

**MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS RUNNING SPRINGS WATER DISTRICT
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA
DECEMBER 16, 2015**

The Regular Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, December 16, 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

The following Directors were absent:

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
Trevor Miller, Wastewater Treatment Division Supervisor
Ward Simmons, Legal Counsel, Best, Best & Krieger

Visitors Present:

Brett Van Lant, CPA, Van Lant & Fankhanel, LLP (VLF)
Scott Manno, CPA, CGMA, Partner, Rogers, Anderson, Malody & Scott (RAMS)

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 Terry led the assembly in the pledge of allegiance to the flag.

2. Recognize and Hear From Visitors/Public Comment

Visitors Brett Van Lant and Scott Manno introduced themselves for the records.

3. Election of Officers

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This item was tabled to the January 20, 2016 Board Meeting

4. Approval of Consent Items

The following consent items were listed for approval:

- A. Approval of Meeting Minutes for the November 18, 2015 Regular Board Meeting.**
- B. Ratify November 2015 Expenditures**

Supervisor Eaton confirmed the \$100 Rim of the World Recreation expense was to use the Hootman Center venue for the Employee Holiday Luncheon. Chief Corley stated flu shots are mandatory for all Fire Department staff and may not be covered by insurance.

Upon motion by Director Terry, second by Vice-President Brittain and carried by a 3 to 0 vote, the expenditures were ratified and the Consent Items approved.

5. Action Items

- A. Consider Receiving, Filing and Authorizing the Distribution of the District's Fiscal Year 2014-2015 Annual Financial Report and Audit Results**

Brett Van Lant, CPA with Van Lant & Fankhanel, LLP presented the District Auditor's Report for Years Ending June 30, 2015 and 2014. VLF reported the independent auditor concluded, based upon the audit, that in their opinion the District's financial statements for the fiscal year ended June 30, 2015 present fairly, in all material respects, the financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2015 and the changes in financial position and where applicable, cash flows thereof for the year then ended in accordance accounting principles generally accepted in the United State of America.

Mr. Van Lant confirmed they did not have any significant audit findings during the process and found no material weakness in the internal controls. VLF stated they did not encounter any difficulties in dealing with management in performing and completing their audit. In closing, Mr. Van Lant thanked the District and management for assisting them in completion of the June 30, 2015 audit. Mr. Van Lant was then excused from the meeting.

The meeting moved to Information Item 6.A. Financial Presentation

Scott Manno provided the Financial Statement Presentation for the years ended June 30, 2015 and 2014. In summary, the District's total net position decreased by \$3,939,012 from the prior year due to the implementation of GASBS 68 which also brought on a Net

Pension Liability (NPL) and related deferred inflows and outflows. NPL increased long-term liabilities by \$5,073.557. Discussion continued regarding the financial status of the District and limited revenues in addition to issues the District is facing in sustaining the Fire Department.

Upon **motion** by President Ayers, **second** by Vice-President Brittain and **carried by a 3 to 0 vote**, Receiving, Filing and Authorizing the Distribution of the District's Fiscal Year 2014-2015 Annual Financial Report and Audit Results were approved.

B. Consider Adopting Resolution No. 27-15, Setting the Schedule for Regular Board Meetings

The Regular Board Meeting of the Board of Directors of the Running Springs Water District shall continue to be conducted on the third Wednesday of each month at 9:00 A.M. at the District's Boardroom located at 31242 Hilltop Boulevard, Running Springs, CA.

Upon **motion** by President Ayers, **second** by Director Terry and **carried by a 3 to 0 vote**, RESOLUTION NO. 27-15, SETTING THE SCHEDULE FOR REGULAR BOARD MEETINGS, was adopted (Resolution No. 27-15 on file in the District office)

C. Consider Appointment of Directors to Standing Committees

This Action Item was tabled to the January 20, 2016 Board Meeting

D. Consider Request from New Owners of the Former Chabad Property to Waive Interest Charges and Extend Payment Plan to 24 Months

Manager Gross reported on a request from the new owners of the former Chabad Property to waive approximately \$19,748.13 in interest charges for Assessment District No. 10 delinquent installments and extend their payment plan from twelve (12) months to twenty-four (24) months regarding properties they purchased at a tax sale. Discussion continued and Manager Gross confirmed that the District has no obligation to waive any interest or extend the payment plan.

Upon **motion** by Director Terry, **second** by Vice-President Brittain and **carried by a 3 to 0 vote**, the Request from New Owners of the Former Chabad Property to Waive Interest Charges and Extend Payment Plan to 24 Months, was denied.

