

**MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS RUNNING SPRINGS WATER DISTRICT
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA
APRIL 16, 2014**

The Regular Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, April 16, 2014 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:

Everett “Ed” Brittain, Vice-President
Mike Terry, Director
Pamella Bennett, Director
Henry Heredia, Director

The following Directors were absent:

Kenneth Ayers, President

Also present were the following:

Ryan Gross, General Manager
Joan C. Eaton, Secretary/Treasurer/Administration Supervisor
Mike Riddell, Attorney, Best, Best & Krieger
Brian Thomas, Engineer, Engineering Resources

Visitors Present:

Joan Moseley, Running Springs Resident, Reporter

MEETING MINUTES

AGENDA ITEMS

1. Call Meeting to Order and Pledge of Allegiance

The meeting was called to order at 9:02 A.M. by Vice-President Brittain and Attorney Riddell led the assembly in the pledge of allegiance to the flag.

2. Recognize and Hear From Visitors/Public Comment

The visitor listed above introduced themselves for the record.

3. Approval of Consent Items

The following consent items were listed for approval:

A. Approval of Minutes for March 19, 2014 Regular Board Meeting

B. Approval of Minutes for April 2, 2014 Special Board Meeting

C. Ratify March 2014 Expenditures

D. Receive and File the Fiscal Year 2012/2013 Annual Board and Employee Expense Report

Director Terry noted that the minutes stated his title was Vice-President instead of Director and need to be corrected. Upon **motion** by Director Terry, **second** by Director Bennett and **carried by a 4 to 0 vote**, the minutes of the March 19, 2014 Regular Board Meeting and the April 2, 2014 Special Board Meeting were approved as amended.

Manager Gross and Supervisor Eaton clarified the Annual Board and Employee Expense Report. Upon **motion** by Director Bennett, **second** by Director Heredia and **carried by a 4 to 0 vote**, the March 2014 Expenditures and Fiscal Year 2012/2013 Annual Board and Employee Expense Report was approved.

4. Action Items

A. Board Authorization to Hold a Public Hearing on June 18, 2014 to Consider Proposed Water and Wastewater Rate and Fee Adjustments for Fiscal Years Ending 2015-2019 and to Mail a Notice of the Public Hearing to all District Property Owners in Accordance with the Requirements of Proposition 218

Consistent with the requirements of Proposition 218, the District is required to hold a Public Hearing to consider increases in certain water and wastewater rates and fees prior to adopting such increases. The proposed Water and Wastewater Budgets for Fiscal Year 2014/2015 and the rate plan for FYI 2016-2019 include rate and fee increases that must be considered at a public hearing and the *Notice to Property Owners Proposed Rate Adjustment by Running Springs Water District* was provided to the Board for review. Manager Gross stated it is recommended that the Public Hearing be held on June 18, 2014 at 9:00 A.M. with Director Brittain suggesting that the meeting be rescheduled to 6:00 P.M. to accommodate District customers who may work and are not able to attend a daytime meeting.

Upon **motion** by Director Bennett, **second** by Director Heredia and **carried by a 4 to 0 vote**, Authorization to Hold a Public Hearing on June 18, 2014 at 6:00 P.M. to Consider Proposed Water and Wastewater Rate and Fee Adjustments for Fiscal Years Ending 2015-2019 and to Mail a Notice of the Public Hearing to all District Property Owners in Accordance with the Requirements of Proposition 218, was approved.

B. Consider Voting for Regular Special District Member and the Alternate Special District Member of the Local Agency Formation Commission

Manager Gross informed the Board that the Local Agency Formation Commission (LAFCO) official voting process for the Regular and Alternate Special District Members has commenced and LAFCO has extended the deadline to April 18, 2014. Each District may vote for one candidate only and the vote shall be cast as directed by the Board of Directors of the District through consideration at a Board Hearing and roll call vote. Upon motion by Director Terry, second by Director Bennett and carried by a 4 to 0 vote, the vote for candidate James V. Curatalo, Jr. for the Regular Special District Member of the Local Agency Formation Commission was approved. Roll call vote as follows:

AYES: Brittain, Terry, Bennett, Heredia
NOES: 0
ABSENT: Ayers
ABSTAIN: 0

No motion was made to vote for a candidate for the Alternate Special District Member of the Local Agency Formation Commission.

C. Consider Adopting Resolution No. 11-14, Dedicating a Source of Revenues for the Repayment of a State Water Resources Control Board Clean Water State Revolving Fund Loan

The District has made application to the State Water Resources Control Board (SWRCB) for a Clean Water State Revolving Fund (CWSRF) loan to finance Sewer Lift Station Nos. 1, 2 and 3 improvements and approval of the loan requires the District to establish one or more dedicated sources of revenue for repayment of the loan before executing the financing agreement. The District dedicates net revenues of the Sewer Proprietary Fund to payment of any and all Clean Water State Revolving Fund and/or Water Recycling Funding Program financing for the project and the dedicated source shall remain in effect throughout the term of financing unless modification or change of dedication is approved by SWRCB. Attorney Riddell stated the District currently has an outstanding Wastewater Treatment Plant Expansion Loan through Municipal Finance Corporation and the agreement states that you cannot pledge revenue on a parity basis without an independent audit to determine if the revenue is sufficient. Attorney Riddell acknowledged Manager Gross for contacting Municipal Finance Corporation and asking for and receiving a waiver of the requirement of the existing loan obligation.

