

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
RUNNING SPRINGS WATER DISTRICT
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA
JANUARY 16, 2013

The Regular Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, January 16, 2013 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
Mike Terry, Vice-President
Everett "Ed" Brittain, Director
Pamella Bennett, Director

Director Paul Shouse was absent

Also present were the following:

Ryan Gross, General Manager
Joan Eaton, Secretary/Treasurer/Administration Supervisor
Randy Bobroff, Water Division Supervisor
Trevor Miller, Wastewater Treatment Division Supervisor
Isaiah Hall, Collections Division Supervisor
Tony Grabow, Fire Chief
George Corley, Battalion Chief
Mike Riddell, Attorney, Best, Best & Krieger, (BB&K)
Brian Thomas, Engineer, Engineering Resources

Visitors present were:

Gerhard Hilgenfeldt, Running Springs Part-Time Resident

The meeting was called to order at 9:02 A.M. by President Ayers and Director Brittain led the Assembly in the Pledge of Allegiance.

Called to Order
Pledge of Allegiance

Visitor Gerhard Hilgenfeldt introduced himself for the record.

Visitors

Upon motion by Director Brittain, second by Director Bennett and carried by a 4 to 0 vote, consent items that include the Regular Board Meeting Minutes of November 28, 2012 and the November and December, 2012 Expenditures, were approved.

Consent Items
Approved

Supervisor Bobroff opened by stating there have been several leaks in customer water lines due to the recent cold weather resulting in water bills that were \$600 to \$800 for some customers. Supervisor Bobroff mentioned that there were no leaks in the District water system. Director Bennett noted that the District has benefited from the local newspaper articles regarding the importance of winterizing homes.

OPERATIONAL
REPORTS
(Water)

Supervisor Bobroff stated that District ordinance requires our customers to install shut off valves on their homes and information regarding shut off valves is provided to District customers through newsletters and in the Consumer Confidence Report (CCR). Customers are notified when a leak is detected and a service charge fee is incurred if the District responds to a customer request to shut off the water due to a leak. Supervisor Bobroff added that customers are not allowed to use District valves to shut off water and encourages customers to install and utilize their own shut off valves.

Supervisor Bobroff also noted that the Rimwood well pump stopped working and he is obtaining pricing for replacement of the pump.

(Treatment) Supervisor Miller reported that Bacon Wagner Excavating has commenced work again on the Outfall Line with the improved weather and the projected completion date is the week of January 21, 2013.

(Collections) Supervisor Hall stated everything was going well in the Collections Division. He then reported that the Collections Division is working with Engineering Resources and the California Hazardous Services (CHJ) regarding the Overflow Tank at Sewer Lift Station No. 1. Samples were taken by CHJ and submitted to Engineering Resources and Supervisor Hall stated that work is continuing regarding construction plans and costs associated with the project.

Supervisor Hall also reported that Haz Mat Services came to the Collections Division to test the fuel tanks at a minimal cost to the District and he stated that the cost will be shared with upstream users. Supervisor Hall stated all fuel tanks have built in containment and meet regulatory requirements.

In closing, Supervisor Hall mentioned that the Collections Division discovered a cleanout located between Onacrest and Circle View had been vandalized with debris and dirt. The vandalism was discovered when Collections located a service line for a customer construction project. The cleanout was repaired in one day without any spills or issues.

(Fire Department) Chief Grabow reported on the Hazard Abatement Program and stated the Fire Department initially mailed two hundred and eighty-four (284) fourteen (14) day notices that included \$95.00 bills for each property. Some of the notices were returned due to inaccurate county records and all but forty-nine (49) property owners have contacted the Department after receiving the notice. Chief Grabow stated that \$5,637 in fines have been received by the Fire Department for the program with one protest received by a property owner and that most property owners are understanding of the program and compliant. Battalion Chief Corley noted that he appears at the San Bernardino Courthouse regarding warrants and the courthouse will soon be relocating. In addition, there are several other courthouses that will be closing. Chief Grabow also reported on the Duty Chief Officer Coverage and stated the program was working well.

Supervisor Eaton stated that Laura Garrett resigned from her position as Receptionist/Secretary III effective December 17, 2012 and Toni Nicassio has been promoted and accepted the vacant position. Administration is currently recruiting for the Receptionist/Secretary I position and has received almost fifty (50) applications to date. Applications are being accepted through January 25, 2013.

