

**MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS RUNNING SPRINGS WATER DISTRICT
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA
MARCH 18, 2015**

The Regular Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, March 18, 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
Pamella Bennett, Director
Mike Terry, Director
Henry Heredia, Director

Also present were the following:

Ryan Gross, General Manager
Joan C. Eaton, Secretary/Treasurer/Administration Supervisor
George Corley, Fire Chief
Mike Vasquez, Battalion Chief
Brian Thomas, Engineer, Engineering Resources
Ward Simmons, Attorney, Best, Best & Krieger
Tony Grabow, Retired Fire Chief, Paid Call Firefighter

Visitors Present:

Gerhard Hilgenfeldt, Resident
Joan Moseley, Resident, Media Reporter

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 Director Bennett led the assembly in the pledge of allegiance to the flag.

2. Recognize and Hear From Visitors/Public Comment

The visitors introduced themselves for the record.

3. Approval of Consent Items

The following consent items were listed for approval:

- A. Approval of Meeting Minutes for February 18, 2015 Regular Board Meeting
- B. Ratify February 2015 Expenditures
- C. Consider Adopting Resolution No. 04-15, Fixing and Levying Fire Suppression Availability Charges for Fiscal Year 2015-2016
- D. Consider Adopting Resolution No. 05-15, Fixing Sewer Standby or Availability Charges for Fiscal Year 2015-2016
- E. Consider Adopting Resolution No. 06-15, Fixing Water Standby or Availability Charges for Fiscal Year 2015-2016
- F. Consider Declaring Certain Equipment as Surplus and Authorize Staff to Dispose of Property

Upon motion by Director Terry, second by President Ayers and carried by a 4 to 0 vote, with Director Heredia abstaining, the February 2015 Expenditures were ratified and the Consent Items were approved. (Resolutions No. 04-15, 05-15 and 06-15 on file in the District office)

4. Action Items

- A. Consider Adopting Resolution No. 07-15, Repealing Resolution No. 06-12 and Adopting an Updated Records Retention and Destruction Policy and Records Retention Schedule

Manager Gross reported on the proposed Records Retention Policy that repeals the previous policy and provides more detail in the Description of Records and he confirmed that the policy has been reviewed by Best, Best & Krieger. Supervisor Eaton, Records Coordinator reported that District records are scanned and stored electronically and all permanent records are retained as required. Discussion continued regarding the proposed policy and Attorney Simmons confirmed that the word “none” listed under the Minimum Legal Retention Period section means no legal requirement and added that the Records Retention Chart is updated periodically and could be revised again in the future. Regarding the Video Recordings Record Requirement and approval by the Board of Directors, Attorney Simmons will review the legal requirement and advise Manager Gross of a revision to the wording in this section.

Upon motion by Director Bennett, second by Director Heredia and carried by a 5 to 0 vote, Resolution No. 07-15, Repealing Resolution No. 06-12 and Adopting an Updated Records Retention and Destruction Policy and Records Retention Schedule as revised, was adopted. (Resolution No. 07-15 on file in the District office)

B. Consider Adopting Resolution No. 08-15, Resolution of Lodge, Association or Other Similar Organization Regarding New Bank Signature Cards for First Mountain Bank

Manager Gross stated Municipal Finance Corporation requires that the District have a separate checking account to track the loan proceeds for the Ayers Acres Groundwater Project. Discussion continued and President Ayers expressed his concerns of providing First Mountain Bank with permission to investigate the Board Members credit and employment history and obtain reports from Consumer Reporting Agencies regarding Board Members as individuals since their personal information is not related to District business.

This item was tabled to later in the meeting.

C. Consider Approving Renewal of Leachate Disposal Contract with the County of San Bernardino

Manager Gross reported on renewal of the Leachate Contract with the County of San Bernardino to accept waste from Heaps Peak Transfer Station not to exceed the amount of \$750,000. The current base rate is \$0.0273 per gallon through June 30, 2015 and the rate will be adjusted based on yearly change to the Consumer Price Index (CPI). The new base rate as of July 1, 2015 will be \$0.0275 per gallon and the County has asked for the contract to include two (2) five (5) year extension options. Manager Gross provided estimates of expected future revenue that will taper off because the County has installed a new Leachate Treatment System with a contingency in place if their Treatment Plant experiences problems. Attorney Simmons reviewed the contract with the Board, addressed questions and will make revisions to the contract as requested by the Board and he confirmed that the District has the right to terminate the contact within ten (10) days if required. Manager Gross will sign the contract as authorized by the Board.

Upon motion by Director Heredia, second by President Ayers and carried by a 5 to 0 vote, Renewal of the Leachate Disposal Contract with the County of San Bernardino as revised, was approved.

