

**MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS RUNNING SPRINGS WATER DISTRICT
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA
SEPTEMBER 17, 2014**

The Regular Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, September 17, 2014 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
Tony Grabow, Fire Chief
Trevor Miller, Wastewater Treatment Plant Division Supervisor
Isaiah Hall, Wastewater Collection Division Supervisor
Randy Bobroff, Water Division Supervisor
Dixi Willemse, Fire Department Administration Assistant
Ward Simmons, Attorney, Best, Best & Krieger

Visitors Present:

Dan Wagner, Bacon Wagner Excavating
Joan Moseley, Resident, Media Reporter
Brooklyn Tanner, Staff, Rim of the World Recreation and Park District
Karen Reams, General Manager, Rim of the World Recreation and Park District
Bob Kinzel, Recreation Manager, Rim of the World Recreation and Park District
Mike Milliorn, Maintenance Lead, Rim of the World Recreation and Park District
Richard Larvin, Rim of the World Recreation and Park District
Dan Begley, Running Springs Chamber of Commerce

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 who also led the assembly in the pledge of allegiance to the flag.

2. Recognize and Hear From Visitors/Public Comment

There were no comments from the visitors.

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 9:01 A.M. by President Ayers.

B. Fire Chief's Report: Chief Grabow reported on the Public Hearing that will allow or overrule any objections or protests to the removal of weeds and/or wastes that have been declared a public nuisance. Chief Grabow said there were no visitors present regarding the Public Hearing.

C. Written Objections or Protests: None

D. Oral Objections or Protests: Chief Grabow stated he took care of the only oral protest.

E. Board Discussion: None

F. Close Public Hearing: The Public Hearing was closed at 9:02 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

Upon motion by Vice-President Brittain, second by Director Bennett and carried by a 5 to 0 vote, 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, was approved.

4. Approval of Consent Items

The following consent items were listed for approval:

A. Approval of Meeting Minutes for August 20, 2014 Regular Board Meeting

B. Ratify August 2014 Expenditures

Regarding the August expenditures, Manager Gross confirmed the MVP Athletics expense in the amount of \$891.35 was for employee uniforms and regarding the Board

Meeting Minutes of August 20, 2014, a typographical error was noted and will be corrected by Supervisor Eaton.

Upon motion by Director Heredia, second by President Ayers and carried by a 5 to 0 vote, the Regular Board Meeting minutes of August 20, 2014 were approved as amended and the August 2014 Expenditures were approved.

5. Action Items

A. Consider Approving Additional Use of Downtown Property

Manager Gross opened by stating the Rim of the World Recreation and Park District (Rec and Park District) had approached the Running Springs Water District (RSWD) to consider allowing additional use and construction of a skateboard park on the Downtown RSWD property. Visitor Mike Milliorn, Rim of the World Recreation and Park District, reported on the proposed skateboard park stating they had received approximately five hundred (500) support signatures and he said the park will be a positive influence on the community by giving young people more activities in Running Springs. Director Heredia expressed concerns with liability issues and enforcement of the park with Attorney Simmons reporting on liability for hazardous recreational activities confirming that public agencies are liable as property owners. Director Brittain reminded the Board and visitors that the Downtown property was acquired for a future fire station and he noted the Harich Well No. 6 is located in the vicinity of the proposed skateboard park and access to the well is required with President Ayers confirming that the "Tot Lot" property would not be affected by the location of a new fire station. President Ayers expressed concerns with noise and foul language issues regarding the location of the proposed park in adjacent to the nearby preschool and library and questioned who would be responsible to police the skateboard park. Manager Gross said he recently met with the Twin Peak Sheriff's Department who informed him of issues they have had with the Crestline skateboard park that include periodical fighting and drugs, and he added that his biggest issue is liability for RSWD. President Ayers stated that RSWD customers paid for the Downtown property and he did not feel a skateboard park was conducive for the Running Springs Water District and he suggested that the Rec and Park District pursue other land that is available in the community, including property owned by the Park District. Director Bennett expressed her concerns that the Rec and Park District built community support without RSWD consent and she also expressed concerns with security and liability issues. Director Bennett said RSWD cannot take on projects that are outside the water, sewer and fire core group responsibility. Visitor Dan Wagner spoke of his history and experience in the community and he agreed that the process could have been handled differently, but asked the Board to consider the proposal. President Ayers noted the California Legislative Information SB-264 Recreational Activities state that skateboard parks require the person skateboarding must be twelve (12) years of age or older and he again said there would not be anyone responsible to police the skateboard park. Visitor Joan Moseley reported on the proposed skateboard park and stated that she understands the liability issues, but asked the Board to keep an open mind to help the children in the

