

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS  
RUNNING SPRINGS WATER DISTRICT  
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA  
JANUARY 18, 2012

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The Regular Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, January 18, 2012, 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  
Paul Shouse, Director  
Pamella Bennett, Director  
Everett "Ed" Brittain, Director

Also present were the following:

Sam Massey, 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  
Mike Riddell, Attorney, Best, Best & Krieger, (BB&K)  
Casey Blas, Paid Call Firefighter

Visitors present were:

Gerhard Hilgenfeldt, Customer  
Joan Moseley, Reporter

The meeting was called to order at 9:01 A.M. by President Ayers who also led the Assembly in the Pledge of Allegiance.

Called to Order and  
Pledge of Allegiance

The Board moved to Item V. Election of Board Officers. Manager Massey stated that according to the District Bylaws the first order of business following each District General Election, that was held in November, 2011, is the election of the President of the Board of Directors to serve a two year term. Manager Massey asked the Board for nominations for President of the Board and Director Bennett nominated Ken Ayers with no other nominations made. Upon motion by Director Bennett, second by Director Shouse and carried by a unanimous decision, Ken Ayers was appointed to President of the Board for a two year term.

Election of Board  
Officers and Selection  
of Board Committee  
Members

President Ayers then called for nominations for Vice-President of the Board of Directors and nominated Director Mike Terry. Upon motion by President Ayers, second by Director Bennett and unanimously carried, Mike Terry was appointed to Vice-President of the Board.

The Board then reviewed the Committees and appointed the Standing Committees as follows:

- Finance – Paul Shouse and Mike Terry
- Personnel – Ed Brittan and Paul Shouse
- District Policies – Ed Brittan and Paul Shouse
- Public Relations Board Coordinator – Pamella Bennett

President Ayers appointed the Ad Hoc Committees as follows:

- Consolidation – Ken Ayers and Pamella Bennett
- Harich Proposal – Mike Terry and Paul Shouse
- Other Representations – Special Districts – Ken Ayers

General Manager  
Recruitment Ad  
Hoc Committee

President Ayers appointed the Ad Hoc Committee as follows:  
General Manager Search – Mike Terry and Ed Brittain

Visitors

Visitors Joan Moseley and Gerhard Hilgenfeldt were introduced for the record.

Acknowledgements

Chief Grabow and the Board of Directors recognized Casey Blas, Paid Call Firefighter who has achieved five (5) years with the District. Chief Grabow stated that Firefighter Blas has been an outstanding responder for the department and is currently pursuing his paramedic license.

Board Meeting  
Minutes  
November 16, 2011

Upon motion by Vice-President Terry, second by President Ayers and carried by a unanimous vote, the Regular Board Meeting minutes of November 16, 2011 were approved.

November  
Expenditures

Upon motion by Director Shouse, second by Director Bennett and carried by a unanimous vote, the expenditures through November 30, 2011 were approved.

December  
Expenditures

Director Shouse had questions regarding the December Revenues over Expenditures report for the Water and Wastewater Department, specifically why the expenses were significantly higher in December than other comparable months and concerns that the departments were operating at a deficit. Supervisor Hall provided information on additional expenses in the Collections Department for December that included \$18,000 paid to Engineering Resources for the Soutar Project which has been reimbursed. District staff will review the December financial reports in detail and update Director Shouse.

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President Ayers requested confirmation of the expenses paid in December to GM Excavating for paving portions of the Treatment Plant Road. Upon motion by Director Bennett, second by Vice-President Terry and carried by a unanimous vote, the expenditures through December 31, 2011 were approved.

Supervisor Bobroff stated the water department has been working on routine maintenance and added that the majority of December was spent working on Ayers Acres. Meters have not been read due to inclement weather.

OPERATIONAL  
REPORTS  
(Water)

Director Bennett had questions about purchased water and Supervisor Bobroff stated purchased water and consumption has been down with the cooler weather. The water that is on deposit in turnouts has been used or it would have been lost.

Supervisor Miller stated that everything is good at the Wastewater Treatment Plant and flows are low due to dry weather. Supervisor Miller stated they are looking into replacement of the belt press and added that his report will follow in the workshop on January 21, 2012. Director Shouse asked if a belt press was better than a centrifuge and Supervisor Miller stated a centrifuge is not an option due to power consumption and the percentage of processed solids.

