

**MINUTES OF THE REGULAR MEETING OF THE  
BOARD OF DIRECTORS RUNNING SPRINGS WATER DISTRICT  
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA  
APRIL 23, 2015**

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The Regular Meeting of the Board of Directors of the Running Springs Water District was held on Thursday, April 23, 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

Director Henry Heredia was absent

Also present were the following:

Ryan Gross, General Manager  
Joan C. Eaton, Secretary/Treasurer/Administration Supervisor  
Mike Vasquez, Fire Battalion Chief  
Randy Bobroff, Water Division Supervisor  
Isaiah Hall, Wastewater Collections Division Supervisor  
Brian Thomas, Engineer, Engineering Resources  
Mike Riddell, Attorney, Best, Best & Krieger  
Tony Grabow, Retired Fire Chief, Paid Call Firefighter

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 9:04 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**

Visitor Gerhard 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 March 18, 2015 Regular Board Meeting**

**B. Ratify March 2015 Expenditures**

Upon motion by Director Terry, second by Director Bennett and carried by a 4 to 0 vote, the March 2015 Expenditures were ratified and the Consent Items were approved.

**4. Action Items**

**A. Consider Awarding Construction Contract for Sewer Lift Station Nos. 1, 2 and 3 Improvements**

Manager Gross reported on the results of the Sewer Lift Station Nos. 1, 2, and 3 bid opening held on Wednesday, April 22, 2015 and he provided documentation showing the base bid totals from three (3) contractors with Trinity Construction as the lowest bidder of \$2,791,500 which is almost \$900,000 higher than expected. The estimate from Engineering Resources for the project was \$1,800,000 and Manager Gross said he spoke with the Project Manager of the State Water Board Division of Financial Assistance who said one option is to rerun the credit review and possibly increase the loan amount to \$2.8 million dollars to stay within the scope. Manager Gross said an alternative is to eliminate Lift Station No. 3 from the project and only rebuild Lift Station Nos. 1 and 2 at this time and revisit District finances in the next few years. Manager Gross stated the difference in the Engineer's estimate and final bids has to do with state loan requirements with Engineer Thomas reporting on prevailing wage requirements stating that he contacted other contractors to discuss the estimate and bids and they mentioned various issues with public works requirements. Attorney Riddell stated the District is not legally required to bid the project and could negotiate the contract and he added that the only bidding requirement the District has is self imposed by our own resolution. If the loan amount were increased to \$2.8 million dollars, the cost to the customers would be approximately \$4.84 per month instead of \$2.25 per month with Attorney Riddell stating an increase in rates and fees would require a Proposition 218 Hearing. Director Brittain expressed concerns with the condition of the outdated lift stations and potential liability. Discussion continued regarding District finances and Manager Gross asked the Board for direction. Manager Gross and Engineer Thomas will review the project options and provide additional information for Board consideration. Action Item 4.A. was tabled to a future date when a Special Meeting will be scheduled to discuss this item further.

**B. Consider Adopting Resolution No. 09-15, Identifying the Terms and Conditions for the Fire Department Response Away from their Official Duty Station and Assigned to an Emergency Incident**

Manager Gross stated Resolution No. 09-15 is needed because the terms and conditions of the Agreement for Local Government Fire and Emergency Assistances under the

California Fire Assistance Agreement (CFAA) have changed. Manager Gross said this is related to proper compensation for our Fire Department providing service outside of the District. Battalion Chief Vasquez reported that in order to continue the same terms of reimbursement, the Fire Department will require either a Governing Board Resolution or Memorandum of Understanding (MOU). Resolution No. 09-15 has been reviewed by Best, Best and Krieger with Attorney Riddell confirming that the terms of the agreement are the same. Battalion Chief Vasquez clarified portal to portal saying staff are in travel status until they return to their station and become available for Running Springs Fire Department responses.

Upon **motion** by Vice-President Brittain, **second** by Director Terry and **carried by a 4 to 0 vote**, RESOLUTION NO. 09-15, IDENTIFYING THE TERMS AND CONDITIONS FOR THE FIRE DEPARTMENT RESPONSE AWAY FROM THEIR OFFICIAL DUTY STATION AND ASSIGNED TO AN EMERGENCY INCIDENT, was adopted. (Resolution No. 09-15 on file in the District office)

**C. Consider Adopting Ordinance No. 43, Authorizing an Availability Charge for Fire Suppression Service**

Manager Gross reported on the \$65.00 per year Availability Charge for Fire Suppression Service that is a special tax approved by voters and put into effect in 1980 by Ordinance No. 9 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. If adjusted for inflation, the fee would be \$158 per year in 2014. District staff recommends the Board consider increasing the fee from \$65.00 to \$158.00 per year phased over two (2) to three (3) years including an annual inflationary increase based on the Consumer Price Index (CPI) as suggested in the District's 2010 Financial Master Plan. At a Special Board Meeting held on April 2, 2014, the District's Board of Directors and staff discussed the need for increased revenue to fund the operation of the Running Springs Fire Department and Emergency Medical (Ambulance) Services and the Board directed staff to proceed with obtaining information to place a measure on the ballot for the voter's to consider in 2015 to increase the Fire Availability Fee to \$158 per year with an annual inflationary increase. Attorney Riddell reported on Fire Availability fees stating the current charge for fire suppression purposes was adopted by District Ordinance No. 9 and the fee can only be increased by a new ordinance adopted by the Board and approved by two thirds of the voters. Attorney Riddell also reported on changes in legislation regarding fire suppression services that now include ambulance services. Manager Gross stated that if Ordinance No. 43 is adopted, a separate resolution will be required by August 7, 2015 to place the measure on the November 2015 General Election ballot. It is important to note that the California Department of Forestry 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.

