

**MINUTES OF SPECIAL MEETING AND WORKSHOP  
BOARD OF DIRECTORS OF RUNNING SPRINGS WATER DISTRICT  
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA**

January 31, 2009

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A special meeting and workshop of the Board of Directors of the Running Springs Water District was conducted on Saturday, January 31, 2009, at the hour of 9:00 a.m. at the District office located at 31242 Hilltop Boulevard, Running Springs, California.

The following were present:

Kenneth Ayers, President  
Kevin Kellems, Vice-President  
Pamella Bennett, Director  
Michael Terry, Director  
Bryan Shropshire, Director

Also present were the following:

Gary Valladao, General Manager  
Joan Eaton, Office Supervisor  
Sam Massey, Water and Wastewater Department Superintendent  
Bill Smith, Fire Chief  
Tony Grabow, Battalion Chief  
Randy Bobroff, Water Department Supervisor  
Trevor Miller, Wastewater Treatment Division Supervisor  
Isaiah Hall, Wastewater Collection Division Supervisor  
Jay Zercher, Auditor, RAMS  
Brian Thomas, Engineer, Engineering Resources  
Mike Riddell, Attorney, BB&K LLP  
Joan Moseley, Reporter, Mountain News

Visitor Joan Moseley led the assembly in the Pledge of Allegiance.

President Ayers welcomed everyone present and thanked them for participating in the special meeting and workshop. He noted that there was one action item on the agenda, prior to commencement of the workshop, to consider approval of an interim staffing plan for the Fire Department.

General Manager Valladao reported that the proposed action item involved the creation of a new position of Interim Deputy Fire Chief and elevating current

Battalion Chief Tony Grabow to that position for an interim period from April 1 to June 30, 2009; elevating Mike Olson to the position of Interim Battalion Chief for that same period; and also creating the position of limited term firefighter paramedic also for the period from April 1 to June 30. Mr. Valladao stated that effective July 1, the interim Deputy Fire Chief would become the Interim Fire Chief and continue in that position until the Board makes a final decision regarding the structure of the Fire Department. Mr. Valladao further explained that the reason for creating the interim positions at this time was to get the new longer term firefighter engaged so that the right people are in place when current Fire Chief Bill Smith retires as of June 30, 2009. Director Pam Bennett moved approval of the interim staffing plan. The motion received a second from Director Kevin Kellems and was approved upon four affirmative votes, with Director Mike Terry abstaining.

General Manager Valladao then reviewed with the Board the “strategic plan” that had been prepared following discussion at several Board meetings. He noted the mission statement, strategic vision, internal and external assessment, strategic elements, strategic goals, specific projects and actions leading to the workshop. He also noted that strategic planning would continue in the future, and that one important element would be a water conservation plan. He reviewed the strategic vision for the water, sewer, firefighting/paramedic and administrative functions of the District, and also reviewed the strategic elements and the strategic goals for each of those areas. Mr. Valladao also noted that specific projects and actions had been developed for the strategic goals targeted for 2009-2010, and would be briefly reviewed during the workshop. He stated that strategic planning is a continuous process which should be revisited each year as a prelude to each year’s workshop. He suggested adopting the plan when the Board also adopts the budget. Director Pam Bennett complimented Mr. Valladao for a wonderful job of explaining and organizing the strategic plan.

Moving onto the workshop itself, General Manager Valladao provided an overview, stating that each Department would provide a report on projects undertaken during Fiscal Year 2008-2009, projects planned for Fiscal Year 2009-2010, future projects thereafter and improvements within each Department, including critical infrastructure needs. Noting the strategic goals, projects and actions from the strategic plan, Mr. Valladao mentioned in particular the development of an outreach program, the elements of which would include a District website, development of a District newsletter, development of a plan for conducting special public meetings regarding top news, and development of a plan/schedule for attending local meetings and events. He also mentioned the objective of enhancing relationships with neighboring agencies and communities. In addition, Mr. Valladao mentioned the need to develop a long range financial master plan, which would require the use of a consultant. He also identified objectives of streamlining District expenses, developing and utilizing water and wastewater master plans, completing the Sewer System Management Program, developing an energy efficiency plan, implementing new provisions of the Personnel Manual, conducting an external comparison wage and benefit study as

well as a competitive wage program, implementing an internal wage alignment, assessing/optimizing District technological improvement opportunities, and updating the District's water shortage contingency plan.

Moving to a discussion of the Fire Department, Chief Bill Smith provided a recap of projects undertaken in Fiscal Year 2008-2009, including among others new furnishings for the new training room, the purchase of a new ambulance, and replacement of some breathing apparatus bottles. He noted that the replacement of siding on the exterior of Station No. 50 had been delayed due to weather and would be completed in the Spring. For 2009-2010 projects, Chief Smith mentioned the continued replacement of breathing apparatus bottles, the pursuit of grants, and the preparation of a financial master plan. For future projects thereafter, Chief Smith mentioned the installation of an exhaust removal system in both stations, replacement of the 1969 Snowcat, and the construction of a new fire station. Chief Smith stated that planned Department improvements would include the creation of one limited term firefighter/paramedic or one paid/call firefighter position per shift, consideration of options for providing fire and emergency medical service, and retaining a competitive pay scale so that employees could be retained.