(Treatment)

Supervisor Hall reported that everything was outstanding in the Collections system and stated that Steve Howard had resigned from the District Collections Department and Richard Viero transferred from the Treatment Plant to fill the open position and is currently in training and doing well. Supervisor Miller stated the open position at the Treatment Plant will be filled in July, 2012 after various projects have been completed. Supervisor Hall noted that sick leave was high due to one employee who had a family emergency.

(Collections)

Supervisor Hall also mentioned that the radio study with TESCO Controls is complete and will be discussed later in the meeting.

Chief Grabow opened by reporting on a letter received from retired Los Angeles Fire Department Battalion Chief Roger Gillis thanking the Running Springs Fire Department for their dedication and involvement with an incident that involved a member of his family. Retired Battalion Chief Gillis conveyed his sincere appreciation and gratitude for the Department under the command of Chief Grabow. The letter has been posted on Joan Moseley's website at <http://joanmoseley.wordpress.com>

(Fire)

Chief Grabow mentioned that December was a busy month with ambulance transports from Snow Valley.

In closing, Chief Grabow stated that he has heard that CalFire may be providing engine support in Big Bear, Running Springs and Crest Forest beginning January 1, 2013, although this information has not been confirmed. Chief Grabow will update the Board as information is received. Chief Grabow closed by noting that there are approximately twenty (20) active volunteer cert members in Running Springs that have been trained by the Running Springs Fire Department.

(Administration) Supervisor Eaton opened by acknowledging Linda Mayfield, Senior Billing Clerk who has reached her twenty (20) year anniversary with the District.

Supervisor Eaton continued by noting that the District has received property tax warrants in the amount of \$921,105.74 during the months of December, 2011 and January, 2012 that included approximately \$62,843.00 allocated to Assessment District #10.

The Special District Risk Management (SDRMA) Authority Board has approved the Longevity Distribution to recognize and reward members for their loyalty and commitment to the SDRMA programs. The District has participated in the property liability program for twenty four (24) years and will be receiving a longevity check for approximately \$3,809.00.

(General Manager) Manager Massey reported on the projects that he has been working on and stated most of the topics will be discussed later in the meeting. Director Bennett asked if the Harich Project would require approval by the Local Agency Formation Commission (LAFCO) and Manager Massey said yes.

Consolidation of Special Districts In regards to the Consolidation Meetings of the Special District's Hilltop Community Consolidation Committee, Manager Massey stated a meeting was held on Saturday, December 3, 2011 at the Green Valley Lake Mutual Water Company Club House with Running Springs Water District personnel, the Hilltop Community Consolidation Committee, Kathleen Rollings-McDonald, and the community of Green Valley Lake. The turnout was phenomenal with nearly 100 individuals in attendance. A detailed presentation of the consolidation process was provided to the attendees followed by a question and answer period. The majority of attendees present expressed their support to continue exploring the possibility of consolidation between the Districts. Manager Massey concluded by stating that a meeting will be scheduled with Supervisor Janice Rutherford and the Consolidation Committee to determine if consolidation between Running Springs Water District and CSA 79 would have the support of the San Bernardino County Board of Supervisors.

Supervisor Bobroff updated the Board regarding the Ayers Acres Development Project stating that District staff has spent numerous hours during the month of December, 2011 constructing the new roadbed and improving existing roads into the proposed vertical well sites. Both vertical well pads have been constructed along with sedimentation and dewatering ponds at the lower portions of the District property. Discussion continued regarding the project and the possibility of utilizing the captured water for a green belt. Supervisor Bobroff stated he will be approaching the Board at the February, 2012 meeting to consider approval for Engineering Resources to design construction standards and bid packets for two vertical wells on Ayers Acres with proposed drilling to begin in June, 2012.

