

**MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS RUNNING SPRINGS WATER DISTRICT
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA
FEBRUARY 19, 2014**

The Regular Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, February 19, 2014 at the hour of 9:00 A.M. at the District office located at 31242 Hilltop Boulevard, Running Springs, California.

The following Directors were present:

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

Also present were the following:

Ryan Gross, General Manager
Joan Eaton, Secretary/Treasurer/Administration Supervisor
Tony Grabow, Fire Chief
Randy Bobroff, Water Division Supervisor
Trevor Miller, Wastewater Treatment Division Supervisor
Isaiah Hall, Wastewater Collections Division Supervisor
Ward Simmons, Attorney, Best, Best & Krieger
Brian Thomas, Engineer, Engineering Resources

Visitors Present:

Gerhard Hilgenfeldt, Running Springs Resident
Mike Scullin, Running Springs Chamber of Commerce Representative

MEETING MINUTES

AGENDA ITEMS

1. Call Meeting to Order and Pledge of Allegiance

The meeting was called to order at 9:00 A.M. by President Ayers and Director Bennett led the assembly in the Pledge of Allegiance.

2. Recognize and Hear From Visitors/Public Comment

Gerhard Hilgenfeldt and Mike Scullin introduced themselves for the record.

The meeting moved to Agenda Item 4. G. Consider Request from Chamber for Special Consideration on Water Bill Related to the Monument Property

Manager Gross stated the District has received a special consideration request of \$275 from the Running Springs Chamber of Commerce regarding the annual water bill for the Monument Property located in downtown Running Springs. Manager Gross stated the District approved a special consideration agreement prior to the last three years for this property before Caltrans took responsibility while the project was under construction. The Caltrans project is now complete and the Chamber is again responsible for the Monument Property. Mike Scullin reported on the landscape of the Monument property and discussion continued regarding the possibility of the property providing an opportunity to help educate the community regarding the established drought tolerant landscape and he confirmed that the Chamber will be totally responsible for the daily maintenance of the system and any water loss. Manager Gross stated the average water bill last summer was approximately \$150 with Supervisor Eaton stating the bills fluctuated over the past several years. President Ayers said the program would fall under the District Mission Statement that reads “other beneficial services to the community”. Mr. Scullin will provide a chart of drought tolerant plants with Director Bennett suggesting the District post the information on our website for Public Relations. Mr. Scullin also stated the Chamber will generate a usage report that can be reviewed periodically with President Ayers stating a cap should be applied to the total allowance recommending that the Board review the agreement annually. A written agreement will be drafted by Manager Gross and signed by the Chamber and Running Springs Water District.

Upon motion by Director Bennett, second by President Ayers and carried by a 5 to 0 vote, the Request from Chamber to Allocate \$275 Yearly for Special Consideration on Water Bill Related to the Monument Property, was approved.

3. Approval of Consent Items

The following consent items were listed for approval:

A. Approval of Minutes for January 15, 2014 Regular Board Meeting

Fire Chief Grabow confirmed the State of California Fire fee of \$150 per parcel or \$115 if the parcel is within a District. The Cal Fire fee is not related in any way to the Running Springs Fire Department.

B. Ratify January 2014 Expenditures

Director Heredia questioned the Crestline-Lake Arrowhead Water Agency (CLAWA) expenditure of \$12,026.31 that was higher than normal due to purchased water and low precipitation. President Ayers asked about the \$330 annual Costco Membership that is utilized for miscellaneous supplies with the District receiving a percentage refund from Costco that is applied to the membership expense.

The Firefighter Association Dues (FFAD) are initially paid by the District and reimbursed by employee payroll deductions. USA Blue book is a source for purchasing District supplies and materials.

Upon motion by Director Heredia, second by Director Terry and carried by a 5 to 0 vote, the Minutes for the January 15, 2014 Regular Board Meeting and the January 2014 Expenditures were approved.

4. Action Items

A. Consider Adopting Resolution No. 02-14, Amending and Restating the Running Springs Water District Medical Expense Reimbursement Plan

Manager Gross reported on changes to the Medical Reimbursement Plan that was revised by Best, Best & Krieger in compliance with the Affordable Care Act (ACA). The bottom line is the District will no longer be able to reimburse an employee who has an individual medical plan outside of the District plan. President Ayers questioned language in the plan that relates to permanently opting out, waiving future benefits and reimbursements from the plan with Manager Gross noting an employee has three (3) months after termination to submit claims with Attorney Simmons stating that he will verify the language and report back to the Board. Director Bennett said the Personnel Committee reviewed the ACA requirements and did not feel it was fair to the District employees, but required by law.

