

# Phelan Piñon Hills Community Services District

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**PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT  
REGULAR BOARD MEETING  
March 19, 2014  
Phelan Community Center  
4128 Warbler Road, Phelan, CA 92371**

## MINUTES

**Board Members Present:** Alex Brandon, President  
Al Morrissette, Vice President  
Cathy Pace, Director  
Mark Roberts, Director  
Dan Whalen, Director

**Board Members Absent:** None

**Staff Present:** Don Bartz, General Manager  
George Cardenas, Engineering Manager  
Lori Lowrance, Administrative Services Manager  
Steve Lowrance, Parks Supervisor  
Jack Stonesifer, Water Operations Manager  
Kimberly Ward, Executive Secretary/HR Specialist

### REGULAR BOARD MEETING – 7:00 P.M.

#### Call to Order

President Brandon called the Meeting to order at 7:03p.m. The Pledge of Allegiance was conducted.

#### Roll Call

All Directors were present.

#### 1. Approval of Agenda

Director Whalen moved to approve the agenda. Vice President Morrissette seconded the motion. Motion passed unanimously.

#### 2. Public Comment

##### a. General Public

Mr. Tuck asked if there was a way to collaborate with the school district in putting in a public swimming pool.

##### b. Community Reports

- Sheriff-Sergeant Mellow was in attendance but had nothing to report.

#### 3. Consent Items

Director Pace noted a typo on the March 5, 2014 Minutes.

Director Pace stated she thought there was a consensus of the Board regarding Item "b" from the March 5, 2014 Board Meeting concerning District Water Rights Allocation and Revenue Distribution. A discussion ensued and it was determined there was no consensus; it will be part of the Budget process.

Director Pace asked for Discussion and Possible Action Regarding District Water Rights Allocation and Revenue Distribution to be brought back before the Board.

Director Whalen moved to approve the consent items. Director Roberts seconded the motion. Motion passed unanimously.

**4. Matters Removed from Consent Items**

None

**5. Presentations/Appointments**

None

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

**a. Discussion and Possible Action Regarding District Minute Preparation and Meeting Content on District Website**

By: Kim Ward, Executive Secretary/HR Specialist

Staff Recommendation: For the Board to allow the use of Action Minutes for all District meetings, to add committee meeting materials to the District website, and to maintain meeting audio files on the District's website effective immediately.

Ms. Ward gave a presentation regarding action minutes and answered questions from the Board, staff, and public.

Director Whalen moved to approve the Staff recommendation. Vice President Morrissette seconded the motion.

Mr. Kennedy stated discussion minutes should be used when they are legally required, such as during public hearings.

Director Whalen amended the motion to approve Staff recommendation with the exception of using discussion minutes when legally required to do so. Vice President Morrissette seconded the amended motion. Motion passed unanimously.

**b. Discussion and Possible Action Regarding Explanation of Budget Variances**

By: Director Pace

Staff Recommendation: None

Mr. Bartz stated this item was put on the agenda by Director Pace.

Director Pace asked Ms. Lowrance if she had found out what the cost would be to incorporate an explanation into the financials. Ms. Lowrance stated the information would be brought back to the Finance Committee as requested.

Director Pace stated it is not out of the norm for it to be done this way and would like to postpone this item until the Finance Committee has reviewed it.

Director Roberts asked if the financials had a percent of the Budget spent to date; Ms. Lowrance stated they did. Director Pace stated they are not monthly.

President Brandon stated month-to-month budgeting is not practical for the District and noted the District's purchasing policy.

A discussion was held regarding the purpose for the financials; they are a management tool.

The reports Ms. Lowrance will be presenting at the Finance Committee meeting will be brought back before the Board.

Mr. Tuck had a question about the Budget and how it is implemented; President Brandon explained.

Mr. Tuck asked how he can find out if the District is in the "hole" or not. Mr. Bartz recommended for Mr. Tuck to attend a Finance Committee meeting. President Brandon stated it is in the financials and demonstrated where to find the information.

Mr. Pace asked why not have the data as a management tool. President Brandon stated the Board had not made a decision and there's nothing that keeps the Board from retrieving that information currently.

Mr. Johnson stated President Brandon was correct; the reports are management tools. He noted that many items are budgeted on a monthly basis – not all are annual.

Mr. Johnson asked if there was a dollar limit in addition to the percentage and asked what would be gained by tabling this item and bringing it back. He thinks it is a substantial expense added to the staff.

Director Pace explained what she is asking for. She would like the District to provide an explanation on the report for any variance in the Budget that is greater than 10%+/-.

Vice President Morrisette stated he doesn't see the value in doing this now for future growth when it is far down the road.

Director Whalen stated he agrees with Vice President Morrisette and explained how he deals with questions he has on line items.

Director Roberts stated he thinks this item is still at the committee level; the Finance Committee should make a decision and bring it back to the Board.