Ayers Acres  
Development  
Project

Manager Massey then reported on the Pali Mountain Feasibility Study and stated that the camp recently made a request to the District to connect several new buildings to the District's sewer system. Pali Mountain is outside the District boundary but is within the sphere of influence. A feasibility study was conducted by Brian Thomas with Engineering Resources that identified five different connection options and Pali Mountain has decided to install a lift station and force main up to Nob Hill Drive. Pali Mountain is currently working with their engineers to complete plans that will be submitted to the District for consideration and approval. Manager Massey closed by stating that once the plans have been reviewed by District staff and Engineer Thomas, the Board will be asked to consider entering into an outside service agreement with Pali Mountain. Attorney Mike Riddell asked if the District would take possession of the lift station and Manager Massey stated no. Supervisor Hall added that the District would require that the lift station adhere to all requirements. Attorney Riddell mentioned that the project will require California Environmental Quality Act (CEQA) permits and Manager Massey stated that Tony Lees, Pali Project Manager, is currently working with the Lahontan Regional Water Quality Control Board.

Pali Mountain  
Feasibility Study

Manager Massey then reported on the construction project to install water and wastewater infrastructure to Tract No. 17302, referred to as the Soutar Project subdivision, that is now complete. District legal counsel felt that a bill of sale document would be the most appropriate method for the District to accept ownership of the water and sewer facilities and agree to serve the development and a copy of the bill of sale was provided to the Board for review. President Ayers commented on the document noting that the information listed was vague and Attorney Riddell responded that the bill of sale document will not be recorded so specific information is not required. Upon motion by Director Shouse, second by Director Bennett and carried by a unanimous vote, the Water and Sewer Collection Facilities and Agreement to Provide and Serve Tract No. 17302 with Water and Sewer Service, was approved.

Water and Sewer  
Collection  
Facilities  
Agreement to  
Provide and  
Serve Tract No.  
17302 with  
Water and Sewer  
Service

Resolution No. 01-12, New Bank Signature Cards and Certification Regarding Internet Gambling Business

Due to the December, 2011 change in the Board of Directors with Everett Brittain replacing Kevin Kellems, First Mountain Bank requires that new bank signature cards are adopted by resolution stating limitations on the powers granted to specific titles and positions of Running Springs Water District. In addition, state law requires that the business entity certifies that it does not engage in an internet gambling business. The bank signature cards will be revised to reflect Mike Terry as Vice-President. Upon motion by Director Bennett, second by President Ayers and unanimously carried, the signing of new bank signature cards was approved for the removal of signer Director Kevin Kellems and the addition of Director Everett Brittain for the purpose of endorsing checks and orders for payment of money or otherwise withdraw or transfer funds on deposit with First Mountain Bank. Also adopted by this motion is RESOLUTION NO. 01-12, RESOLUTION OF LODGE, ASSOCIATION OR OTHER SIMILAR ORGANIZATION, REGARDING NEW BANK SIGNATURE CARDS, and certification that the Running Springs Water District does not engage in an internet gambling business. (Resolution No. 01-12 on file in the District office)

Inland Empire Resource Conservation District To Mitigate Construction Activity Associated with the Outfall Line

Manager Massey then updated the Board regarding the Outfall Line Replacement Project that was due to a failure of the line in March, 2010 and resulted in a temporary above ground bypass system. The District has received correspondence from the California Department of Fish and Game (CDFG) stating they would require the District to “contribute sufficient funds to the Inland Empire Resource Conservation District (IERCD) for the active restoration of 0.25 acres of riparian streambed habitat”. This would be a mitigation measure to compensate for the impairment to the environment that this project would impose and they are requesting compensation in the amount of \$43,922. Manager Massey stated that the District neglected to obtain a Streambed Alteration Permit and due to the temporary diversions, the District could be fined approximately \$5,000. Manager Massey recommended that the Board turn this issue over to our legal counsel for further review. Attorney Riddell will confer with an environmental attorney with Best, Best and Krieger at a cost to the District not to exceed \$2,000 and update the Board at the February Board Meeting. No motion was made and the item will be tabled to the February, 2012 Board Meeting.

