

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
RUNNING SPRINGS WATER DISTRICT
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA
MARCH 13, 2013

The Regular Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, March 13, 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
Paul Shouse, Director

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
Brian Thomas, Engineer, Engineering Resources

Visitors present were:

Gerhard Hilgenfeldt, Running Springs Part-Time Resident
Rodney Cole and Cathy Clemens, RS Chamber of Commerce

The meeting was called to order at 9:03 A.M. by President Ayers who also led the Assembly in the Pledge of Allegiance.

Called to Order
Pledge of Allegiance

Visitors Gerhard Hilgenfeldt, Rodney Cole and Cathy Clemens introduced themselves for the record.

Visitors

The meeting moved to Item 7.C.

Manager Gross stated the Running Springs Chamber of Commerce has requested permission to utilize the District's Downtown property for their 2013 Farmers Market, Artisan Faire, Mountain Top Days and Easter Egg Hunt beginning in May through October, 2013. Mr. Cole stated he appreciates the District allowing the Chamber to utilize the property since they are depending on these events to help support the businesses in town. District staff stated they have not encountered any issues or problems in the past with the Chamber sponsored events.

Running Springs
Chamber of
Commerce Request
to Utilize the
Downtown Property

Ms. Clemens thanked the District for sponsoring the Chamber in 2012 and asked if the District would be able to include a flyer in the monthly billings to advertise the events. Supervisor Eaton said we would be able to accommodate one additional sheet with the billings per month as long as it does not conflict with District inserts with no additional cost for postage and she will coordinate with the Chamber regarding the insert request. A request was also made for the District to level the field for wheelchair accessibility but this cannot be done due to the chipped bark on the ground. Mr. Cole stated that an insurance binder will be provided listing the Running Springs Water District as additionally insured. Upon motion by President Ayers, second by Director Terry and carried by a 4 to 0 vote with Director Bennett abstaining, Permission for the Running Springs Chamber to Utilize the Running Springs Water District's Downtown Property for the 2013 Farmers Market, Artisan Faire, Mountain Top Days per the requested dates and also for the Easter Egg Hunt on March 30, 2013 from 9:00 A.M. to 12:00 P.M., was approved.

Mr. Hilgenfeldt questioned the District's decision to approve the Chamber's request to include a flyer in the billings. President Ayers responded that the District is not responsible for advertising events but because this is community service, the District has a vested interest to support our community. Director Bennett reiterated that there will be no cost to the District to insert the flyers.

Consent Items Upon motion by Director Bennett, second by Director Shouse and carried by a 5 to 0 vote, the Consent Items that include the February 2013 Expenditures were ratified.

OPERATIONAL Supervisor Bobroff stated the flow test at Ayers Acres will be completed now that
REPORTS the weather is better with the test taking three (3) days to complete. Manager
(Water) Gross said we received approval from the State Regional Board to discharge the
 settling pond water resulting from the test, and a state wide general permit is in
 place for the discharge. Supervisor Bobroff mentioned that meters were not read
 this past month due to the inclement weather and the Water Department is waiting
 on two (2) estimates for the Rimwood Well upgrade.

(Treatment) Supervisor Miller had no information to report but discussion ensued regarding
 the Huber Bio-solids Dewatering Equipment. Manager Gross and Supervisor
 Miller confirmed the unit was fully enclosed limiting potential for injuries.

(Collections) Supervisor Hall said everything was going well in the Wastewater Collection
 Division and mentioned the quarterly line cleaning that has begun. He also stated
 that the Fats, Oils and Grease (FOG) program inspections are complete. The
 Collection Division will be collaborating with Engineering Resources regarding
 sewer specifications and Supervisor Hall stated they will be replacing manhole
 covers with lockable lids. Permits are not required regarding this project and
 Supervisor Hall described the new hinge cover that is less expensive, lighter and
 locks with a key. The seals are also 99.9% inflow and infiltration (I&I) proof and
 the cost for one lid is approximately three hundred and fifty dollars (\$350.00).

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Supervisor Hall reported on the video inspection projects and stated the interceptor line will also be videotaped in 2013.

Chief Grabow opened by stating the fire season is expected to begin by the end of May, 2013 and may be more prevalent than the last three years. (Fire)

Chief Grabow also said that Running Springs residents have been notified by mail regarding the Federal Emergency Management Authority (FEMA) grant opportunities available to assist residents in the cost to replace shake roofs. Chief Grabow stated approximately one hundred and fifty (150) residents have been notified of the grant opportunity.