Mr. Bartz stated having to research this on a monthly basis would be onerous on staff and perhaps as the District grows, then yes. But for now, the tools management has are adequate. He also stated staff has regular discussions regarding the Budget and researches anomalies as they occur.

President Brandon stated if there is a recommendation by the Committee, then it will be forthcoming.

Vice President Morrisette would like to see action on this item tonight. He stated that this is a "side trip" and if the Board wants to table this item, they need to have a consensus.

Director Whalen moved to not move forward with this item as proposed by Director Pace. Vice President Morrissette seconded the motion. Director Roberts asked for clarification on the motion.

A discussion was held regarding future development in the District.

The motion to not move forward the item as proposed by Director Pace was passed by the Board on the following vote:

Ayes:	Brandon, Morrissette, Whalen
Nays:	Pace
Abstain:	Roberts
Absent:	None

**c. Discussion and Possible Action Regarding Resolution No. 2014-07; Establishing a Policy for District Reserves**

By: Lori Lowrance, Administrative Services Manager

Staff Recommendation: For the Board to approve Resolution 2014-07 for the 2013-2014 annual reserves policy.

Ms. Lowrance stated this item comes to the Board on an annual basis.

Ms. Lowrance stated the reserves schedule was based on consensus from the workshops and explained what changed in the policy.

The Board changed the wording in Item 1c – change parenthesis to “net value of depreciable assets.”

Ms. Lowrance explained the 2013/2014 reserves schedule.

The Board had several discussions regarding various changes to the Policy and whether or not to create a separate reserves repayment policy. The outcome of the discussions and the consensus of the Board for additional changes to the Policy are as follows:

- No separate reserves repayment policy.
- 1. a. Third sentence to read: “The District shall endeavor to maintain in each Reserve, for Operations an amount sufficient to pay for six months of normal operation but not less than three months of normal operation.”
- 1. a. Fourth sentence to read: “However, funds appropriated to any Reserve for Operations may be accessed at anytime for any other District purpose, upon approval by the Board by a 4/5ths vote which shall contain direction as to repayment or balance.” This language is to also be used in 1.b. and 1.c. where applicable.
- 1. c. Third sentence to read: “The District shall endeavor to maintain in each Reserve for Disaster Response an amount approximately equal to Ten Percent (10%) of the original cost of the District’s physical plant (the value of depreciable assets per the annual independent audit) for the...”

Director Pace moved to approve Resolution No. 2014-07; Establishing a Policy for District Reserves with corrections and amendments. Director Roberts seconded the motion. Motion passed unanimously.

**d. Discussion and Possible Action Regarding Resolution No. 2011-07; Establishing Purchasing Procedures**

By: Kim Ward, Executive Secretary/HR Specialist

Staff Recommendation: For the Board to review Resolution No. 2011-07; Establishing Purchasing Policies, and to provide direction to amend the policy, if the Board determines it is necessary to do so.

Mr. Bartz stated this resolution is periodically reviewed by the Board to make changes as necessary. At the March 5, 2014 Board meeting, the Board requested for this policy to be brought back before the Board.

Director Pace asked if the District gave classes to the community on how to become an approved vendor. Mr. Bartz stated there is a vendor form and the vendor is informed of what the requirements are.

Director Pace recommended adding RFP to the definitions section.

A discussion was held regarding the use of an "order guide."

Mr. Kennedy explained how the purchasing policy is constructed and noted certain statutory requirements.

A discussion was held regarding purchasing limits in the Policy.

Mr. Bartz indicated that no infractions or unstable situations are occurring with the current purchasing policy.

More discussion was held regarding the use of an order guide and how the District currently goes about purchasing certain items.

A discussion was held regarding joining pools for purchasing office supplies, vehicles, etc.

Director Pace asked if the District qualified to not pay sales tax.

**ACTION ITEM:** Find out if District qualifies to not pay sales tax.

Consensus of the Board was to amend the Resolution to add RFP to the definitions section of the policy and to the rest of the document, where applicable. The new resolution will reflect the amendment and be numbered 2014-08.

Director Roberts moved to approve Resolution 2014-08; Establishing Purchasing Procedures. Director Pace seconded the motion. Motion passed unanimously.

**e. Discussion and Possible Action Regarding Resolution No. 2014-04; Establishing Policies for Relations Among Directors and with Staff**

A discussion regarding whether to move this item to the next Board meeting.

Director Roberts moved to table this item until the April 2, 2014 Board Meeting. Vice President Morrissette seconded the motion. No vote required.

**f. Status Update of Solar Project**

Mr. Bartz provided an update on the solar project and discussed the IBank's requirements. A discussion was held as to whether a resolution would be required.

Mr. Bartz stated staff is looking at other potential sources for funding and would like to discuss and possibly take action on additional options to pursue on the next meeting agenda if the information is back in time.

Mr. Bartz stated Edison rates will increase between 10-14% this year which will need to be budgeted for.

