

**MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS RUNNING SPRINGS WATER DISTRICT
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA
JANUARY 22, 2019**

The date for the regularly scheduled board meeting was changed from 9:00 a.m. on January 16, 2019 to 9:00 a.m. on January 22, 2019 and therefore the meeting was adjourned to that later date. The Regular Meeting of the Board of Directors of the Running Springs Water District was held on Tuesday, January 22, 2019 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:
Errol Mackzum, Vice-President
Mike Terry, Director
Bill Conrad, Director

Director Mark Acciani arrived at 9:33 A.M.

President Tony Grabow was absent

Also present were the following:

Ryan Gross, General Manager
Joan C. Eaton, Board Secretary/Treasurer/Administration Supervisor
Mike Vasquez, Fire Department Battalion Chief
George Corley, Fire Department Chief
Trevor Miller, Wastewater Treatment Division Supervisor
Randy Bobroff, Water Division Supervisor
Mike Riddell, Legal Counsel, Best, Best & Krieger
Steve Gagnon, Raftelis Financial Consulting, Inc.

Visitors Present:

Rita and Paul Bender, Running Springs Residents

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 Vice-President Mackzum and Director Terry led the assembly in the pledge of allegiance to the flag.

2. Recognize and Hear From Visitors/Public Comment

Paul and Rita Bender were introduced for the record and they asked the Board to approve Action Item 4.C., Customer Opt-Out Policy for the Automatic Meter Reading (AMR) Technology Upgrade Program. Paul and Rita Bender were then excused from the meeting.

3. Approval of Consent Items

A. Approve December 19, 2018 Regular Board Meeting Minutes

B. Ratify December 2018 Expenditures

Upon motion by Director Terry, second by Director Conrad and carried by a 3 to 0 vote, the Consent Items were approved.

4. Action Items

A. Consider Providing Direction to Staff and Consultant on Draft 2019 Rate Study

Steve Gagnon with Raftelis Financial Consultants, Inc. presented the draft 2019 District Water, Wastewater, Fire and Ambulance Financial Plans and proposed Water/Wastewater Rates and Capacity Fees. The presentation incorporated four steps of conducting a rate study beginning with the rate setting framework, financial plan, cost of service/rate design and final rate adoption. Mr. Gagnon reported on Proposition 218 and setting water and wastewater rates that he said are rising across the country due to infrastructure age replacement. The Raftelis presentation also included District financial health, wastewater rates based on both fixed charge and volumetric derivation and monthly customer bill impacts.

The Board took a break from 11:04 A.M. to 11:13 A.M.

Discussion continued that included water and wastewater revenue adjustment options and Proposition 218 public outreach with Manager Gross saying the CSA-79 considerations will be put on hold for now.

Upon motion by Director Conrad, second by Director Terry and carried by a 4 to 0 vote, Directing District Staff to Proceed with the Proposition 218 Hearing for a 3% annual increase in water and sewer rates for each of the next five years, was approved.

The Proposition 218 Hearing will be conducted at the June 19, 2019 Board Meeting and Manager Gross confirmed that the Fiscal Year 2019/2020 District Budgets will include a 3% increase effective July 1, 2019.

Mr. Gagnon then presented the Fire and Ambulance Financial Plan Assumptions and discussion continued.

Steve Gagnon was excused from the meeting.

B. Consider Authorizing Emergency Roof Repair at Wastewater Treatment Plant

Manager Gross reported on the Wastewater Treatment Plant building emergency roof repair saying the District received three contractor bids for the project with the low bid received from Kurt Norlander Roofing for \$7,800.

Upon motion by Director Conrad, second by Director Acciani and carried by a 4 to 0 vote, Awarding a Construction Contract for the Wastewater Treatment Plant Roof Improvements Project to Kurt Norlander Roofing for their low bid of \$7,800, Authorize the General Manager to Execute the Contract and Approve Change Orders as Needed for the Project Not to Exceed 15% of the Original Construction Contract Amount, was Approved.

C. Consider a Customer Opt-Out Policy for Automatic Meter Reading (AMR) Technology Upgrade Program

The District received a customer request to opt-out of the Automatic Meter Reading (AMR) technology upgrade project which was approved on a case by case basis by the Board of Directors on November 14, 2018. The proposed AMR Program Opt-Out Policy was further discussed with Manager Gross confirming there will be a \$17.50 charge each time an operator has to physically read the meter that would cover associated Administrative and staff costs. District staff will verify and reconcile the water meter readings every six months.

