

**MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS RUNNING SPRINGS WATER DISTRICT
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA
OCTOBER 22, 2014**

The Regular Meeting of the Board of Directors of the Running Springs Water District to be held on Wednesday, October 15, 2014 at the hour of 9:00 A.M. was adjourned to and held on Wednesday, October 22, 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
Pamella Bennett, Director
Mike Terry, Director

Director Henry Heredia was absent

Also present were the following:

Ryan Gross, General Manager
Joan C. Eaton, Secretary/Treasurer/Administration Supervisor
Tony Grabow, Fire Chief
George Corley, Battalion Chief
Isaiah Hall, Wastewater Collection Division Supervisor
Randy Bobroff, Water Division Supervisor
Mike Riddell, Attorney, Best, Best & Krieger

Visitors Present:

Gerhard Hilgenfeldt, Resident

MEETING MINUTES

AGENDA ITEMS

1. Call Meeting to Order and Pledge of Allegiance

The meeting was called to order at 9:00 A.M. by President Ayers who also led the assembly in the pledge of allegiance to the flag.

2. Recognize and Hear From Visitors/Public Comment

There were no comments from the visitors.

3. Closed Session

- A. Conference with Legal Counsel – Anticipated Litigation. Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9, Potential cases: claim for refund of sewer charges**

At 9:02 A.M. the Board retired to Closed Session with Legal Counsel pursuant to Government Code Section 54956.9 to discuss a claim received from Arrowbear Park County Water District for a refund of charges related to the operation and maintenance of joint use sewer facilities. The Board reconvened in Open Session at 9:49 A.M. and President Ayers stated that there was no reportable action from the Closed Session discussion.

Due to conflicting schedules, Attorney Riddell was then excused from the meeting.

4. Approval of Consent Items

The following consent items were listed for approval:

- A. Approval of Meeting Minutes for September 17, 2014 Regular Board Meeting**
- B. Ratify September 2014 Expenditures**

Regarding the September expenditures, Supervisor Bobroff confirmed the San Bernardino County Fire Protection District expenses for \$311.00 were the Certified Unified Program Agency (CUPA) fees for agencies that handle hazardous materials or generate hazardous waste and retain generators.

- C. Consider Adopting Resolution No. 24-14, Finding that Certain Properties Located in the District Constitute a Public Nuisance and Ordering Notification to Property Owners and Setting a Public Hearing.**

Upon motion by Director Terry, second by President Ayers and carried by a 4 to 0 vote, the Consent Items were approved, ratifying the September Expenditures and adopting Resolution No. 24-14. (Resolution No. 24-14 on file in the District office)

5. Action Items

- A. Consider Awarding Contract or Rejecting All Bids for Ayers Acres Groundwater Well Backbone Infrastructure Project**

Manager Gross reported on the Ayers Acres Project stating three bids were received with the lowest bid of \$834,714.25 that was approximately \$200,000 more than the District Engineer's Construction Cost Estimate.

Upon motion by Director Terry, second by Director Brittain and carried by a 4 to 0 vote, the Board moved to reject all Ayers Acres Project bids and rebid the Ayers Acres Project with Manager Gross researching loan options.

B. Consider Awarding Contract for Sewer Lift Station Nos. 7, 8 and 9 Wet Well Rehabilitation

Supervisor Hall reported on the Lift Station Nos. 7, 8 and 9 that are showing wear and have reached thirty (30) years in age. The rehabilitation project will protect and preserve the facilities and the cost is included in the 2014/2015 Wastewater budget. Manager Gross confirmed that Trinity Construction is capable of the job with Supervisor Hall stating the contractor is accustomed to and has the confined space equipment for the project.

Upon motion by Director Bennett, second by Director Terry and carried by a 4 to 0 vote, Awarding Contract for Sewer Lift Station Nos. 7, 8 and 9 Wet Well Rehabilitation Project to Trinity Construction in the amount of \$20,300 and to authorize the General Manager to execute the contract and approve change orders as required for the project not to exceed 15% of the original construction contract amount, was approved.

C. Consider Awarding Contract for Sewer Manhole Seal Coating and Sewer Lift Station Wet Well Seal Coating

Supervisor Hall reported on the Sewer Manhole and Lift Station Wet Well Seal Coating projects with the low bid of \$17,265 received from Sancon Engineering. The project is included in the Fiscal Year 2014/2015 Wastewater budget. Manager Gross stated the Bid Alternative of \$7,385 is to seal coat the inside of the Lift Station No. 9 Wet Well.

Upon motion by Vice-President Brittain, second by Director Bennett and carried by a 4 to 0 vote, Awarding Contract to Sancon Engineering in the amount of \$17,265 for Sewer Manhole Seal Coating and Sewer Lift Station Wet Well Seal Coating including \$7,385 Bid Alternate, to authorize the General Manager to execute the contract and approve change orders as required for the project not to exceed 15% of the original construction contract amount, was approved.

D. Consider Awarding Contract for Sewer Pipeline Point Repairs

Supervisor Hall reported on the 2014 Sewer Point Repair Project to repair five (5) broken sections of pipe utilizing the slip line method due to inaccessible locations. Some required repairs were noticed during last year's video inspection and Supervisor Hall confirmed that the slip line process is the most cost effective. Discussion continued regarding root intrusion and repairs throughout the system.

Upon motion by Vice-President Brittain, second by Director Terry and carried by a 4 to 0 vote, Awarding Contract for Sewer Pipeline Point Repairs to Professional Pipe Services for the low bid of \$11,750, to authorize the General Manager to execute the contract and to approve change orders as required for the project not to exceed 15% of the original construction contract amount, was approved.

