

MINUTES OF THE RESCHEDULED MEETING OF THE BOARD OF DIRECTORS
RUNNING SPRINGS WATER DISTRICT
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA

JANUARY 27, 2010

The Rescheduled Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, January 27, 2010, at the hour of 6:00 P.M. at the District office located at 31242 Hilltop Boulevard, Running Springs, California.

The following Directors were present:

Kenneth Ayers, President
Kevin Kellems, Vice-President
Mike Terry, Director
Pamella Bennett, Director

The following Director was absent:

Paul Shouse, Director

Also present were the following:

Gary Valladao, General Manager
Sam Massey, Superintendent
Joan Eaton, Secretary/Treasurer/Office Supervisor
Tony Grabow, Fire Chief
Randy Bobroff, Water Division Supervisor
Trevor Miller, Wastewater Treatment Division Supervisor
Isaiah Hall, Collections Division Supervisor
Mike Riddell, Attorney, Best, Best and Krieger LLP
Brian Thomas, Engineer, Engineering Resources

No visitors were present.

The meeting was called to order at 6:04 P.M. by President Ayers.

Called to Order

President Ayers led the Assembly in the Pledge of Allegiance.

Pledge of Allegiance

Newly elected Board Member Paul Shouse was absent from the meeting so his acknowledgement was moved to the February 17, 2010 Board Meeting.

Acknowledgement

Manager Valladao stated according to the District Bylaws, the first order of business shall be the election of officers, following the procedures identified in Bylaws Article IV. Manager Valladao called for nominations for President of the Board of Directors. Director Bennett nominated Ken Ayers for President of the Board of Directors. Upon motion by Director Bennett, second by Director Terry and carried by a 4 to 0 vote, with Director Shouse absent, Ken Ayers was nominated for President.

Election of Board
Officers

Roll call to nominate Ken Ayers for President:

Pamella Bennett – Aye
Kevin Kellems – Aye
Mike Terry – Aye
Ken Ayers – Aye
Paul Shouse - Absent

President Ken Ayers called for nominations for Vice-President of the Board of Directors. Upon motion Director Bennett, second by Director Terry and carried by a 4 to 0 vote, with Director Shouse absent, Kevin Kellems was nominated for Vice-President of the Board of Directors.

Roll call to nominate Kevin Kellems for Vice-President:

Pamella Bennett – Aye
Mike Terry – Aye
Ken Ayers – Aye
Kevin Kellems – Aye
Paul Shouse – Absent

Selection of Board Committee Members President Ayers appointed the Standing Committees as follows:
Finance – Kevin Kellems and Paul Shouse
Personnel – Mike Terry and Paul Shouse
Public Relations – Pamella Bennett

President Ayers appointed the Ad Hoc Committees as follows:
District Policies – Ken Ayers and Mike Terry
Facilities Master Plan – Kevin Kellems and Pamella Bennett
Financial Master Plan – Kevin Kellems and Pamella Bennett
LAFCO – Ken Ayers and Kevin Kellems
SSMP (Sewer System Master Plan) – Paul Shouse and Mike Terry
Special Districts – Ken Ayers
Strategic Plan – Kevin Kellems and Pamella Bennett
UWMP (Urban Water Master Plan) – Pamella Bennett and Mike Terry
Water Development – Pamella Bennett and Mike Terry

Regular Board Minutes November 18, 2009 Upon motion by Vice-President Kellems, second by Director Terry and carried by a 4 to 0 vote, with Director Shouse absent, the minutes of November 18, 2009 were approved.

Special Board Minutes December 5, 2009 Upon motion by Director Bennett, second by Director Terry and carried by a 4 to 0 vote, with Director Shouse absent, the minutes of December 5, 2009 were approved.

MINUTES – JANUARY 27, 2010
PAGE THREE

Upon motion by Vice-President Kellems, second by Director Terry and carried by a 4 to 0 vote, with Director Shouse absent, the expenditures through November 31, 2009, were approved.

