

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

MARCH 18, 2009

The Regular Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, March 18, 2009, 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
Pamella Bennett, Director
Michael Terry, Director
Kevin Kellems, Vice-President

The following Directors were absent:
Bryan Shropshire, Director

Also present were the following:
Gary Valladao, General Manager
Sam Massey, Superintendent
Joan Eaton, Secretary/Treasurer/Office Supervisor
Tony Grabow, Battalion Chief
Trevor Miller, Wastewater Treatment Division Supervisor
Isaiah Hall, Collections Division Supervisor
Randy Bobroff, Water Division Supervisor

Visitors Present
Joan Moseley, Mountain News Reporter
Terisa Bonito, Vice-President, Branch Manager, First Mountain Bank
Gerard Hilgenfeldt, 31679 Luring Pines
Carol Miller, 31229 Outer Highway 18

The meeting was called to order at 6:08 P.M. by President Ayers.

Called to Order

President Ayers led the Assembly in the Pledge of Allegiance.

Pledge of Allegiance

The visitors introduced themselves and had no comments at this time.

Visitors

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Board Meeting Minutes February 18, 2009 Upon motion by Vice-President Kellems, seconded by President Ayers and carried by a 4 to 0 vote, with Director Shropshire absent, the minutes of February 18, 2009 were approved as presented.

February 2009 Expenditures Upon motion by Vice-President Kellems, seconded by President Ayers and carried by a 4 to 0 vote, with Director Shropshire absent, the expenditures through February 28, 2009 for the Water, Wastewater and Fire Department, were ratified.

OPERATIONAL REPORTS (Water) Supervisor Bobroff reported on recent water leaks due to a damaged fire hydrant on Chicago and Secret Drive and a water main leak on Circle View Drive. Supervisor Bobroff stated the fire hydrant damage was due to a county snow plow and the damaged fire hydrant sequentially caused considerable damage to a property owner's home. The damages for the fire hydrant have been submitted to the County by the District and a claim has been filed with the County by the property owner's homeowner insurance. The water main leak water loss on Circle View Drive was estimated at 70 gallons per minute.

Supervisor Bobroff stated that payment has been received from the Gas Company for the January 2009 damages to the water main on Easy Street.

Supervisor Bobroff also reported that the Brookings booster pump failed resulting in the Weiss Canyon Well being turned off for repairs from February 15th to 27th, 2009. Repairs had been made and the well was back on line, however leaks have surfaced in the booster line since the repairs were made. The well was turned back off for additional repairs and should be back on line by March 20, 2009.

(Treatment) Supervisor Miller reported on the Effluent Discharge and Daily Sewage Flow reports. Discussion continued regarding the joint contract with the county for hauling sludge.

(Collections) Supervisor Hall stated the video surveillance system at Lift Station No. 2 has been installed and is online as of March 6, 2009.

The safety rails have been installed by staff at Lift Station No. 6.

(Fire) Battalion Chief Grabow provided information regarding Department Training including the EMS Annual Review Class for Paramedic Accreditation and Ethics review through the State of California.

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Chief Grabow also reported that he and Captain Olsen attended the Fire Officers' Safety Training course.

Discussion continued regarding traffic accidents on Highway 330 and notification of road closures due to an accident.

Supervisor Eaton reminded the Board and District staff that the filing deadline is April 1, 2009 for Form 700, Statement of Economic Interest.

(Administration)

Administration has begun preparation of the 2009/10 availability billing. After consulting with legal counsel, it was determined that it would be more beneficial administratively to continue with the current procedure of processing the availability bills instead of submitting the billing to the County tax roll.

Supervisor Eaton provided a summary report of meetings attended.

Superintendent Massey reported on Chevron Energy Solutions and the conclusion letter requested by the Board outlining the decision made at the February 18, 2009 Board Meeting. Chevron Energy Solutions will update the District as technology advances and costs are reduced. Manager Valladao stated the District is following options regarding the possibility of stimulus funding for solar power. President Ayers acknowledged staff for efforts regarding this issue.