(Administration)

Supervisor Eaton also reported that the District received one thousand dollars (\$1,000.00) on January 15, 2013 from the Special District Risk Management (SDRMA) for reimbursement of invoices submitted regarding the member Loss Prevention Program.

Manager Gross stated he authorized one change order regarding the Outfall Pipeline Project for an addition of one hundred (100) feet of pipeline to extend the upper section of the pipeline for a total cost of \$12,465.00 and was notifying the Board in accordance with Resolution No. 15-11.

(General Manager)

The District received a Public Records Act request in November 2012 from a law firm representing a former employee that is claiming he has melothesioma caused by asbestos pipe and Manager Gross provided the firm with documents as requested. Harich Construction Company has also requested the same documents from the District. The Running Springs Water District has not been named in the lawsuit to date. Attorney Riddell stated the documents that were produced are public documents and in the absence of litigation, the public records act applies. Attorney Riddell suggested that this item is placed on a future Board Meeting agenda as a closed session item.

Manager Gross reported on the Assessment District No. 10 Continuing Disclosure Annual Report for Fiscal Year Ended June 30, 2012 as an information item only. The report was approved by Manager Gross and a copy was provided to the Board for review. Manager Gross stated the report will be disseminated as required by the Disclosure Certificate to the Electronic Municipal Market Access (EMMA). Discussion continued regarding Assessment District No. 10 and Attorney Riddell reported on the Assessment District No. 10 foreclosure proceedings stating foreclosure action is still being pursued on four delinquent parcels owned by Chabad of California. Director Brittain asked about the funds required to make the bond payment for Assessment District No. 10 and Manager Gross stated the District received a check a few months back to replenish the funds. The Continuing Disclosure report states that in October, 2012, the District received payment from two property owners that were in foreclosure, and the Reserve Fund has since been replenished to its required level of funding. Attorney Riddell added that Pacific Merchantile Bank has acquired some of the property that was previously owned by Chabad of California and those delinquent parcels have been paid. There are four parcels with unpaid assessments still owned by Chabad.

Assessment District
No. 10 Continuing
Disclosure Annual
Report for Fiscal Year
Ended June 30, 2012

Attorney Riddell also reported that with respect to the bond foreclosures on the Chabad property, Chabad had failed to answer the complaint and a default judgment would be entered by the court, and that it would be necessary for General Manager Gross to appear at a “prove up” hearing to testify as to the amounts due to be collected at the foreclosure sale. Attorney Riddell reported that his office would prepare Mr. Gross for his testimony needed at that hearing. Attorney Riddell stated the foreclosed property would be sold at public auction in the next few weeks.

Professional Services
Contract for
Hydrogeological
Investigation

Manager Gross then reported on discussion held during the Special Board Meeting on November 2, 2012 regarding a Request for Proposal (RFP) for a hydrogeological investigation for development of additional groundwater resources, that was issued to two firms with groundwater experience in fractured bedrock geology settings such as that which exists throughout the District’s service area. Manager Gross reported on the proposals stating the scope of work includes three tasks in order of priority. Task 1: Evaluate the Ayers Acres property and recommend preferred alternatives on how best to maximize groundwater production on this property. Task 2: Evaluate existing groundwater production for wells in Sidewinder Canyon, the Downtown Property and other existing wells in the District’s service area. Task 3: Update of our previous groundwater investigations. Two proposals were received from Thomas Harder & Company in the amount of \$14,400 and Geoscience in the amount of \$14,960 and Manager Gross stated he was confident that either firm would do a fine job and both were experienced in this area. Manager Gross stated his recommendation is to award Thomas Harder & Company the contract utilizing funds from the Water Development Reserve Fund and if approved, the firm would start immediately.

President Ayers asked if it would be possible to coordinate the hydrogeological services with the Ayers Acres wells pump testing and Manager Gross said he could coordinate the projects depending on the weather and when the Ayers Acres project would resume. Manager Gross received information from Director Terry regarding recommendations of the proposed firms and Engineer Thomas also provided his advice and recommendation of Thomas Harder & Company because of their geoscience experience. Discussion continued regarding the Downtown property and Manager Gross stated that Harich retained the groundwater rights for the Downtown property that could possibly be acquired. Upon motion by Director Bennett, second by President Ayers and carried by a 4 to 0 vote, Awarding a Hydrogeological Services Contract to Thomas Harder & Company for Investigation of Additional Groundwater Development in the amount of \$14,400 not to exceed \$15,000, was approved.