Upon motion by Director Terry, second by Director Brittain and carried by a 5 to 0 vote, RESOLUTION NO. 02-14, AMENDING AND RESTATING THE RUNNING SPRINGS WATER DISTRICT MEDICAL EXPENSE REIMBURSEMENT PLAN, was adopted. (Resolution No. 02-14 on file in the District office)

Manager Gross also reported on one (1) District employee that was affected in a unique way by the revised Medical Reimbursement Plan and ACA law. The employee was cancelled mid-year by their outside insurance plan and the employee is asking for special consideration to use the unused Medical Reimbursement Plan balance of \$942. The Board agreed that Manager Gross would have the authority to approve a onetime exception and allow the employee to use the remaining \$942 balance for out of pocket medical expenses as per the Medical Reimbursement Plan Policy.

B. Consider Accepting Design Services Proposal from Engineering Resources of Southern California to Produce Construction Contract Bid Documents for Sewer Lift Station Nos. 1, 2 and 3 Improvements

Manager Gross stated the Design Services is related to the Sewer Lift Station improvements and the District has submitted an application to the State Water Resources Control Board (SWRCB) Clean Water State Revolving Fund (CWSRF) Program for funding and the District should have a response in approximately two (2) weeks. If the

financing agreement is approved by the state and also by the Board of Directors, this is the next step in proceeding with the project. Manager Gross stated he felt that \$77,850 was a good cost for the project and Engineer Thomas confirmed that the project would begin in June, 2014 and would take approximately twelve (12) weeks to complete. The project is categorically exempt from the California Environmental Quality Act (CEQA) but does require CEQA Plus due to the Federal funding that necessitates cultural and biological studies. New pumps will be purchased that are more efficient, reliable and safer to utilize. Manager Gross said he recently attended the Mojave Water Agency Integrated Regional Water Management (IRWM) Plan meeting and our project was officially listed on their agenda and approved to be included in the plan placing it at a higher priority.

Upon **motion** by Director Heredia, **second** by Director Terry and **carried by a 5 to 0 vote**, the Design Services Proposal from Engineering Resources of Southern California to Produce Construction Contract Bid Documents for Sewer Lift Station Nos. 1, 2 and 3 Improvements, was approved

C. Consider Customer Request for Water and Sewer Bill Adjustment (Novak)

Manager Gross reported on a recent customer water leak due to faulty pipe fittings and stated the customer was notified they did not qualify for the District's Extraordinary Water Loss Policy due to the water loss threshold requirements with Supervisor Eaton confirming \$256.64 as the water use portion of the bill. The sewer usage portion of the bill has been waived and a payment plan was offered to the customer, however, the customer still asked the Board to reconsider lowering the water bill. The Board was considerate of the customer request but they adhered to District policy that identifies the customer is responsible for their water system and all water use on the customer side of the meter. No motion was made.

D. Consider Allocation of Operating Reserve Fund Balances

Manager Gross reported on the split of the General Fund into each individual Division's Operating Reserve Fund per the District's Cash Reserve Policy and asked the Board whether to leave the Operating Reserve Fund Balances at their current December 31, 2013 levels or to reallocate them in some alternate way based on the Operating Reserve Fund target balances set forth in the District Cash Reserve Policy. The Cash Reserve Policy sets forth guidelines for the management of the District's cash funds and specifies the use and target balances of the individual cash funds with the objectives of enhancing the District's financial position and sets goals to maintain minimum funding targets for the Water and Wastewater Divisions equal to four (4) months of budgeted operating expenses and six (6) months for the Fire and Ambulance Divisions. Manager Gross provided the Board with a table listing each Division's Operating Reserve Fund Target Balance as of December 31, 2013. Refer to agenda packet for more detailed information. In all of the scenarios, the Water and Wastewater Operating Reserve Funds fall significantly short of their targets and are more than $\frac{3}{4}$ of a million dollars in the

