DRAFT

MINUTES OF THE BOARD OF DIRECTORS OF CRESTLINE VILLAGE WATER DISTRICT

October 13, 2026

CALL TO ORDER AND FLAG SALUTE: President Steve Farrell called the Regular Meeting of the Board of Directors of Crestline Village Water District to order at 3:02 pm, on Tuesday, October 13, 2026.

ROLL CALL: Present were President Steve Farrell, Directors Ken Stone, Leslie Brister, and Cory Hubbell.

Staff members present were General Manager Thomas Weddle, Operations Manager Dave Sale, Office Lead Dawn Renick, and District Counsel Ronald Van Blarcom.

Public in Attendance: Brad Welebir with Rogers, Anderson, Malady & Scott, **LLP.**

MINUTES OF PREVIOUS MEETINGS:
The Board reviewed the minutes of the September 2026 Regular Board Meeting. On a motion by Director Brister, and second by Director Hubbell, the minutes for the September 16, 2026, meeting were approved with the following vote:

AYES: Directors Brister, Hubbell, and Farrell.
NOES: None.
ABSENT: None
ABSTAINED: Stone.

CASH DISBURSEMENTS:
There was general discussion about the cash disbursements. On a motion by Director Hubbell, and seconded by Director Brister, the cash disbursements for September 2026 were approved with the following vote:

AYES: Directors Brister, Stone, Hubbell, and Farrell.
NOES: None.
ABSENT: None.
ABSTAINED: None.

MONTHLY FINANCIALS:
The Board reviewed and discussed the monthly financials for September 2026.

PUBLIC COMMENTS:
None.

REGULAR SESSION:

RECOGNITION - DAVE SALE 20 YEARS

Dave Sale is recognized for his 20 years of service at Crestline Village Water District. He has been a valuable asset to the District. His experience, knowledge and dedication have been much appreciated throughout the years.

PRESENTATION OF THE AUDIT REPORT FOR FISCAL YEAR 2024-25:

The District's Auditor Brad Welebir of Rogers, Anderson, Malady & Scott, LLP, Certified Public Accountants (Rams), presented the audit report for the fiscal year ending April 30, 2025. The audit report shows the opinion that the financial statements present fairly, in all material respects, the financial position and cash flow of the District.

Auditor Brad Welebir explained the purpose of the annual audit and the role of the auditor with both the Board and the District staff, also noted that the audit was completed later than usual due to staffing turnover both at RAMS and at the District.

During the current fiscal year, the net position of the District decreased by $89,252. The District had a net increase in cash for the year of $213,334. During the prior year, the net position decreased by $457,504 with an increase in cash of $165,033. The ratio of current assets to current liabilities is 19.5 compared with 11.0 for the prior fiscal year.

Non-Operating revenues from property taxes, availability assessments, interest, and other income/expenses resulted in $769,413 nonoperating income.

Loss before contributions was $112,863 (operating loss of $882,276 plus net nonoperating income of $769,413) for the current fiscal year. Loss before contributions of $112,863 is added to the capital contributions of $23,611 for a decrease in net position for the current fiscal year of $89,252.

The District strives to provide the best possible service to its customers. To provide this service, the District has adopted programs to upgrade or replace its water facilities as it becomes necessary. The District also continues to replace and upgrade old equipment to provide an efficient and safe environment for our customers and employees. During the past year, the District added $117,774 in utility plant compared to $305,823 in the prior year.

There was general discussion regarding the audit. On a motion by Director Brister and a second by Director Hubbell, the Board adopted the Audit Report as presented with the following roll call vote:

AYES: Directors Brister, Stone, Hubbell, and Farrell.
NOES: None.
ABSENT: None.
ABSTAINED: None.

CONSIDER ADOPTING RESOLUTION NO. 523, INTENTION TO INCREASE WATER RATES, SETTING A PUBLIC HEARING DATE AND DIRECTING STAFF TO PROCEED WITH MAILING NOTICES TO ALL PROPERTY OWNERS AND WATER CUSTOMER IN THE DISTRICT:

The Board approved Resolution No. 523 at its previous meeting but instructed the General Manager to adjust the table of proposed rates set forth in the Resolution for reconsideration by the Board. On a motion by Director Stone and a second by Director Hubbell, the Board approved an adjusted table of proposed rates (15% increase in year one, followed by 9% increases in each of years 2, 3, 4, and 5), a rescheduled hearing date (January 19, 2027), and an effective date of February 1, 2027, for the proposed rate increases, with the following roll call vote:

AYES: Directors Stone, Hubbell, Brister and Farrell.
NOES: None
ABSENT: None.
ABSTAINED: None.

BOARD VACANCY:

Former Director Barrera resigned from office effective September 25, 2026. The Board has sixty days to appoint someone to the vacated position. A notice was posted at the office, the Post Office, and Goodwins.

EXECUTIVE SESSION:

The Board went into closed session at 4:10 pm for a discussion with legal counsel regarding existing and anticipated litigation. As noted on the agenda, the existing litigation pertained to two cases: Bonanaken v. Crestline Village Water District and Planet Home Lending v. Philip, et. al. General Counsel Van Blarcom announced that the one anticipated litigation case related to an ongoing dispute with California Computer Options. Closed session ended at 4:45 pm. General Counsel Van Blarcom stated that no reportable action was taken.

MANAGER'S REPORT:

The County has assigned a new roads inspector who requires all road patches to meet County standards. Due to deficiencies identified in existing patches, the District purchased an asphalt planer attachment for its skid steer. Staff is working with the County to bring existing patches into compliance using required "T" cuts before permanent paving. The District is also catching up on outstanding permits.

The second quarter PFAS testing has been completed. Sampling requirements have changed, with the County focusing on selected sites rather than all District sites.

Hydrant maintenance is ongoing and nearing completion.

Legislative Update - Governor Gavin Newsom signed two ACWA-sponsored bills, SB 1153 and AB 2180, providing additional clarity for water agencies regarding wildfire liability and water rate-setting.

SB 1153 clarifies that limitations in water supply or pressure during wildfires are not considered a substantial cause of damage. It also requires urban retail water suppliers in high fire-risk areas to include wildfire response procedures in their emergency response plans by 2028.

AB 2180 clarifies Proposition 218 requirements for water rate-setting, helping reduce potential legal disputes and providing greater predictability for water agencies.

Rate Study - Following the previous Board meeting, several rate increase scenarios were evaluated. The current proposal includes a 15% increase in the first year, 8% in the second year, and 7% annually for the following three years.

The District's projected 2026 revenue shortfall is approximately $650,000. A 15% rate increase is expected to generate approximately $400,000, leaving a shortfall of about $250,000. The proposed increases are intended to bring annual revenues in line with operating costs by the third year while addressing the cumulative deficits from the first two years.

The 7% increases proposed for years four and five provide a financial buffer against inflation and unforeseen expenses. Although projected inflation is approximately 5% annually, the higher increases provide additional flexibility. The Board may consider lower increases if actual revenue requirements and operating costs do not warrant the full amount.

MONTHLY WATER PRODUCTION REPORTS:
Manager Weddle gave the monthly Water Report.

DIRECTORS' REPORTS:

1. Director's Reports: None.
2. Request for Future Agenda Items: None
3. Staff Items: None.

As there was no further business to discuss, the meeting was adjourned at 5:49 pm. The next meeting date is November 17, 2026. This meeting will be held in person at the District office at 3pm.