reynolds 5/0 to accept and file the report.

8. DISCUSS CHARGING BASIC FEE FOR PULLED AND INACTIVE METERS

AGM Greer reported on the proposal to bill inactive and pulled meters, noting that there are approximately one thousand pulled and inactive meters, representing about twenty percent of the District's total meter count; they are currently not charged the basic fee. She explained that the billing is proposed to be phased in over two years with the pulled and inactive meters being charged 50% of the basic fee for the first year and 100% of the basic fee beginning with the second year.

At Director Wilson's request, a portion of video from the Board meeting of August 15, 2007 was shown, where former Director Gary Given addressed this subject. Director Reynolds stated he agreed with the video.

Director Fuller noted that property owners with meters pay reduced standby fees. President Luckman stated she is in favor of charging the basic fee for pulled meters.

Richard Fountain of Joshua Tree commented in favor of notifying customers of all possible future charges related to new service connections, if they request to return an inactive meter for a refund.

Ken Pitcher of Joshua Tree commented opposing charging the basic fee for pulled or inactive meters.

Director Johnson requested a chronological history of the District's actions related to this topic.

Following further discussion it was decided to call a special meeting of the Board on January 8th to further discuss this subject.

9. APPEAL OF RATE PAYER MEYER/WATER BILL

AGM Greer reported on the appeal of the ratepayer for assistance in paying a high water bill due to a leak that the ratepayer believes was caused as a result of the District repairing a mainline leak near his home.

Mr. Farnick was present and explained his position, stating he believed that air in the pipeline resulting from a mainline leak and repair caused the leak at his home.

Discussion ensued, and several questions from the Board regarding the District water system were answered by District Construction & Maintenance Supervisor James Corbin.

Richard Fountain of Joshua Tree stated his opinion that there are no air vacs in the area.

Director Johnson made a motion to have the parties meet with staff and then bring the item back to a Board meeting. Vice President Fuller re-stated the motion stating that Mr. Farnick should meet with Construction & Maintenance Supervisor Corbin. Director Johnson then seconded the motion.

Mr. Farnick requested that the Board make a decision.

Director Wilson made a motion to forgive \$300 of the water bill and put the rest on a payment plan.

Director Reynolds made a motion to forgive half of the water bill and put the rest on a payment plan. Director Wilson seconded Director Reynolds' motion.

Director Johnson withdrew his second to Vice President Fuller's prior motion.

Director Reynolds re-stated his motion; he moved that the District forgive half of the water consumption amount of the bill; Director Wilson seconded this motion.

MSC Reynolds/Wilson 3/2 to forgive half of the water consumption amount of the bill and put the remainder on a payment plan.

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| Fuller | No |
| Johnson | Aye |
| Luckman | No |
| Reynolds | Aye |
| Wilson | Aye |

10. APPROVE WATER RATE STUDY

AGM Greer reported on the study prepared by Bartle Wells Associates, noting that the consultant had met with

the Board and the District's Citizens Advisory Committee for their input. She described the objectives of the study which were to develop water rates that: recover the costs of providing water service, are fair and equitable to all customers, are easy to understand and implement, comply with legal requirements, and increase conservation incentive and minimize impact of rate increases on customers with low water use.

Rate increases averaged 1.07% per year over the past 18 years for average residential users; however the consumer price index increased an average of 2.9% per year during the same timeframe. The rates proposed would gradually reduce the basic fee and increase the consumption charge over time to encourage conservation and comply with California Urban Water Conservation Council's Best Management Practices and the District's grant requirements. With the proposed rates, an average residential bill would increase from the current \$46.47 monthly to \$62.38 over a five year period. A public hearing to consider rate adjustments is scheduled for January 15, 2014.

Director Wilson stated that he prefers that the District control excessive spending and raise rates only 1% or 1.5%. Director Johnson stated the Board has spent a lot of time considering this and the District is in the position of having to make hard decisions about the way forward. Director Reynolds commented that he has had conversations with customers that resulted in the customers understanding the need for rate increases. Vice President Fuller stated that the customers she has spoken with say it sounds reasonable. President Luckman commented that one of the biggest problems nationwide is in governing boards' refusal to provide for preventive maintenance on systems and allow them to deteriorate; she is proud of this board for being proactive and finding funding to deal with problems.