(Superintendent)

Superintendent Massey reported that applications have been submitted for possible funding of District projects through the American Recovery and Reinvestment Act (ARRA), which will be administered through state loan programs for Ayers Acres Water Development and Valley View and Highway 18 water main replacement installation. The District should have a response from the state by the first week of April, 2009.

Superintendent Massey closed by stating that Caltrans notified the District regarding the estimated date of March 23, 2009 for the close of escrow on the District property located by Deep Creek. The sales price of the two parcels was \$31,000.

Manager Valladao opened his report by providing a customer letter to the Board that he received regarding snow plowing concerns on the easement road at the Rowco tank. Manager Valladao also provided the Board with his response letter to the customer. The issues outlined in the letter were addressed in a meeting with the customer and District staff and the matter has been resolved.

(General Manager)

Manager Valladao stated the LAFCO Municipal Service Review and Sphere of Influence Update is still ongoing and nearing completion. Manager Valladao reported that he and President Ayers met with Kathleen Rollings-McDonald, Executive Director of LAFCO and was told that the Running Springs Water District, Arrowbear Park Water District and CSA-79 may be ideal candidates for consolidation. Manager Valladao will update the Board as information is received.

As previously reported by Superintendent Massey, Manger Valladao stated the District has applied for ARRA water infrastructure funding and will soon be applying for ARRA wastewater infrastructure funding. Manager Valladao will update the Board as the District pursues this matter.

Manager Valladao updated the Board regarding District public outreach and stated he will ask the Board President under an action item to select a Public Relations Committee. Public outreach efforts include discussing creation of a District Web Site with a local web site designer and plans to participate in the Earth Day event scheduled for April 18, 2009 at Rim of the World High School.

Manager Valladao reported on water shortage contingency planning for the District. Manager Valladao plans to attend a Drought Management Preparedness and Urban Drought workshop later in the month.

Manager Valladao provided a list of key meetings he had attended in the last month.

Contract for
Deposits Of
Moneys with
First Mountain
Bank

Terisa Bonito, Vice-President and Branch Manager of First Mountain Bank explained that First Mountain Bank has revised its Contract for Deposits of Moneys to delete the amount of FDIC insurance which was previously set at \$100,000 per entity. The Contract for Deposit of Money has been revised to reflect the \$250,000 maximum insurance provided by the Federal Deposit Insurance Corporation. Ms. Bonito reported that First Mountain Bank is required to collateralize all funds over the FDIC insurance amount. Upon motion by Vice-President Kellems, seconded by Director Bennett and carried by a 4 to 0 vote, with Director Shropshire absent, the updated contract for Deposits of Moneys for First Mountain Bank identifying the increased FDIC insurance limits on deposits, was approved.

Ms. Bonito presented the proposed Cash Management Module from First Mountain Bank that will provide a variety of cash flow management features to include wire transfers, stop payment options and ACH Debit origination. Discussion continued regarding the benefits and issues surrounding the features and Ms. Bonito stated that the District will be the first customer to utilize the module and all the initial fees will be waived. Upon motion by Director Bennett, seconded by Director Terry and carried by a 4 to 0 vote, with Director Shropshire absent, RESOLUTION NO. 07-09, EXECUTION OF AGREEMENT FORMS WITH FIRST MOUNTAIN BANK FOR THE PROVISION OF DEBIT CARD PAYMENT SERVICES TO DISTRICT CUSTOMERS, was adopted. (Resolution No. 07-09 on file in the District Office)

Resolution No. 07-09,
Execution of Agreement
Forms with First
Mountain Bank for the
Provisions of Debit Card
Payment Services to
District Customers

Manager Valladao stated the District has been considering options for providing the highest quality fire protection and emergency medical services to the community at an affordable cost. The Board recently authorized issuing a request for proposal (RFP) to San Bernardino County for providing fire and EMS services to the District and a letter was submitted to the County by President Ayers requesting the proposal for services. Once the proposal is received, the Board Fire Services Committee will review the proposal and provide the Board with a recommendation.

Request for Proposal
San Bernardino County
Fire Department

The 2009 Board Committee Assignments document was provided to the Board and staff as an information item only.