negative. Chief Grabow expressed concerns moving the Fire Department funds and Manager Gross confirmed the funds could be returned to the Fire Department if needed because they are property tax funds. Manager Gross stated the District is currently understaffed and he does not see areas to cut expenses so the revenue stream must be increased. Manager Gross also reported on the District application for the State Water Resources Control Board Clean Water State Revolving Fund (CWSRF) \$500,000 loan regarding the Sewer Lift Station Improvement Projects that would equate to an approximate \$1.00 increase over a twenty (20) year period for customers. Discussion continued regarding the importance of rate increases with Manager Gross stating it will take five (5) to six (6) years with an 8% increase to meet target goals with the Wastewater Division the furthest away. In regards to the Fire Department, Manager Gross said he is not sure how much longer the Department could be sustained and the only way to increase the Fire Department revenue stream is to increase the Fire Suppression Fee Special Tax noting the District is waiting to hear back from the Registrar of Voters office regarding costs to hold an all mail ballot in the fall of 2014. Manager Gross stated the District is barely covering the expenses with several projects deferred and he expressed concerns with the financial position of the District. Director Brittain expressed concerns regarding the possibility of equipment failure or a major event and he suggested the District begin planning for rate adjustments and setting goals with President Ayers stating that a Special Board Meeting will be held to discuss financial planning and focus on rate adjustments. Discussion continued regarding the loan funding options and reallocation of the general fund with Director Brittain commending Manager Gross for an excellent job in presenting the Operating Reserve Fund Balances. In closing, President Ayers reported on State Senator George Runner who is trying to overturn the Cal Fire Fee and Manager Gross will submit a letter of support for the District. Visitor Hilgenfeldt received clarification regarding the Cal Fire Fee that was assessed to properties in fire danger areas and is sent directly to Sacramento benefiting the state instead of our local fire department. He also expressed concern that the Running Springs residents may leave the mountain if rates are increased and the community is not educated on all of the facts with President Ayers noting the importance of maintaining the system and holding a special meeting to discuss District finances.

E. Consider Pursuing Acquisition of County Property

Manager Gross stated the County of San Bernardino is contemplating the sale of parcel APN: 0328-421-01 in the Running Springs area that borders parcels owned by the District and has offered the property to the District for \$1.00 plus internal administrative costs anticipated to be \$4,850. The District would benefit from the acquisition of this parcel due to access to potential well sites with Supervisor Bobroff stating the property would enhance our sphere of influence. Manager Gross stated he will negotiate the price of the property with the County, and return to the Board for final approval.

Upon **motion** by President Ayers, **second** by Director Heredia and **carried by a 5 to 0 vote**, Authorization for the General Manager to Negotiate for Acquisition of County Property, was approved.

F. Consider Authorizing Purchase of Variable Frequency Drives for Sewer Lift Station No. 5.

Manager Gross reported on low voltage delivery issues from Southern California Edison (SCE) at Sewer Lift Station No. 5 that has damaged the equipment and has cost the District thousands of dollars in man hours, parts, professional services and potentially could have caused a sewer overflow. Director Heredia asked if the District could pursue SCE with Manager Gross responding they have concluded they are not liable. Staff is recommending the installation of two Variable Frequency Drives (VFD) that will allow the ramp up of the inrush current over a sixty second period. The District has received two proposals to install two 40 horsepower VFDs with the lowest proposal from Lon's Electrical Services in the amount of \$17,472. This is not a budgeted item and will be funded from the Wastewater Capital Improvement Project Reserve Fund which has a balance of approximately \$240,000.

Upon motion by Director Bennett, second by Director Heredia and carried by a 5 to 0 vote, Authorizing the Purchase of Variable Frequency Drives for Sewer Lift Station No. 5 from Lon's Electrical Services in the amount of \$17,472, was approved.

G. Action Item was moved to the beginning of the Agenda

H. Consider adopting Resolution No. 03-14, Approving Agreement for Recovery of Administrative Costs for Implementation and Recovery of Ground Emergency Medical Transportation Payments

Chief Grabow reported on the Ground Emergency Medical Transportation Payments (GEMT) program and stated the District will be required to pay the State of California for Administrative fees in relation to the program as outlined in Resolution No. 03-14 which also authorizes the Fire Chief to sign the agreement.

Adoption of the resolution is the next step in the Running Springs Fire Department's effort to claim reimbursement of the Medi-Cal GEMT Supplemental Reimbursement Program pursuant to Welfare and Institutions Code Section 14105.94 and State Plan Amendment 09-024.