Upon **motion** by Director Bennett, **second** by Director Terry and **carried by a 4 to 0 vote**, ORDINANCE NO. 43 AUTHORIZING AN AVAILABILITY CHARGE FOR

FIRE SUPPRESSION SERVICE, was adopted. (Ordinance No. 43 on file in the District office)

**5. Information Items**

**A. Draft Fiscal Year 2015/2016 Wastewater Department Budgets**

**B. Draft Fiscal Year 2015/2016 Water and Administration Department Budgets**

Manager Gross reported on the Fiscal Year 2015/2016 Wastewater, Water and Administration Department Budgets that were reviewed and discussed with the Finance Committee. Regarding Wastewater, Manager Gross said there is an approximate 7% projected increase in revenues and 4% increase in operating expenses that should result in positive cash flow. Manager Gross also reported on the proposed emergency water conservation measures that will reduce the operating revenue for the Water Division by approximately \$100,000 and he stated that the overall operating expenses for the Water and Administration Division were reduced by 3%. The draft budgets have some minor revisions and the final budgets will be returned to the Board for approval. Vice-President Brittain expressed his concerns regarding the potential reduction in revenue due to water sales and he said the District is running on a tight budget. Manager Gross confirmed that the Fiscal Year 2015/2016 Budgets do not include any assumptions for the draft emergency water conservation and he also stated that the new Ayers Acres groundwater well should be online by the fall of 2015.

**E. President Ayers moved to Item 5. E. Update on Executive Order Regarding the Drought**

Manager Gross reported on the proposed regulations and restrictions addressing the impending water shortage and he provided the Board with a document provided by Best, Best & Krieger regarding the water shortage and a table outlining the Running Springs Water District total water production and proposed 25% mandatory reduction. Water Board regulatory framework addresses the “small water suppliers” in the state that serve fewer than 3,000 customers and deliver less than 3,000 acre-feet of water annually. The smaller suppliers would have to report their water use and conservation measures to the Water Board in the form of a one-time report due 180 days after the effective date of the new emergency regulations. Manager Gross said the District needs to find a way to reduce water consumption between June and November 2015 and because the District is a small water supplier, one requirement would limit outdoor irrigation to two (2) days per week. Attorney Riddell reported on current District Ordinance No. 34, Declaring a Water Shortage Emergency and Establishing a Water Conservation Program adopted November 17, 2010 and the new proposed draft regulations. Discussion continued regarding the proposed water conservation measures and recycled water with Engineer Thomas stating that in 2007, the District researched recycling potable water and the cost was approximately \$9,000,000 to build the infrastructure.

**C. Quarterly Budget/Financial Update**

Manager Gross presented the Quarterly Budget/Financial reports and there were no questions or comments.

**D. Quarterly Investment Report**

Manager Gross also presented the Local Agency Investment Fund Remittance Advice for quarter ending March 31, 2015 with an interest rate of 0.26% earning \$971.42.

**6. 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 Riddell stated as of April 1, 2015, the snow pack was at 5% of normal.

**9. Board Member Meetings**

A Special Meeting will be scheduled when Manager Gross receives additional information regarding the Sewer Lift Stations Nos. 1, 2 and 3 Project.

**10. Board Member Comments**

Vice-President Brittain provided the Board with written documentation and expressed concerns regarding the proposed incorporation of the mountain communities. The Local Agency Formation Commission (LAFCO) is conducting a study that should be completed by July, 2015 to determine if incorporation is financially feasible for the mountain communities.

**11. Closed Session**

**A. Conference with Legal Counsel – Pending Litigation**  
**Government Code Section 54956.9(d)(1);**  
**Workers' Compensation Claim No. 02-0500-0128-X**

At 10:30 A.M., the Board retired to Closed Session with Legal Counsel pursuant to Government Code Section 54956.9(d)(1).

**Open Session**

The meeting moved into Open Session at 10:36 A.M.

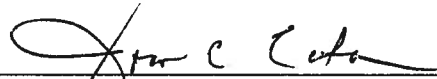
With respect to the item of Closed Session, there was no information to report.

**12. Meeting Adjournment**

The meeting was adjourned at 10:42 A.M.

Respectfully Submitted,

  
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President, Board of Directors  
Running Springs Water District

  
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Secretary of the Board of Directors  
Running Springs Water District