

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
RUNNING SPRINGS WATER DISTRICT
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA
MARCH 16, 2011

The Regular Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, March 16, 2011, 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:

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

Directors absent were:

Ken Ayers, Director – Absence due to District Business Meeting
Paul Shouse, Director

Also present were the following:

Sam Massey, 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, Collections Division Supervisor
Brian Thomas, Engineer, Engineering Resources
Mike Riddell, Attorney, Best, Best & Krieger, LLP

No Visitors Were Present

The meeting was called to order at 9:00 A.M. by Vice-President Kellems.

Called to Order

Director Bennett led the Assembly in the Pledge of Allegiance.

Pledge of Allegiance

Upon motion by Director Terry, second by Director Bennett and carried by a 3 to 0 vote, with Directors Ayers and Shouse absent, the Regular Board Meeting minutes of February 16, 2011 were approved as corrected.

Board Meeting Minutes
February 16, 2011

Upon motion by Director Bennett, second by Director Terry and carried by a 3 to 0 vote, with Directors Ayers and Shouse absent, the expenditures through February 28, 2011, were approved.

February 2011
Expenditures

Supervisor Bobroff stated the Water Department is at 100% water production with some District wells turned on and off as needed. The Department has been involved in routine maintenance and has nothing major to report.

OPERATIONAL
REPORTS
(Water)

(Treatment) Supervisor Miller opened by stating that the flows are up at the Treatment Plant due to the weather that resulted in an increase in leachate.

Supervisor Miller stated that Treatment Plant staff has had access to the ponds through the Forest Service Road 1N09 during the road closure of Highway 330. Danny Wagner has completed the repairs to the road off 1N09 that provides access to the ponds at a cost of approximately \$6,500.

(Collections) Supervisor Hall reported on the three remaining Collections Department projects that were a result of the recent storm events that have been submitted to FEMA (Federal Emergency Management Agency) for consideration of reimbursement.

Supervisor Hall stated the County leachate disposal is generating approximately \$1,000 a day in revenue for the District.

Minor issues were noted in the Collections Department related to a lift station generator and pump. Supervisor Hall reported on sanitary wipes that are used in place of toilet paper and plug the pumping system. The District will educate the public by posting information in our quarterly newsletter and on our webpage.

(Fire) Chief Grabow updated the Board regarding the Highway 330 road closure and stated the latest press release from Caltrans has indicated the highway will reopen to commuter traffic for two hours in the morning and evening.

Chief Grabow stated that Dan Wurl, County Fire Chief has announced his retirement as of March 30, 2011.

Chief Grabow closed by mentioning that Snow Valley Ski Resort is still open and a few patients were air shipped off the mountain due to the Highway 330 road closure.

(Administration) Supervisor Eaton reminded the Board and staff of the April 1, 2011 deadline to file the 2010/2011 Statement of Economic Interest Form 700.

In collaboration, Administration staff and Supervisor Bobroff have been actively preparing the 2011/2012 Fiscal Year Budgeting Water Department Financial Plan.

Supervisor Eaton stated that Administration has begun preparation of the 2010/2011 Availability billing. The availability bills will be mailed out in April with a payment due date of July 1, 2011.

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In closing, Supervisor Eaton stated the Special District Risk Management Authority (SDRMA) Property Liability Insurance Renewal packet has been distributed to District supervisors for review and accuracy. The renewal application submittal deadline is March 18, 2011.

Manager Massey opened by mentioning the December 2010 Storm Damage Projects and stated that President Ayers has appointed a Committee to review the damage and outstanding projects. A Storm Damage Committee Meeting was held on March 15, 2011 with District staff and Engineer Thomas. Manager Massey stated the meeting was productive and established direction regarding the outstanding projects.

(General Manager)

Manager Massey noted the remaining topics in his report will be covered as informational items in the Board packet.

Manager Massey closed by stating that a representative with Utility Cost Management LLC (UCM) has begun gathering District utility bill documentation in preparation of their analysis to identify possible utility billing errors for the past three years.

