

**MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS RUNNING SPRINGS WATER DISTRICT
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA
JUNE 21, 2017**

The Regular Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, June 21, 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:

Ken Ayers, President
Pamella Bennett, Vice-President
Mike Terry, Director
Errol Mackzum, Director

Director Tony Grabow was absent

Also present were the following:

Ryan Gross, General Manager
Joan C. Eaton, Board Secretary/Treasurer/Administration Supervisor
George Corley, Fire Chief
Mike Vasquez, Fire Battalion Chief
Isaiah Hall, Wastewater Collection Division Supervisor
Trevor Miller, Wastewater Treatment Division Supervisor

Visitors Present:

Gerhard Hilgenfeldt, Running Springs Resident
Richard Luczyski, Running Springs Resident

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

2. Recognize and Hear From Visitors/Public Comment

Gerhard Hilgenfeldt introduced himself for the record. Mr. Hilgenfeldt then expressed concerns with his high monthly water/sewer bill, water pressure and the taste of his water and District staff confirmed they will test his system and water quality.

3. Approval of Consent Items

A. Approve Meeting Minutes

Upon **motion** by Director Bennett, **second** by Director Terry and **carried by a 4 to 0 vote**, the minutes of May 17, 2017 were approved.

B. Ratify May 2017 Expenditures

Staff clarified expenses for the State Water Board permitting fees, Fire Department uniforms and Municipal Finance Corporation Ambulance payment.

C. Consider Adoption of Resolution No. 10-17, Establishing Appropriations Limits for Fiscal Year 2017/2018

D. Consider Adoption of Resolution Nos. 11-17 and 12-17 for the Reduction of Employer Paid Member Contributions (EPMC) to the California Public Employees' Retirement System (CalPERS) for Existing Classic CalPERS Members

E. Consider Declaring Certain Equipment as Surplus and Authorize Staff to Dispose of Property

Upon **motion** by President Ayers, **second** by Director Bennett and **carried by a 4 to 0 vote**, the remaining Consent Items B. through E. were approved. (Resolutions No. 10-17, 11-17 and 12-17 on file in the District office)

4. Action Items

A. Consider Approving Resolution No. 13-17, Adopting the Fiscal Year 2017/2018 District Budget

Manager Gross reported on the proposed 2017/2018 District Budget that has been reviewed by the Finance Committee and Board of Directors and he noted some minor changes. Manager Gross explained a revision in the depreciation expense saying the Treatment and Collections Divisions were combined in the past years and are now separated in the budget. The additional Wastewater Division depreciation expense of approximately \$156,000 was primarily due to completion of the lift stations and upgrades to the Treatment Plant. The new Tyler Accounting Software includes a Depreciation Module with schedules, life cycles and asset details for all Divisions.

Discussion continued regarding landscape and fire sprinkler meter rates and Manager Gross said the District will prepare a staff report for the July Board Meeting to consider adjusting the rate table for fire sprinkler meters.

Regarding the Fire Department Budget, Manager Gross said there was an increase in Property Tax revenue of 6.3% from 2014/2015 to 2015/2016 and the estimated increase for 2017/2018 is over 4%. The Fire Department has also received approximately \$100,000 in additional revenue this year from the new Ground Emergency Medical Transportation (GEMT) program and the Department is researching additional sources that include the Intergovernmental Transfer (IGT) program. President Ayers expressed concerns with the Fire Department expenses and Manager Gross said we may have to look at the possibility of future service reduction for the Fire Department.

Director Mackzum asked about the unpaid District Unfunded Liability and discussion continued regarding the debt. Manager Gross will provide Director Mackzum with a copy of the CalPERS Actuarial Reports and information regarding the Unfunded Liability.

Upon **motion** by Director Mackzum, **second** by Director Terry and **carried by a 4 to 0 vote**, Resolution No. 13-17, Adopting the Fiscal Year 2017/2018 District Budget was adopted. (Resolution No. 13-17 on file in the District office)

B. Consider Approving Contract for Financial Consulting Services

Supervisor Eaton asked the Board to consider approving a Professional Services Contract with Rogers, Anderson, Malody and Scott (RAMS) for Fiscal Year 2017/2018 Financial Consulting Services in an amount not to exceed \$50,000. The Financial Consultant assists staff through the year with general accounting, preparation of the District audit and recently with implementation of the new Tyler Accounting System. Administration staff will assume more accounting functions in Fiscal Year 2017/2018 to retain lower professional services expense. Manager Gross said the District will utilize the Financial Consultant for approximately thirty (30) hours per month both on site and remotely.