2009 Board Committee
Assignments

Manager Vallado reported on the District Strategic Plan Goal for Fiscal Year 2009/10 that identifies developing a District Public Outreach Program. The District will develop and implement measures for improving communication with customers and other key stakeholders to include, but are not limited to: a District website, a District newsletter, public meetings and presentations and attendance at local events. President Ayers appointed Director Pamella Bennett as the Public Relations Coordinator in lieu of appointing a Standing Committee.

Public Relations
Coordinator

Manager Valladao updated the Board regarding the Ad Hoc Water Development Committee and reviewed items discussed at the March 11, 2009 meeting that included general opportunities for groundwater development and Ayer's Acres groundwater development. The next meeting will be held on April 9, 2009 at 4:00 P.M. to further discuss groundwater development on the mountain. Manager Valladao stated the District will consult with Engineering Resources regarding services to assist in addressing the issues.

Water Development
Committee Report

Review Wastewater
Department Budget
For Fiscal Year
2009/10

Manager Valladao presented a draft version of the Fiscal Year 2009/10 Wastewater Department Budget for review and discussion. The same version was reviewed by the Finance Committee at a March 10, 2009 committee meeting. An analysis was also provided to the Board that identified the significant changes between the approved Fiscal Year 2008/09 Budget and the proposed Fiscal Year 2009/10 Budget. Manager Valladao summarized the revenue and expense report and discussion continued regarding operating revenues and expenses and capital improvement revenue and capital improvement expenses. Manager Valladao stated that due to the current economic situation, the District will not propose a rate increase for Fiscal Year 2009/10.

Discussion continued regarding the Wastewater budget and included the proposed conversion of a surplus ambulance to a utility/plow truck for the Collections department. Supervisor Hall reported the current utility vehicle is aging, replacement is required and there will be a significant cost savings to the District by utilizing the surplus ambulance. The leachate revenue will be used to cover the costs.

The Board and staff discussed various issues regarding the Wastewater Department Budget including costs associated for lab samples and bioxide.

Director Bennett suggested the District update CSA-79 and Arrowbear Park Water District regarding completion of the Treatment plant and provide a tour of the facilities. A letter will be drafted by staff and mailed to CSA-79 and Arrowbear.

Vice-President Kellems provided an overview of the March 10, 2009 Finance Committee meeting. Manager Valladao and Vice-President Kellems acknowledged the Wastewater staff for preparing and balancing the budget without an increase in customer rates and fees.

Health Benefit
Cap to Coincide
with Medical
Premium Increase

Manager Valladao reported on the District health benefit cap and stated that staff is requesting the Board approve a 2% increase in the health benefit allowance to coincide with the April 1, 2009 premium increase of 8.9% for the District health plan. Manager Valladao provided the Board with the additional cost of \$1,264.44 to change the increase date and stated the District can accommodate the increased cost without a significant impact to the budget. Upon motion by Director Terry seconded by Director Bennett and carried by a 4 to 0 vote, with Director Shropshire absent, increasing the health benefit allowance cap by 2% to coincide with the date of increase in medical plan premium, was approved.

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Manager Valladao reported on the LAFCO Special Districts Selection Committee. The Board passed on the motion.

LAFCO Special
Districts Selection
Committee

Manager Valladao stated the District is currently insured through PASIS (Public Agency Self Insurance System) for Workman's Compensation insurance and the District is interested in obtaining a competitive quote for insurance coverage through SDRMA (Special District Risk Management Authority). A letter of intent to withdraw from PASIS is a procedural requirement before a quote would be provided and the letter could be rescinded. If the District determines that withdrawal from PASIS is in the best interest of the District, the District could proceed with the formal withdrawal. Upon motion by Vice-President Kellems, seconded by Director Bennett and carried by a 4 to 0 vote, with Director Shropshire absent, submitting a Letter of Intent to Withdraw from PASIS Workers Compensation Program was approved.

