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3 **ALPINE SPRINGS COUNTY WATER DISTRICT**  
4 **MINUTES OF THE REGULAR BOARD OF DIRECTORS MEETING**

5 Pursuant to notice given, the regular meeting of the Board of Directors, Alpine Springs County Water District, was held Tuesday,  
6 January 20, 2004 at 2:30 p.m., District Board Room, 270 Alpine Meadows Road.

7 **1. CALL TO ORDER**

8 President Bass called the meeting to order at 2:38 p.m.

9 **PLEDGE OF ALLEGIANCE**

10 Those attending joined in reciting the Pledge of Allegiance.

11 **ROLL CALL**

12 Directors Present: Tom Bass, President; Barbara Danz, Vice President; Janet S. Grant;  
13 Jon Northrop; Tony Stefani

14 Directors Absent: none

15 Staff Present: John Shaw, P.E. of John Shaw Consulting, LLC, District General  
16 Manager; Jancis Martin, Recording Secretary

17 Guests Present: Virginia Quinan/Resident, JMA; Chief Duane Whitelaw/NTPFD; Peter  
18 Graf/AMEA; Patty Lohse/Damore, Hamric & Schneider, Inc.; Lowell Northrop/Northbilt,  
19 Inc.

20 **2. PUBLIC PARTICIPATION**

21 Peter Graf asked what the District's plan was for upgrading, improving, and replacing  
22 equipment and infrastructure. He was concerned about how such work would be funded  
23 and hoped that such a plan would include input from current staff before their retirement.  
24 President Bass responded that there is not currently a plan but that the Board is working  
25 on it and has allocated funds for such a study.

26 **3. ELECTION OF BOARD PRESIDENT AND VICE PRESIDENT**

27 Director Grant made a MOTION that the Board retain the same Officers as last year (i.e.,  
28 Director Bass as President and Director Danz as Vice President). The motion was  
29 seconded by Director Stefani and APPROVED UNANIMOUSLY.

30 **4. DRAFT 2002/2003 AUDIT REPORT:** Patty Lohse of Damore, Hamric & Schneider, Inc.  
31 gave an overview of the report:

- 32 • The auditors qualified their opinion of the District's financial statements. Their  
33 opinion was qualified because the auditors could not produce a statement of  
34 revenues, expenditures and changes in fund balances – budget and actual – for the  
35 general and debt service fund types. The District's financial statements for the year  
36 ended June 30, 2003 were not structured to include the kind of extensive breakdown  
37 and self-balancing funds the auditors needed to produce the missing statement.
- 38 • Patty thought the qualified opinion should not affect the District's ability to borrow  
39 funds or affect the report the District files with the State Controller's office. Patty also  
40 felt that, with the District's current year budget adjusted to remove the shortcomings  
41 that led to the opinion qualification, the District should be able to have the  
42 qualification removed in next year's audit.
- 43 • Various line items within the report show "Interfund Transfers" to reflect the auditors'  
44 re-categorization of the Park Fund from Governmental to Proprietary/Enterprise.
- 45 • The auditors made a Prior Period Adjustment to account for the assets, depreciation,  
46 revenue and debts associated with the two wells built by Alpine Meadows (the  
47 District has not been tracking these amounts).
- 48 • Another Prior Period Adjustment was made by the auditors to account for an  
49 undocumented adjustment made by prior auditors.

- Director Grant requested that auditors use more consistent terminology, specifically to use either “proprietary” or “enterprise” rather than both. Patty agreed to make the changes.
- The auditors included the draft of a reportable conditions letter, identifying material weaknesses uncovered by the audit. The weaknesses identified were that budget transactions were not being reported in self-balancing funds (as required by the Governmental Accounting Standards Board) and that the auditors were unable to produce the missing budget-to-actual statement.
- The auditors produced a set of recommendations in their Management letter. These are areas where internal controls could be tightened to improve the financial system for the District: invoices not labeled as cancelled when paid, invoices not labeled with account classifications, invoices lacking proper authorization, no asset capitalization policy, controlling of blank checks, safeguarding Prudential transfers, accounting for Park fees, monitoring of vacation carryover, adequate file retention, and fraud assessment requirements. Patty said the recommendations should be in place by June 30, including a fraud risk assessment plan.

5. **CLOSED SESSION**

The Board met in closed session for 45 minutes. No action was taken.

6. **ITEMS FOR BOARD DISCUSSION & ACTION**

A. **Financial Report**

- Director Danz made a MOTION that the Board approve the checks on the check register dated December 13-23, 2003 and January 1-16, 2004, checks 2054-2127, on the provision that two Board Members review and approve all invoices associated with these disbursements. Director Stefani seconded the motion. All Directors approved and it was SO ORDERED.
- Director Danz made a MOTION that the Board approve the Bank of the West checks numbered 21829 and 21830, with the provision that two Board Members review the supporting documentation before the checks are disbursed. Director Stefani seconded the motion. All Directors approved and it was SO ORDERED.