The Fire Department participated in the nationwide “Dr. Seuss Reading” on March 1st and 6th, 2013 at Charles Hoffman Elementary School and the Running Springs Library regarding fire prevention education. School assemblies are also held twice a year regarding fire prevention. Director Brittain stated he recently read that the United States Forest Service will consider allowing fires to burn if no structures are threatened. Chief Corley responded that a Fire Management Plan would be required for this situation and it is usually only applicable in wilderness areas and not in an urban interface area.

Director Shouse referred to the Fire Department Comparison Report and asked if there were any suggestions to increase the ambulance collection percentage figures. Manager Gross responded that the figure is not complete for this year and will also increase with the passage of Assembly Bill 678. Chief Grabow explained that collections are driven by patients and insurance companies. Chief Grabow confirmed that ambulance billing collections remains on the books for seven (7) years and Chief Corley said that most enterprise agencies are having a difficult time with ambulance collections due to economics. Discussion continued regarding ambulance service revenues, medical services and billings that include Medicare and Medi-Cal.

Supervisor Eaton reminded the Board that the 2012 Annual Statement of Economic Interest Form 700 is due no later than April 2, 2013. (Administration)

Supervisor Eaton also reported that Administration is in the process of upgrading the Payroll Processing System through Automatic Data Processing (ADP) from *PC Payroll* to *Work Force Now* that is an internet based confidential system that can be accessed off site. Administration staff are required to participate in six (6) different web based training courses prior to the implementation date of April, 2013. The new system will allow District employees to record their timecards electronically and integrate the information into our payroll processing system providing more efficiency. There is no cost to the District for the upgrade and the Manager Gross stated the system will ultimately reduce administrative costs by three thousand (\$3,000) to five thousand (\$5,000) dollars annually by reducing staff time to process payroll.

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(General Manager) Manager Gross stated he attended the “Prove Up” Hearing with Best, Best & Krieger (BB&K) attorneys on March 12, 2013 regarding the four (4) delinquent properties in Assessment District No. 10. Judge Alvarez issued a judgement for foreclosure in favor of the District in the amount of \$53,353.58 and a lien was attached to those properties. The judgement allows the District to levy and sell the properties at auction and the new owners will be responsible for future assessments and fees. The delinquent properties were in the location of the Selznick Estate and Manager Gross stated there were no representatives present from Chabad for the hearing.

In reference to the Board Correspondence packet, Manager Gross stated the packet included the prior Board Finance Committee Meeting minutes and a legal opinion letter drafted by Best, Best & Krieger addressing concerns of a potential conflict with construction contracts and our new receptionist. Manager Gross discussed the issue with the employee and the document was filed in the employee’s personnel file for future reference if needed.

Manager Gross provided the Board with a copy of the California Special District Authority (CSDA) Reserve Fund Guidelines because he would like to propose that the District revise the District Fund Balance Policy to include a more comprehensive Cash Reserve Policy to establish reserve fund targets. The current policy lays out the procedures for reporting unrestricted funds in the governmental fund and Manager Gross stated the revision will expand on the current policy. The new policy will be reviewed and discussed at an upcoming Finance Committee meeting. Director Brittain commented on the CSDA Reserve Fund Guidelines stating he was pleased with the information because it ties in directly with the budget and potential increases. Discussion continued regarding District reserve accounts, expenses and revenues. Manager Gross reiterated that he has a draft Fund Balance Policy he will bring to the April 17, 2013 Board Meeting for review. President Ayers stated his concerns regarding declining property values and the affect on property taxes for the Fire Department.

Manager Gross said that he was recently contacted by David Harich, General Manager of Arrowbear Park County Water District (APCWD) requesting a loan arrangement for the Upstream Billing ending December, 2012 that includes the Outfall Line Replacement costs. Manager Gross stated he notified APCWD in December regarding the upcoming capital projects and President Ayers stated APCWD has known about the Outfall Line Project costs for some time. The loan request from APCWD will be reviewed and discussed at an upcoming Finance Committee meeting and it was agreed the loan should include either 3% or 4% interest with President Ayers stating we will not fund the loan without a reasonable rate of return. Manager Gross suggested that the Finance Committee and staff discuss a loan arrangement for APCWD in April, 2013 that is similar to the 2011 Wastewater Expansion Project Loan, and bring a draft agreement to the full Board in May, 2013.