November 2009
Expenditures

Upon motion by Director Terry, second by Vice-President Kellems and carried by a 4 to 0 vote, with Director Shouse absent, the expenditures through December 31, 2009, were approved.

December 2009
Expenditures

Supervisor Bobroff opened by reporting on two water main leaks and one service line leak that have been repaired. The service line leak was damaged by a customer who has been billed for the repairs. Supervisor Bobroff provided detailed information regarding overtime hours spent in the Water Department for November and December, 2009.

OPERATIONAL
REPORTS
(Water)

Supervisor Miller reported on the recently installed K-Turbo blowers and stated both blowers are on line and working. Supervisor Miller closed by reporting on conditions at the Treatment Plant and stated flows were up due to the wet weather.

(Treatment)

Supervisor Hall stated that everything is going well in the Collections Department but noted that the Jetter equipment has recently experienced carburetor problems. Supervisor Hall closed by reporting on the status of the Collections facilities.

(Collections)

Chief Grabow opened by reporting on the recent snow event and impact to the mountain communities. Chief Grabow also stated that the Golden Oaks has expressed appreciation to the Fire Department for providing blood pressure checks to the community. Chief Grabow closed by providing information on the new power supply for the “jaws of life” equipment and reported on the recently acquired snow cats.

(Fire Department)

Supervisor Eaton reported the US Census will be utilizing the District Board room through February, 2010 for continued applicant testing.

(Administration)

The District has approximately 135 customers enrolled in the ACH Debit program. First Mountain Bank will begin applying the monthly fees for the service in January, 2010.

Supervisor Eaton stated that tax warrants received from the December, 2009 County tax collections were in the amount of \$810,821.52 and include Assessment District #10, standby charges and delinquent fees.

The annual Form 700 Statement of Economic Interest deadline is April 1, 2010.

Supervisor Eaton concluded by stating that a new Liability report has been created and is attached to the Revenues and Expenditures and Asset Purchased reports that identifies the principal portion of District loan payments that were budgeted in Fiscal Year 2009/10.

(Superintendent) Superintendent Massey reported on utility conservation programs for the District and the Treatment plant. Superintendent Massey stated that a meeting with Edison will be held in February, 2010 to discuss cash incentive programs for replacement of an additional plant blower.

Superintendent Massey updated the Board regarding the Emergency Critical Worker Pass program through the Sheriff's Department. A meeting will be held with the Sheriff Department regarding the number of passes required for the District.

(General Manager) Manager Valladao provided the Board with his January 2010 General Manager's Report for review. Manager Valladao explained the San Bernardino Valley College Water Supply Technology Industry Advisory Board Meeting that he attended on December 15, 2009 as an educational program for water and wastewater certification.

Ayers Acres Groundwater Development Project Manager Valladao updated the Board regarding the Ayers Acres Groundwater Development project. The District continues to work with customers and property owners and staff will discuss the outcome of the meetings and the plan for proceeding with the project at the February 17, 2010 Board Meeting.

Sewer System Management Plan Manager Valladao updated the Board regarding the Sewer System Management Plan and stated that Engineering Resources and staff are working on a draft version of the final SSMP document that should be available for Board Committee review by early March 2010. Discussion continued regarding the Fats, Oil and Grease Program.

Water and Wastewater Master Plan Manager Valladao reported on the Water and Wastewater Master Plan and referred to the updated version of the Executive Summary and document. Engineer Brian Thomas provided an overview of the plan and stated that the report will be integrated with the Financial Master plan.

2010/11 Strategic Planning Meeting Manager Valladao summarized the 2010/11 Strategic Planning Meeting held on December 5, 2010. Specific topics and actions for Fiscal Year 2010/11 presented in the Strategic Plan will be pursued by the District in the upcoming Fiscal Year.