Manager Gross stated he has incorporated all the additional comments and suggested revisions received since the November 28, 2012 Board Meeting into a final draft of the Personnel Manual. A summary of the additional revisions and a copy of the full document were provided to the Board for their review and Manager Gross stated Ordinance No. 39 would adopt the final revised personnel manual.

Ordinance No. 39
Amending the District
Employment Standards
and Provisions,
Adopting a Revised
Personnel Manual

President Ayers made a few minor suggestions to revise wording in the personnel manual. Manager Gross stated the District has no union or bargaining unit to deal with and the document has been provided to all District employees and there has been no opposition to the manual. Discussion continued regarding the Fire Department and reported overtime. Upon motion by Director Terry, second by Director Bennett and carried by a 4 to 0 vote, ORDINANCE NO. 39, AMENDING DISTRICT EMPLOYMENT STANDARDS AND PROVISIONS, ADOPTING A REVISED PERSONNEL MANUAL, was adopted. (Ordinance No. 39 on file in the District office)

Manager Gross stated that a copy of the Strategic Plan was last updated in 2009 and provided to the Board on November 28, 2012. Minor revisions were made to the document to reflect changes that would make the document more current and Manager Gross suggested that after this revision, the plan would be revisited again next year for a more comprehensive revision. Manager Gross did not have any additional recommended changes to the Strategic Plan other than what was noted with the exception of some minor wording related to the Wastewater Division.

Strategic Plan
Review and Update

In regards to the Financial Master Plan, the District would conduct public outreach meetings to seek input regarding developing a sustainable funding mechanism for District operations and capital improvement needs. Manager Gross recently met with the investment firm of Brandis Tallman LLC who offered to attend our Public Outreach Meeting and provide public finance information as a free service. Discussion continued regarding future consideration of the use of a Financial Consultant versus hiring a full time accountant and/or financial staff member for the District. Supervisor Eaton stated the Financial Consulting Agreement with Rogers, Anderson, Malody and Scott (RAMS) provides accounting assistance to the District in preparation of the annual audit and on a day to day basis but the unexpected financial projects and consulting may be additional expenses for the District.

Fiscal Year 2013/14
25th Annual Board Workshop

Manager Gross opened the Fiscal Year 2013/14 25th Annual Board Workshop and documentation was provided for review of the current fiscal year projects and for discussion regarding the upcoming future year projects. Manager Gross asked the Board for direction to proceed with the items presented and before receiving final approval, the items will be further considered during the budget process.

Fire, Administration, Water, Wastewater Collections and Wastewater Treatment staff members will present pertinent information including:

- Recap of current fiscal year projects
- Planned projects and capital purchases for the upcoming fiscal year
- Planned projects for future years
- Planned department improvements

Manager Gross presented specific projects and actions that the District continues to pursue for the current fiscal year that included District Policies and Procedures, update of the Personnel Policy Manual, update, complete and implement the District's Financial Master Plan and conduct Public Outreach Meetings to educate the community about the Running Springs Water District core functions, short and long range plans and financial situation.

In regards to the District's Financial Master Plan, Manager Gross made a recommendation that the District update the draft findings, rate studies and financial plan that was completed and presented to the District by Bartle Wells Associates (BWA) in 2010. A proposal has been received from BWA in the amount of \$19,600 to update and complete the Financial Master Plan. President Ayers asked what Bartle Wells Associations would provide for \$19,600 and Manager Gross responded the District would receive an entire rate model based on the Wastewater Master Plan to project a cash flow projection and determine required revenue for funding. They would also determine options for financing to ensure we meet the debt ratio requirement and the District cash reserves requirements are met. BWA would attend several District meetings including the Public Outreach meeting. Manager Gross stated it would be a good idea in his opinion to have the basis for raising customer rates. Director Brittain stated that Bartle Wells did an excellent mathematical exercise with the Financial Master Plan, the problem is the political realities of raising customer rates by 7% in Running Springs. Director Brittain asked the Board to consider how we can use the model from BWA without raising rates substantially. Manager Gross stated BWA took information from the District's Master Plan and future projects and their draft finding results and recommendation were multiple year 4% rate increases. Discussion continued and Engineer Thomas reported on an agency that recently passed a multi-year percentage rate increase using a combination of political atmosphere and community ownership in the facilities.