The meeting moved to the December Storm Damage Power Point Presentation narrated by Manager Massey and Supervisors Hall and Bobroff. There were a total of eleven (11) District locations that were identified in the December 2010 Storm Damage Presentation. A slide show with pictures of the damage was included in the presentation and discussion continued regarding each individual project. Three of the eleven projects are incomplete and the required documentation has been provided to FEMA for reimbursement consideration.

December Storm
Damage Power
Point Presentation

Manager Massey stated the Paymentus Bill Paying program start-up date was February 22, 2011 and a notice was included in the February District newsletter describing the new payment option program. A few customers have utilized the program to date and Manager Massey confirmed that there is no cost to the District for this service.

Paymentus Bill
Paying Program

Supervisor Eaton reported on the Request for Proposals (RFP) for Professional Audit Services and stated the District has received seven (7) proposals from qualified auditing firms. The RFP's have been reviewed by Scott Manno, CPA Partner with RAMS and District staff and the three auditing firms with the lowest cost proposals have been scheduled to interview on March 22, 2011 by the District Finance Committee, Consultant Ed Brittain, CPA Scott Manno, Manager Massey and Supervisor Eaton. Supervisor Eaton stated that the lowest cost proposals came in at \$22,500. The Finance Committee and District staff will make a recommendation to the Board at the April 20, 2011 Board meeting after the interviews.

Request for Proposals
for Professional Audit
Services

LAFCO Service
Review and Sphere
Of Influence Study

Manager Massey reported on the Local Agency Formation Commission (LAFCO) Municipal Service Review and Sphere of Influence Study for the Hilltop Community that consists of mountain agencies. Manager Massey stated that on March 7, 2011, LAFCO, Arrowbear Park County Water District, County Special Districts Department, County of San Bernardino Third District Supervisor's Office and the Running Springs Water District met to review the draft study for the Hilltop Community and to provide comments and revisions regarding the study. Manager Massey stated the LAFCO Commission Hearing for the Hilltop Community was being held concurrent with the District's Board Meeting on March 16, 2011, to review the Hilltop Community Sphere of Influence, that could be changed without the consent of the mountain agencies.

A meeting will be scheduled on March 30, 2011 with Directors Kenneth Ayers, and Pamella Bennett, LAFCO Committee, and District staff to consider possible consolidation of the agencies. Manager Massey mentioned that Arrowbear Park County Water District has stated they may not be ready for consolidation at this time, however, a meeting will be scheduled in April with all the Special Districts to discuss consolidation issues further. Discussion continued regarding the wastewater contract with Arrowbear Park County Water District that is due for renewal in 2017. Manager Massey stated that contract negotiations with Arrowbear Park County Water District will commence in 2014.

Fiscal Year 2011/12
Fire Department
Budget

A draft version of the Fiscal Year 2011/12 Fire Department Budgeting Financial Plan was provided to the Board for review.

Manager Massey reported on the Fire Department Budget and stated that 100% of District property taxes were allocated to the Fire Department and the budget includes a 1.6% COLA adjustment for employee wages. The largest expense reduction was due to the elimination of three (3) Limited Term Firefighters that were included in the 2010/11 Fire Department Budget. The Fire Department had applied for a grant to fund a portion of the Limited Term Firefighters, and were denied. The Department has reapplied in 2011 for the same grant to fund the Limited Term Firefighter positions.

Chief Grabow also reported on the Fire Department Budget in detail and stated the Department lost one full time staff member in January 2011 and will hire one Limited Term Firefighter this year. Discussion continued regarding the Fire Department budget and Chief Grabow thanked Supervisor Eaton for assisting the department in preparation of the budget and the Finance Committee for their participation and input regarding the budget. The 2011/12 Fire Department Budget will be considered for approval at the June 15, 2011 Board Meeting.