community. Ms. Moseley also said the Running Springs Chamber of Commerce voted to support the skateboard park concept. Manager Gross suggested that the Rec and Park District consider approaching Joe Harich who owns property north of the Downtown property and is supportive of the Park District. Visitors Bob Kinzel, Karen Reams, Richard Larvin and Brooklyn Tanner, Rec and Park District Representatives, individually expressed their support for the proposed centrally located skateboard park and thanked the Board for their consideration. Director Brittain shared his experience as a former General Manager of RSWD, and the constant battle with kids skateboarding in the parking lot, and again expressed his concern with liability issues. Director Heredia agreed that the community needs recreation for our youth and he reiterated that it is not RSWD's responsibility to police a skateboard park noting liability concerns and added that he would be supportive if it were in another location. Ms. Moseley said that she did not think it was the intention of the Rec and Park District to force RSWD into the skateboard park concept, but instead she felt they wanted to see if there was initial support. Director Heredia confirmed the issue is the location of the proposed skateboard park and said he felt the Board would be supportive, but not on RSWD property. President Ayers closed by stating that RSWD invested in the Downtown property for the community and the Board position is with water, sewer and fire and that they do not want to be involved with issues a skateboard park could create. Director Bennett commended the group for putting together an excellent package and reminded the visitors that there are other surplus properties in the community for the proposed skateboard park.

Upon motion by Director Heredia, second by Director Brittain and carried by a 5 to 0 vote, the Board moved to support a Skateboard Park on Someone Else's Property.

6. Information Items

A. Discussion of 2015 Election Costs

Manager Gross reported on the existing Running Springs Fire Department Standby Suppression Fee Special Tax that owners of developed property in the Running Springs Water District service area pay to help fund the operation of the Fire Department. The voters approved a Fire Suppression Standby fee of \$65 a year in 1980 and if adjusted for inflation, the fee would be \$158 a year in 2014. The Board directed staff to proceed with obtaining information to place a measure on the ballot for the voters to consider in 2015 to increase the Fire Suppression Standby Fee with the additional revenue helping to fund the continued local operation of the Fire Department. The estimated cost to conduct a stand-alone polling place election in the spring of 2015 is \$31,700 and a stand-alone mail ballot election is \$15,000 with established elections dates for 2015 of March 3rd, June 2nd and November 3rd. A sample Services Survey conducted by the Arrowbear Lake Fire Department was provided for review and District staff will design a survey for the Running Springs Water District to present to the Board for consideration in October, 2014. There was no further information to report regarding the Howard Jarvis Taxpayer's Association against the Department of Forestry and Fire Protection (Cal Fire) to repeal the \$150 state fire fee and Director Brittain expressed his concerns with

misinterpretation of the Cal Fire fee that has no relation to the Running Springs Fire Department.

B. Electricity Bill Impact Analysis for 2014

Manager Gross reported on recent notification from Southern California Edison of a projected increase in electricity costs stating the District should expect a 13% or \$24,628 increase in calendar year 2014, based on forecasted rates that are beyond District control. Manager Gross stated the District recently conducted an energy audit and are waiting on financing options but due to limited reserves, the District has not been able to complete the recommended projects. Engineer Thomas stated the District continues to research solar options but said the real estate and terrain are not conducive to solar option requirements. Manager Gross noted the District is continually working on finding ways to operate more efficiently to minimize its energy usage.