MINUTES – JANUARY 16, 2013
PAGE SEVEN

President Ayers stated the District needs to look ahead ten years and expressed his concern with future funding for the Fire Department with Manager Gross stating that the District operating revenue does not cover the operating expenses. President Ayers asked District staff to proceed with the Finance Committee and return to the Board with a recommended Financial Plan for the District before considering Bartle Wells Associates. Attorney Riddell interjected stating he deals with several water districts and the Running Springs Water District is the most scrupulous in terms of rate increases. Attorney Riddell said that what Manager Gross just stated should be a red flag to the District. He also mentioned the importance of the District staying current with expenses instead of borrowing money to catch up with expenses. Manager Gross reported that the District operating reserve fund targets of four months for water and sewer and six months for fire are approximately one half million below the target.

Manager Gross then turned the meeting over to the supervisors for the Fiscal Year 2013/2014 Budget Workshop.

Fiscal Year 2013/14
Budget Workshop

Chief Grabow opened by reporting on grant opportunities for the Fire Department and provided the Board with a recap of grants and status. Chief Grabow spoke about a \$47,000 grant for hazard abatement and a possible grant to purchase an electronic patient care recorder (notebook).

Fire Department

Chief Grabow stated that most Fire Department projects have been put on hold awaiting information from San Bernardino County regarding property tax revenues. Chief Grabow then reported on the replacement of the Water Tender 51 and the Fire Hazard Abatement Program funds that rolled over to the 2012/2013 fiscal year. Chief Grabow continued by reporting on replacement of breathing apparatus (BA) bottles, replacement of the Squad 51 and appliances at station 50 that are in need of replacement. Chief Grabow also reported on the planned Fiscal Year 2013/14 Projects and Capital Purchases and suggested that the District consider increasing the Paid Call Firefighters wages by one dollar an hour resulting in an approximate yearly increase of \$16,508 with minimal impact on the budget. This item will be discussed further with staff and the Finance Committee.

Chief Grabow then reported on Planned Future Projects that included replacing the medic ambulance 51A at an approximate cost of \$130,000 and replacing staff vehicles at an approximate cost of \$28,000 each. Also, as future projects the department will be proposing to replace the concrete aprons at Station 50 and 51, replacing the 1989 Chevrolet snow plow truck, install exhaust removal systems in both fire stations and building a new fire station to replace Station 51 with the department pursuing grant funding.

Chief Grabow continued by reporting on several Planned Department Improvements that comprise of creating one Limited Term or Paid Call Firefighter Position per shift and the Breathing Apparatus Replacement Program and stated the department will pursue grant funding for these projects. Manager Gross mentioned there are three reserve funds designated for the fire department for a total of approximately \$320,000 for some of these projects. Discussion continued regarding the fire department reserve funds and Manager Gross stated the recommended reserve fund target is \$950,000 with the department currently at one third of the recommended amount in reserves. Information regarding the fire department reserve funds will be included in the draft fire department budget document.

Administration

Supervisor Eaton reported on the Administration Department recap of Fiscal Year 2012/13 projects and stated that the Billing Folder Equipment was approved and purchased at an approximate cost of \$14,051. The M5500 three station folder inserter machine was purchased from Priority Mailing Systems providing the department with efficiency.

Systems administration costs to upgrade the District Chart of Accounts was approved and is complete at a cost of \$5,000. Supervisor Eaton stated the new Chart of Accounts was put into service and the District has experienced some additional costs associated with the District Financial Consultant to implement the system. The new accounting system will improve internal controls that will result in operational efficiencies and will separate fund accounting in the financial statements to include an enterprise and governmental fund for the Fire Department. The new Chart of Accounts will also satisfy the recommendations of auditors Teaman, Ramirez and Smith.

Supervisor Eaton reported on the District records retention program that was adopted by Resolution on March 21, 2012. The policy provides guidelines to staff regarding the retention or destruction of records of the District, provides for the identification, maintenance, safeguarding and destruction of records in the normal course of business, ensures prompt and accurate retrieval of records and ensures compliance with legal and regulatory requirements. Supervisor Eaton stated that due to recent unexpected staffing changes along with priority projects and duties, Administration staff have not been able to focus on the new records retention program. Administration is requesting that the District allocate approximately \$10,000 in funds to cover the salary of a temporary position to work in collaboration with Administration staff and under the direction of the Records Coordinator to implement the District records retention program.

Supervisor Eaton expects the project will require approximately eight hours a day for six months to complete with a temporary position entry level salary of \$10.00 per hour for an anticipated expense of approximately \$10,000. President Ayers asked if the position would be eligible for benefits and Supervisor Eaton confirmed that the position would not incur benefits if it is designated as a temporary position per the District Personnel Manual. Manager Gross expressed concerns with storing records that are no longer required to retain and mentioned the records disclosure requirements.

