

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

The Regular Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, October 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
Pamella Bennett, Director

Also present were the following:

Ryan Gross, General Manager
Joan C. Eaton, Secretary/Treasurer/Administration Supervisor
George Corley, Fire Chief
Dixi Willemse, Fire Department Administration Assistant
Trevor Miller, Wastewater Treatment Division Supervisor
Ward Simmons, Legal Counsel, Best, Best & Krieger
Brian Thomas, Engineer, Engineering Resources

Visitors Present:

Tony Grabow, Running Springs Fire Department Retired Fire Chief

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

2. Recognize and Hear From Visitors/Public Comment

Visitor Tony Grabow, Retired Fire Chief was introduced for the record.

3. Public Hearing and Consideration to Allow or Overrule any or all Objections or Protests to the Proposed Removal of Weeds and/or Wastes that have been Declared as a Public Nuisance

- A. **Open Public Hearing:** The Public Hearing was opened at 9:05 A.M. by President Ayers.
- B. **Fire Chief's Report:** Chief Corley had no comments regarding the Hazard Abatement Program and Manager Gross stated this is formality for the Public Hearing.
- C. **Written Objections or Protests:** Manager Gross confirmed there were no visitors present for the Public Hearing. Manager Gross said the District received one written email correspondence from a property owner that was not a protest and the Fire Department will resolve the issue.
- D. **Oral Objections or Protests:** None received.
- E. **Board Discussion:** Administration Assistant Willemse confirmed that due to time constraints, the properties listed in Exhibit A include all previous Hazard Abatement properties that were cited. Ms. Willemse said there were 148 properties who have received a second notice out of 1170 notices mailed and almost one-third have already complied. The Fire Department works closely with property owners to achieve compliance regarding Hazard Abatement.
- F. **Close Public Hearing:** The Public Hearing was closed at 9:12 A.M. by President Ayers.
- G. **Consider allowing or overruling any or all objections or protests to the proposed removal of weeds and/or wastes that have been declared a public nuisance, whereupon the Board of Directors shall acquire jurisdiction to proceed and perform the work of removing the public nuisance.**

No action required

4. **Approval of Consent Items**

The following consent items were listed for approval:

- A. **Approval of Meeting Minutes for the September 16, 2015 Regular Board Meeting.**
- B. **Ratify September 2015 Expenditures**
- C. **Ratify Fiscal Year 2015/2016 Budget Expenditure for Grit Chamber Air Lift Pump Repairs**

Director Bennett said she was impressed that the Air Lift Pump lasted forty years and Supervisor Miller explained the pump operation.

- D. **Authorize Staff to Proceed with Fiscal Year 2015/2016 Budgeted Expenditures at Treatment Plant and Ponds**

Upon motion by Director Heredia, second by Director Terry and carried by a 5 to 0 vote, the Expenditures were Ratified and Authorized and the Consent Items were approved.

5. Action Items

A. Consider Approving Budget Amendment for Wastewater Treatment Plant Membrane Bio-Reactor (MBR) Improvements

Manager Gross said Supervisor Miller has been successful in cutting costs at the Treatment Plant and he reported on the Bio-Reactor Membranes that require replacement and were included in the 2015/2016 Wastewater Treatment Plant Budget. Supervisor Miller requested a Budget Amendment and authorization to purchase and install five (5) Ovivo OV960 Submerged Membrane Units (SMUs) in lieu of purchasing 900 type “510” Membrane Cartridges and to authorize the General Manager to execute an agreement with Ovivo for the validation of the OV960 Submerged Membrane Units. Supervisor Miller reported on new technology and the validation process of stacking two (2) of the new style OV480 SMUs to create the OV960 SMU that will produce higher permeate flows with a reduction in energy consumption. If approved, the validation process will run for six (6) months and if the OV960s do not perform as outlined in the performance guarantee, the only financial obligation to Ovivo will be the first installment of \$175,000 and the District would retain all equipment as outlined in the agreement. The total cost for the purchase and installation of five (5) Ovivo OV960 SMUs will be \$436,200 (\$405,000 for the purchase of the SMUs and \$31,200 for ancillary equipment and installation labor) and Supervisor Miller provided cost tables for the District and Upstream users and the Budget Summary regarding CIP Account 12250 for the project. There will be labor and energy usage cost savings for the District estimated to be approximately \$565,580 due to the improved efficiencies of the OV960 over the ten (10) year expected life of the membranes. This cost does not include the additional savings that would also be achieved from eliminating the need to fill the vacant Treatment Plant Operator positions which is approximately \$56,000 per year in salary and benefits. Supervisor Miller confirmed there is a facility in North Carolina that utilizes this system with success and Manager Gross also discussed the system with a colleague who has membrane expertise and he highly recommended the system. Discussion continued and Manager Gross stated with project approval, the committed \$206,200 funds will be a combination of the \$98,400 budgeted amount, Upstream Users share of \$14,337 from Arrowbear, \$20,213 from CSA-79 and the remaining \$73,250 funds from the Wastewater Treatment Connection and Capacity Fund and after July 2016, the District will fund the remaining \$230,000 with the 2016/2017 Capital Improvement Budget. Manager Gross said the project will pay itself back in three (3) years and the ten (10) year savings is approximately \$500,000 with Supervisor Miller saying the District may qualify for incentives.