Upon **motion** by Director Mackzum, **second** by Director Bennett and **carried by a 4 to 0 vote**, the 2017/2018 Fiscal Year Financial Consulting Services Contract with Rogers, Anderson, Malody and Scott, not to exceed \$50,000 was approved.

C. Consider Approving Resolution No. 14-17, Adopting the District By-Laws and Board Policy Manual, was adopted.

Manager Gross opened by stating if approved, Resolution No. 14-17 will amend and restate the bylaws of the Board and incorporate the bylaws into the Board Policy Manual that was reviewed at the May meeting. There were some editorial changes made to the draft and discussion continued regarding the District Bylaws and Board Policy Manual. A

section referencing the Conflict of Interest Code will also be incorporated into the policy manual.

Upon **motion** by Director Terry, **second** by President Ayers and **carried by a 4 to 0 vote**, Resolution No. 14-17, District By-Laws and Board Policy Manual, was adopted. (Resolution No. 14-17 on file in the District Office)

D. Consider Approving Resolution No. 15-17, Adopting the District Purchasing Policy

Manager Gross said there were minor editorial changes made to the draft Purchasing Policy after review in the May Board meeting. A section was also included regarding emergency purchases.

Upon **motion** by Director Bennett, **second** by Director Mackzum and **carried by a 4 to 0 vote**, Resolution No. 15-17, District Purchasing Policy, was adopted. (Resolution No. 15-17 on file in the District Office)

E. Consider Approving Resolution No. 16-17, Adopting the Fire Department Terms for Response Away from Official Duty

Resolution No. 16-17 identifies the terms for the Fire Department response away from their official duty station and assigned to an emergency incident. To continue the same terms of reimbursement as in the past, the Running Springs Fire Department will require either a Governing Board Resolution (GBR) or a Memorandum of Understanding (MOU) that addresses payment with the Department's employees. The GBR will ensure that the Fire Department is paid a full reimbursement rate that covers the true cost of emergency response and discussion continued regarding the reimbursed administration fee based on a percentage set by the state.

Upon **motion** by Director Terry, **second** by Director Mackzum and **carried by a 4 to 0 vote**, Resolution No 16-17, Fire Department Terms for Response Away from Official Duty, was adopted. (Resolution No. 16-17 on file in the District office)

F. Consider Approving Resolution No. 17-17, For the Election of Directors to the Special District Risk Management Authority Board of Directors

Upon **motion** by Director Mackzum, **second** by Director Bennett and **carried by a 4 to 0 vote**, Resolution No. 17-17, For the Election of Directors to the Special District Risk Management Authority Board of Directors, was adopted. (Resolution No. 17-17 on file in the District office)

The Board recessed at 10:33 A.M. and reconvened at 10:38 A.M.

G. Consider Authorizing Participation in the Intergovernmental Transfer (IGT) Program Providing Access to Federal Matching Funds for Emergency Medical Transport Services

Chief Corley reported on the IGT program with the California Department of Health Care Services to increase reimbursements for emergency medical ambulance transport services provided to Molina Healthcare of California members. The IGT program will allow the Fire Department to access federal matching funds which will offset the loss in cost recovery under the Medi-Cal Managed Care Programs as a result of significantly reduced regular reimbursement rates. Manager Gross confirmed that the state will return any unused portion of the contribution. The resulting net revenue to be received by the Fire Department will be approximately \$11,528.

Upon motion by Director Mackzum, second by Director Terry, and carried by a 4 to 0 vote, Authorizing Participation in the Intergovernmental Transfer (IGT) Program Providing Access to Federal Matching Funds for Emergency Medical Transport Services, was approved.

H. Consider Authorizing Purchase of Influent Flow Metering Equipment

Supervisor Miller asked for Board authorization to proceed with the Fiscal Year 2017/2018 budgeted expenditure for the purchase of Wastewater Treatment Plant Influent Flow Metering Equipment not to exceed \$19,000 that will be installed by August, 2017. Manager Gross said the existing flow metering equipment is providing inaccurate flow data information.

Upon motion by Director Mackzum, second by Director Bennett and carried by a 4 to 0 vote, Authorizing Purchase of Influent Flow Metering Equipment not to exceed \$19,000, was approved.

I. Consider Authorizing Purchase of Submersible Mixer

Supervisor Miller requested authorization to proceed with the Fiscal Year 2016/2017 budgeted expenditure for the purchase of the Wastewater Treatment Plant (WWTP) Submersible Mixer in the amount of \$17,226. The mixer will replace an existing aerator in the WWTP Equalization Basin compartment which is in need of extensive repairs. The cost to rebuild the existing aerator would have been significant so the purchase of the mixer versus rebuilding the aerator will be an additional \$2,738 with a percentage of the cost shared between the upstream users.

