

**MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS RUNNING SPRINGS WATER DISTRICT
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA
JANUARY 21, 2015**

The Regular Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, January 21, 2015 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
Henry Heredia, Director

Director Pamella Bennett was absent

Also present were the following:

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

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 and Director Terry led the assembly in the pledge of allegiance to the flag.

2. Recognize and Hear From Visitors/Public Comment

Visitor Hilgenfeldt introduced himself for the record.

3. Approval of Consent Items

The following consent items were listed for approval:

A. Approval of Meeting Minutes for November 19, 2014 Regular Board Meeting

B. Ratify November and December 2014 Expenditures

Supervisor Bobroff stated the difference in the Crestline Lake Arrowhead Water Agency (CLAWA) expense from November to December for purchased water was due to leaks over the holiday and watering of the Brulte Field. Supervisor Eaton confirmed the MVP Athletics expense for uniforms, Manager Gross stated the USA Bluebook is an equipment supplier and Supervisor Miller confirmed the State Water Resources expenses totaling approximately \$20,000 for Treatment Plant permits.

Upon motion by Director Heredia, second by President Ayers and carried by a 4 to 0 vote, the Consent Items were approved.

4. Action Items

A. Consider Adopting Resolution No. 01-15, Approving a Budget Policy

Manager Gross reported on the proposed Budget Policy to formalize policies and provide staff the procedures, guidelines and standards for consistency in preparation of the budget. Manager Gross stated the policy is modeled after the Government Finance Officers Association (GFOA) who recommends that governments adopt rigorous policies for all operating funds aimed at achieving and maintaining a structurally balanced budget. President Ayers questioned the GFOA recommendation of no less than two months of unrestricted fund balances with Manager Gross confirming that the District has a Cash Reserve Policy with a goal of three (3) months of Operating Expense Reserves for Water and Wastewater and six (6) months for Ambulance and Fire. Discussion continued regarding the Budget Policy and Manager Gross clarified the GFOA practice that provides for disclosure when a deviation from a balanced operating budget is planned or when it occurs and he stated that means if there was a particular unexpected expenditure not included in the budget, District staff would come to the Board for their consideration and approval.

Upon motion by Director Heredia, second by Director Terry and carried by a 4 to 0 vote, Resolution No. 01-15, Approving a Budget Policy was adopted. (Resolution No. 01-15 on file in the District office)

B. Consider Authorizing Additional Design Fee for Re-Bid of Ayers Acres Groundwater Infrastructure Project

Manager Gross reported on the Ayers Acres Groundwater Well Infrastructure Project and recommended that the Board of Directors consider authorizing an additional \$15,000 for Engineering Resources to revise the construction documents and assist with re-bidding of the project. Manager Gross stated in October 2014, the Board rejected all of the original bids for the Ayers Acres Project and authorized the re-bid of the project that was advertised on December 18, 2014 and scheduled for re-bid opening on February 3, 2015 with approximately ten (10) general contractors included in the bid process this time. Discussion continued regarding the project and Manager Gross stated the District clarified the project to the contractors, changed building architecture and reduced the scope of the electrical work required.

Upon motion by Vice-President Brittain, second by Director Heredia and carried by a 4 to 0 vote, Authorizing Additional Design Fee for Re-Bid of Ayers Acres Groundwater Infrastructure Project not to exceed \$15,000, was approved.

C. Consider Authorizing Expenditure for Completing Modifications to the New Light Rescue Vehicle (Squad 51)

Chief Corley reported on the 2015 Ford F-550 Light Rescue Vehicle (Squad 51) that was purchased in March 2014 in the amount of \$47,850 and recommended that the Board authorize staff to expend up to \$40,000 to complete necessary modifications to the vehicle. The replacement of Squad 51 was budgeted in Fiscal Year 2012/2013 in the amount of \$90,000 and Manager Gross said he wanted the Board to see that the District would not exceed the budgeted amount. Chief Corley confirmed the purchase of the new vehicle went to bid back in 2012/2013 and discussion continued regarding the Squad the department is currently operating that is a 1997 Ford F-350 4x4 Diesel with over 100,000 miles.

Upon motion by Director Brittain, second by Director Terry and carried by a 4 to 0 vote, Authorizing Expenditure for Completing Modifications to the New Light Rescue Vehicle (Squad 51), was approved.

5. Information Items

A. Quarterly Investment Report

The Local Agency Investment Fund Remittance Advice for quarter ending 12/31/2014 was \$781.24 with 0.25% interest.

B. Quarterly Budget/Financial Update

Manager Gross summarized the fund balances as of December 31, 2014 and stated the fiscal year to date total District Revenue is 3% lower than the budgeted amount half way through the fiscal year and 10% higher than the prior year through the second quarter primarily due to a delay in processing the Upstream Billing for the second quarter. The total District expenses are 2% higher than budget and 8% higher than prior year through the second quarter. Manager Gross stated the District is inching in the right direction funding the operating reserves for the Water and Wastewater Divisions and he noted the District has a combined pool cash of approximate \$1.7 million dollars.