District Fiscal Year 2010/11 Board Workshop and District Budget Manager Valladao stated the 2010/11 Board Workshop has been rescheduled to February 3, 2010 at 10:00 A.M. The workshop will provide an opportunity to review the accomplishments of the previous year and discuss plans for the upcoming years ahead.

Manager Valladao provided a summary of information to the Board regarding the District's Worker's Compensation Insurance and the Letter of Intent to Withdraw from PASIS (Public Agency Self Insurance System). Manager Valladao reported that staff has completed an analysis of PASIS and SDRMA (Special District Risk Management) Workers Compensation Insurance and he provided explanations that included reduced cost and liability exposure for recommending that the District switch from PASIS to the SDRMA Workers Compensation Insurance program. The Board agreed to proceed with the process of switching from PASIS to SDRMA which would include considering Resolutions No. 01-10 and No. 02-10, and moving all outstanding claims as of July 1, 2010 from PASIS to SDRMA.

Workers Compensation Program

Manager Valladao stated that the first action required by the Board to secure membership in the SDRMA Workers Compensation Program is to adopt a Resolution authorizing execution of an agreement and participation in the SDRMA Workers Compensation program. Upon motion by Director Terry, second by Director Bennett and carried by a 4 to 0 vote, with Director Shouse absent, RESOLUTION NO. 01-10, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A SIXTH AMENDED AND RESTATED JOINT POWERS AGREEMENT AND AUTHORIZING PARTICIPATION IN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY WORKER'S COMPENSATION PROGRAM, was adopted. (Resolution No. 01-10 on file in the District office)

Resolution No. 01-10, Approving the Form of and Authorizing the Execution of a Sixth Amended and Restated Joint Powers Agreement and Authorizing Participation in the Special District Risk Management Authority Worker's Compensation Program

Manager Valladao stated the second action required by the Board to secure membership in the SDRMA Workers Compensation Program is to adopt a resolution authorizing application for a certificate of consent. Upon motion by Director Bennett, second by Director Terry and carried by a 4 to 0 vote, with Director Shouse absent, RESOLUTION NO. 02-10, AUTHORIZING APPLICATION TO THE DIRECTOR OF INDUSTRIAL RELATIONS, STATE OF CALIFORNIA, FOR A CERTIFICATE OF CONSENT TO SELF-INSURE WORKERS COMPENSATION LIABILITIES, was adopted. (Resolution No. 02-10 on file in the District office)

Resolution No. 02-10, Authorizing Application to the Director of Industrial Relations, State of California, for a Certificate of Consent to Self-Insure Workers Compensation Liabilities

Manager Valladao provided Resolution No. 03-10 to the Board recognizing Bryan Shropshire for his service to the Fire Department, District and Running Springs community. Upon motion by Vice-President Kellems, second by President Ayers and carried by a 4 to 0 vote, with Director Shouse absent, RESOLUTION NO. 03-10, COMMENDING FORMER BOARD DIRECTOR BRYAN SHROPSHIRE FOR DISTINGUISHED DISTRICT SERVICE, was adopted. (Resolution No. 03-10 on file in the District office)

Resolution No. 03-10, Commending Former Board Director Bryan Shropshire

Resolution No. 04-10, Commending former Paid Call Firefighter George Jubile was continued to the February 17, 2010 Board Meeting.

