

**MINUTES OF THE SPECIAL MEETING OF THE
BOARD OF DIRECTORS RUNNING SPRINGS WATER DISTRICT
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA
APRIL 2, 2014**

The Special Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, April 2, 2014 at the hour of 9:00 A.M. at the District office located at 31242 Hilltop Boulevard, Running Springs, California.

The following Directors were present:

Kenneth Ayers, President
Everett “Ed” Brittain, Vice-President
Mike Terry, Director
Pamella Bennett, Director
Henry Heredia, Director

Also present were the following:

Ryan Gross, General Manager
Tony Grabow, Fire Chief
Randy Bobroff, Water Division Supervisor
Trevor Miller, Wastewater Treatment Division Supervisor
Isaiah Hall, Wastewater Collections Division Supervisor
Mike Riddell, Attorney, Best, Best & Krieger

Visitors Present:

None

MEETING MINUTES

AGENDA ITEMS

1. Call Meeting to Order and Pledge of Allegiance

The meeting was called to order at 9:03 A.M. by President Ayers and the assembly pledged allegiance to the flag.

2. Recognize and Hear From Visitors/Public Comment

No visitors were present.

3. Action Items

A. Provide Direction to Staff Regarding Water and Wastewater Rate Structure for Fiscal Year 2014/2015 through Fiscal Year 2018/2019.

Manager Gross presented information on the District's draft fiscal year 2014/2015 budgets and proposed five year budget and rate plan. A copy of the PowerPoint presentation is on file with the District.

The presentation included review of the many challenges the District faces including the low cash reserve levels, succession planning, increasing pension, electricity and gas costs, repair and replacement of aging infrastructure. The fiscal year 2014/2015 budget schedule, Cash Reserve Policy, operating reserve fund balances, fiscal year 2014/2015 expense summary, proposed five year budget and rate plans, proposed rate adjustment impacts and a comparison of rates with neighboring mountain communities were also thoroughly reviewed and discussed. A detailed review of the District's five year Capital Improvement Program projects was reviewed and discussed.

After a very thorough review and discussion of all the related facts and figures the Board directed staff to proceed with preparing the necessary Proposition 218 notice to the District's customers to include water and wastewater rate adjustments for fiscal years ending (FYE) 2015 through 2019 that the Board of Directors will be considering at a public hearing on June 18, 2014.

The proposed water rate adjustments for FYE 2015 will include a \$2.35 increase to the monthly water base charge, an increase of \$0.35 per hundred cubic feet of water usage and a \$1.88 per month fee for funding necessary capital improvement projects to repair and replace aging water system infrastructure. The proposed water rate adjustments for FYE 2016-2019 will include a 5% per year increase to the monthly water base charge and the monthly water usage charge.

The proposed wastewater rate adjustments for FYE 2015 will include a \$3.09 increase to the monthly sewer base charge and a \$2.25 per month fee for funding necessary capital improvement projects to repair and replace aging wastewater system infrastructure. The proposed wastewater rate adjustments for FYE 2016-2019 will include a 7% per year increase to the monthly sewer base charge.

These revenue increases are necessary to fund capital improvements that were identified in the District's 2010 Water and Wastewater System Master Plan and are also consistent with the District's 2010 Financial Master Plan. The increase in revenue will also move the District closer to achieving the goals established in its Cash Reserve Policy.

B. Provide Direction to Staff Regarding Fire Availability Fee.

The Board discussed the need for increased revenue to fund the operation of the Running Springs Fire Department. The Board directed staff to proceed with obtaining the necessary information to place a measure on the ballot for the voters to consider in 2015 to increase the Fire Availability Fee to \$158 per year with an annual inflationary increase. The existing Fire Availability Fee is a \$65 per year special tax that was put into effect on March 11, 1980 by Ordinance No. 9.

Staff will also investigate the status of the CalFire fee that is being challenged and report back to the Board. Legal counsel will call the Howard Jarvis Taxpayers Association to inquire about the status of their law suit.

4. Information Items

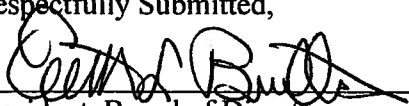
A. Draft Fiscal Year 2014/2015 Water and Administration Department Budget

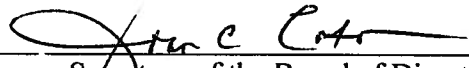
The draft Water and Administration Department Budget was provided for review and discussion.

5. Meeting Adjournment

The meeting was adjourned at 12:03 P.M.

Respectfully Submitted,


VICE- President, Board of Directors
Running Springs Water District


Secretary of the Board of Directors
Running Springs Water District