D. Consider Authorizing Additional Budget for Engineering Resources Services During Construction and As-Needed Construction Inspection Services

Manager Gross stated staff is requesting additional budget funds for Engineering Resources to provide assistance to the District during the Construction of the Ayers Acres Well Development and Sewer Lift Station Nos. 1-3 and Sewer Sag remediation at Lift Station No. 2. Regarding Ayers Acres, estimated Construction Management Costs in the amount of \$82,060 include progress payment review, requests for clarifications or information, submittals, field meetings and the Notice of Completion with inspection costs to cover inspection of the site, construction photographs, inspection reports and quantities of items constructed or installed. Estimated Construction Management costs in

the amount of \$74,800 regarding Lift Station Nos. 1-2 and 3 Improvements include progress payment review, requests for clarifications or information, submittals, field meeting and the Notice of Completion while inspection costs cover inspection of the site, construction photographs, reports and quantities of items constructed or installed. Engineer Thomas stated the costs are an estimate and could be mitigated.

Upon motion by Vice-President Brittain, second by Director Terry and carried by a 5 to 0 vote, Authorizing Additional Budget for Engineering Resources Services During Construction and As-Needed Construction Inspection Services, was approved.

5. Information Items

A. Draft Fiscal Year 2015/2016 Fire and Ambulance Department Budgets

Manager Gross reported on the 2015/2016 Fire and Ambulance Department Budgets stating the Finance Committee reviewed the budgets on March 4, 2015. The one significant change to the budgets was regarding the California Public Employees Retirement System (CalPERS) and Manager Gross reported on recent restructuring in the payroll payments that will include the 18.524% of payroll for the District contribution in addition to a \$13,297 monthly payment beginning July 1, 2015 for the Employer Unfunded Accrued Liability Payment resulting in increased District costs for Fiscal Year 2015/2016. Manager Gross said some of the budget accounts have been consolidated to simplify reporting and Chief Corley mentioned that the budget graphs are a little misleading due to variation in the figures. President Ayers expressed his concerns with sustaining the Fire Department and said the District should have a plan in place if the ballot measure to increase the Fire Suppression fee fails. Chief Corley said everything is dependent on the economy and he noted that the medical and/or fire expenses continue to increase. Director Brittan acknowledged staff for an excellent job balancing the Fire Department budget and he noted the expected revenues over expenditures is only approximately \$32,000 and he stated the Fire and Ambulance Departments are running a tight budget. Chief Corley reported briefly on the difficulty of obtaining federal grants and the fires events in our community resulting in lost homes with President Ayers concerned that the projected property tax revenue may not increase and will be similar to this fiscal year. Chief Corley closed by reporting on the future replacement of Fire and Ambulance Department vehicles with Director Brittain reminding the Board of the importance of reliable equipment. Manager Gross said the only viable option is to go to the voters to increase the Fire Department Special Tax. President Ayers mentioned consolidation as an option with Director Brittain saying the District can be adversely affected by issues outside of our control.

B. Consider Providing Direction to Staff on Initiating a Ballot Measure on the November 2015 Election to Increase the Annual Availability Charge for Fire Suppression Services

Manager Gross stated that staff recommends increasing the Fire Availability Charge from \$65 to \$158 per year (phased over 2-3 years) including an annual inflationary increase based on the Consumer Price Index (CPI) as suggested in the District's 2010 Financial Master Plan. If approved by the voters, this additional revenue will help to fund the operation of the Running Springs Fire Department and Emergency Medical (Ambulance) Services. Manager Gross provided the Board with a timeline for placing a ballot measure on the November 3, 2015 General Election stating the Board should adopt the required resolution by June, 2015 to provide to the Elections Office by the August 7, 2015 deadline. Discussion continued regarding the proposed Fire Availability Charge and timing of the proposed increase and Manager Gross stated if the measure fails, the District will reintroduce the measure at a future date. Visitor Hilgenfeldt asked for clarification on the proposed increase with President Ayers explaining that in the past, inflation has not been factored into the fee and the Fire Department requires additional revenue to fund the operations. It is important to make the clear distinction that the California Department of Forest and Fire Protection (CAL FIRE) Fire Prevention Fee is not in any way affiliated with the Running Springs Water District or Running Springs Fire Department. Attorney Simmons summarized and clarified District employee positions in advocating for the proposed Fire Availability Charge stating the proposal will require a public hearing where the District can provide factual information to the public. Attorney Simmons also stated that Fire Department employees may advocate as citizens on their own behalf. President Ayers suggested that employees contact Manager Gross if they have any questions regarding advocating on behalf of the ballot measure. The Board directed staff to return with a draft ordinance regarding the proposed increase to the Fire Availability Charge.

The Board recessed at 11:00 A.M. and reconvened at 11:10 A.M.