6. Information Items

A. Financial Presentation

Moved to Action Item 5.A. above

B. Water Production and Precipitation Report

Manager Gross provided the Board with a copy of the Running Springs Water District Total Water Production Report indicating the monthly precipitation from 2013 thru 2015.

C. Small Water Supplier Conservation Report

Manager Gross also provided the Board with a copy of the Small Water Supplier Conservation Report that was submitted to the State Water Resources Control Board. Manager Gross stated the District reduced water production from January thru November 2015 by 21% compared to 2013 which was good for water conservation but reduced water revenues.

D. Fiscal Year 2014/2015 Wastewater User Charge Survey Report

Manager Gross reported on the State Water Resources Control Board Fiscal Year 2014/2015 Wastewater User Charge Survey Report results. Running Springs Water District Wastewater rates were 14% below the statewide average and 22% below the statewide average by population served for Fiscal Year 2014/2015.

The Board recessed at 10:32 A.M. and reconvened at 10:37 A.M.

7. Division Supervisor Report

A. Water Division Report

Manager Gross reported on the Ayers Acres Well Project stating they have started pumping the well and testing the equipment. The State Water Board Division of Drinking Water Engineer notified the District there may be a delay in the permit review and discussion continued regarding options to expedite the process. Tesco is programming the system and Manager Gross said the on line target date is the end of February or early March, 2016 depending on the permit review.

B. Wastewater Treatment Division Report

Supervisor Miller reported on progress of the Bio-Reactor 2 Maintenance Project saying the surplus equipment has been removed and installation of the new equipment is scheduled to begin on January 11, 2016. Manager Gross and Supervisor Miller are scheduled to meet on December 22, 2015 with Norman Huff, Arrowbear Park County Water District General Manager and Steve Samarus, CSA-79 regarding the Upstream Users Contract Agreement that expires in 2017.

C. Wastewater Collection Division Report

Manager Gross reported on the Downtown Sewer Repair Project stating they completed two spot repairs with one more to complete at an approximate additional cost of \$1,800.

Manager Gross also reported on the Sewer Lift Stations (SLS) 1, 2 and 3 Projects stating the State Water Board Division of Finance Staff inspected the project with no problems. SLS No. 2 is approximately 80% complete and SLS No. 3 is approximately 70% complete with SLS No. 1 being secured before winter. Manager Gross stated there were fifteen (15) Change Orders issued for approximately \$20,000 that resulted in a credit back to the District.

D. Fire Department Report

Chief Corley confirmed that the Fire Department has ordered the new ambulance.

E. Administration Report

Supervisor Eaton said Legal Counsel has finished reviewing the Tyler Technology Agreement and Administration will prepare to sign the final contract regarding the purchase and implementation of the new accounting program.

The District Employee Holiday Luncheon will be held at the Hootman Center on Friday, December 18, 2015 at 3:00pm.

Supervisor Eaton stated the District owns shares of stock in StanCorp Financial Group with a value of approximately \$69,000. The District will consider liquidating the stock to invest in the Local Agency Investment Fund. This item will be discussed at the January, 2016 Board Meeting.

8. General Manager's Report

No further information to report

9. Report From Legal Counsel

Attorney Simmons summarized Best, Best & Krieger, LLP memorandums regarding the Proper Relationship Between and Among Board Members, CEO and Staff, Holiday Gifts, and Recap of Legislative Changes Affecting Public Integrity, Government Transparency and Related Statutes.

Attorney Simmons reported on a new initiative introduced to the state that may be included on the 2016 Ballot. The initiative would counteract the San Juan Capistrano Case introducing a new method for cities and water districts to structure their rates to encourage conservation and offer breaks for low income customers.

10. Board Member Comments

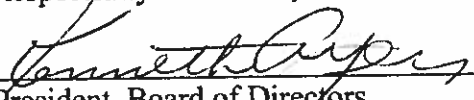
No further Board Member comments.

Chief Corley clarified the Safety Committee Minutes regarding the Hot Work Permits that are processed by Cal Fire for outdoor welding and Supervisor Miller explained the preparation for winter installation of studded tires.

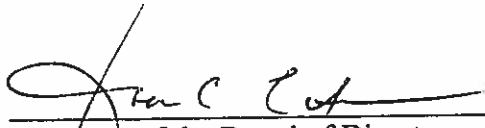
11. Meeting Adjourned

The meeting was adjourned at 11:06 A.M.

Respectfully Submitted,



President, Board of Directors
Running Springs Water District



Secretary of the Board of Directors
Running Springs Water District