Mr. Bartz stated there may need to be a system impact study for the system interconnect which will cost around \$10,000. This study will need to be completed by Edison in order to move forward with the project. Because there is no contract with SunPower as of yet, the District will have to pay for the study.

Director Brandon asked how much has been spent on the solar project thus far.

**ACTION ITEM:** Bring figures for what has been spent on the solar project so far to the next Board meeting.

Director Whalen asked if this counts toward the District's contribution towards the project and Mr. Bartz confirmed it does.

## 7. Review of Action Items

### a. Previous Meeting

The Board reviewed the previous meeting action item.

### b. Current Meeting

## 8. Committee Reports

a. **Engineering Committee (Standing)**– The Committee has not met.

b. **Parks, Recreation & Street Lighting Committee(Standing)** – The Committee will meet on April 2, 2014.

c. **Finance Committee (Standing)**– Nothing to report.

d. **Government Affairs Committee (Standing)** –The Committee did not meet.

e. **Waste Management Committee (Standing)** – The Committee had a special meeting and discussed the budgetary items for the upcoming year.

f. **Adjudication Committee (Ad Hoc)**–There is no change in status.

g. **Surplus Inventory Committee (Ad Hoc)** –The Committee met in anticipation of a possible negotiation with another party. An offer should be forthcoming.

h. **Alternative Energy Committee (Ad Hoc)** –There will likely be a meeting next week.

i. **El Mirage Annexation Committee (Ad Hoc)**–The Committee will be meeting with the El Mirage MAC. There is nothing to report as of yet.

## 9. Staff and General Manager's Report

Mr. Bartz reported that in his discussions with the IBank over the last few months for the solar project, he has been discussing the current loan for the Dairy water rights purchase. Thanks to his efforts, the interest rate for the loan has been lowered to 2.04%.

Mr. Bartz reported on the Highway 138 project and the CEQA.

A discussion was held regarding the timing of the interest rate reduction and what it may mean for the solar project financing.

## 10. Reports

### a. Director's Report

**Morrisette**– Vice President Morrisette stated the Farmers Market is progressing well. The Senior Health Fair is tomorrow from 10am -1pm. He stated he is frustrated and a bit angry because the Board needs to focus on the Budget rather than taking sidetracks from it. He discussed the timeline for the Budget and the rate issue. He challenged each Board member to come forward with a suggestion to save the District money or to bring in revenue. He wants to come up with ways to increase revenue without raising rates.

**Whalen** – Director Whalen commented on the Farmers Market. He stated he had heard comments that having it every Monday may be too frequent and offered suggestions for the Market.

**Roberts**– Director Roberts reported the District had a meeting with MWA and Watermaster and was able to obtain a 5 year hiatus on additional ramp downs. He would like to discuss what to do with the Alto reserves with the Board.

**Pace** –Director Pace reported the CUPSS program she requested came in and would like to begin work on it.

**ACTION ITEM:** Provide inventory list to Director Pace.

- b. **President's Report**–Tri-community Kiwanis had its horse derby last Saturday which the District helped to sponsor. He commented on the Farmers Market and the wind.

## 11. Correspondence/Information

The Board noted the letter regarding a statewide water action plan for California.

Vice President Morrisette noted an email he received from California Parks and Recreation Society; a State senator wants to put together a proposition for a State park bond.

### Set Agenda for Next Meeting –

- Discussion and Possible Action Regarding Solar Project Loan Funding
- Resolution 2014-04; Establishing Policies for Relations Among Directors and with Staff
- Presentation by Martha Van Rooijen Regarding Broad Band Powers
- Discussion and Possible Action Regarding Establishing Cash Accounts and Separate Reserves from District Cash in Bank
- Discussion and Possible Action Regarding Support Letter for the State Park Bond
- Discussion and Possible Action Regarding Alto Water Rights
- Discussion Regarding Board Member Challenge: New Ideas for Saving District Funds and/or Generating Revenue

Another discussion was held regarding whether consensus was needed for Agenda Item “b” concerning District Water Rights Allocation and Revenue Distribution from the March 5, 2014 Board Meeting. Mr. Bartz stated it was understood it would be part of the Budget process.

Mr. Bartz stated the AWWA conference is next week; the major topic concerns Chromium.

Director Roberts stated he may be interested in attending.


**ACTION ITEM:** Send AWWA conference link to the Board.

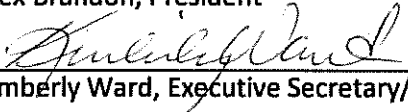
Next Wednesday is Watermaster at MWA.

Mr. Tuck suggested the produce vendors at the Farmers Market be grouped together.

**Adjourn**

With no further business, the Board Meeting adjourned at approximately 10:44p.m.

  
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 Alex Brandon, President

  
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 Kimberly Ward, Executive Secretary/HR Specialist

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