

**MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS RUNNING SPRINGS WATER DISTRICT
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA
FEBRUARY 15, 2017**

The Regular Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, February 15, 2017 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:
Pamella Bennett, Vice-President
Mike Terry, Director
Errol Mackzum, Director
Tony Grabow, Director

President Kenneth Ayers was absent

Also present were the following:
Ryan Gross, General Manager
Joan C. Eaton, Board Secretary/Treasurer/Administration Supervisor
Trevor Miller, Wastewater Treatment Plant Division Supervisor
Isaiah Hall, Wastewater Collections Division Supervisor
Ward Simmons, Legal Counsel, Best, Best & Krieger

Visitors Present:
Norman Huff, General Manager, Arrowbear Park County Water District

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 Vice-President Bennett who also led the assembly in the pledge of allegiance to the flag.

2. Recognize and Hear From Visitors/Public Comment

Visitor Norman Huff introduced himself for the record.

3. Approval of Consent Items

A. Approve Meeting Minutes

B. Ratify Expenditures and Cash Summary

Upon motion by Director Grabow, second by Director Terry and carried by a 4 to 0 vote, the January 2017 Expenditures were ratified and the Consent Items were approved.

4. Action Items

A. Project Acceptance and Filing Notice of Completion for Sewer Lift Stations Nos. 1-3 Construction Contract

Manager Gross stated the District has finished the replacement of Sewer Lift Stations Nos. 1, 2 and 3 and are asking the Board to formally accept the work as performed by Trinity Construction as complete and authorize the General Manager to execute the Notice of Completion and file it with the San Bernardino County Recorder. The Board approved the construction contract on April 27, 2015 in the amount of \$2,791,500 and the final contract amount was slightly over by \$1,473.50 due to change orders with a list provided to the Board. Manager Gross said the funding source for the project was the State Water Resources Control Board Clean Water State Revolving Fund Loan at an interest rate of 1.9% over a twenty (20) year term. The final disbursement was received on February 3, 2017 and the first loan payment in the amount of \$169,579.20 will be due on October 29, 2017. The District collects an Infrastructure Repair and Replacement (IR&R) fee of \$5.25 per month per equivalent dwelling unit (EDU) to fund the repayment of the debt service. Manager Gross confirmed the State Project Manager conducted an interim and final inspection of the project and he reported on Change Order #3, Eliminating Bid Item #35 Slip Lining, saying that section of line looks good so repairs are not expected in the near future. Manager Gross concluded by saying the main collections system problem is the downtown section that requires repair when the weather permits.

Upon motion by Director Mackzum, second by Director Grabow and carried by a 4 to 0 vote, Project Acceptance and Filing Notice of Completion for Sewer Lift Stations Nos. 1-3 Construction Contract, was approved.

5. Information Items

A. Consider Draft Ordinance No. 47 Adopting Rate Methodology, Terms and Conditions for Transportation, Treatment and Disposal of Wastewater Received from Arrowbear Park County Water District and from San Bernardino County Service Area No. 79

Manager Gross referred to the draft Ordinance No. 47 on page 26 of the staff report that was also provided to Arrowbear Park County Water District (Arrowbear) as well as to the San Bernardino County Service Area No. 79 (CSA-79) on Friday, February 10, 2017. The ordinance incorporates a revised cost allocation methodology for billing our upstream sewer users which are Arrowbear and the CSA-79 Green Valley Lake area. The proposed upstream users monthly rate for the actual variable O&M expenses are proposed to be based on each District's monthly proportionate share of wastewater flow.

The proposed monthly rates for the fixed O&M expenses would all be based on each District's proportionate share of equivalent dwelling units. The proposed monthly rate for actual capital improvement and replacement expenses would also be based on proportionate share of equivalent dwelling units. If the ordinance does pass and there is not adequate time to do a survey of equivalent dwelling unit counts, the District will use the number of equivalent dwelling units in each District's billing systems. Manager Gross said our understanding is the current equivalent dwelling units in RSWD is 2,943, Arrowbear 984 and CSA-79 1,226. Every year thereafter, RSWD would have each District prepare an accurate survey and pay special attention to commercial accounts that may not be accounted for properly.

Norman Huff from Arrowbear commented and was given additional time to address the Board with his comments and stated opposition to the proposed new ordinance and rate methodology.

Additional discussion continued regarding sizing of the Wastewater Treatment Plant and Manager Gross reiterated the plant was sized using reasonable design criteria and assumptions to base the size and treatment capacity of the plant on. The Treatment Plant is designed and permitted to treat a peak day capacity of one million gallons per day.

Director Bennett thanked Mr. Huff and said this is just an information item that will come up again. No additional comments were made.