Tom Floen of Joshua Tree commented on expense of maintenance projects discussed during past Board meetings, and suggested more communication with ratepayers so that when rate changes are proposed the ratepayers can be more accepting of it.

MSC Fuller/Johnson 4/1 to approve the water rate study.

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| Fuller | Aye |
| Johnson | Aye |
| Luckman | Aye |
| Reynolds | Aye |
| Wilson | No |

11. APPROVE NOTICE OF COMPLETION AND RELEASE OF RETENTION FOR VAN DYKE CORPORATION FOR THE HDMC TREATMENT PLANT PROJECT

AGM Greer reported that the Hi-Desert Medical Center Wastewater Treatment Plant Project was completed ahead of time and under budget, and staff is ready to file the Notice of Completion for the project.

MSC Reynolds/Johnson 5/0 to approve the notice of completion and release of retention in the amount of \$109,522.41.

12. AUTHORIZE PURCHASE OF TWO FILE SERVERS AT A COST OF \$22,033.41

AGM Greer reported that two file servers are needed to implement the upgrade of the Incode financial software, which was previously authorized by the Board and has just become available to the District.

MSC Fuller/Johnson 4/1 to authorize the purchase of file servers with funding from the Equipment & Technology Reserve Fund.

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| Fuller | Aye |
| Johnson | Aye |
| Luckman | Aye |
| Reynolds | Aye |
| Wilson | No |

13. ELECTION OF BOARD OFFICERS – PRESIDENT AND VICE PRESIDENT

President Luckman nominated Vice President Fuller to serve as President for 2014; Vice President Fuller was elected to serve as President with the following vote:

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| Fuller | Aye |
| Johnson | Aye |
| Luckman | Aye |
| Reynolds | Aye |
| Wilson | No |

Director Johnson nominated Director Reynolds to serve as Vice President for 2014; Director Reynolds was elected to serve as Vice President with the following vote:

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| Fuller | Aye |
| Johnson | Aye |
| Luckman | Aye |
| Reynolds | Aye |
| Wilson | No |

14 COMMITTEE REPORTS

AD HOC COMMITTEES:

- A. GENERAL MANAGER SEARCH: Director Reynolds and President Luckman: President Luckman reported that interviews were conducted on December 16th and December 17th and no decision has been made yet.
- B. ADMINISTRATION CODE UPDATE PROJECT: Vice President Fuller and President Luckman: The Administration Code will be reviewed after the Rules and Regulations have been updated.
- C. HOSPITAL WASTEWATER PROJECT: President Luckman and Vice President Fuller: AGM Greer reported that the District received feedback from Hi-Desert Medical Center regarding contract amendments.
- D. MOJAVE WATER AGENCY INTEGRATED REGIONAL WATER MANAGEMENT PLAN COMMITTEE: President Luckman and Vice President Fuller: President Luckman reported she attended the last meeting, and showed the report that was provided for that meeting.
- E. RULES AND REGULATIONS COMMITTEE: Vice President Fuller and Director Reynolds: Vice President Fuller reported that she and Director Reynolds are continuing to work with AGM Greer and hope to have something by the next meeting.
- F. TANK RESTORATION PROJECT: Director Wilson and Director Johnson: Director Johnson reported that he and Director Wilson met with staff; they had reviewed the contract and toured the tanks and decided to wait until spring to have work done. The committee will continue to work with staff and engineers.

STANDING COMMITTEES:

- A. PUBLIC INFORMATION COMMITTEE: President Luckman and Vice President Fuller: Public Outreach Consultant Kathleen Radnich reported the District is concluding its fiftieth year of providing service to the community, and presented a report on the history of the area and the District providing water to the community.