C. Preliminary Fiscal Year 2013/2014 Financials

Manager Gross provided the Board with a summary of the preliminary budget/financial analysis for the Fiscal Year ending June 30, 2014 that compares the Fiscal Year 2013/2014 to the prior year and also to the budget. Manager Gross stated the information will be more refined at the October, 2014 Board Meeting and noted the figures include approximately \$732,000 in depreciation expense. The combined Fire and Ambulance preliminary expense was high due to the CalPERS unfunded liability and accruals for vacation, sick and compensation time that is included in the total expenses due to accounting rules for the financial statements that are not included in the total budget. With these expenses removed, the Fire and Ambulance Divisions were under budget in this account. Manager Gross mentioned that changes next fiscal year in GASB 54 will indicate how the pension unfunded liabilities are accounted, possibly affecting the District Financial Statements.

7. Reports from Management

A. Water Division Supervisor Report

Supervisor Bobroff reported on water production stating water is diminishing and the prediction does not look good. Water production has been reduced from ten years ago at approximately 10% per year and the District has reduced water consumption by approximately 33% in the past ten years. Supervisor Bobroff stated the Water Division is responding immediately to all leak reports making every effort to conserve water and he reported on a recent isolated main leak. Director Brittain asked about replenishing the tanks with Supervisor Bobroff saying customers are cutting back on water consumption due to the recent rate increase.

B. Wastewater Treatment Division Report

Supervisor Miller opened by stating that the Treatment Division is 50% complete with their annual Membrane Bio-Reactor (MBR) maintenance project. He also reported on the Headworks Blower Replacement Project that is 90% complete with the blower online and the results will be substantial electricity savings with Southern California Edison. Supervisor Miller reported on the Enernoc Energy Conservation Program contract stating there were two (2) demand responses the past weekend, resulting in the Treatment Plant shutting down electricity temporarily to run on a generator and conserve energy. Supervisor Miller closed saying the treatment ponds are good with flows down under 400,000 gallons a day.

C. Wastewater Collection Division Report

Supervisor Hall reported on the annual sewer line cleaning and video inspection services that is almost complete and stated he will report on this project at the October, 2014 Board Meeting. Only minor issues were found and he confirmed there have been no main line separations or breaks. Supervisor Hall stated there is approximately 23,000 feet of footage and Tunnel Vision, Inc. is doing a good job adding that it was worth the approximate \$20,000 reduction in cost to use Tunnel Vision, Inc. instead of Houston and Harris, Inc. Supervisor Hall noted that use and transportation of reclaimed water for the sewer line cleaning project is going well and there has been no damage or major complaints from the customers. Manager Gross stated there are a couple of Operations and Maintenance (O&M) projects coming up that will be completed by outside local contractors, to rehabilitate wet wells at Sewer Lift Stations No. 7, 8 and 9 along with point repairs, before winter.

D. Fire Department Report

Chief Grabow opened by reporting that the Fire Department is being reevaluated by the Insurance Services Office (ISO) for Public Protection Classifications. Chief Grabow also said the Department Paid Call Firefighters (PCF) staffing is currently stretched thin with employees recently hired by Cal Fire, US Forest Service and the County Fire Department.

E. Administration Report

Supervisor Eaton reported that the Auditors and Financial Consultant will return to the District beginning September 30, 2014 to conclude the audit for Fiscal Year ending June 30, 2014. The Special District Risk Management Authority (SDRMA) is providing Property Liability members with cyber computer related insurance coverage free of premiums with a \$500,000 limit and \$25,000 deductible. Supervisor Eaton reported on the District Records Retention program and offered to destroy any outdated duplicate documents the Board Directors may have in their files. Manager Gross and Supervisor Eaton reported on the meeting with Norm Huff, General Manager, Arrowbear Park

County Water District stating Arrowbear has paid their outstanding loan debt to the District with a payment in the amount of approximately \$232,000 that will be recorded in the 2014/2015 Fiscal Year.