Manager Gross stated the Finance Committee reviewed the draft Fiscal Year 2013/14 Wastewater Department Budget on March 5, 2013 and the suggested revisions were incorporated into the draft budget document. Manager Gross reported on three proposed alternative 2013/2014 Residential Sewer Rate tables that provide options for increased revenue to cover operating expenses and the dollar per year impact to an average customer. Discussion continued regarding the draft budget including deferred capital projects and the importance of not drawing on the District Leachate fund to cover expenses. President Ayers noted that his position is the Leachate fund should be utilized for capital projects only and not for operations. Director Shouse stated, it feels like the District is living beyond our means if we are utilizing the Leachate fund for expenses. Director Shouse expressed his concerns regarding public perception if the District is giving employees cost of living (COLA) and merit increases and raising customer water and/or sewer rates. Director Brittain expressed his concern with state and federal regulations and costs and Director Terry noted that the District paid for a Financial Master Plan study that advised the District to raise rates over several years which we have not done and stated that we need to seriously look at the plan. Manager Gross confirmed that the proposed Fiscal Year 2013/2014 budgets include merit and a 2% COLA increase for District employees and Director Bennett stated she personally received a retirement raise and she felt businesses were beginning to provide raises for their employees. Director Shouse stated the District has great staff and employees but asked how we justify the employee increases. Discussion turned to bio-solids hauling and Manager Gross referred to the actual solids handling costs in the budget that were significantly under budgeted for the last several years and stated bio-solids hauling costs will be reduced with the new screw press by \$20,000 to \$30,000 a year. President Ayers asked that the District call a meeting to discuss the Leachate fund that will no longer be replenished when the county completes their own treatment plant. Director Brittain asked that the Board review the Water Department budget before they make a decision on raising rates and the Water Department budget will be reviewed by the Finance Committee on April 3, 2013. Director Brittain asked Manager Gross to prepare a financial analysis stating the monthly impact of average cost in dollars for the Water and Wastewater Departments regarding all three alternatives. Director Brittain stated he would also like to review the potential Fire Department Standby Availability Charge. In closing Manager Gross confirmed that under Proposition 218, the District is required to notify water and sewer customers in writing of a proposed rate increase at least forty-five (45) days before the hearing date to consider adoption of the resolution.

Draft Fiscal Year
2013/2014
Wastewater
Department Budget

Resolution No. 01-13, Tax Defer Member Paid Contributions to CalPERS

Manager Gross stated it is recommended that the Board consider adoption of Resolution No. 01-13, to tax defer member paid contributions to the California Public Employees' Retirement System (CalPERS) to provide a tax benefit to the Running Springs Water District employees who are members of CalPERS and will be paying a member contribution rate. The Public Employees Reform Act (PEPRA) implemented new benefit formulas and final compensation period in addition to new contribution requirements for new miscellaneous and safety members hired on or after January 1, 2013 and who meet the definition of a new member as per PEPRA. Upon motion by Director Shouse, second by Director Bennett and carried by a 5 to 0 vote, RESOLUTION NO. 01-13, TO TAX DEFER MEMBER PAID CONTRIBUTIONS TO THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM UNDER SECTION 414(H)(2) OF THE INTERNAL REVENUE CODE, was adopted. (Resolution No. 01-13 on file in the District office)

Resolution No. 02-13, Implementation of the Provisions of Section 414 (h) (2) Internal Revenue Code to Tax Defer Employee Contributions to CalPERS

Manager Gross stated it is recommended by Best, Best & Krieger that the Board of Directors consider adoption of Resolution No. 02-13, for the implementation of the provisions of Section 414 (h)(2) of the Internal Revenue Code (IRC) to tax defer designated employee contributions to the California Public Employees' Retirement System (CalPERS). Upon motion by Director Brittain, second by Director Terry and carried by a 5 to 0 vote, RESOLUTION NO. 02-13, FOR THE IMPLEMENTATION OF THE PROVISIONS OF SECTION 414 (H) (2) OF THE INTERNAL REVENUE CODE TO TAX DEFER DESIGNATED EMPLOYEE CONTRIBUTIONS TO THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM, was adopted. (Resolution No. 02-13 on file in the District office)

Engineer's Report

Engineer Thomas stated that he was collaborating with Supervisor Miller regarding the new Huber Bio-solids Dewatering Screw Press equipment installation.

District Parking

Director Bennett commented on limited parking spaces at the District during Board Meetings. Additional parking is available in the back parking area behind the District office.

Adjournment

The meeting was adjourned at 11:00 A.M.

Respectfully Submitted,

Vice- President

Secretary