The meeting moved back to Action Item 4.B., Resolution No. 08-15, Resolution of Lodge, Association or Other Similar Organization Regarding New Bank Signature Cards for First Mountain Bank

Terisa Bonito, First Mountain Bank Branch Manager placed a telephone conference into the meeting to discuss the bank signature card requirements. Ms. Bonito referenced the Account Agreement Document stating Federal Law requires the bank to obtain sufficient information to verify identity and she said the information provided is protected by the privacy policy and federal law. Ms. Bonito again referenced the Account Agreement stating the signers authorize the financial institution to investigate credit and employment history as individuals so the bank can determine if the new signer had a previous negative history with a banking institution to protect both the bank and the District. President Ayers again expressed his concerns regarding allowing the bank to investigate the Board Members personal information because it is not related to District business. Manager Bonito suggested that the Board of Directors line out the sentence that allows the bank to investigate the employment history of the individuals and initial next to the sentence and she said the Account Agreement is standard form. Director Brittain clarified that the Board's concerns were not personally directed to First Mountain Bank.

Upon **motion** by Director Bennett, **second** by Director Terry and **carried by a 4 to 1 vote** with Directors Brittain, Terry, Bennett and Heredia voting Aye and President Ayers voting Nay, Resolution No. 08-15, Resolution of Lodge, Association or Other Similar Organization Regarding New Bank Signature Cards for First Mountain Bank as revised, was adopted. The signing of new bank signature cards was approved for the purpose of endorsing checks and orders for payment of money or otherwise withdraw or transfer funds on deposit with First Mountain Bank. The signature cards, Resolution 08-15 will be available for signature at the March 18, 2015 Board Meeting. (Resolution No. 08-15 on file in the District office)

C. CalPERS Update

Manager Gross provided a summary of the changes that will be made to the CalPERS retirement plan stating the Miscellaneous Plan is currently 69.9% funded and the Safety Plan is currently 72.8% funded. CalPERS has approved a plan to combine several risk pools and amortize the unfunded accrued liability (UAL) over a thirty (30) year period. The District will begin paying a percentage of payroll and also a lump sum payment beginning July 1, 2015 that will result in an increase for the District especially for the first five (5) years. Manager Gross provided the Board with the CalPERS Actuarial Reports for their review, and he stated that seventeen (17) of the District's twenty-six (26) full time pensioned employees are in the Classic Miscellaneous Plan 2.7% @ 55 and seven (7) of the District's twenty-six (26) full time pensioned employees are in the Classic Safety Plan 3% @ 50 with one (1) full time employee and five (5) part time pensioned employees in the PEPRA Safety Plan 2.7% @ 57. The Classic Miscellaneous plan has an unfunded accrued liability of \$3.4 million dollars and the Classic Safety Plan has an unfunded accrued liability of \$2.3 million dollars as of June 30, 2015 and the District has the option to prepay all or a portion of this liability. These are the approximate amounts that will be recorded under GASB 68 in the District's financial statements starting with the current fiscal year ending 2015. To terminate our contract with CalPERS, the District would be required to pay approximately \$20 million dollars. Manager Gross said the total District budget increase is about \$42,000 that will be partially offset by the action previously taken to reduce the Employer Paid Member Contributions (EPMC) over a four (4) year period. Manager Gross suggested that the Board revisit this item each year and discussion continued regarding District finances.

6. Report From Management

Manager Gross stated he excused the Supervisors from attending the meeting.

A. Water Division Report

Manager Gross said precipitation is measured by collecting rainfall in a bucket and recording. Supervisor Bobroff will include precipitation information in his quarterly report and on the District website.

B. Wastewater Treatment Division Report

Manager Gross reported that Supervisor Miller is installing the new Process Air Blower at the Treatment Plant that should be completed next week.

C. Wastewater Collection Division Report

Manager Gross stated that Supervisor Hall is working on the final sewer connection plans with Pali Mountain that will generate a new stream of revenue. The sewer connection fee in the amount of \$123,929 has been received by the District.

D. Fire Department Report

Chief Corley reported the Fire Department is working with CalFire regarding a Roof Replacement Grant to remove the remaining shake shingles in the community. Chief Corley also reported that the Fire Chiefs on the mountain have been meeting to task force the bark beetle infestation. The primary objective is to pursue funding to clear dead bark beetle trees from the roadways providing safer escape routes in the mountain communities.

E. Administration Report

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

F. General Manager's Report

Manager Gross had no further information to report.

7. Report From Engineer

Engineer Thomas had no further information to report.

8. Report From Legal Counsel

Attorney Simmons reported on the State Water Resources Control Board saying they have adopted stricter water use regulations for another 270 days and the resolution regarding watering twice a week is still in effect. Attorney Simmons also noted that the State Water Project allocation is now at 20%

9. Board Member Meetings

No comments

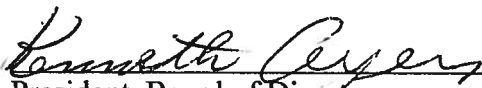
10. Board Member Comments

No comments

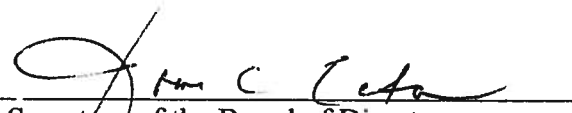
11. Meeting Adjournment

The meeting was adjourned at 12:05 P.M.

Respectfully Submitted,



President, Board of Directors
Running Springs Water District



Secretary of the Board of Directors
Running Springs Water District