Upon **motion** by Vice-President Brittain, **second** by Director Heredia and **carried by a 5 to 0 vote**, the Budget Amendment for the Wastewater Treatment Plant Membrane Bio-Reactor (MBR) Improvements, was approved.

B. Consider Providing Additional Direction to Staff on Draft Upstream User Agreements

Manager Gross reported on the 1977 Wastewater Transportation, Treatment and Disposal Agreements (Upstream User Agreements) with Arrowbear Park County Water District (APCWD) and County Special District (CSA-79) that expires on January 20, 2017 and May 9, 2017 respectively and he stated the Ad Hoc Committee has drafted a replacement agreement that has been reviewed by Best, Best and Krieger, Legal Counsel. The new terms propose basing the cost on the proportionate share of Equivalent Dwelling Units (EDU) or what is connected to the system. The District is required to have a Wastewater Treatment and Disposal System designed to handle the capacity of what is connected and the District believes this is the reasonable way to proportion the cost share for the capital improvements and fixed costs. Manager Gross said he has been corresponding with APCWD's General Manager and the Directors of CSA-79.

The Board provided General Manager Gross with additional direction to revise the Upstream User Agreement and resubmit to the Arrowbear Park County Water District and County Special District CSA-79.

The Board recessed at 10:54 A.M. and reconvened at 11:04 A.M.

C. Consider Authorizing Staff to Proceed with Budgeted Expenditure for Replacement of Medical Aid Ambulance 51A (MA51A)

Chief Corley reported on the MA51A Medical Aid Ambulance that is twenty (20) years old, has reached the end of its useful life and will be sold at auction. Replacement of the MA51A is budgeted in Fiscal Year 2015/2016 for \$185,000 with equipment and tax. Pricing for a replacement ambulance was received from three (3) vendors with the low bidder Emergency Vehicle Group, Inc. quoting \$181,865. If approved, the expenditure will be funded from the Fire Department Equipment Replacement Reserve Fund with a current balance of approximately \$158,000 and a combination of the Breathing Apparatus and Operating Reserve Funds with a combined balance of approximately \$678,000. Chief Corley said alternatively, the District could pay a portion of the cost and finance the remaining portion through Municipal Finance Corporation with a low interest rate of 2.75% to 3.5%. Discussion continued regarding financing the ambulance purchase and Retired Fire Chief Grabow confirmed there are no grants available for rolling Fire Department equipment.

Upon **amended motion** by Director Bennett, **second** by Vice-President Brittain and **carried by a 5 to 0 vote**, Authorizing Staff to Proceed with Budgeted Expenditure for Replacement of Medical Aid Ambulance 51A (MA51A) Purchasing the New Ambulance and Financing \$35,000 Only if Measure B Fails, was approved.

D. Consider Authorizing Staff to Proceed with Budgeted Expenditure for Replacement of Comet Billing/Accounting System

Supervisor Eaton reported that in 2014, the Administration Division Financial Operations were assessed by an outside consultant who recommended that the District pursue a new accounting and billing software system capable of Governmental Fund Accounting and to replace the current antiquated system for increased efficiencies. Administration staff has been diligently researching accounting software and received the lowest proposal from Tyler Technologies for their Incode System in the amount of \$68,008.76 including \$13,000 for the server upgrade. The new accounting software expenditure was included in the Fiscal Year 2015/2016 Water, Wastewater and Fire Department Budgets for a total of \$98,500. The Tyler-Incode proposal is approximately \$20,000 less than budgeted but Administration is requesting consideration of the full budget amount should additional funds be required during the conversion. Supervisor Eaton stated the conversion will take approximately nine (9) months and will be consistent with the new 2016/2017 Fiscal Year and she confirmed the Tyler-Incode customer references were all exceptional. Manager Gross said the conversion will be challenging but the new General Ledger Accounting System will be streamlined and also integrate with the upcoming Electronic Meter Reading System. Best, Best and Krieger is currently reviewing the Tyler Technologies Contract to ensure everything is incorporated in the final agreement. Supervisor Eaton confirmed that Tyler Technologies, Sunny Kim, Financial Consultant and Grant Foraker, Comet System Administrator will be involved in the conversion process and we do not expect to hire additional outside support. Supervisor Eaton said Tyler Technologies anticipates the system will last ten (10) years before an upgrade will be required.

Upon motion by Director Heredia, second by Director Terry and carried by a 5 to 0 vote, Authorizing Staff to Proceed with the Budgeted Expenditure up to \$98,500 for Replacement of Comet Billing/Accounting System, was approved.

