

**MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS RUNNING SPRINGS WATER DISTRICT
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA
MAY 27, 2015**

The Regular Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, May 27, 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
Mike Terry, Director
Henry Heredia, Director

Director Everett “Ed” Brittain arrived at 9:30 A.M.

Director Pamela Bennett was absent

Also present were the following:

Ryan Gross, General Manager
Joan C. Eaton, Secretary/Treasurer/Administration Supervisor
George Corley, Fire Chief
Mike Vasquez, Fire Battalion Chief
Randy Bobroff, Water Division Supervisor
Isaiah Hall, Wastewater Collections Division Supervisor
Brian Thomas, Engineer, Engineering Resources
Ward Simmons, Attorney, Best, Best & Krieger

Visitors Present:

Michaele Ricker, 20 Year Running Springs Resident

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

Visitor Michaele Ricker introduced herself for the record and had no comments at this time.

3. Approval of Consent Items

The following consent items were listed for approval:

- A. Approval of Meeting Minutes for April 23, 2015 Regular Board Meeting**
- B. Approval of Meeting Minutes for April 27, 2015 Special Board Meeting**
- C. Ratify April 2015 Expenditures**

Manager Gross noted that the Leachate revenue is now included in the Wastewater Capital Improvement Fund.

Approval of the Consent Items will be tabled to later in the meeting due to an abstention vote by Director Heredia.

4. Action Items

- A. Consider Accepting Proposal for Financial Auditing Services for the District's Fiscal Year Ending June 30, 2015**

Supervisor Eaton stated Van Lant & Fankhanel, LLP (VLF) have provided their proposal for the Fiscal Year 2014/15 Financial Auditing Services in the amount of \$22,500 which is the same fee as Fiscal Year 2013/14. VLF expects to begin the audit in June or July 2015 and issue their reports no later than November 2015. Administration has been pleased with the previous experience with VLF and recommends that the Board accept this proposal. Manager Gross said this will be the third year with VLF and next year the District may go out to bid for auditing services.

Upon motion by Director Heredia, second by Director Terry and carried by a 3 to 0 vote, the proposal for Financial Auditing Services in the amount of \$22,500 for the District's Fiscal Year Ending June 30, 2015, was approved.

- B. Consider Approving Contract for Financial Consulting Service**

Supervisor Eaton reported on the Fiscal Year 2014/2015 Rogers, Anderson, Malody and Scott (RAMS) Financial Consulting Service contract in the amount of \$50,000 and asked the Board to consider approving an additional \$4,500 budget to cover costs for the remainder of the year. Fiscal Year 2014/2015 was the first year with the new Financial Consultant and the transition required additional attention outside the regular scope of services that included the Paychex Payroll Conversion, Separation of Fund Balances and Budget Planning. The additional \$4,500 will be split between the Water, Wastewater and Fire/Ambulance Divisions. President Ayers expressed concerns stating the costs should decrease as the Consultant becomes more familiar with the District with Manager Gross responding that the Financial Consultant has become more proficient. The Board also reviewed the Fiscal Year 2015/2016 Financial Consulting Services Contract in the amount of \$50,000 and discussion continued. Supervisor Eaton said

Administration expects the Fiscal Year 2015/2016 Financial Consulting Services costs to be close to budget with Manager Gross confirming that an additional \$30,000 was added to the Professional Services account next year to allow for Financial Consultant support regarding the transition to the new proposed General Ledger/Accounting system. Attorney Simmons and Manager Gross clarified the “Additionally Insured Clause” in the Financial Consultant Services contract.

Upon **motion** by Director Terry, **second** by Director Heredia and **carried by a 3 to 0 vote**, the 2015/2016 Financial Consulting Contract with Rogers, Anderson, Malody and Scott in the amount not to exceed \$50,000 and Adding an Additional \$4,500 Budget for the 2014/2015 Fiscal Year Financial Consulting Contract, was approved.

C. Consider Awarding Contract for Water Storage Tank Inspection and Cleaning Services

Supervisor Bobroff requested Board approval of the Water Storage Tank Inspection and Cleaning Contract with Aquatic Inspections, Inc. for their proposal of \$6,500 to clean four (4) water storage tanks within the District. Supervisor Bobroff said \$4,500 is already approved in the Fiscal Year 2014/2015 Budget to clean two (2) tanks and \$4,500 is budgeted in Fiscal Year 2015/2016 to clean the additional tanks. Supervisor Bobroff said the time required to clean a tank is approximately four (4) hours with Manager Gross saying Aquatic Inspections will complete two (2) tank cleanings and return to complete the remaining two (2) tanks.