F. General Manager's Report

Manager Gross said the Ayers Acres Well Project bid opening will be held on September 25, 2014 at 2:00pm and he said that four (4) local contractors, GM Excavating, Bacon Wagner Excavating, Trinity Construction and TryCo General Engineering attended the job walk. Municipal Finance Corporation has lowered the interest rate to 3.4% on the loan for the Ayers Acres project that equates to approximately \$6,000 in interest savings over 10 years.

President Ayers and Manager Gross recently met with Supervisor Rutherford regarding ideas for a Council of Governments to discuss common issues on the mountain. The Battalion Chief Position testing interviews will be scheduled for the middle of October and nine (9) employment applications have been received. Manager Gross and Chief Grabow will discuss the interview schedule further with the Personnel Committee. Manager Gross closed by saying Administration is working with our Insurance Broker regarding options for the employer paid Life and Disability Insurance Plans and we expect to see a savings of approximately \$6,000 over the next few years, keeping the same plan design with a three year rate guarantee.

8. Report From Engineer

Engineer Thomas had no further information to report

9. Report From Legal Counsel

Attorney Simmons stated this is an active time of year for legislation and wanted to discuss Water Bills but he initially wanted to mention that the governor signed the Healthy Workplace Act Assembly Bill that provides for sick leave for full and part-time employees starting July 1, 2015. The part-time employees will receive one hour of sick time for every thirty (30) hours worked per month and they may begin using sick leave for themselves or to care for a family member after working for ninety (90) days. The employer may limit the days used per year to three (3) days with the maximum accrual of six (6) days per year. This bill may affect the Paid Call Firefighters who are on call part-time employees of the District.

Attorney Simmons reported on the Groundwater Basin Issue Bill signed by the governor and provided a map of the California Statewide Groundwater Elevation Monitoring Program (CASGEM) Groundwater Basin Prioritization Southern Region. Running Springs is not considered to be in a Groundwater Basin area so the new legislation does not apply to the District. If the basin is considered to be a medium or high priority, a local agency will need to put together a sustainability plan due by 2020. Attorney Simmons said the good news is it

is local level and if the plan is not implemented properly, the state will stop it. There will be future adjudication issues and exceptions over the next few years for Districts.

Regarding the Water Bills, Attorney Simmons provided a memo that provides more details regarding possible funds for water recycling, water storage, flood water management, storm water capture, groundwater sustainability and clean and safe drinking water. The largest amount of funds will go to the Water Storage Projects and if the bond passes, the California State Water Commission will need to develop criteria on how to award the funds, possibly based on ecosystem benefits. Discussion continued regarding the Water Bills and Manager Gross requested that both the Santa Ana and Lahonton Region group together and develop a category for the small rural communities allowing for a better chance of funding.

10. Board Member Meetings

President Ayers reported on his recent meeting with Supervisor Janice Rutherford and the Council of Governments for agencies to discuss common problems on the mountains. Manager Gross said it would benefit the District if there were innovation ideas that we could share with others, and he provided an example of sealable lockable manhole covers. President Ayers said the foundation would be to sit down to discuss common issues and keep Supervisor Rutherford involved directly. President Ayers said there is word of consolidating the mountain into a city and the Local Agency Formation Commission (LAFCO) will be conducting a feasibility study to incorporate the mountain communities from Green Valley Lake to Crestline.


11. Board Member Comments

Director Heredia mentioned the Wastewater Sewer Agreement with Green Valley Lake and Arrowbear Park County Water District that expires in 2017. A Committee meeting will be held in the near future to discuss and negotiate renewal of the contract.

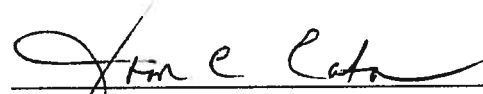
12. Meeting Adjournment

The meeting was adjourned at 10:50 A.M.

Respectfully Submitted,



President, Board of Directors
Running Springs Water District



Secretary of the Board of Directors
Running Springs Water District