Supervisor Eaton discussed Planned Future Projects and she stated that Administration will begin to investigate possible replacements for the Comet Accounting/Billing program. The Comet system has become antiquated and Manager Gross expressed his concern with retrieval of accounting records and reports. Administration will also investigate possible improvements to the audio/visual system for the Board Room. In closing, Administration will proceed with the assessment of administrative procedures and practices.

Supervisor Bobroff opened by reporting on the recap of Fiscal Year 2012/13 Projects. The back lot meters will only be replaced when it is determined to be an emergency or by customer request. Water tank inspection funds have been rolled into the current fiscal year from last year and inspections will be scheduled for June 2013. The re-coating of the Luring Pines Tank was completed in September 2012 at an actual cost of \$73,758 and Supervisor Bobroff explained the process stating the tank is blasted and recoated both inside and outside of the tank. Supervisor Bobroff also reported on the Ayers Acres Project that included the drilling of two water wells located at the lower portion of the property. One well was abandoned due to poor production and the second well will be test pumped for a few days to determine the water production. Manager Gross stated the total cost for the project is approximately \$254,000 as stated in the original contract with Harich Enterprise, Inc.

Water Division

Moving on to the Planned Fiscal Year 2013/14 Projects and Capital Purchases, Supervisor Bobroff continued his report on Water Development at Ayers Acres and mentioned the project will be determined based on the required infrastructure design. The estimated cost is \$350,000 to \$450,000. He also stated that the Water Division routinely inspects two water tanks a year and they are behind this year. There are several tanks in particular that need to be addressed in the 2013/14 Fiscal Year Budget. The Board approved the above ground fuel storage system and Supervisor Bobroff will research options before they begin this project.

In regards to the back lot meter relocation program, Supervisor Bobroff stated he just received the sanitary survey from the State Health Department with recommendations and requirements regarding the project and will report back to the Board. The estimated cost is \$5,000 for materials only and the project is to abandon and convert the old back lot mains that are old 2" steel lines.

Supervisor Bobroff then reported on Planned Future Projects beginning with well development and noting that the District continues to obtain properties, drill wells and search for sources of water supply to meet the demands of our community. Regarding water main installation, Supervisor Bobroff reported that the new water master plan identifies portions of the water system that needs improvement to increase fire flow and peak domestic demands. The extensive amount of necessary improvements will require special funding such as grants or loans. Regarding the Ground Water Rule (GWR) the California Department of Public Health (CDPH) is currently reviewing the system and there may be some required or suggested improvements necessary. Supervisor Bobroff stated the EPA has not finalized the Radon Gas Rule and when they do, the District will most likely be required to install aeration equipment at our well sites. Another planned future project is a computerized maintenance management system that could include a Geographic Information System (GIS), valve maintenance program, hydrant maintenance program, dead end flushing program and other maintenance projects. Supervisor Bobroff also reported on an automatic meter reading system that would allow the District to read meters in one day and identify water leaks. The estimated cost of this system is approximately \$687,000 that includes meters and software and discussion continued regarding meter replacement, reading timeframe and the costs associated regarding the project. Manager Gross stated the District has approximately \$440,000 in designated reserve funds for well development.

Regarding Planned Department Improvements, the projects and actions identified in the Strategic Plan and Water Master Plan will result in Water Division improvements.

Supervisor Hall then reported on the Wastewater Collection Division Recap of Fiscal Year 2012/13 Projects starting with the Sewer System Management Plan (SSMP) that is an ongoing project, the Force Main Valve at Lift Station No. 2 that will be complete in spring of 2013, and paving at Lift Station No. 4, collection system repair and maintenance and the Weiss Canyon Sewer easement that are complete. The Weiss Canyon Sewer easement came in over budget due to the bids coming in higher than anticipated. The Lift Station No. 1 Overflow Tank is an ongoing project and Supervisor Hall stated they continue to work with Engineering Resources on developing a construction plan for the overflow tank and also regarding the sewer sag on school trunk line. Supervisor Hall stated emergency funds will be added to the Fiscal Year 2013/2014 budget maintenance account for unanticipated projects.

Wastewater
Collections
Division

The Planned Fiscal Year 2013/14 Projects and Capital Purchases include the SSMP document update and an upgrade to the Telemetry System Phase II at an approximate cost of \$200,000 from TESCO that is a shared cost with the Water Department. Also paving Lift Station No 5 and No. 9 at an estimated cost of \$28,000, Collection system repairs and maintenance that includes sealing manholes and video inspections. Supervisor Hall continued by reporting on the Little Mill Canyon sewer easement repair project, Lift Station No. 1 overflow tank and the sewer sag on school trunk line pending revenues.