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Manager Massey then reported on the Fiscal Year 2011/12 Wastewater Department Budget and stated the budget has increased revenue in the amount of \$127,646 for the year primarily due to the fund balance in Assessment District #7 that will be utilized for line cleaning, video recording and repair work in the Assessment District which is the Lower Rowco area of Running Springs. Manager Massey also stated that funds will be transferred from the Facility Capacity Account to fund the Treatment Plant Expansion Project and from the leachate revenue to fund capital improvement projects for Fiscal Year 2011/12. The budget included a 1.6% COLA adjustment for employee wages and additional 5% increase in department supervisor positions for assuming additional responsibilities. Discussion continued regarding leachate pumping and the Board acknowledged District staff for preparation of the Fiscal Year 2011/12 Budgeting Plans. The Fiscal Year 2011/12 Wastewater Department Budget will be considered for approval at the June 15, 2011 Board Meeting.

Fiscal Year 2011/12
Wastewater
Department Budget

The District computer system and server are approximately twelve (12) years old and has experienced several recent issues that included failure of the system. Supervisor Eaton stated the failures negatively affected the Administration functions and production of the District.

New Computer System
Ad Hoc Committee
Assignment

Manager Massey and Supervisor Eaton met with Paul Mahoney and Rich Morales, Engineers with Southland Technology on March 10, 2011 to obtain a professional opinion and cost proposal of a new computer system. Southland Technology assessed the server components and the District's operating requirements and expressed concern with the reliability of our system. Supervisor Eaton provided the Board with two (2) separate cost proposals from Southland Technology for a new computer system. Discussion continued regarding integration of District departments into the new computer operating system. Supervisor Eaton stated the District will obtain several cost proposals for a new system. Vice-President Kellems assigned an Ad Hoc New Computer System Committee appointing Directors Paul Shouse and Kevin Kellems and a meeting will be scheduled as soon as possible.

Manager Massey reported on the Ayers Acres Groundwater Development Project and stated the District is in the process of obtaining one last easement. The property has recently changed ownership and the new owner will contact Manager Massey to discuss the easement and agreement.

Ayers Acres
Groundwater
Development Project

The Board took a break at 10:52 A.M. and reconvened at 11:02 A.M.

Recess and Reconvened

Ordinance No. 35, Adopting a Payment Arrangement Policy The District’s Rules and Regulations for Water Service (Ordinance No. 8) stipulates that when a customer disputes a water bill, the District may enter into an agreement for the customer to pay the bill over a specified period of time not to exceed twelve (12) months. The Board has traditionally offered payment arrangements of up to twenty four (24) months to customers with large bills caused by water leaks.

At the February 16, 2011 Board Meeting, the Board directed staff to draft a policy which provided payment options to customers with large bills caused by leaks. Ordinance No. 35 was drafted to establish payment arrangements and after discussion by the Board and District staff, the payment schedule was revised as follows:

<u>Dollar Amount of Leak</u>	<u>Time Extension</u>
\$50.00 to \$200.00	Monthly payments amortized over 3 months
\$200.01 to \$500.00	Monthly payments amortized over 6 months
\$500.01 to \$800.00	Monthly payments amortized over 12 months
\$800.01 and above	Monthly payments amortized over 24 months

Ordinance No. 35 has been drafted to incorporate the above payment options and will amend Ordinance No. 8, Rules and Regulations for Water Service. Upon motion by Vice-President Kellems, second by Director Bennett and carried by a 3 to 0 vote, with Directors Ayers and Shouse absent, ORDINANCE NO. 35, AMENDING ORDINANCE NO. 8, ADOPTING A PAYMENT ARRANGEMENT POLICY, ESTABLISHING PAYMENT ARRANGEMENT EXTENSIONS TO PAY UNUSUALLY LARGE BILLS FOR WATER SERVICE DUE TO LEAKS IN THE CUSTOMER’S WATER SYSTEM, was adopted as amended. (Ordinance No. 35 on file in the District office)

Resolution No. 04-11, Fixing and Levying Fire Suppression Availability Charges For Fiscal Year 2011/12, Manager Massey reported on the annual Fire Suppression Availability Charges of \$65.00 per unit of benefit, approved as an annual tax by the voters of the Running Springs Water District on March 11, 1980, pursuant to the applicable California Government Code. Legal Counsel has reviewed Resolution No. 04-11 and revised the wording of the resolution for clarification purposes only. Upon motion by Director Terry, second by Director Bennett and carried by a 3 to 0 vote, with Directors Ayers and Shouse absent, RESOLUTION NO. 04-11, FIXING AND LEVYING FIRE SUPPRESSION AVAILABILITY CHARGES FOR FISCAL YEAR 2011/12, was adopted. (Resolution No. 04-11 on file in the District office)