President Luckman stated that District employee Shirley Bolha has been with the District for most of the District's 50-year history, longer than any other employee. She presented a certificate in recognition of Shirley Bolha in recognition of her service to the District since 1968 and thanking her for serving as a role model for staff. President Luckman thanked Shirley and all District staff.

B. FINANCE: Vice President Fuller and Director Johnson: No report.

15. PUBLIC COMMENT

None.

16. GENERAL MANAGER REPORT

AGM Greer reported on field activities for the month of November, including the following: just over 100 acre-feet of water were pumped; over 400 samples were collected; six mainline leaks and one service line leak were repaired; Distribution staff completed the Backing Up driving safety course; there were nine SCADA call responses; one reservoir was surface-cleaned; 8 air vacs were replaced, and temporary meters and backflow devices were winterized. She reported that grant funding from the California Department of Water Resources has not been received yet.

17. DIRECTORS COMMENTS/REPORTS

Director Reynolds expressed thanks for the nomination of Vice President of the Board. He reported attending the Association of California Water Agencies (ACWA) conference, noting that conference attendance is an education and also presents opportunities to meet with other water agencies and discuss problems and challenges. He attended a seminar there on how to finance infrastructure upgrades.

Vice President Fuller commented that she appreciated the nomination of President of the Board, noting that President Luckman has done an amazing job this year. Vice President Fuller reported on attending the ACWA conference and stated that the cost of this education outweighs the cost of not being educated. She reported attending a seminar on climate change and how it will affect water agencies.

President Luckman reported she attended the Mojave Water Agency Technical Advisory Meeting where the Integrated Regional Water Management Plan was discussed. She reported on attending the ACWA conference where a presentation was given on Chromium-6; she will share some of this information at future Board meetings.

Director Johnson commented that it has been a busy month and thanked staff and the Board for their hard work; he wished everyone a merry Christmas and safe and happy New Year.

Director Wilson stated his opinion that the District ratepayers have the right to observe candidates for the general manager position being questioned about their qualifications, in public meetings.

18. DISTRICT GENERAL COUNSEL REPORT

District Counsel Gil Granito reported that as of January 1, 2014 the votes on every motion, such as ayes, nos, abstains, and absents must be recorded in the minutes. Also as of January 1, 2014, when a notice of completion is filed with the recorder's office; the notice must also then be filed with the labor commission within five days.

19. FUTURE AGENDA ITEMS

President Luckman reminded the Board that a Special Meeting of the Board will be held on January 8th.

20. CLOSED SESSION

President Luckman stated at 9:22 pm that the meeting would convene in closed session, where Item 20.2 would be discussed first; pursuant to Government Code Section 54957(a) to consult with the District's General Counsel on matters posing a threat to the security of the District's facilities and the essential public operations and services provided by the District. She also announced the other closed session item, 20.1, pursuant to Government Code Section 54957(b)(1), Public Employee Appointment to discuss the general manager position, and no decision would be made tonight.

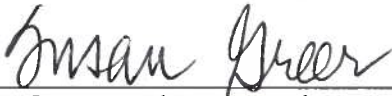
21. PUBLIC REPORT ON TONIGHT'S CLOSED SESSION

District Counsel Granito reported that the Record should reflect that at approximately 9:22 pm the Board went into Closed Session pursuant to Government Code Section 54957 (a) to consult with the District's General Counsel (attorney) on matters posing a threat to the security of the District's facilities and the essential public operations and services provided by the District. This matter was reflected as item 20.2 of the agenda. The Closed Session ended at approximately 10:35pm. All of the District's Directors, as well as the following individuals attended the Closed Session: Attorneys Gil Granito and Eli Underwood of the law firm of Redwine & Sherrill and District Staff members Susan Greer, Marie Salsberry, Keith Faul and James Corbin. The Board did not go into discussions with regard to Item 20. 1. of the agenda because of the lateness of time.

22. ADJOURNMENT 10:38 PM

MSC Reynolds/Johnson 5/0 to adjourn the December 18, 2013 Regular Meeting of the Board of Directors.

Respectfully submitted:



Susan Greer, Acting General Manager