Upon motion by Director Brittain, second by Director Terry and carried by a 5 to 0 vote, RESOLUTION NO. 03-14, APPROVING AGREEMENT FOR RECOVERY OF ADMINISTRATIVE COSTS FOR IMPLEMENTATION AND RECOVERY OF GROUND EMERGENCY MEDICAL TRANSPORTATION PAYMENTS, was adopted. (Resolution No. 03-14 on file in the District office)

5. Information Items

A. Draft Fiscal Year 2014/2015 Fire and Ambulance Department Budgets

The Fire and Ambulance Department Budgets were discussed at a recent Finance Committee meeting and President Ayers said a Special Meeting will be held for the Board to address questions regarding the Water, Wastewater and Fire Division Budgets. Director Brittain commended Chiefs Grabow and Corley and Manager Gross for doing a good job regarding the Fire and Ambulance Department budgets.

B. Review of Ordinance No. 34, Declaring a Water Shortage Emergency and Establishing a Water Conservation Program

On April 3, 1991 the District Board of Directors adopted Ordinance No. 17, Declaring a Water Shortage Emergency and Establishing a Water Conservation Program with provision for the declaration of various stages of water shortage. On November 17, 2010 the District Board of Directors adopted Ordinance No. 34, Amending Ordinance No. 17 to provide that when the Board has declared a Phase II Shortage, or greater, water service provided through water meters for irrigation purposes shall be terminated until such time as the Phase II Shortage, or greater, has ended. Best, Best & Krieger has reviewed the policies and provided a red line version for the Board to review and return to the March or April Board Meeting. Manager Gross said we need to be responsible with an updated ordinance to address issues in order to cope with a water supply shortage which may become worse in the future unless we get a miracle storm event. Attorney Simmons reported on the main change in Ordinance No. 17, Section 10 regarding failure to comply and Administrative fines. Manager Gross reported that the Crestline-Lake Arrowhead Water Agency has been notified that the state allocation is now 0% and the carry over water will be available in 2014, with this information subject to change. The March, 2014 District newsletter will contain water conservation information.

6. General Manager Comments

Manager Gross reported on a few items in the Board Correspondence Packet and mentioned the Rural Utilities Service (RUS) Water and Waste Disposal Loan/Grant Program Pre-Application for Federal Assistance stating the District received notification that the Ayers Acres Groundwater Well Project proposal is eligible for funding by the agency and can compete with similar applications from other agencies. Based upon funding availability and the number of complete applications submitted, it is anticipated that funding could be available during the fiscal year after March 1, 2014.

Manager Gross also provided copies of the Cal Fire Fee Article in the Mountain News, a Water Shortage Article in the Alpenhorn News and the January 2014 Arrowbear Park County Water District (APCWD) newsletter that addressed the Sewer Service Agreement between RSWD and APCWD.

7. Finance Committee Report

Director Brittain thanked Chief Grabow again for the Fire and Ambulance Department budgets.

8. Personnel Committee Report

No information to report

9. Report from Engineer

Engineer Thomas offered his opinion by suggesting that the District refer to rate increases by dollars instead of percentages because the actual amount of the increase could be confusing to customers. He also stated that Engineering Resources is revisiting ways to keep water on the mountain and he will update Manager Gross as information develops.

10. Report from Legal Counsel

Attorney Simmons provided the Board of Directors with the California State Major Water Reservoirs chart that outlines water conditions and stated a California State Director recently reported that carry over water may potentially be at risk due to stressed conditions in Northern California. Diamond Valley Reservoir was not included in the chart because the reservoir is part of the Municipal Water District (MWD) with Engineer Thomas saying the reservoir is currently at approximately 70% capacity.

11. Board Member Meetings

A Special Board Meeting will be scheduled in April 2014 to discuss rates.

12. Board Member Comments

No comments were made

Supervisor Miller reported on the Heaps Peak Landfill saying the District does not expect to receive much more, if any, revenue from the County for leachate. The County will utilize the Wastewater Treatment Plant for sludge disposal and billed normal rates.

Director Brittain noted the weather forecast states rain is expected on February 27th and 28th, 2014.

13. Meeting Adjournment

The meeting was adjourned at 11:10 A.M.

Respectfully Submitted,



President, Board of Directors
Running Springs Water District



ASSISTANT Secretary of the Board of Directors
Running Springs Water District