Upon **motion** by Director Heredia, **second** by President Ayers and **carried by a 3 to 0 vote**, Awarding the Contract for Water Storage Tank Inspection and Cleaning Services with Aquatic Inspections in the amount of \$6,500, was approved.

D. Consider Adoption of Resolution Nos. 11-15 and 12-15 for the Reduction of Employer Paid Member Contributions (EPMC) to the California Public Employees’ Retirement System (CalPERS) for Newly Hired Classic CalPERS Members

Manager Gross reported on the elimination of CalPERS EPMC of 2% per year for Miscellaneous and 2.25% per year for Safety employees over a four (4) year period beginning July 1, 2015 for existing Classic CalPERS members, that was approved by the Board on February 18, 2015. The savings to the District associated with the phased elimination of CalPERS EPMC and paying and reporting the value of the EPMC is approximately \$15,000 per year beginning in 2019. Resolutions are required to begin the first phase of reducing the EPMC.

Upon **motion** by Director Terry, **second** by Director Heredia and **carried by a 3 to 0 vote**, RESOLUTIONS NOS. 11-15 AND 12-15 FOR THE REDUCTION OF EMPLOYER PAID MEMBER CONTRIBUTIONS (EPMC) TO THE CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (CALPERS) FOR NEWLY HIRED CLASSIC CALPERS MEMBERS, were adopted. (Resolutions Nos. 11-15 and 12-15 on file in the District office)

Director Brittain arrived to the meeting.

E. Consider Adjusting the Health Benefit Cap for District Employees

Manager Gross reported that the District received the renewal proposal from the Aetna Health Group plan and the premiums are increasing by 21.3% with the Dental Health Insurance premiums increasing by 5.7%. The District currently contributes a maximum cap amount towards the cost of medical, dental and vision insurance coverage for all qualifying employees and historically, the budget increase for the maximum District contribution to employee's health plans has followed the Cost of Living Adjustment (COLA) which is 1.4% for Fiscal Year 2015/2016. Manager Gross said the increases in the District's group health plan premiums have been significantly more than the COLA. District employees have the option of enrolling in the District sponsored Group Health Insurance Plan or the Medical Expense Reimbursement Plan and current trend indicates that employees enrolled in the Medical Expense Reimbursement Plan have only used 51% of their cap amounts and any unused funds are forfeited at the end of the fiscal year. Manager Gross provided the Board with a table listing alternative increases to the cap and associated budget impacts to the District and the total amounts, assumed the current trend of employees enrolled in the Medical Reimbursement Plan use only 51% of their cap amounts. Discussion continued regarding health care reform and increasing costs with President Ayers asking the Personnel Committee to review this issue more closely and Manager Gross and staff will research pooled agencies and health insurance options next Fiscal Year 2015/2016. Vice-President Brittain said he does not want to adversely impact District employees and he acknowledged staff for their dedication, but said next year may be different with President Ayers stating the cost should be shared equally by the District and the employees. The Board made a motion but was divided with increasing the health benefit cap by 20%. Manager Gross noted the Health Plan Cap Amount Table and said historical cap increases have been approximately 2% so employees have taken the brunt of the premium increases over the years with this proposal being an adjustment to the cap.

Upon motion by Director Heredia, second by Director Terry and carried by a 3 to 1 vote, Adjusting the Health Benefit Cap for District Employees by 15% for Fiscal Year 2015/2016, was approved.

In closing, Director Heredia asked that the Personnel Committee research the average premium increases so the District can budget accordingly and Supervisor Eaton confirmed that the approved cap increase date will be consistent with the first pay period in July.

F. Consider Authorizing Expenditures for Flow Meter Replacement

Supervisor Hall reported on Sewer Lift Stations No. 4 and No. 5 flow meter replacement that have been out of service for the last several years and were identified in the Wastewater Collections Five (5) Year Master Plan and included in the 2014/2015 Fiscal Year Budget. After pulling the meters it was determined that they are not repairable and need replacement at a total cost of \$13,078 for the initial evaluation, replacement and installation which will be funded from the Wastewater Capital Improvement Reserve fund that has an approximate balance of \$278,171. Supervisor Miller explained that the meters were tested because they still

have serviceable components and Supervisor Hall noted that Collections staff will complete the meter replacement installation in house. Manager Gross reported on budgeted projects over \$3,000 that staff will bring to the board to authorize the expenditures.

Upon motion by Director Heredia, second by President Ayers and carried by a 4 to 0 vote, Authorizing Expenditures for Flow Meter Replacement, was approved.