C. Fiscal Year 2014/2015 Budget Planning Workshop

Manager Gross provided the Board with a tentative schedule for the upcoming budget development process and he presented the Fiscal Year 2015/2016 Budget Planning Workshop for review and discussion. Manager Gross opened by noting that the District received the Special District Leadership Foundation District Transparency Certificate of Excellence. The Budget Planning Workshop presentation included a review of accomplishments for all divisions, the Running Springs Water District Organization Chart, Infrastructure Repair and Replacement, Proposed Five (5) Year Plans, 2015/2016 Project Summary, Operating Expenses, Property Tax Revenue, Fire Availability Fee, Debt Service Costs, Policies and Other Considerations. Discussion continued regarding the Fire Availability Fee proposed increase, results of the recent Fire Department Services Survey and the Consumer Price Index (CPI) for consideration in completing the 2015/2016 Budget. Regarding the Fire Availability Fee, the Fire Department generates approximately \$200,000 a year currently and if the fee increased from \$65.00 to \$158.00 per year, the additional revenue would be approximately \$200,000 per year. Manager Gross closed by discussing the CalPERS Employee Contribution that is currently paid by the District and has been reviewed by the Personnel Committee for possibly transitioning the contribution back to the employee.

6. Reports from Management

A. Water Division Report

Supervisor Bobroff opened by mentioning minor equipment failure that was fixed in house. Regarding precipitation, some of the wells have picked up and others are holding even with all water levels close to the bottom. Supervisor Bobroff said the same problems they are experiencing are freezing and leaks that are not located right away and the District continues to educate property owners regarding the importance of winterizing. Supervisor Bobroff closed by saying the District is moving toward an automatic meter reading system that will detect leaks and address them sooner.

B. Wastewater Division Report

Supervisor Miller said the Treatment Plant is expecting delivery of the new Process Air Blower with installation scheduled for next week. The MBR II is on line and working efficiently and Supervisor Miller said they cancelled two (2) sludge loads for the winter saving approximately \$6,000. The District received an incentive check from Southern California Edison in the amount of \$9,700 for the Headworks Blower Project. Supervisor Miller reported on flows for November and December stating the plant was at about 600,000 gallons with the recent rains and Arrowbear was up approximately 40,000 gallons more than normal. CSA79 reported low flows in November 2014 due to timing of checking recordings so flows will be recorded higher than normal in December.

C. Wastewater Collection Division Report

Supervisor Hall stated everything is going well in Collections other than some minor issues with the Supervisory Control and Data Acquisition System (SCADA) requiring software updates. Supervisor Hall confirmed the flush valve was installed at Lift Station No. 4. Supervisor Hall stated Collections will budget video and line inspection every year and they will complete the inspection of Assessment District #4 this fiscal year.

D. Fire Department Report

Chief Corley introduced Mike Vasquez as the new Fire Battalion Chief stating Chief Vasquez comes to the District with new fresh ideas for the department. Chief Corley also reported on the recently completed Insurance Services Office (ISO) rating for the department that went from a 5.9 to a 3.3 rating with lower being better. Chief Corley said the rating was based on Fire Department records and training in addition to the water system that ultimately affects insurance rates for the public.

E. Administration Report

Supervisor Eaton reminded the Board and staff that the Form 700 Statement of Economic Interest Filings are due by April 1, 2015.

F. General Manager's Report

Manager Gross reported that the District is working on revisions to the Board Policy and Bylaws in addition to a draft Purchasing Policy. The District Rules and Regulations will be updated for the Water and Wastewater Services due to changes in the law regarding Termination of Water Service requirements. Manager Gross also mentioned that a customer complaint regarding a water bill was submitted to Supervisor Rutherford and is being addressed accordingly.

7. Report From Legal Counsel

Attorney Riddell reported on the state water supply stating the recent series of storms helped replenish reservoirs with an increase to 15% allocation for Crestline Lake Arrowhead Water Agency that will likely be increased again with more rainfall. Attorney Riddell said everyone should continue to conserve water but there is not a current crisis. Attorney Riddell also reported on the proposed improvements in the Delta.

8. Board Member Meetings

No comments

9. Board Member Comments

No comments

10. 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 11:05 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 11:20 A.M.

Upon motion by Director Heredia, second by President Ayers and carried by a 4 to 0 vote, to authorize execution of a settlement agreement with Arrowbear Park County Water District resolving charges for Wastewater Treatment, was approved.

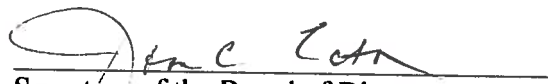
11. Meeting Adjournment

The meeting was adjourned at 11:25 A.M.

Respectfully Submitted,



President, Board of Directors
Running Springs Water District



Secretary of the Board of Directors
Running Springs Water District