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Manager Massey reported that in accordance with the California Water Code the District charges a water standby or availability charge on eligible undeveloped property within the District that is adopted by resolution each year. Upon motion by Director Bennett, second by Director Terry and carried by a 3 to 0 vote, with Directors Ayers and Shouse absent, RESOLUTION NO. 05-11, FIXING WATER STANDBY OR AVAILABILITY CHARGES FOR FISCAL YEAR 2011-12, was adopted. (Resolution No. 05-11 on file in the District office)

Resolution No. 05-11,
Fixing Water Standby
or Availability Charges
for Fiscal Year 2011-12

Manager Massey reported that the District charges a sewer standby or availability charge on eligible undeveloped property within the District that must be adopted by resolution each year. Upon motion by Vice-President Kellems, second by Director Terry and carried by a 3 to 0 vote, with Directors Ayers and Shouse absent, RESOLUTION NO. 06-11, FIXING SEWER STANDBY OR AVAILABILITY CHARGES FOR FISCAL YEAR 2011-12, was adopted. (Resolution No. 06-11 on file in the District office)

Resolution No. 06-11,
Fixing Sewer Standby
or Availability Charges
for Fiscal Year 2011-12

The Safety Committee minutes of December 7, 2010 were provided to the the Board for their review and acceptance. The minutes will be submitted to the Special District Risk Management Authority (SDRMA) for a reduction in liability insurance premiums. Manager Massey described Target Safety as a free online course program for District employees, sponsored by SDRMA, that provides a variety of topics and when complete provides a reduction in District insurance premiums. Upon motion by Director Terry, second by Director Bennett and carried by a 3 to 0 vote, with Directors Ayers and Shouse absent, the Safety Committee Minutes of December 7, 2010, were approved.

Safety Committee
Minutes
December 7, 2010

Supervisor Eaton stated the District had received a written request from customers Mauricio and Brandi Solarte asking the Board to consider a reduction in any portion of their January 2011 water/wastewater bill that was unusually high due to a recent leak in their home. Manager Massey agreed to waive the Residential Sewer Use portion of the bill in the amount of \$133.79 and Supervisor Eaton provided the customer with the option of paying their excessive water usage charge of \$891.94 over a 24 month period. The customers were grateful to the District for waiving the Residential Sewer Use fee and payment arrangements but asked if the Board would consider an additional reduction in their bill. After further discussion, the Board of Directors 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 on this action item.

Customer Request For
Fee and Charge
Adjustment to January
Water/Wastewater Bill

Hilltop Geotechnical Manager Massey reported on the December 2010 storm event that caused serious damage to the District's water and wastewater infrastructure. The Proposal for Geotechnical Service Erosion Repair 30607 Ferndale Drive erosion damage at 30607 Ferndale Drive is one of the remaining projects to be completed. The loss of soil has predisposed the sewer main to future failure or collapse and alternatives are being developed by Brian Thomas of Engineering Resources to restore the stability of the easement and prevent future pipeline failure. As part of the study, Engineer Thomas is requesting that a geotechnical soils report be prepared to facilitate his analysis and provide recommendation to repair the erosion damage. The project has also been submitted to the Federal Emergency Management Authority (FEMA) as a request for public assistance in hopes of obtaining reimbursement of the majority of the repair costs.

Hilltop Geotechnical has prepared a proposal outlining the scope of service included in the proposal and a copy of the proposal was provided to the Board for their review. The scope of the geotechnical exploration will include surface reconnaissance, geologic mapping, aerial photographic review, obtaining representative soil samples, field and laboratory testing, analysis of field and laboratory data, review of relevant geological literature and preparation of a geotechnical report. Discussion continued regarding the project. Upon motion by Vice-President Kellems, second by Director Bennett and carried by a 3 to 0 vote, with Directors Ayers and Shouse absent, the proposal for geotechnical services at 30607 Ferndale Drive with Hilltop Geotechnical in the amount not to exceed \$3,800, was approved.