San Bernardino County Department Of Public Works To Raise Thirty-Four Manholes on Live Oak Drive

The District was contacted by the San Bernardino County Department of Public Works (SBCDPW) stating they plan on replacing the road and road bed on Live Oak Drive in the spring of 2012 and has invited the District to participate in the cost of raising thirty-four (34) manholes to grade and to reimburse SBCDPW for those costs. Engineer Thomas and legal counsel have reviewed the proposed County project contract that will go to bid in March, 2012 and begin construction in May, 2012. District staff recognizes that the sewer manholes are approximately thirty (30) years old and could cause significant issues to the sewer system. The District will provide inspection utilizing staff to ensure the sewer manholes will be adjusted per the Districts specifications and standards.

Engineer Thomas and District staff has reviewed the information and feel the cost estimate of \$900.00 per manhole with a 20.0% overrun is adequate. A copy of the County contract was provided to the Board for review and Supervisor Hall stated the cost would be paid utilizing leachate funds. Upon motion by President Ayers, second by Director Brittain and carried by a unanimous vote, Participation with San Bernardino County Department of Public Works to Raise Thirty-Four (34) Manholes on Live Oak Drive at the not to Exceed Cost of \$900 per Manhole or \$36,720 Utilizing Leachate Funds, was approved.

Supervisor Hall then reported on the issue of the District Telemetry System not meeting newly enforced narrow banding requirements from the Federal Communication Commission (FCC) with a deadline date of January 1, 2013. At the October 19, 2011 Board Meeting, the Board approved a radio study to be conducted by TESCO Controls, Inc. that has now been completed. The study showed that the current radio frequency that we are utilizing for the sixteen (16) sites is one of the problems causing poor communications and interference with other close frequencies. The recommendation from the study showed that changing from the 450 MHz to a lower 150 MHz narrow band frequency will allow for more reliable transfer without interference from other frequencies. Engineer Thomas and District staff have reviewed the study information and prepared bid documents to upgrade the system at a not to exceed cost of \$72,600. Supervisor Hall stated that leachate funds would be used for the eight (8) wastewater sites in the amount of \$36,300, San Bernardino County Lease funds for six (6) of the eight water sites in the amount of \$27,225 and Assessment District No.10 funds for the remaining two (2) water sites in Rimwood in the amount of \$9,075. Discussion continued regarding the telemetry system and the formal bid process and Manager Massey stated the bids will be brought back to the February Board Meeting. Upon motion by Director Shouse, second by Director Bennett and unanimously carried, to upgrade the Telemetry System to comply with the Federal Communication Commission Narrow Banding requirements in the amount not to exceed \$72,600 utilizing \$36,300 from the leachate funds, \$27,225 from the San Bernardino County lease fund and \$9,075 from Assessment District No. 10 funds, was approved.

Upgrade Telemetry System Components to Comply with the Federal Communication Commission Narrow Banding Requirements

Supervisor Eaton reported on the District deferred compensation plan through VALIC and Nationwide that is made available to employees at no cost to the District. The District has been advised by legal counsel that the District's deferred compensation plan must be amended by resolution to remain in compliance with various changes in the governing legal code and a memorandum drafted by Best, Best & Krieger was provided to the Board identifying the amendments. Supervisor Eaton stated that approximately 50% of District employees are enrolled in the District deferred compensation plan.

Resolution No. 02-12  
Amendment No. 2  
Deferred Compensation Plan

Upon motion by Vice-President Terry, second by Director Shouse and unanimously carried, RESOLUTION NO. 02-12, ADOPTING AMENDMENT NO. 2 TO THE EMPLOYEE DEFERRED COMPENSATION PLAN, was adopted. (Resolution No. 02-12 on file in the District office)

Assessment District  
No. 10, Continuing  
Disclosure Annual  
Report

Supervisor Eaton reported on Assessment District No. 10, established in 2003 to fund water system improvements in a portion of the Rimwood Ranch area served by the Running Springs Water District. Assessment District No. 10 bonds issued total \$1,361,000 and the bonds will be paid off in 2023. The District contracts with NBS who administers the assessment and has provided a Continuing Disclosure Annual Report that must be reviewed and accepted by the Board. Attorney Riddell provided an update on the delinquent properties in Assessment District No. 10 that total approximately 50% of the 2010/11 levy. Delinquency letters have been sent to the property owners with unpaid assessments and the assessments were removed from the tax roll with foreclosure initiated against seven delinquent parcels under Chabad of California. The District currently has enough funds to make the March, 2012 interest bond payment for Assessment District No. 10 and Attorney Riddell confirmed that legal fees related to the delinquencies will be recoverable in addition to penalties and interest. Upon motion by President Ayers, second by Vice-President Terry and unanimously carried, Assessment District No. 10, Continuing Disclosure Annual Report, Fiscal Year Ending June 30, 2011, was accepted.