Moving next to a discussion of administrative functions, Office Superintendent Joan Eaton stated that during 2008-2009, a new laptop computer had been acquired. For 2009-2010 projects, Ms. Eaton suggested upgrades to the computer technology utilizing the "Comet" system with an add-on at minimal expense to allow accessing of the system by all Departments. She stated that the add-on would cost an additional \$3,225. In addition, she suggested adding the sum of \$1,775, for a total budget of \$5,000, to add four terminals. In response to questions, she stated that the system would be password protected, so as to protect the confidentiality of customer accounts and information. Mr. Valladao noted that it would be necessary to adopt a policy in conjunction with the "Identity Theft Prevention Program" which the District would need to adopt. Ms. Eaton also suggested adding a cash management module to allow for automatic payments by customers, and she noted that she was still gathering information for presentation at a subsequent Board meeting. She also suggested the possibility of providing for customer payments by credit card, at customer expense. For planned future projects, Ms. Eaton suggested the replacement of the telephone system and also replacement of the photocopy machine with a color printer upgrade.

Moving next to Superintendent Massey's report, Mr. Massey identified critical infrastructure needs in both the Water and the Sewer Departments. For the Water Department, Mr. Massey stated that development of local water sources will be critically important due to the statewide water shortage. He noted that the site purchased from the County appears to have the potential to deliver a lot of water, which could save approximately \$78,000 per year in the purchase of imported water. He said that the project would cost approximately \$600,000 to develop, and that the requirements of CEQA have already been satisfied. He added that

the District would probably need to borrow about \$500,000 to complete the project, and that it would be necessary to acquire an easement, possibly from a party who would not be cooperative. Mr. Massey also mentioned the need to recoat the inside and outside of the Luring Pines tank. He said that a diver had inspected the interior of the tank and that the components are starting to fail, thus making that project critically important. Mr. Massey also mentioned the need to replace the water main in Valley View Way. He said that the main currently is only four inches in diameter and creates a bottleneck for the delivery of water to the lower Luring Pines system. He said that the four inch diameter main would probably be replaced with at least an eight inch diameter main, or perhaps even a 12 inch diameter main.

With respect to the Wastewater Collection Division, Mr. Massey mentioned the need to replace the generator at Lift Station No. 2 and Lift Station No. 1, to install a 1,000 gallon overflow tank at Lift Station No. 1 to prevent potential spills into Deep Creek, and the need to renovate Lift Station No. 3. He noted that Lift Station Nos. 4, 5 and 6 have already been renovated, and that Lift Station No. 3 is the same age as Lift Station Nos. 4 and 5. He suggested that the renovation of Lift Station No. 3 could be accomplished at less than half the price as Lift Station Nos. 4 and 5.

With respect to the Treatment Division, Mr. Massey mentioned the need to increase treatment plant capacity. He said that the capacity of the plant was cut in half from one million gallons per day to 500,000 gallons per day by the installation of the MBR System, and that some days the flow far exceeds the rated capacity. Mr. Massey reported having discussed the issue with Enviroquip, which would be addressed by adding cassettes. He said that there is room to add cassettes, and that the current capacity could be increased 75%, but that it would be necessary to add blowers in order to provide the necessary air mix. Mr. Massey said that the blowers would cost approximately \$125,000 and would also require an upgrade in piping for a total projected cost of approximately \$600,000. Mr. Massey also mentioned the need to upgrade the belt press at a projected cost of \$150,000, and the need to replace the generator at the treatment plant site, noting that the generator currently installed at the plant was purchased in 1979. Mr. Massey stated that all of the above would need to be addressed within the next two or three years.

The noon hour having arrived, the Board broke for a half hour lunch at 12:00 p.m., reconvening at 12:30 p.m.

Moving next to the Water Division, Supervisor Randy Bobroff mentioned the projects undertaken in 2008-2009, including the Nordic tank modifications to the manway cage and guard rails, which he said would be completed before July 1; the back lot meter relocation program, which had been put on hold; the Nob Hill hydropneumatic tank installation, which had not been performed although the materials had been purchased; the inspection of two reservoirs; the installation of new water main in Wagon Wheel and Silver Spruce; replacement of the 1980

Chevrolet plow truck; the water master plan, which was underway; and the telemetry system upgrade which would be completed the following year with cost contribution from the Collections Division. For projects to be undertaken in 2009-2010, Mr. Bobroff mentioned resumption of the back lot meter relocation program at an estimated cost of \$5,000; installation of the Nob Hill hydropneumatic tank at an estimated cost of \$1,500; an upgrading of the telemetry system at an estimated cost of \$8,000; installation of pressure regulators at a cost of \$1,000; recoating of the Luring Pines tank at an estimated cost of \$75,000; purchase of an additional 8 foot by 40 foot portable storage container for the storage of Water Department inventory at an estimated cost of \$2,700; completion of the financial master plan for the District, with contribution from the Water Division in the amount of approximately \$15,000; and inspections of the Luring Pines tank and the Rowco tank at an estimated cost of \$3,500. For planned future projects, Mr. Bobroff mentioned well development in general; development of wells on the County property at an estimated cost of \$600,000; preparation of a GIS mapping system at an estimated cost of \$25,000; new water main installation; a new water main in Valley View Drive at an estimated cost of \$339,000; additional sampling as necessary to comply with the groundwater rule; and the installation of radon gas treatment to comply with the anticipated rule for radon gas.