B. **Approval of Minutes: December 10, 2003 Regular Board Meeting**

The following corrections were proposed to the minutes:

- Page 1, line 24: change “could” to “would”
- Page 1, line 31: change “accounts receivables” to “accounts receivable”
- Page 4, line 22: change “Lowell” to “Northrop”

Director Grant made a MOTION that the minutes be approved as corrected. Director Danz seconded the motion. All Board Members were in favor and it was SO ORDERED.

C. **Election of Board Officers**

The election was carried out earlier in the meeting (see page 1, item 3).

D. **Review Annual Goals and Objectives**

In the “General Manager Goals and Objectives” section, item 3b should be reworded as follows: “Implement, based upon Board approval, the long range plan.”

E. **Review of Resident Firefighter Lease Agreement**

Concern was expressed at last month’s Board meeting as to whether the agreement was in conformance with California labor laws. Manager Shaw spoke with the District’s legal counsel, who said the agreement is fine as currently stated. Director Danz requested that “NTFPD” be inserted before the word “District” in item 8 of Exhibit A. Manager Shaw was requested to obtain from

1 Chief Whitelaw the correct number of hours per week that the resident is required  
2 to be on-call (referenced in item 8 of Exhibit A).

3 **F. River Ranch Lodge water line**

4 Manager Shaw said the District should probably accept the line, given that former  
5 Manager Skjelstad approved the field changes to the line. Director Stefani made  
6 a MOTION that the District accept the line as constructed. Director Grant  
7 seconded the motion. The motion PASSED with the abstention of Director  
8 Northrop, who left the room for the vote.

9 **G. Committee/Department Reports**

- 10 i. **Fire Committee:** Had no meeting.  
11 ii. **Fire Department Report:** Chief Whitelaw was in attendance but had to  
12 leave before this point in the agenda. He had nothing to report.  
13 iii. **Long Range Planning Committee:** Has nothing to present to the Board  
14 at this time.  
15 iv. **Park Committee:** Had no meeting.  
16 v. **Personnel Committee:** The Committee met this morning and put the  
17 finishing touches on the new proposed personnel manual. The draft  
18 manual was distributed to Board Members today for consideration at the  
19 next Board meeting.  
20 vi. **Administrative Committee:** Had no meeting.  
21 vii. **Budget & Finance Committee:**  
22 • Two policies will be presented to the Board at the next regular  
23 meeting.  
24 • The Committee has a new member. Nancy Boling, a part-time  
25 resident of JMA, is a CPA and was formerly an auditor with Price  
26 Waterhouse for a number of years. She agreed to participate with the  
27 Budget & Finance Committee via teleconference and provided  
28 valuable assistance during today's session with the auditor.  
29 viii. **Manager's Report:**  
30 • A Squaw Valley developer contacted the District. Manager Shaw  
31 discussed at length with the developer the scenario of the District  
32 selling water to Squaw Valley, suggesting that the developer make a  
33 presentation to the Board regarding his proposal. It is Manager  
34 Shaw's impression that, as a public utility, the District may be required  
35 to provide water to outside entities if the District has the resources to  
36 do so. However, the current Board is already on record as opposing  
37 the sale of water outside the bounds of the District. Various Directors  
38 expressed reluctance to allow developers to make pitches like this  
39 one to the Board, since the Board has already made its position clear.  
40 • Director Stefani attended a January 8, 2004 meeting of the Squaw  
41 Valley Public Service District (SVPSD) Water & Sewer sub-  
42 committee, learned more particulars about the proposed Squaw  
43 Valley development in question, and explained to the SVPSD sub-  
44 committee meeting attendees that Alpine Springs is in the initial  
45 stages of launching a water conservation program and is not in a  
46 position to sell water outside the District (in particular, Alpine Springs  
47 has no surplus water in August).  
48 • Virginia Quinlan asked about chlorination status. Manager Shaw said  
49 the District is no longer chlorinating.

- TTSA has scheduled a hearing for February 11, 2004 to discuss the potential increase in connection fees (to \$5,000).

ix. **O&M Department Report:** No discussion.

x. **Greenbelt Committee:** No discussion.

**H. CORRESPONDENCE TO THE BOARD - none**

**7. DIRECTORS COMMENTS**

- Director Stefani was contacted by a resident who was concerned about the potential use of a product called Drift in the process of snow-making at the ski resort. Drift increases the quantity of snow produced but contains a pesticide, which could affect the District's water quality. Manager Shaw said the Ski Area uses a product called Snowmax not Drift. Director Stefani requested that the District do a chemical analysis to see if the pesticide is present in its water, a test possibly above and beyond that performed by the District to conform with legal standards for water purity. Director Danz requested that Manager Shaw find out before the next Board meeting the cost of adding to the District's normal water test a test for the pesticide.
- The next regular Board meeting was scheduled for its regular time of February 13, 2004 at 8:30 a.m.

**8. ADJOURNMENT**

There being no further business before the Board, the meeting was adjourned at 5:25 p.m.

Respectfully Submitted,

Approved as Corrected 2-13-04  
P. Zinn

Jancis Martin  
Recording Secretary