



RUNNING SPRINGS WATER DISTRICT  
A MULTI-SERVICE INDEPENDENT SPECIAL DISTRICT

31242 Hilltop Boulevard • P.O. Box 2206  
Running Springs, CA 92382

TO: BOARD OF DIRECTORS                      DATE POSTED:                      APRIL 24, 2015  
RE: REGULAR BOARD MEETING                      FROM:                      BOARD SECRETARY

A Special Meeting of the Board of Directors of the Running Springs Water District will be held on Monday, April 27, 2015, at the hour of 9:00 A.M. at the District Office located at 31242 Hilltop Boulevard, Running Springs, California. This agenda was posted prior to 9:00am on April 24, 2015 at the Running Springs Water District Office and Website.

The Board may take action on any item on the agenda, whether listed as an action item or as an information item.

Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to Joan C. Eaton, Board Secretary at (909) 867-2766 at least 48 hours before the meeting, if possible.

Copies of documents provided to members of the Board for discussion in open session may be obtained from the District at the address indicated above.

**AGENDA**

1. Call Meeting to Order and Pledge of Allegiance
2. Recognize and Hear From Visitors/Public Comment
3. Action Items – The following action items will be considered individually and each **require a motion** by the Board of Directors for action.
  - A. Consider Adopting Resolution No. 10-15, Clean Water State Revolving Fund Reimbursement Resolution  
(Presenter: Ryan Gross, General Manager)
  - B. Consider Awarding Construction Contract for Sewer Lift Station Nos. 1, 2 and 3 Improvements Project  
(Presenter: Ryan Gross, General Manager)
4. Meeting Adjournment

Upcoming Meetings:                      Regular Board Meeting, May 20, 2015 at 9:00 am

**RUNNING SPRINGS WATER DISTRICT**

**MEMORANDUM**

**DATE:** April 27, 2015

**TO:** Board of Directors

**FROM:** Ryan Gross, General Manager

**SUBJECT:** CONSIDER ADOPTING RESOLUTION NO. 10-15, CLEAN WATER STATE REVOLVING FUND REIMBURSEMENT RESOLUTION FOR THE SEWER LIFT STATION NOS. 1, 2 AND 3 IMPROVEMENT PROJECT

**RECOMMENDED BOARD ACTION**

Consider adopting Resolution No. 10-15, Clean Water State Revolving Fund (CWSRF) Reimbursement Resolution for the Sewer Lift Station Nos. 1, 2 & 3 (SLS 1-3) Improvement Project.

**REASON FOR RECOMMENDATION**

The California State Water Resources Control Board (SWRCB) Division of Financial Assistance has approved an increase in the loan amount due to the higher than expected bid amount for the project. A revised Reimbursement Resolution is required to increase the loan amount.

**BACKGROUND INFORMATION**

On August 20, 2014 the District Board of Directors approved and Installment Sales Agreement (ISA) with the SWRCB CWSRF Project Number 7879-110 for the SLS 1-3 Improvements. The Finance Agreement was fully executed on September 24, 2014 and will be revised to reflect the final budget amount.

**FISCAL INFORMATION**

The term of the new CWSRF loan is 20 years with a 1.90% interest rate. For a loan amount of \$2,800,000, the scheduled annual debt service payments would be approximately \$169,575. The fiscal year 2014/2015 rates, fees and charges included a new \$2.25 per month per equivalent dwelling unit (EDU) Infrastructure Repair and Replacement charge to fund the repayment of a portion of this debt service.

The first debt service payment for the new CWSRF loan would not be due until one year after completion of construction or approximately around the same time the 2001 treatment plant loan is scheduled to be paid off.

The existing 2001 treatment plant loan is scheduled to be paid off in March 2017. At that time, subject to Prop 218, it is recommended that the existing \$3.00 per month per EDU treatment plant loan repayment charge be eliminated and the existing Infrastructure Repair and Replacement charge be adjusted from \$2.25 to \$4.75 per month per EDU resulting in a rate decrease of \$0.50 per month per EDU.

The new \$4.75 per month per EDU Infrastructure Repair and Replacement charge would be sufficient to fund the annual debt service payment of \$169,575 =  $\$4.75 \times 12 \times 2,975$  and would result in a net decrease in the sewer rate for our customers.

## **ATTACHMENTS**

Attachment 1 – Resolution 10-15

# RESOLUTION NO. 10-15 REIMBURSEMENT RESOLUTION

WHEREAS, the \_\_\_\_\_ (the "Agency") desires to finance the costs of  
(Agency Name)

constructing and/or reconstructing certain public facilities and improvements relating to its water and wastewater system, including certain treatment facilities, pipelines and other infrastructure (the "Project"); and

WHEREAS, the Agency intends to finance the construction and/or reconstruction of the Project or portions of the Project with moneys ("Project Funds") provided by the State of California, acting by and through the State Water Resources Control Board (State Water Board); and

WHEREAS, the State Water Board may fund the Project Funds with proceeds from the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the "Obligations"), and

WHEREAS, prior to either the issuance of the Obligations or the approval by the State Water Board of the Project Funds the Agency desires to incur certain capital expenditures (the "Expenditures") with respect to the Project from available moneys of the Agency; and

WHEREAS, the Agency has determined that those moneys to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the Agency for the Expenditures from the proceeds of the Obligations.

NOW, THEREFORE, THE AGENCY DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

SECTION 1. The Agency hereby states its intention and reasonably expects to reimburse Expenditures paid prior to the issuance of the Obligations or the approval by the State Water Board of the Project Funds.

SECTION 2. The reasonably expected maximum principal amount of the Project Funds is \$\_\_\_\_\_.

SECTION 3. This resolution is being adopted no later than 60 days after the date on which the Agency will expend moneys for the portion of the Project costs to be reimbursed with Project Funds.