B. Draft Fiscal Year 2017/2018 Wastewater Collections Department Budget

Manager Gross stated the Finance Committee reviewed both the Collections and Treatment Division budgets on February 1, 2017. Manager Gross referred to the Collections Division Budget Summary and said there is not much difference year to year. The Cost of Living Adjustment was incorporated based on the CPI-W 1.9% ending October 2016 and the CalPERS Employer Paid Member Contribution will be eliminated at 2% a year and being offset with 2% COLA so the total cost of living increase is the COLA and CPI-W. Manager Gross said the District saw an increase in Employee Health Benefits of 10.86% effective January, 2017 so the District proposed to increase the medical cap provided to District employees by half of that increase. The Finance Committee also discussed the historical allocation of Administrative expenses that have been 2% of each Division's O&M expense and reimbursed back to the Water Division. The District is closely reviewing the Administrative expenses as the Water Division currently picks up over 70% of the total costs. For the 2017/2018 budget year, Manager Gross said the reimbursement amount will increase from 2% to 4% as an interim measure while the actual costs are reviewed. Currently, the Water and Administration Division budgets are combined but will be separated next year. Manager Gross closed by saying the Collections Division budget includes the new debt service loan interest for the Sewer Lift Station project. Director Bennett thanked staff for preparing the budget and Director Mackzum said the Finance Committee spent a fair amount of time reviewing the budget and are looking at more accurate allocations of Administration expense. Discussion

continued and Supervisor Eaton said Administration will determine accounting capabilities upon implementation of the new Tyler Incode system. Manager Gross said the Water Division is currently paying approximately 65% of the total Administration costs, Collections is 10%, Treatment is 10%, Fire is 10% and Ambulance is 5%. Supervisor Hall reported on the Collections Division Lift Station Projects and deferral of the Downtown sewer line project.

C. Draft Fiscal Year 2017/2018 Wastewater Treatment Department Budget

Manager Gross reported on the 2017/2018 Wastewater Treatment Department Budget saying this is the first year the District is splitting the Treatment and Collections budgets to track the upstream costs better. Manager Gross said the Treatment Division is planning to fill the vacant operator position at the plant in Fiscal Year 2017/2018 which was discussed with the Finance Committee on February 1st. Supervisor Miller has just two operators at the plant and with all the weekend coverage and on call coverage, Manager Gross said it is spreading them thin and the Treatment Division is proposing to fill the position that is built into this budget. The assumption made for the revenue received from Arrowbear and CSA-79 is the methodology explained earlier in the draft ordinance. The capital improvements are estimated at \$97,500 which includes upgrading the Treatment Plant Effluent Flow Meter, upgrading the Telemetry and SCADA system and the Fine Bubble Aeration System in the Membrane Bio-Reactor #2. Recent improvements made at the Treatment Plant have actually reduced O&M expenses and several years ago, the Treatment Plant upgraded the blowers which resulted in a savings of approximately \$20,000 per year in electricity costs. The Bio-Solids Dewatering process improvements have shown a savings of about \$60,000 a year and the recent MBR upgrade will also reduce electricity costs by an additional \$15,000 to \$18,000 per year.

Manager Gross mentioned one other unknown going on with the Treatment Division. The Forest Service is looking at the renewal of the District Special Use Permit and they are involving the Regional Water Quality Control Board and looking at the disposal site. Manager Gross said we do not really know where this is going to go and there is potential that we may have to do some major capital improvement at the disposal ponds to improve the water quality. Manager Gross said the budget remains in draft form until June and some of the expenses may change as we receive more updated costs for certain expenses.

D. Quarterly Investment Report

The Quarterly Investment Reports are included for information only.

E. Water Production and Precipitation Report

Director Bennett commented on the Water Production and Precipitation Report saying she was impressed to see the December and January rain totals and more precipitation is expected.

6. General Manager's Report

Manager Gross confirmed the next Finance Committee Meeting on March 1, 2017 to review the Fire Department and Ambulance Division budgets.

7. Report from Legal Counsel

Attorney Simmons said the State Water Board extended the drought regulations which are supposed to last for another 270 days. The State Water Board has the opportunity to discontinue the regulations if the governor withdraws the emergency drought. After May, 2017, the State Water Board will review to determine if they want to modify regulations and Attorney Simmons confirmed the regulation is regarding every county in the state.


8. Board Member Comments


Director Bennett asked about the Personnel Committee with Manager Gross saying a meeting will be scheduled. Discussion continued regarding conflicts in Board Member schedules in March.

9. Meeting Adjournment

The meeting was adjourned at 10:25 A.M.

Respectfully Submitted,


Vice President, Board of Directors
Running Springs Water District


Assistant Secretary of the Board of Directors
Running Springs Water District