Upon motion by Director Conrad, second by Director Terry and carried by a 4 to 0 vote, a Customer Opt-Out Policy for Automatic Meter Reading (AMR) Technology Upgrade Program, was approved.

D. Consider Approving Resolution No. 01-19, Adopting a Revised District Credit Card Policy

Supervisor Eaton reported on the District Credit Card Policy that allows staff members to make purchases in the best interest of the District. Resolution No. 01-19 revises the policy to correct position titles for District issued cards.

Upon motion by Director Terry, second by Director Acciani and carried by a 4 to 0 vote, RESOLUTION NO. 01-19, REVISED CREDIT CARD POLICY, was adopted. (Resolution No. 01-19 is on file in the District office)

E. Consider Authorizing the Board President, General Manager and Administration Supervisor to Sign Checks for District Business

Supervisor Eaton said the transition from First Mountain to First Foundation Bank, requires revised documentation to assign District powers regarding banking functions.

District staff proposed authorizing the Board President, General Manager and Administration Supervisor to sign checks for District business. District policy currently requires two signatures for checks totaling \$5,000 or more with Vice-President Mackzum suggesting the amount be increased to \$10,000. The revised documentation will be generated and presented at the February 20, 2019 Regular Board meeting.

Upon **motion** by Director Terry, **second** by Director Conrad and **carried by a 4 to 0 vote**, Authorizing the Board President Tony Grabow, General Manager Ryan Gross and Administration Supervisor Joan C. Eaton, to sign checks for District business and to increase the two signature check requirement from \$5,000 to \$10,000, was approved.

5. Information Items

A. Quarterly Budget/Financial Update

Manager Gross reported on the Quarterly Budget Report and Financial Summary that compares the current year to prior year summary statement of net position, changes in net position and liquidity ratios. Discussion continued that included the operating and debt reserves and CIP accounts with Manager Gross saying the Ambulance and Fire Department Budget report includes revenue received for reimbursed outside fire department assignments that were not budgeted.

B. Quarterly Investment Report

Manager Gross referred to the District Investment Policy and the Local Agency Investment Fund Remittance Advice stating the earnings for the quarter ending December 31, 2018 was \$15,705.79 or 2.4%.

C. Water Production and Precipitation Report

Manager Gross presented the Water Production and Precipitation Report stating the District recorded over ten (10) inches of recent precipitation and discussion continued that included the upstream users and peaking factors.

6. General Manager's Report

Manager Gross reported on the Local Agency Formation Commission (LAFCO) hearing on January 16, 2019 regarding the proposed Pali Mountain Camp Property annexation. The LAFCO commissioners voted 4 to 3 to not include Fire Service in the Pali Mountain annexation and the Fire Service that will not be detached from the County. Manager Gross confirmed that Pali Mountain is still inside the District Ambulance service area and Chief Corley said the Running Springs Fire Department will continue to respond to calls at Pali Mountain Camp.

The Personnel Committee met on January 18, 2019 and discussed the upcoming cost of living adjustments (COLA), organization succession planning, restructuring of division salary schedules, position titles and an early warning retirement notification incentive for District employees.

7. Report From Legal Counsel

Attorney Riddell reported on the Water Shutoff Protection Act Senate Bill SB998 that will be implemented on April 1, 2020. Under the Act, a water system must adopt a written policy on discontinuation of water service for nonpayment and make it available on the water system's website. The bill imposes additional protection for customers who are not able to pay their water bills. Attorney Riddell also reported on the State Water Resources Control Board who is proposing legislation that would increase benefits for low income customers who are not able to pay for water.

8. Board Member Comments/Meetings

Supervisor Eaton asked that we pay respect to the memory of Isaiah Hall, Wastewater Collection Supervisor who passed away on December 20, 2018.

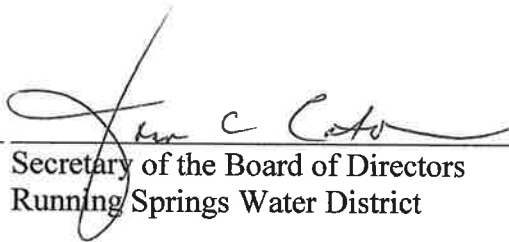
9. Meeting Adjournment

The meeting was adjourned at 12:22 P.M. in the name of Isaiah Hall by Vice-President Mackzum.

Respectfully Submitted,



President, Board of Directors
Running Springs Water District



Secretary of the Board of Directors
Running Springs Water District