The Planned Future Projects include Lift Station Replacement Rehabilitation that have been identified in both the master and financial plans at an estimated cost of approximately \$1,800,000 for all three stations. Supervisor Hall also reported on replacement generators for Lift Stations No. 1, 2 and 7, the proposed Collection Division operations building that has been deferred, the collection system repair project that may be completed using in house labor and equipment to reduce the overall project cost and purchasing accurate flow meters for Lift Station No. 1 and No. 2.

Manager Gross stated the proposed Collections Division projects costs total approximately \$364,000 and mentioned Assessment District funds that could be utilized for projects.

Supervisor Miller reported on the Wastewater Division Recap of Fiscal Year 2012/13 Projects specifically Bio Solids Handling and the challenges they face that include hauling and costs. The Outfall Line Replacement project is expected to be complete within the next few weeks.

Wastewater
Treatment
Division

Regarding the Planned Fiscal Year 2013/14 Projects and Capital Purchases, Supervisor Miller reported on replacement cartridges for the MBR at an estimated cost of \$58,000 that will extend the life expectancy. He also reported on replacement of the MBR scouring air diffuser that is used to keep the surface of the cartridge clean and provide dissolved oxygen for the bacteria in the reactor at an estimated cost of \$32,000.

The Planned Future Projects include replacement of the standby generator that may not meet air quality standards in the future, the Wildlife Habitat project that will satisfy requirements by the United States Forest Service to maintain the current special use permit with a timeframe of two to five years for completion and the Greenbelt Irrigation project to irrigate a green belt around the Smiley Park Wastewater Treatment Plant area that may be funded by grants. Supervisor Miller confirmed that many of the projects are shared costs with the upstream users currently at 13 ½ % from Arrowbear and 18.6% from CSA 79. Manager Gross mentioned the upstream users will be billed for their proportionate share of the cost for a screw press and said the screw press would be environmentally friendly. Manager Gross said the District currently has approximately \$540,000 in the Leachate reserve fund and the total cost will be approximately \$300,000 for equipment and installation with approximately \$96,000 returned to the District from the upstream users.

Director Brittain asked about the progression of the San Bernardino County Treatment Plant at Heaps Peak and Manager Gross will check on the development and stated it should be complete in early spring. Supervisor Hall stated that the District can expect additional revenue from Pali Mountain for connecting to the system.

Manager Gross then reported on the December Cost of Living Adjustment (COLA) for the Riverside area that is 2% for Urban Wage Earners and asked the Board to consider rate and fees for next fiscal year and employee merit increases that will be included in the proposed 2013/2014 budgets. President Ayers also asked the Board to consider holding off on the General Manager evaluation until July, 2013. Manager Gross will meet with the Finance Committee and provide a financial plan recommendation and proposal regarding rate increases and funding options for department projects. Manager Gross stated the Proposition 218 notices must be ready to mail to District customers the first week of May, 2013.

Engineer Thomas had no further information to report

Engineer's Report

Attorney Riddell reported that the Department of Water Resources had increased its allocation of State Project water from 30% to 40%, which he expected to be more than sufficient to allow the Crestline-Lake Arrowhead Water Agency to satisfy its anticipated requests for imported water this year.

Attorney's Report

Director Brittain reported that the Fire Service Committee is continuing to work with Fire Department staff regarding the cost and revenues of fire and ambulance calls responding to Green Valley Lake and Arrowbear. Director Brittain will present a one year analysis to the committee at the next meeting.

Committee Reports

Manager Gross mentioned that he would contact CSA 79 and Arrowbear Park County Water District asking to begin negotiations regarding the upstream contracts. President Ayers assigned an Ad Hoc Financial Evaluation Committee with Directors Brittain and Bennett regarding investment policies.

The March, 2013 Board meeting was changed to March, 13, 2013 at 9:00 A.M.

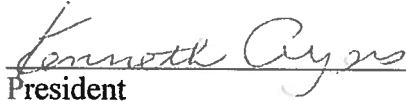
March Board Meeting

Director Bennett suggested that the District conduct a public outreach meeting regarding rates and fees that includes Green Valley Lake and Arrowbear.


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

Adjournment

Respectfully Submitted,



President



Secretary