Ordinance No. 36, Adopting Procedures For Abatement of Hazardous Weed and/or Waste Chief Grabow reported on the Hazard Abatement Program and provided a copy of Ordinance No. 36, that will allow the Running Springs Water District to facilitate the abatement of hazardous vegetation on private property within the District boundaries, while allowing for a hearing by the Running Springs Water District Board of Directors to all noticed property owners. Ordinance No. 36 was prepared in collaboration with Mike Riddell, Legal Counsel and the District's fee schedules and policies will be adjusted to reflect costs associated with the Hazard Abatement program. Upon motion by Director Bennett, second by Director Terry and carried by a 3 to 0 vote, with Directors Ayers and Shouse absent, ORDINANCE NO. 36, ADOPTING PROCEDURES FOR ABATEMENT OF HAZARDOUS WEED AND/OR WASTE, was adopted. (Ordinance No. 36 on file in the District office)

Engineer's Report Engineer Thomas updated the Board regarding the December 2010 storm event and recent meeting he attended on February 28, 2011 with District staff, FEMA and Cal EMA representatives. The meeting date started the District's sixty (60) day notice and deadline of April 28, 2011 to submit and/or amend all fifteen emergency District projects.

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Engineer Thomas stated most small projects under \$68,000 will be completed in house and FEMA stated the approved reimbursements to the District will be at 75% and the state reimbursements will be 18.34% for larger projects. All projects become permanent repairs and the District has eighteen (18) months from February 28, 2011 to complete the projects. Engineer Thomas closed by reporting on guidelines for FEMA coverage and stated the District is making progress regarding this issue.

Attorney Riddell opened by stating the water allocation for the state water project has increased to 70% providing plenty of water assurance.

Attorney's Report

The District received a letter from the Apartment Association Greater Inland Empire (AAGIE) stating concern that the Running Springs Water District does not allow tenants to sign agreements for water and sewer service and requires that requests for services must be signed by the property owner. Attorney Riddell reported on District policy and stated a lien could not be placed on a property to secure payment without an application card signed by the owner of the property. The concern has been expressed by AAGIE that tenants should be allowed to receive service in their name objecting to District policy. In their letter, AAGIE has stated the California State Public Utilities Code Section 10009.6 prohibits municipal corporations who provide utility services to tenants under accounts established in the tenants' name from collecting for those services from the property owner. Attorney Riddell stated the Running Springs Water District is a special district and complies with the Government Code and a municipal corporation would comply with the Public Utilities Code. After further discussion, it was determined that there would be no response made to the letter from AAGIE.

The meeting moved to closed session at 11:55 A.M. to consider the following:

Closed Session

- A. Conference with Legal Counsel
 - Anticipated Litigation
 - Pursuant to Subdivision (c) of Government Code Section 54956.9
 - Assessment Foreclosure Action
 - Delinquent Assessments for Assessment District No. 10

The meeting moved into open session at 12:02 P.M.

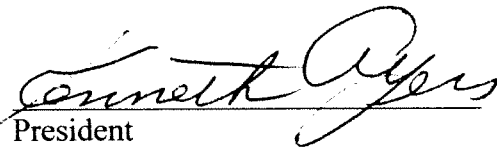
Open Session

With respect to the items of the closed session regarding Conference with Legal Counsel, Legal Counsel stated there was nothing to report from closed session.

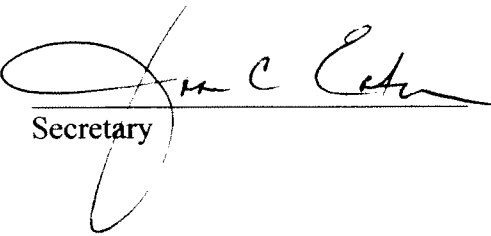
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Adjournment The meeting was adjourned at 12:02 P.M.

Respectfully Submitted,



President



Secretary