G. Consider Authorizing Expenditures for Sewer Lift Station Paving

Supervisor Hall reported on the asphalt driveways at Sewer Lift Stations No. 8 and 9 that are over 20 years old and in need of repairs. The District received three (3) estimates for the projects with the lowest for LS No. 8 from Bacon/Wagner Excavating for \$21,013 pending approval of the Fiscal Year 2015/16 budget. The lowest bid for LS No. 9 was from GM Excavating for \$18,777 and this project is scheduled to be completed before June 30, 2015.

Upon motion by Director Heredia, second by Director Terry and carried by a 4 to 0 vote, Authorizing Expenditures for Sewer Lift Station Paving, was approved.

H. Consider Appointing One Director as the District's Representative to the Rim of the World Council of Governments

Manager Gross reported the District received a letter from Janice Rutherford, Second District Supervisor regarding participation in the first meeting of the Rim of the World Council of Governments (ROWCOG). President Ayers and either Director Heredia or Manager Gross will attend the initial meeting to determine the program agenda and to keep open communication with Supervisor Rutherford. Discussion continued with Director Brittain expressing his concerns and stated he was opposed to forming a city on the mountain.

Upon motion by President Ayers, second by Director Terry and carried by a 4 to 0 vote, Appointing President Ayers and Alternate Director Heredia as the District's Representative to the Rim of the World Council of Governments, was approved.

I. Public Hearing and Consideration of Adopting Ordinance No. 44 Establishing Fees for Ambulance Services

- i. **Open Public Hearing:** President Ayers opened the Public Hearing at 10:11 A.M.
- ii. **Staff Presentation:** Chief Corley reported on the schedule of fees adopted pursuant to Fire District Protection Law that should be adopted by District Ordinance and stated this is the normal Inland Counties Emergency Medical Agency (ICEMA) yearly adjustment. Chief Corley clarified the Emergency Fee that is charged in an emergency not in a planned transport.
- iii. **Written Public Comment:** No written public comments received

- iv. **Oral Public Comment:** No oral public comments
- v. **Board Discussion/Comments:** There was no further discussion or comments
- vi. **Close Public Hearing:** President Ayers closed the Public Hearing at 10:23 A.M.
- vii. **Consider Adoption of Proposed Ordinance No. 44**

Upon motion by Director Brittain, second by President Ayers and carried by a 4 to 0 vote, ORDINANCE NO. 44, ESTABLISHING FEES FOR AMBULANCE SERVICES, was adopted. (Ordinance No. 44 on file in the District office)

5. Information Items

A. Emergency Water Conservation Regulations Update

Manager Gross provided the Board with written documentation regarding water conservation regulations and stated the District added water conservation information to our website with links to different resources while continuing to get the word out to the community. The District already complies by policy with regulations limiting outdoor irrigation to two (2) days per week and a report confirming compliance will be submitted to the state by December 15, 2015. Supervisor Bobroff confirmed that the community has cut back on water use and said he has not noticed a decline in the water table. Supervisor Bobroff will provide a year to date water consumption report to the Board for their information. President Ayers suggested the District research additional water sources and he specifically mentioned the Boy Scout Camp as a possible source and discussion continued. Visitor Ricker commented on water conservation and asked if the District has looked at ways to make up for lost revenues with President Ayers saying District costs have been reduced and the other avenue is to raise rates with Supervisor Bobroff adding that the District will produce more of our own water. Visitor Ricker asked if legal consideration has been made addressing Arrowhead Water producing and selling water outside of the local community resources with President Ayers saying Harich wells are outside of the District boundaries and Attorney Simmons saying he has not heard of any legal action contemplated. Manager Gross agreed the Harich wells are outside of the District boundary and he said Arrowhead Water wells should not affect the District water, looking at the geology.

6. Reports from Management

A. Water Division Report

Supervisor Bobroff reported on water loss figures stating they are reasonable and the Water Division is responding to leaks immediately. The Ayers Acres Construction Project is going well with the pump installed last month and pipe line and electrical conduits expected to be complete by May 28, 2015. A tour of Ayers Acres will be scheduled when the project is complete and final approval and permits are received from the State Health Department. Supervisor Bobroff stated one (1) well was down due to a booster failure but currently

everything is up and running. Supervisor Bobroff closed by saying Tesco Controls, Inc. is upgrading the Nordic Tank Site Supervisory Control and Data Acquisition (SCADA) Systems.

B. Wastewater Treatment Division Report

Supervisor Miller stated the Regional Board Annual Treatment Plant Inspection was conducted on May 20, 2015 and they had only good things to say about the District. Supervisor Miller also reported that Southern California Edison is currently hooking up analysis equipment for the process air blower commissioned last month regarding the incentive program. Supervisor Miller closed by saying the bio-solids loads are down to once a month saving the District approximately \$2,200 a month.