Engineer's Report

Engineer Thomas was not in attendance due to conflicting commitments.

Attorney's Report

Attorney Riddell updated the Board regarding a memorandum that was distributed from BB&K regarding new legislation affecting public works contracts that imposes a limitation on retention amounts. The memorandum states that prior to January 1, 2012, public agencies generally retained ten percent (10%) of the total contract payments to ensure timely and satisfactory completion of public works projects. While Public Contract Code Section 9203 requires local public agencies to withhold not less than five percent (5%) of the contract payment until final completion and acceptance, there was no statutory limit to the amount of retention that may be withheld. Effective January 1, 2012, Senate Bill 293 added Section 7201 to the Public Contract Code limiting the amount of retention proceeds withheld from any payment by a public entity, including local public agencies to five percent 5% of the payment. The only permissible exception to the five percent retention limit is where the public entity approves a finding that a project is "substantially complex" during a "properly noticed and regularly scheduled public hearing" prior to bidding the project. Upon approval that a specific project is "substantially complex" retention proceeds on that project may exceed five percent of the payment. The finding and designated retention amount must be included in the project's bid documents.



Section 7201 only applies to retentions and does not limit the public entity's ability to withhold funds for other purposes, including withholding 150 percent of the value of disputed work. Attorney Riddell mentioned there were other bills reported in the memorandum that did not affect the District. The bills were related to Project Labor Agreements, Department of Water Resources Contract Bidding Requirements and Domestic Partner Discrimination.

Attorney Riddell also reported on a memorandum from BB&K regarding potential conflict of interest under the Political Reform Act for appointments. The memorandum states that the Act prohibits any public official from making, participating in making, or using his or her official position to influence a governmental decision in which the official has a financial interest. A public official has a financial interest in a governmental decision if it is reasonably foreseeable that the decision will have a material financial effect on the public official's economic interests. The memorandum states the conclusion is that members of the agency's appointing body should recuse themselves from voting on appointments to positions for which they are nominated, if they will receive a stipend for attending meetings in the new position.

Regarding the state water supply, Attorney Riddell stated it has been a record dry year in the state water project. The reservoirs are in good shape due to the reserved storage water from last year so the initial allocation of 60% will remain in place. Attorney Riddell closed by confirming that overall the water picture is still good for the upcoming year.

The meeting closed with additional discussion regarding the Revenues over Expenditures report and Supervisor Eaton reported on the timing of expenses and revenues that affect the figures and percentages throughout the year. Manager Massey mentioned that this year's report will be skewed by the new Capital Asset Policy adopted by the Board on November 11, 2011.

Revenues over  
Expenditures Report

With Director Brittain's accounting experience and availability to attend daytime Committee meetings, President Ayers appointed Director Brittain to the Finance Committee in place of Director Shouse.

Committee Reports

Director Brittain stated that it was a pleasure being on the Running Springs Water District Board of Directors.

Director's Business

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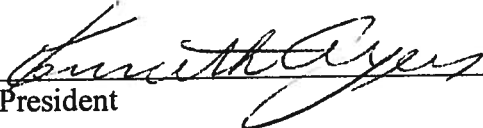
Special Board Meeting Cancelled

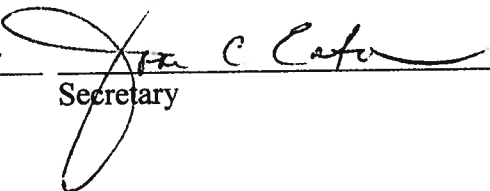
It was noted that the Special Board Meeting that was scheduled for February 15, 2012 has been cancelled.

Adjournment

The meeting was adjourned at 11:41 A.M.

Respectfully Submitted,

  
President

  
Secretary