SECTION 4. Each Agency expenditure will be of a type properly chargeable to a capital account under general federal income tax principles.

SECTION 5. To the best of our knowledge, this Agency is not aware of the previous adoption of official intents by the Agency that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

SECTION 6. This resolution is adopted as official intent of the Agency in order to comply with Treasury Regulation §1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Project costs.

SECTION 7. All the recitals in this Resolution are true and correct and this Agency so finds, determines and represents.

AYES: \_\_\_\_\_

NOES: \_\_\_\_\_

ABSENT: \_\_\_\_\_

## CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the \_\_\_\_\_ held on \_\_\_\_\_.  
(Governing Board of the Agency) (Date)

\_\_\_\_\_  
(Name, Signature, and Seal of the Clerk or Authorized Record Keeper of the Governing Board of the Agency)

**RUNNING SPRINGS WATER DISTRICT**

**MEMORANDUM**

**DATE:** April 27, 2015

**TO:** Board of Directors

**FROM:** Ryan Gross, General Manager

**SUBJECT:** CONSIDER AWARDING A CONSTRUCTION CONTRACT FOR THE SEWER LIFT STATION NOS. 1, 2 AND 3 IMPROVEMENT PROJECT

**RECOMMENDED BOARD ACTION**

It is recommended that the Board of Directors:

1. Consider awarding a construction contract for the Sewer Lift Station Nos. 1, 2 and 3 (SLS 1-3) Improvement Project (Project) to Trinity Construction Company for their low bid of \$2,791,500;
2. Authorize the General Manager to execute the contract;
3. Authorize the General Manager to approve change orders for the Project during the course of the project as required not to exceed 10% of the original construction contract amount.

**REASON FOR RECOMMENDATION**

The bidding phase for the project is complete and the California State Water Resources Control Board (SWRCB) Division of Financial Assistance has approved an increase in the loan amount.

**BACKGROUND INFORMATION**

The bid opening was Wednesday, April 22, 2015. The following bids were received:

|    | <b>Contractor</b>            | <b>Total</b> |
|----|------------------------------|--------------|
| 1. | Trinity Construction Company | \$2,791,500  |
| 2. | Green Building Corporation   | \$3,222,110  |
| 3. | Genesis Construction         | \$3,843,777  |

The project includes the replacement of three sewer lift stations, generators and repair of a sewer main line sag near the District's Sewer Lift Station #2.

These necessary improvements to the District's SLS 1-3 have been recognized for several years in an effort to proactively prevent Sanitary Sewer Overflows (SSOs) in the event of equipment failure. These facilities are more than 40 years old and the improvements will improve reliability and reduce the potential for SSOs and regulatory enforcement action.

SLS 1-3 are all more than 40 years old and pose a significant risk of failure and potential SSOs into the Deep Creek and Fredalba Creek watersheds. The District identified these three SLS's as a high priority for rehabilitation/replacement in its 2010 Master Plan.

There are no additional operational improvements that can be made to improve the reliability and redundancy at these facilities without significant major upgrades.

The current approximate operations and maintenance costs for SLS #3 are as follows:

1. Current weekly labor for checking SLS #3 is 2 employees roughly 1 hours x 3 days a week x 52 weeks at the fully burdened averaged rate of \$100 per hour = \$31,200 per year. With a new SLS #3 this would be reduced by 2/3 to \$10,400 per year.
2. Current annual cost for repair parts and labor averaged for 1 year for mechanical failures, adjustments to air valves and timers, belts, etc. based on 3 employees x 40 hours at the fully burdened average rate of \$100 per hour + \$1,500 miscellaneous parts and supplies is \$13,500. This is expected to be cut in half with a new SLS #3.
3. Current compressors, starters, warwick controls, electric motors, two 4" check valves, probes and Johnson valve assemblies will need to be replaced within the next 5 to 7 years. The estimated cost for this is approximately \$60,000 if utilizing District staff. This would be scheduled upgrades, if an emergency failure happens it could significantly drive up this cost.
4. There should also be some energy savings with a new SLS #3.
5. There are other misc. expenses for call outs and or extended maintenance due to part complications/ fabrication these would be unexpected labor and material costs that would be hard to put a number on and could happen with any station.

These are conservative estimates for SLS #3 based on O&M. The annual cost of all three stations is expected to be 5 times this amount annually. This is also not considering an injury, spill and potential fines due to equipment failure.

## **FISCAL INFORMATION**

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Station (SLS) Nos. 1-3 Improvements. The Finance Agreement was fully executed on September 24, 2014.

The term of the new CWSRF loan is 20 years with a 1.90% interest rate. For a loan amount of \$2,800,000, the scheduled annual debt service payments would be approximately \$169,575. The fiscal year 2014/2015 rates, fees and charges included a new \$2.25 per month per equivalent dwelling unit (EDU) Infrastructure Repair and Replacement charge to fund the repayment of a portion of this debt service.

The first debt service payment for the new CWSRF loan would not be due until one year after completion of construction or approximately around the same time the 2001 treatment plant loan is scheduled to be paid off.

The existing 2001 treatment plant loan is scheduled to be paid off in March 2017. At that time, subject to Prop 218, it is recommended that the existing \$3.00 per month per EDU treatment plant loan repayment charge be eliminated and the existing Infrastructure Repair and Replacement charge be adjusted from \$2.25 to \$4.75 per month per EDU resulting in a rate decrease of \$0.50 per month per EDU.

The new \$4.75 per month per EDU Infrastructure Repair and Replacement charge would be sufficient to fund the annual debt service payment of  $\$169,575 = \$4.75 \times 12 \times 2,975$  and would result in a net decrease in the sewer rate for our customers.