

**JOSHUA BASIN WATER DISTRICT**  
**Minutes of the**  
**SPECIAL MEETING OF THE BOARD OF DIRECTORS**  
**June 30, 2010**

1. **CALL TO ORDER** **7:00 PM**
2. **PLEDGE OF ALLEGIANCE** James Corbin led the Pledge of Allegiance.
3. **DETERMINATION OF QUORUM:** By roll-call:
- |                |         |
|----------------|---------|
| Bill Long      | Present |
| Mickey Luckman | Present |
| Mike Reynolds  | Present |
| Steven Whitman | Present |
| Gary Wilson    | Present |

**STAFF PRESENT:** Joe Guzzetta, General Manager  
Susan Greer Assistant GM/Controller  
Marie Salsberry, Executive Secretary  
Ben Ruffner, Accountant

**GUESTS: 9**

4. **APPROVAL OF AGENDA**  
MSC Long/Whitman 5/0 to approve the agenda for the June 30, 2010 Special Meeting of the Board of Directors.

5. **PUBLIC COMMENT**  
None.

6. **CONSENT CALENDAR**  
MSC Long/Whitman 5/0 to approve the minutes of the Special Meeting of June 9, 2010.

7. **2010/2011 AND 2011/2012 2-YEAR BUDGET DISCUSSION**  
General Manager Guzzetta reported that the Board had referred the draft two-year budget to the Citizens Advisory Committee and the Ad Hoc Budget Committee (Vice President Reynolds and Director Whitman) for review.  
Vice President Reynolds reported for the Ad Hoc Committee recommending that the Board adopt the 2010/2011 and 2011/2012 two-year operations budget and supplemental budget with the following changes:  
Revenues will be projected at the current rate in anticipation that customers may reduce water usage and conserve water due to the general economy and other factors; adopt the two year operations and maintenance budget with one change in revenue, reducing total revenues in year one by 63,566 and in year two by 88,562.  
Defer the \$600,000 H Zone Tank Replacement Project and the \$175,000 Pipeline Replacement Design Project. Keep reserve funds at four million dollars or more: two million dollars in “emergency” reserve funds for extraordinary emergencies only; and an additional two million dollars in “opportunity” reserves to take advantage of opportunities such as significantly reduced prices or

matching grant funds. Any other reserves over the four million dollars would be available for supplemental and replacement items.

Vice President Reynolds reported that the Ad Hoc Budget Committee discussed alternative methods of funding pipe replacement; “pay-as-you-go” or borrowing from USDA at 4% interest for 40 years. The Committee generally supports the policy of pay-as-you-go however the Committee recommends a workshop for the Board to discuss pipe replacement funding options. Vice-President Reynolds noted that the Citizens Advisory Committee has recommended finding a consultant with expertise in funding options.

Dir Wilson made a motion that the regular and supplemental budget be cut 15% and have only a one year budget, because of the present economy, with only exceptions being mainline replacement, repair of pressure reducing stations, tanks and booster stations. There was no second to the motion.

GM Guzzetta reported that staff recommendations are the same as Ad Hoc Committee’s. Board discussion ensued. Al Marquez of Joshua Tree commented that there was no Board discussion following Director Wilson’s motion.

GM Guzzetta reported that the CAC recommended approving the operations and maintenance budget, keeping revenues flat; approving the supplemental budget with the Ad Hoc Budget Committee’s recommended changes, and to consider bringing in a financial advisor regarding borrow or pay-as-you-go to finance pipeline replacement.

Motion by Vice President Reynolds to receive recommendations from the Ad Hoc Budget Committee, Citizens Advisory Committee and staff for the budget as mentioned with changes as mentioned. The motion was revised; “to adopt operational and maintenance budget”, and seconded by Director Long:

MSC Reynolds/Long 4/1 to adopt operational and maintenance budget for fiscal years 2010/2011 and 2011/2012.

Long	Aye
Luckman	Aye
Reynolds	Aye
Whitman	Aye
Wilson	No

Director Whitman made a motion to reclassify reserves as follows; two million dollars for emergency reserve funds to be used only in extreme emergency, the next two million to be classified as opportunity reserves to be used only when unusual buys on needed equipment occur and anything above that combined four million dollars be classified as operational reserves to be used for supplemental projects as the District can afford them. Grant matching will qualify for opportunity reserve funding. Vice President Reynolds seconded the motion.

Robert Johnson of Joshua Tree and a Citizens Advisory Committee member, requested that there be a 2/3 consensus of the Board for any purchase on “opportunity”. Board discussion ensued.

Al Marquez of Joshua Tree commented that uses of unappropriated reserve funding should be discussed further as a separate agenda item. Board discussion ensued with Directors agreeing that more discussion is necessary.

Director Whitman withdrew the motion to reclassify reserves and Vice President Reynolds withdrew the second to the motion.

Director Luckman instructed staff to look into finding resources and work with the Ad Hoc Budget Committee to find a finance advisor.

Motion Reynolds/Whitman 4/1 to approve the supplemental budget for fiscal years 2010/2011 and 2011/2012, deferring the \$600,000 H Zone Tank Replacement Project and the \$175,000 Pipeline Replacement Design Project.

Long	Aye
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Luckman	Aye
Reynolds	Aye
Whitman	Aye
Wilson	No

**8. PROJECT PRIORITY LIST**

GM Guzzetta reported that staff had an emergency exercise on Monday and it went very well; staff identified areas where the District is prepared and areas that can use improvement. Staff also identified possible roles for the Board and the Citizens Advisory Committee. The General Manager explained how tank overflowing preserves water quality.

Director Wilson commented that the valve on C3 tank was replaced on November 17 2004. Director Wilson reported on a water meter feeding many different lots; water is running out into the street. GM Guzzetta said that staff would look into it.

**9. PUBLIC COMMENT**

None.

**10. GENERAL MANAGER REPORT**

GM Guzzetta reported that field work is coming along well, field crew is working on valve exercising and has identified in excess of 50 valves and hydrants that need work; the summer flushing program is beginning and will take about two weeks.

**11. DIRECTORS COMMENTS/REPORTS**

Dir. Reynolds reported that he attended the Special Districts Meeting in Helendale. Director Whitman reported that he has been volunteering at the Farmers Market on Saturdays and stated that it is time well spent. Director Long stated that he also had spent some time at the District's booth at the Farmer's Market. President Luckman stated that she and Director Whitman had been given a tour of the district by Operations Supervisor Jim Corbin and that it was very informative; it is a good idea for any new Director and also would be good to offer to the public. She thanked the Ad Hoc Budget committee for their hard work.

**12. CLOSED SESSION**

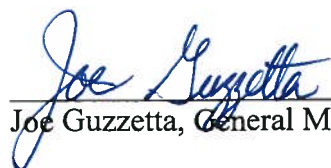
**Conference with labor negotiator regarding General Unit; pursuant to Government Code 54957.6.  
District negotiator: Joe Guzzetta**

There was no closed session.

**13. ADJOURNMENT 7:55 PM**

MSC Long/Whitman 5/0 to adjourn the June 30, 2010 Special Meeting of the Board of Directors.

Respectfully submitted;



Joe Guzzetta, General Manager

The next Regular Meeting of the Board of Directors is scheduled for Wednesday July 7, 2010.