Upon motion by Director Bennett, second by Director Terry and carried by a 4 to 0 vote, Authorizing Purchase of Submersible Mixer not to exceed \$17,226, was approved.

J. Consider Approving Resolution No. 18-17, Debt Management Policy

Manager Gross reported on Resolution No. 18-17, Debt Management Policy saying this requirement came up as part of the application process with the State Water Board to finance the Automatic Meter Reading (AMR) Project. SB 1029 expands the reporting requirements that apply to state and local debt issuers, to access proceeds from debt issuances and make disposition of such proceeds more transparent. Attorney Simmons said a Debt Management Policy is highly recommended.

Upon **motion** by Director Mackzum, **second** by Director Terry and **carried by a 4 to 0 vote**, Resolution No. 18-17, Debt Management Policy, was adopted. (Resolution No. 18-17 on file in the District Office)

Visitor Richard Luczynski arrived at 11:09 A.M.

K. Consider Providing Direction on CSA 79 Reorganization

Manager Gross reported on a meeting that he and President Ayers attended at the Local Agency Formation Commission (LAFCO) office regarding a request from the San Bernardino County Supervisor's office and residents of Green Valley Lake for the Running Springs Water District (RSWD) to consider a potential reorganization involving RSWD and the CSA 79 Sewer Collection System. RSWD will not incur any costs associated with the study or reorganization and any related fees will be funded by the County Supervisor's office. Discussion continued regarding reorganization with CSA 79 and whether there is a benefit to RSWD and Manager Gross confirmed that reorganization with Green Valley Lake would allow their voters the opportunity to run for the RSWD Board of Directors. Manager Gross said the studies would take a few months to complete and the reorganization process takes approximately eight to nine months from submittal of the application with Director Mackzum expressing concerns with liability. Manager Gross said he was told that Supervisor Janice Rutherford will not support detachment of the County Fire Department in Green Valley Lake. Attorney Simmons continued discussion of LAFCO issues.

The Board consensus was to proceed by participating in the reorganization study process with CSA 79, request that RSWD staff time is reimbursed and to confirm that RSWD has no commitment if the study shows reorganization will be detrimental to the District.

No motion was made.

5. Information Items

A. Water Quality Consumer Confidence Report for 2016

Manager Gross reported on the annual 2016 Water Quality Consumer Confidence Reports (CCR) that are distributed to District customers and said additional information was provided regarding monitoring requirements that were inadvertently missed by the required date. Provisions have been put in place to prevent this issue again. Discussion

continued regarding secondary notifications regarding the Water Quality Report and Manager Gross will follow up with the school district. Manager Gross will also contact the Crestline Lake Arrowhead Water Agency (CLAWA) regarding information they provided in the Water Quality Report that was inconsistent.

B. Draft Ordinance No. 49 Adopting Rules and Regulations for Water and Wastewater Service

The Board reviewed Ordinance No. 49 that combines rules and regulations for water and wastewater and revisions were discussed. Ordinance No. 49 will be returned to the Board on July 19, 2017 for adoption and may be amended in the future by resolution.

C. Draft Standards for Water and Sewer Facilities

The Board reviewed the draft Standards for Water and Sewer Facilities and the document will be returned to the Board for approval in July, 2017.

6. General Manager's Report

Manager Gross reported on a LAFCO meeting he attended on June 15, 2017 with Mountain Top Water Districts regarding the Five Year Municipal Service Review for Water Service.

Manager Gross will be attending a California Special District Association (CSDA) conference on June 26 and 27, 2017.

7. Report from Legal Counsel

Attorney Simmons reported on a case study involving the Romona Municipal Water District, regarding a group of commercial property owners who challenged the District's Wastewater Service fees on the basis of an Equivalent Dwelling Unit (EDU) calculation. Discussion continued regarding calculation of wastewater service fees and customer types in relation to upstream users.

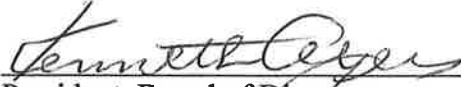
8. Board Member Comments

None

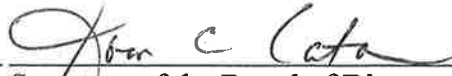
9. Meeting Adjournment

The meeting was adjourned at 12:21 P.M.

Respectfully Submitted,



President, Board of Directors
Running Springs Water District



Secretary of the Board of Directors
Running Springs Water District