E. Consider Awarding Contract for Sewer Pipeline Point Repair

Manager Gross reported in Supervisor Hall's absence regarding the 2015 Sewer Pipeline Point Repair Project. During the annual inspection of sewer pipelines, a hole was discovered in the CalTrans Right of Way in Downtown Running Springs. CalTrans will be paving the area in the coming weeks so this repair should be completed as soon as possible. Three (3) bids were received with Professional Pipe Services being the low bidder in the amount of \$5,500 + \$1800 for additional section if required, and using the Ultraviolet (UV) Cure Process that is completed within one (1) day. The funding source will be the Wastewater Collections O&M Account 55010 which includes \$10,500 for miscellaneous and emergency repairs. Professional Pipe has the most experience with spot repairs and Manager Gross said they are comfortable with this company completing the work.

Upon motion by Director Bennett, second by President Ayers and carried by a 5 to 0 vote, Awarding the Contract to Professional Pipe Services for the Sewer Pipeline Point Repair, was approved.

6. Information Items

A. Quarterly Capital Improvements Project Report

Manager Gross reported that the Ayers Acres Groundwater Well Project is 51% complete and total payments received to date are \$348,395 with expected completion to be late fall 2015. The first debt service payment was made to Municipal Finance Corporation in September 2015. The Infrastructure R&R customer charge of \$1.88 per month began in July 2015 and \$69,080 has been collected to date for debt service reserve. Manager Gross stated there have been no major problems and no significant change orders were required regarding this project and he said the area is secured should we experience significant rainfall this season.

The Sewer Lift Station Nos. 1, 2 & 3 Improvement Project is approximately 20% complete and \$437,549 has been paid to date with the expected completion projected for spring 2016 due to a few delays. The annual debt service payments of \$169,143 will begin in July 2017 and the Infrastructure R&R Charge of \$2.25 per month per customer began in July 2015 with approximately \$102,000 collected to date for the debt service reserve. The existing Treatment Plant Loan will be paid off in March 2017 and the District will revisit the \$3.00 per month per customer fee in 2017. The District has \$526,000 in the Wastewater CIP and Capacity Reserves and \$218,000 is expected from the next CWSRF Reimbursement Check. Manager Gross confirmed that the easement acquisition to the Sewer Lift Station Project has been finalized.

B. Quarterly Budget/Financial Update

Manager Gross distributed and summarized the revised quarterly reports stating the CalPERS GASB 68 reports delayed the year end reporting and an accounting adjustment of approximately \$40,000 affected the quarterly Water Division revenue and will be corrected in October, 2015.

Regarding the Wastewater Division Fund Balance, Manager Gross noted the CWSRF Reimbursement Check will go back into the Capital Improvement Reserve Fund Account replacing the payments for the Lift Station Improvement Project. The Wastewater System Capacity Fund will also be reduced by the approval today of the MBR Improvements.

The Fire Department Future Equipment Fund will also be reduced with Board approval of the new Ambulance.

Manager Gross closed by saying staff will propose to utilize Assessment District No. 9 and No. 10 Funds to implement the new Electronic Water Meter Reading System.

C. Quarterly Investment Report

D. Water Production and Precipitation Report

7. General Manager's Report

Manager Gross reported that Zev Negal with the David Oved Retreat Camp has requested that the Running Springs Water District consider taking over operation of their Treatment Facility. The Board concurred that the Running Springs Water District would not consider this request.

8. Report from Legal Counsel

Attorney Simmons had no further report.

9. Board Member Comments

President Ayers distributed written publications and reported on the article from the Press Enterprise regarding recycled wastewater offered to residential users. President Ayers also provided publication from the State Water Resources Control Board regarding Frequently Asked Questions on Mandatory Consolidation or Extension of Service for Water Systems and discussion continued regarding consolidation of Public Water Systems.

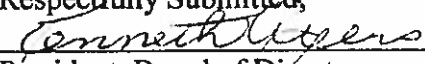
Vice-President Brittain reported on the October 14, 2015 Local Agency Formation Commission (LAFCO) Meeting regarding the Preliminary Feasibility Study for the proposed Rim of the World Incorporation. The Feasibility Study states Rim of the World could face severe financial challenges and LAFCO and the County of San Bernardino have no position. The costs to Rim of the World would be approximately \$14,000 for LAFCO fees and between \$14,000 and \$200,000 to complete a detailed study and Vice-President Brittain said he felt the proposed incorporation stopped right there. Discussion continued regarding redevelopment.

The next Running Springs Water District Board Meeting will be held on November 18, 2015.

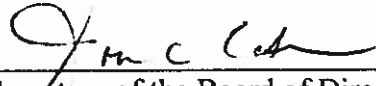
10. Meeting Adjourned

The meeting was adjourned at 12:32 P.M.

Respectfully Submitted,



President, Board of Directors
Running Springs Water District



Secretary of the Board of Directors
Running Springs Water District