C. Wastewater Collections Division Report

Supervisor Hall said everything is going well in the Collections Division and he had no further information to report.

D. Fire Department Report

Chief Corley confirmed that the Department has received the new Squad and equipment. He also stated that the Hazard Abatement Program will begin on June 8, 2015 and the County will enforce roof and yard abatement in the community. Chief Corley reported that Engineer/Paramedic David Loest will retire on July 6, 2015 with approximately 31 years of service with the District and the Department will begin the in house testing to fill the vacant position.

E. Administration Report

Supervisor Eaton said the 2015/2016 Water and Sewer Standby Billings in the amount of \$52,925 were mailed the first week of May with a due date of July 1, 2015. Fire Suppression Charges will be submitted to the County for placement on the County tax rolls.

F. General Manager's Report

Manager Gross reported on the Special District Risk Management Authority (SDRMA) official election ballot and resolution supporting three (3) candidates that is required before August, 2015 and will be placed on the June Board Meeting agenda for Board consideration.

Manager Gross mentioned that the District received notification regarding the Casmalia Resources Superfund Site (aka the Casmalia Disposal Site) settlement that is now final and requires no further action.

Manager Gross also reported on construction of the Ayers Acres Project saying everything is going well and the revised Finance Agreement should be received in the next few days with Trinity Construction expected to begin in July, 2015.

7. Report From Engineer

Engineer Thomas had no information to report.

8. Legal Counsel

Attorney Simmons said he has been monitoring progress on the State of California Fire Tax and stated there has been no forward movement except a planned class action lawsuit. It is recommended that property owners continue to pay the fee to CalFIRE.

9. Board Member Meetings

A Personnel Committee meeting will be scheduled regarding employee health benefits.

10. Board Member Comments

No further Board Member comments were made.

The meeting moved to visitor Michael Ricker who researched and reported on Proposition 218 Special Assessment Fees and specifically addressed the annual Sewer Assessment Bill she received from the District saying she does not have a sewer. Visitor Ricker quoted Article 13 of the California Constitution that reads “fees or charges based on potential or future use of the service are not permitted. A fee cannot be imposed unless that service is actually used by or immediately available to the owner of the property in question”. Visitor Ricker said neither apply and she is curious about the rationale of the fee. Attorney Simmons stated that standby charges can be charged as long as they are in compliance and Manager Gross noted there are original policies adopting the Sewer Availability charges that are in the District files. Engineer Thomas reported on Proposition 218 saying it came into effect in the late 1900’s or early 2000’s and stated that anything in place before Proposition 218 is not affected from an assessment perspective. Engineer Thomas said an engineering report would be required to conduct an Assessment District and he mentioned the high cost of prevailing wages and county regulations. Engineer Thomas stated if the neighborhood wanted an Assessment District formed, they could propose their interest to the District with Director Brittain confirming that the District approached the Rimwood Ranch neighborhood years ago, and the property owners did not want sewer service. Engineer Thomas closed by saying Assessment District’s no longer secure bonds and property owners are required to pay for everything up front. There were no further comments or questions.

The Meeting Moved Back to Item 3. A, B and C. Approval of Consent Items

Upon motion by Director Terry, second by President Ayers and carried by a 3 to 0 vote, with Director Heredia abstaining, the April 2015 Expenditures were ratified and Consent Items were approved.

11. Closed Session

A. Public Employee Performance Evaluation, Title: General Manager. Pursuant to Government Code Section 54957

The Board moved to closed session at 11:15 A.M.

12. Open Session

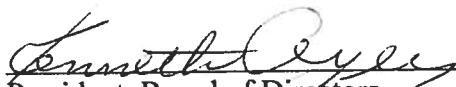
A. The Board and/or Legal Counsel will report any action taken in closed session

The Board of Directors came out of closed session at 11:52 A.M. and upon motion by President Ayers, second by Director Heredia and unanimously carried by a 4 to 0 vote with Director Bennett absent, Amendment No. 3 to the Employment Agreement with Ryan Gross for General Manager, was approved subject to review and approval by legal counsel.

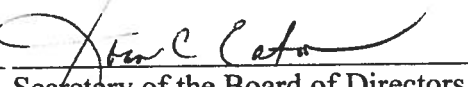
13. Meeting Adjournment

The meeting was adjourned at 11:53 A.M.

Respectfully Submitted,



President, Board of Directors
Running Springs Water District



Secretary of the Board of Directors
Running Springs Water District