Moving next to the Wastewater Collection Division, Supervisor Isaiah Hall first mentioned 2008-2009 projects, including preparation of the Sewer System Management Plan which must be completed by May of 2010; collection system repair, which is ongoing; installation of a standby pump in Lift Station No. 5 at an estimated cost of \$12,225, which he hoped to be completed by June 30; capping of wastewater lateral lines at an estimated cost of \$25,000; reconstruction of Lift Station No. 6 which was completed and on line at a cost to date of \$655,356; and preparation of the wastewater collection master plan to be completed by the end of the fiscal year at an estimated cost of \$28,500. For 2009-2010 projects, Mr. Hall mentioned continued work on the Sewer System Management Plan at an estimated cost of \$55,500 in that fiscal year; participation in the cost of the District's financial master plan, estimated to be \$7,500 for the wastewater collection division; collection system repairs at an estimated cost of up to \$85,000, to be completed in Fiscal Year 2010-2011; installation of a surplus generator in the Collection System Division Building at an estimated cost of \$4,000, acquired from the Fire Department at no cost; replacement of the utility/emergency vehicle at an estimated cost of \$13,000; rehabilitation of Lift Station No. 3 which was 36 years old at an estimated cost of \$6,000; installation of a standby pump at Lift Station No. 4 at an estimated cost of \$8,300; and purchase of a storage container for inventory at an estimated cost of \$2,700. For planned future projects, Mr. Hall mentioned replacement/rehabilitation of Lift Station Nos. 1, 2 and 3 which are 39 years old, 39 years old and 36 years old respectively, at an estimated cost of \$1,800,000 for all three; replacement of the 25 year old jetter at an estimated cost of \$50,000; installation of replacement generators for Lift Station Nos. 1, 2 and 7 at an estimated cost of \$100,000 combined; ongoing repair of the collection system at a cost of up to \$85,000 per

year; and construction of a Collection Division Operations Building at an estimated cost of \$350,000.

Moving next to the Wastewater Treatment Division, Supervisor Trevor Miller commented on projects undertaken in 2008-2009, including preparation of the wastewater treatment plant master plan at an estimated cost of \$30,750; installation of new motors for the MBR blower, deferred to 2009-2010, at an estimated cost of \$10,000; pursuit of grant funding for the green belt irrigation project; completion of reconstruction of the chlorination building at the treatment plant at a cost of \$183,872; and ongoing improvements to the wastewater treatment plant at a cost to date of \$24,866. For 2009-2010 projects, Mr. Miller mentioned replacement of the MBR blower at an estimated cost of \$131,256, with recovery of the price in reduced energy charges within 4.5 years; wastewater treatment improvements, including metering of the outfall line at an estimated cost of \$10,000, recoating of baffles and chlorine contact chamber at an estimated cost of \$40,000, and new aerobic digester equipment at an estimated cost of \$45,000; and participation in the cost of District's financial master plan in the estimated amount of \$70,500. For planned future projects, Mr. Miller mentioned replacement of the outfall line at an estimated cost between \$175,000 and \$250,000; purchase of a new standby generator for the wastewater treatment plant at an estimated cost of \$105,000; purchase of a new belt press at an estimated cost of \$150,000; continuation of wastewater treatment plant improvements and installation of additional membranes for the MBRs at a cost as high as \$600,000 for a 25% increase in capacity, or a 75% increase in capacity with the addition of blower improvements; completion of the wildlife habitat project at the percolation ponds; and installation of the greenbelt irrigation project on the south side of Smiley Park.

General Manager Gary Valladao commented on the items discussed during the workshop. He noted that application of a CPI adjustment to rates and charges would actually reduce rates and charges by 0.6% whereas the real cost of providing service has actually increased. He said that this would be a challenge in preparing the budget for Fiscal Year 2009-2010. He also stated that he would attempt to include a minimal 1% to 2% cost of living adjustment for employees. He suggested that in lieu of adjusting rates and charges pursuant to an index in the future, it would be better to follow a schedule of adjustments prepared in conjunction with a long range financial master plan for the District.

President Ken Ayers thanked everyone for their participation in the workshop. There being no further business to be discussed, the meeting was adjourned at 2:40 p.m.

Respectfully submitted,

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President

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Acting Secretary