Resolution No. 04-10 George Jubilee

MINUTES – JANUARY 27, 2010
PAGE SIX

- Resolution No. 05-10, Agreement with Bartle Wells Associates for Financial Master Plan and Rate Study
- Manager Valladao reported on the Financial Master Plan and staff recommendation that the Board proceed with using the services of Bartle Wells Associates for the Financial Master Plan and Rate Study and Fee Analysis Services in the amount of \$49,000. Discussion continued regarding the Financial Master Plan. Upon motion by Director Bennett, second by Vice-President Kellems, and carried by a 4 to 0 vote, with Director Shouse absent, RESOLUTION NO. 05-10, APPROVING AGREEMENT WITH BARTLE WELLS ASSOCIATES FOR FINANCIAL MASTER PLAN AND RATE STUDY AND FEE ANALYSIS SERVICES, in the amount of \$49,000 was adopted. (Resolution No. 05-10 on file in the District office)
- Authorizing Signing of New Bank Signature Cards and Resolution No. 06-10, regarding new signature cards
- Supervisor Eaton provided the Board with Resolution No. 06-10, signing of new bank signature cards due to a change in Board members. Upon motion by President Ayers, second by Director Bennett and carried by a 4 to 0 vote with Director Shouse absent, the signing of new bank signature cards was approved for the removal of signer Bryan Shropshire and the addition of signer Paul Shouse 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. 06-10, RESOLUTION OF LODGE, ASSOCIATION OR OTHER SIMILAR ORGANIZATION. (Resolution No. 06-10 on file in the District office)
- Disposal of District Surplus Equipment
- Manager Valladao opened by reporting that periodically the District performs an inventory of outdated and unused items and then develops a listing of surplus property that is no longer of value to the District and that should be properly disposed. Chief Grabow reported on the two donated Pisten Bully snow cats and Supervisor Miller reported on the two 616 RAM J roots blowers that staff has determined are no longer of value to the District. Upon motion by Director Terry, second by President Ayers and carried by a 4 to 0 vote, with Director Shouse absent, authorization for staff to dispose of the surplus snow cats and surplus roots blowers equipment, was approved.
- Assessment District No. 10, Continuing Disclosure Report
- Manager Valladao reported on the Assessment District No. 10, Continuing Disclosure Report, prepared by NBS, Local Government Solutions, that needs to be reviewed and accepted by the Board. Upon motion by Director Bennett second by President Ayers and carried by a 4 to 0 vote, with Director Shouse absent, Assessment District No. 10, Continuing Disclosure Annual Report, Fiscal Year Ending June 30, 2009, was accepted.
- Engineer's Report
- Engineer Thomas had no additional information to report. Superintendent Massey noted the Running Springs School Road repaving project will be considered in the summer of 2010.

MINUTES – JANUARY 27, 2010
PAGE SEVEN

Attorney Riddell opened by stating the initial allocation for the state water project this year was a low 5% with the possibility of increasing the allocation in mid February 2010.

Attorney's Report

Attorney Riddell reported on the supply restrictions in the Delta in addition to solutions and options. Attorney Riddell also reported on the legislation creating a new governing body that will make important decisions regarding water supply in the Delta.

Attorney Riddell commented on the proposed bond measure in November 2010 that if approved, would provide funds to address non water supply improvements and restoration in the Delta. Attorney Riddell closed by stating that information will be distributed by the state contractors regarding the pros and cons of the bond measure.

Supervisor Bobroff had comments regarding the security camera in the receptionist area and whether it would violate the Brown Act by recording Board Meetings. It was determined that the blinds to the Board Room would be closed for meetings to ensure the meetings are not recorded.

Video Recording
Board Meeting

The meeting moved to closed session at 8:00 P.M. to consider the following items:

Closed Session

- A. Conference with Legal Counsel Pursuant to Subdivision (a) of Government Code Section 54956.9 regarding Allstate Insurance Company vs. Running Springs Water District et al
- B. Conference with Legal Counsel Pursuant to Government Code Section 54956.9 regarding Workers Compensation Claim

The Board moved into open session at 9:04 P.M.

Open Session

Attorney Riddell reported that in closed session a motion was made by Director Bennett, second by Director Terry and unanimously adopted concurring with the recommendation of Legal Counsel and the Workers Compensation Insurance provider to accept the claim when and if the further review of certain factual matters determines that the AME opinion has a solid basis.

The meeting was adjourned at 9:05 P.M

Adjournment

Respectfully submitted,

President

Secretary