

**MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS RUNNING SPRINGS WATER DISTRICT
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA
JANUARY 17, 2018**

The Regular Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, January 17, 2018 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
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
Ward Simmons, Legal Counsel, Best, Best & Krieger
Randy Bobroff, Water Division Supervisor
Isaiah Hall, Wastewater Collections Division Supervisor
George Corley, Fire Department Chief
Mike Vasquez, Fire Department Battalion Chief

Visitors Present:

Gerhard Hilgenfeldt, 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 and Director Mackzum led the assembly in the pledge of allegiance to the flag.

2. Recognize and Hear From Visitors/Public Comment

Visitor Hilgenfeldt introduced himself for the record.

3. Approval of Consent Items

A. Approve Meeting Minutes

Director Mackzum asked for clarification in the December 20, 2017 Board Meeting Minutes regarding the 15% Crestline Lake Arrowhead Water Agency (CLAWA) allocation. CLAWA's contract allocation with the State Water Project is 5,800 acre feet of water this year so the current allocation is 15% of the 5,800 acre feet.

B. Ratify December 2017 Expenditures

Manager Gross and Chief Corley clarified the expense to David M. Ayon, contractor for properties that were in violation of the District Hazard Abatement program. Chief Corley said David M. Ayon was the only contractor that responded to the published newspaper notice. Discussion continued regarding unpaid Hazard Abatement fees and staff will return updated information to the Board regarding the Hazard Abatement fees collection process.

Manager Gross said the expense to the University of Southern California for the Water Purveyor Membership is regarding the Backflow Prevention Certification Program.

Upon motion by Director Mackzum, second by Director Terry and carried by a 4 to 0 vote, the Consent Items were approved.

4. Action Items

A. Consider Authorizing Changes to Credit/Debit Card Processing for Water and Sewer Bill Payments

Supervisor Eaton reported on options regarding credit/debit card processing that would be integrated with the new Tyler/Incode Utility Billing Software. The District is currently contracted with the Paymentus Corporation for online, telephone and in-house credit card payments charging customers \$3.25 per transaction up to \$350 with transactions manually entered in the Tyler Billing Software. The Electronic Transactions System (ETS) and Automated Merchant System (AMS) would integrate with the Tyler Billing Software and increase the customer transaction cost significantly. An optional ETS program would reduce the credit card processing fee to \$1.12 per \$100 transaction or 1.12% and with this program, the District would be responsible for the processing fee. Manager Gross stated the majority of mountain Districts incur credit card processing expense as part of doing business. Discussion continued and Director Ayers expressed concern with District customers picking up credit card expense for a select group of customers in addition to the District incurring additional expense. Director Mackzum said many customers pay by credit or debit card and he would support the ETS system. Visitor Hilgenfeldt commented on establishments that apply discounts for cash payments or

require cash only payments and staff confirmed they will revisit this item again at a future date.

Upon **motion** by Director Mackzum, **second** by Director Bennett, Authorizing Changes to Credit/Debit Card Processing for Water and Sewer Bill Payments, the **motion failed by a 2 to 2 vote** with Directors' Mackzum and Bennett voting in favor and Directors' Ayers and Terry voting against.

B. Consider Providing Additional Direction to Staff on Fiscal Year 2018/2019 Budget Planning Assumptions

Manager Gross presented the Fiscal Year 2018/19 Budget Planning Workshop and the tentative schedule for the upcoming budget development process for review and discussion. The Wastewater Division draft budget will be reviewed first to allow sufficient time for the upstream users to plan accordingly.

Manager Gross stated that as of December 31, 2017, the reserve fund balances in each department have improved but remain at less than desirable levels and the fund balances were then reviewed by department. Manager Gross also reviewed the proposed 5-year CIP plan by division, debt service costs, property tax revenue and reported on mountain agency rate comparisons. Manager Gross reported on the Automatic Meter Reading (AMR) upgrade saying the application is now with the legal team for review and the project is expected to begin in the spring of 2018. The AMR project will be funded by a \$800,000 loan with a 50% principal forgiveness grant and Supervisor Bobroff described the system that was installed in 2017 in Assessment District (AD) No. 8, 9 and 10 and operates by radio telemetry providing leak protection alerts. Director Terry asked if the loan will cover the AMR system already installed and Manager Gross said he would research options to refund the Assessment Districts who have already paid for their part of the system. Discussion continued regarding the Fiscal Year 2018/2019 Budget assumptions including a proposed 3% Cost of Living Adjustment (COLA) and the CalPERS Employer Paid Member Contribution (EPMC) transition to District employees. Manager Gross reminded the Board that the District 5-year rate and fee adjustments expire at the end of Fiscal Year 2018/2019 and should be reconsidered. Manager Gross recommended that the Board consider adopting the Fiscal Year 2018/2019 Budget on June 20, 2018 that continues to work towards the goals set out in the Cash Reserve Policy and provides funding for deferred projects. Manager Gross confirmed that based on the Board's discussion, the District will use the proposed assumptions for the Fiscal Year 2018/2019 Budget planning and staff will schedule a Personnel Committee Meeting to discuss the Consumer Price Index (CPI) and COLA further.

No action was taken.

5. Information Items

A. Quarterly Budget/Financial Update

Manager Gross provided the District Designated Reserve Fund balances as of December 31, 2017, comparing the current to prior year summary statement of net position, changes in net position and liquidity ratios and discussion continued.

The Board took a break at 11:02 A.M. and reconvened at 11:10 A.M.

6. Closed Session

A. Conference with Legal Counsel – Anticipated Litigation. Significant Exposure to litigation pursuant to Paragraph (2) of subdivision (d) of Section 54956.9 Number of cases: One

The Board went into Closed Session at 11:10 A.M. under threat of litigation with Arrowbear County Water District regarding sewer service charges.

7. Open Session

A. The Board and/or Legal Counsel will report any action taken in Closed Session

The Board returned to Open Session at 12:05 P.M. with no reportable action.

8. General Manager's Report

Manager Gross reported on the Fire Station 51 structural damage repair saying the District will receive bids for the repair in the next few months.

District staff will coordinate an Ad Hoc Committee Meeting to tour the downtown property and discuss the Bruce Daniels Trails Project proposal endorsement.

Manager Gross will be out of the office from January 24th through the 26th and on January 31st through February 2nd, 2018.

9. Report From Legal Counsel

Attorney Simmons reported on the State Water Delta Tunnel Project.

10. Board Member's Comments

Director Mackzum asked if the Nestle water extractions affect any of the Running Springs Water District supply. Manager Gross explained that due to the location of the Nestle water extractions, it is highly unlikely that there is any affect on our water supply.

11. Meeting Adjournment

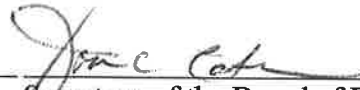
The meeting was adjourned at 12:11 P.M.

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Respectfully Submitted,



President, Board of Directors
Running Springs Water District



Secretary of the Board of Directors
Running Springs Water District