E. Consider Accepting Proposal for Owl Rock Groundwater Well Pump Replacement

Supervisor Bobroff reported on the status of the Owl Rock Groundwater Well Pump that has been operating with continual faults in the motor control system. It has been tested and determined there is fault within the submersible motor assembly and is in need of replacement. Harich Enterprises Company, Inc. has provided a quote in the amount of \$3,792.50 plus an additional \$1,000 for video inspection of the well casing. Discussion continued regarding replacement of the pump and the District purchasing a video camera for in house video inspection that would result in significant cost savings. Supervisor Bobroff stated he would like this opportunity to investigate video equipment further.

Upon motion by Director Terry, second by President Ayers and carried by a 4 to 0 vote, Accepting Proposal from Harich Enterprises, Company, Inc. in the total amount of \$3,792.50 for Owl Rock Groundwater Well Pump Replacement was approved.

F. Consider Adopting Resolution No. 25-14, Authorizing the Execution and Delivery of an Installment Sale Agreement and Authorizing and Directing Certain Actions in Connection with the Acquisition and Construction of a Groundwater Well Project

Manager Gross stated with adoption of Resolution No. 25-14, the District can continue to move forward with Municipal Finance Corporation to finance a portion of the construction of the Ayers Acres Groundwater Well Infrastructure Project with no commitment, while investigating loan options.

Upon motion by Director Bennett, second by Director Terry and carried by a 4 to 0 vote, RESOLUTION NO. 25-14, AUTHORIZING THE EXECUTION AND DELIVERY OF AN INSTALLMENT SALE AGREEMENT AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS IN CONNECTION WITH THE ACQUISITION AND CONSTRUCTION OF A GROUNDWATER WELL PROJECT, was adopted. (Resolution No. 25-14 on file in the District Office)

6. Information Items

A. Review Draft Fire Department Survey

Manager Gross reported on a proposed Fire Department Survey that would assist the District with determining if and when to place a ballot measure for the voters to consider increasing revenue to fund the continued local operation of the Fire Department. The existing Running Springs Fire Department Fire Availability Fee is a Special Tax that

owners of developed property in the Running Springs Water District service area pay to help fund the operation of the Running Springs Fire Department. The voters approved the \$65 a year fee which was put into effect on March 11, 1980 by Ordinance No. 9 and if adjusted for inflation, the fee would be \$158 per year in 2014. Manager Gross noted the importance of making clear distinction to our customers that the California Department of Forestry and Fire Protection (Cal Fire) Fire Prevention Fee of \$115 per habitable structure is not in any way affiliated with the Running Springs Water District or Running Springs Fire Department. President Ayers said the survey would determine how the community feels about the current Fire and future Fire Department moving forward. District Administration will mail the survey to everyone subject to this fee.

B. Quarterly Investment Report

Manager Gross reported on the District's Policy for Investment of Surplus Funds and the Local Agency Investment Fund (LAIF) Remittance Advice for the quarter ending September 30, 2014. Quarterly interest earned was \$984.72 at an interest rate of 0.24% and the quarter ending balance in LAIF was approximately \$1.5 million dollars.

C. Quarterly Budget/Financial Update

Manager Gross provided the Board with a summary for the first quarter of Fiscal Year 2014/2015 including a budget analysis that shows the month and year to date actual as of September 30, 2014. Manager Gross said with the assistance of the District's contract accountant, the District will reformat the financial reporting and he asked the Board to notify him if they needed further financial information. Supervisor Eaton confirmed the County of San Bernardino 2013/2014 Property Tax Allocation of \$1,360,494 and Total Unitary Allocation (pooled from utility companies) of \$39,072.53 as the District's total share of the tax levy. Approximately \$700,000 is expected in December, 2014 for the District's mid-year share of the 2014/2015 Property Tax Allocation. The Financial Statements for Year Ending June 30, 2014 and Audit will be presented to the Board in November 2014.

7. General Manager's Report

Manager Gross stated the Fire Department Battalion Chief Position testing and interviews will be held on October 23rd and 24th, 2014. Manager Gross confirmed that the San Bernardino County Board of Supervisors approved the sale of the surplus property to the District. He also said the District is considering contracting with a new payroll processing company and expects to save up to \$10,000 a year that could be applied to the District's new accounting software. Manager Gross attended the Local Agency Formation Commission Agency (LAFCO) conference and stated the meeting was informative. LAFCO is conducting a financial feasibility analysis on possibly incorporating the mountain communities and Manager Gross said the District Municipal Service Review will be due for renewal in the next couple years.

8. Report From Engineer

Manager Gross stated that Engineering Resources is working on the design of the Sewer Lift station Improvements and the District received the executed Finance Agreement and he has submitted the first disbursement request for \$65,000. Engineer Thomas confirmed that project bidding will commence in late winter or early spring and said it is smart to bid Lift Station Nos. 1, 2 and 3 projects at the same time.

9. Report From Legal Counsel

No information to report

10. Board Member Meetings

Manager Gross reminded the Board that the Association of California Water Agencies (ACWA) Conference will be held in San Diego from December 2nd through the 5th, 2014 and asked Board Members to contact Supervisor Eaton or himself if they are interested in attending.

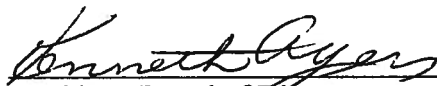
11. Board Member Comments

Supervisor Eaton reminded the Board of the biennial Ethics Training requirements.

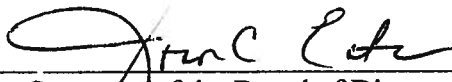
12. Meeting Adjournment

The meeting was adjourned at 11:150 A.M.

Respectfully Submitted,



President, Board of Directors
Running Springs Water District



Secretary of the Board of Directors
Running Springs Water District