Upon motion by Director Heredia, second by Director Terry and carried by a 4 to 0 vote, RESOLUTION NO. 11-14, DEDICATING A SOURCE OF REVENUES FOR THE REPAYMENT OF A STATE WATER RESOURCES CONTROL BOARD CLEAN WATER STATE REVOLVING FUND LOAN, was adopted. (Resolution No. 11-14 on file in the District office)

D. Consider Appeal of Sewer Connection Fee 31317 Onacrest Drive

Manager Gross reported that the District received a customer letter requesting a discount or waiver of sewer connection fees on a property that will be sold and is not connected to the District sewer system. Manager Gross stated the property owner was notified in writing on August 23, 2012 of Ordinance No. 23, Regulating the Use and Construction of Public Sewer Facilities and the requirement to connect the subject property to the District's sewer system. Discussion continued and the Board considered the customer request, but adhered to District policy. Manager Gross will contact the customer with the Board decision and further options and Manager Gross confirmed there are approximately 15 properties still on septic systems in the District.

Upon motion by Director Bennett, second by Director Terry and carried by a 4 to 0 vote, Appeal of Sewer Connection Fee 31317 Onacrest Drive, was denied.

E. Consider Accepting Proposal for Financial Auditing Services for the District's Fiscal Year Ending June 30, 2014

Manager Gross reported on Van Lant & Fankhanel (VLF) who have conducted the District's June 30, 2013 Fiscal Year audit and provided a proposal letter for the upcoming June 30, 2014 audit, at the same cost of \$22,500. Manager Gross will request that VLF provide a more detailed financial statement presentation to the Board of Directors.

Upon motion by Director Heredia, second by Director Terry and carried by a 4 to 0 vote, Proposal for Financial Auditing Services for the District's Fiscal Year Ending June 30, 2014, was approved.

F. Consider Authorizing Staff to Conduct Income Survey to Determine Median Household Income for USDA Grant Funding

Manager Gross reported on the potential for grant funding available through the USDA Rural Development Emergency Community Water Assistance Grant (ECWAG) program for the Ayers Acres groundwater well infrastructure project. In order to qualify for the ECWAG program, a community must have a Median Household Income (MHI) of less than \$62,883 and a third party survey would be required to obtain salary information at a cost of approximately \$10K-\$20K. The grant funding would benefit the District and community by possibly reducing future rate increases to the customer.

Director Bennett suggested that if the District moves forward in pursuit of the USDA grant funding, a letter to the community that provides benefit information should accompany the survey and will be beneficial in obtaining a successful response. Visitor Moseley was in agreement and also offered public outreach through the Running Springs Chamber of Commerce. Manager Gross stated the District may qualify for 100% grant funding if the application and survey are completed by the June 15, 2013 deadline and he also discussed

the Phase II program of 45% grant funding. Discussion continued regarding customer income and confidentiality, potential District liability and the possibility of additional opportunities to acquire grant funding in the future. Manager Gross said if the survey established the MHI of less than \$62,883, there still was no guarantee that the District would receive the grant funding. After further discussion the Board tabled this item for future discussion.

5. Information Items

A. Review of Draft Ordinance No. 42, Declaring a Water Shortage Emergency and Adopting a Water Conservation Program Superseding and Replacing Ordinance Nos. 34 and 17

On April 3, 1991 the District Board of Directors adopted Ordinance No. 17, Declaring a Water Shortage Emergency and Establishing a Water Conservation Program with provision for the declaration of various stages of water shortage. On November 17, 2010 the District Board of Directors adopted Ordinance No. 34, Amending Ordinance No. 17 to provide that when the Board has declared a Phase II Shortage or greater, water service provided through water meters for irrigation purposes shall be terminated until such time as the Phase II Shortage, or greater, has ended. The Board reviewed Ordinance No. 34 at the March 19, 2014 meeting and a revised version based on the feedback was provided for further review. Discussion continued regarding the Crestline Lake Arrowhead Water Agency (CLAWA) water allocations, ordinance violations and the possibility of implementing a tiered system for excessive water usage during a shortage. Attorney Riddell stated any additional water rates would need to be included in the Proposition 218 notice. Engineer Thomas stated he recently completed an assessment engineering report for the City of Sacramento and the rules are changing for them regarding both irrigation and water consumption due to the water shortage. Manager Gross will display a water conservation banner on the front of the District office building and everyone was encouraged to observe water conservation measures with Vice-President Brittain reporting on the prediction of an El Nino in November, 2014. Attorney Riddell reported on CLAWA and their recently adopted Ordinance that will allow them to monitor the available water and declare a Phase I allocation that is 95% of the 2013 consumption. Currently, CLAWA has enough water to satisfy anticipated demand from the carry over water that is available to them and Attorney Riddell said CLAWA is also encouraging conservation. This item will be revisited again after June, 2014.

6. General Manager Report

Manager Gross had no further information to report.

7. Report from Engineer

Engineer Thomas had no further information to report.

8. Report from Legal Counsel

Attorney Riddell reported on the water situation in Sacramento and stated the allocation continues to be 0% from the State Water Project saying they finally have enough water in the system to satisfy their carry over obligations and he added that this is now the third driest year on record. Attorney Riddell also reported on CLAWA allocations and their exchange agreements with other water agencies. Attorney Riddell stated the CLAWA carry over water available should satisfy the demand both this year and next.

9. Board Member Meetings

The next Regular Board Meeting will be held on May 21, 2014 at 9:00 A.M.

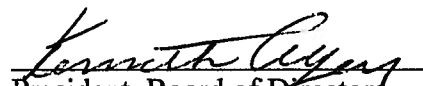
10. Board Member Comments

No comments were made


11. Meeting Adjournment

Upon motion by Director Bennett, second by Director Terry and carried by a 4 to 0 vote, the meeting was adjourned at 11:10 A.M.

Respectfully Submitted,



President, Board of Directors
Running Springs Water District



Secretary of the Board of Directors
Running Springs Water District