Letter of Intent
to Withdraw
from PASIS

Manager Valladao reported the Board adopted Ordinance No. 9 on March 11, 1980 which proposed an annual availability charge for fire suppression services in an amount not to exceed \$65 per improved lot or parcel within the District and the Fire Service availability charges was approved by District voters on November 4, 1980. Each year, pursuant to the applicable Government Code, the Board takes action to levy the fire suppression availability charges in an amount that does not exceed the estimated annual cost for fire suppression. The charges are billed on the San Bernardino County property tax rolls. Upon motion by President Ayers, seconded by Director Terry and carried by a 4 to 0 vote, with Director Shropshire absent, RESOLUTION NO. 04-09, FIXING AND LEVYING FIRE SUPPRESSION AVAILABILITY CHARGES FOR FISCAL YEAR 2009/10, was adopted. (Resolution No. 04-09 on file in the District office)

Resolution No. 04-09,
Fixing and Levying
Fire Suppression
Charges for Fiscal
Year 2009/10

In accordance with the California Water Code, the District charges a water standby or availability charge on eligible undeveloped property within the District. The basic standby or availability charge is \$30 or per year per acre, or \$30 per year per parcel smaller than one acre, on undeveloped land within the District, subject to terms and conditions identified in the annual standby or availability charge enabling resolution. Upon motion by President Ayers, seconded by Vice-President Kellems and carried by a 4 to 0 vote, with Director Shropshire absent, RESOLUTION NO. 05-09, FIXING WATER STANDBY OR AVAILABILITY CHARGES FOR FISCAL YEAR 2009/10, was adopted (Resolution No. 05-09 on file in the District office)

Resolution No. 05-09,
Fixing Water Standby
or Availability Charges
for Fiscal Year 2009/10

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Resolution No. 06-09 Fixing Sewer Standby or Availability Charges for Fiscal Year 2009/10

In accordance with the California Water code, the District charges a sewer standby or availability charge on eligible undeveloped property within the District. The basic standby or availability charge is \$10 per year per acre, or \$10 per year per parcel smaller than one acre, on undeveloped land within the District, subject to terms and conditions identified in the annual standby or availability charge enabling resolution. Upon motion by President Ayers, seconded by Director Bennett and carried by a 4 to 0 vote, with Director Shropshire absent, RESOLUTION NO. 06-09, FIXING SEWER STANDBY OR AVAILABILITY CHARGES FOR FISCAL YEAR 2009/10, was adopted. (Resolution No. 06-09 on file in the District office)

Purchase of Two Energy Efficient K Turbo Blowers Wastewater Treatment Plant

Superintendent Massey stated that a study compiled by Chevron Energy Solutions determined that the installation of energy efficient K Turbo Blowers at the Wastewater Treatment Plant would provide approximately \$39,000 in energy savings to the District per year. The total project cost will be \$125,000 and the funds will come from the Sewer Facility Capacity Charge account that has a current balance of \$280,734.25. The cost will also be shared with CSA-79 and Arrowbear Park Water District because it is a capital improvement project. Manager Valladao stated this will be good utilization of the funds as the new blowers will accommodate future expansion at the Wastewater Treatment Plant. Upon motion by Director Bennett, seconded by President Ayers and carried by a 4 to 0 vote, with Director Shropshire absent, the purchase of two energy efficient K Turbo Blowers to be installed at the Wastewater Treatment Plant not to exceed \$125,000, was approved.

Engineer's Report

Engineer Thomas had no information to report.

Attorney's Report

Attorney Riddell reported on the current water supply situation and stated the supply has improved due to recent storms. Attorney Riddell will be attending the State Contractors meeting on March 19, 2009 and will receive updated information. The State Department of Water Resources has announced the allocation has been increased from 15% to 20%. The supply is still affected by the inability to pump water from the Delta due to the protection of the Delta smelt.

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Attorney Riddell reported on information that CLAWA received from the Department of Water Resources regarding carry over water. Attorney Riddell stated the current available water is over 3100 acre feet in addition to 1000 acre feet stored with San Bernardino Valley Municipal Water District, and that the annual demand for water is about 1600 acre fee. Attorney Riddell added that the current water situation should carry the Agency until year 2012.

Attorney Riddell closed by reporting on the state budget deficit and stated that we may expect higher taxes and fees. The 8 billion dollar state deficit could grow to 12 billion dollars.

The meeting moved into closed session at 8:40 P.M. regarding Personnel Matters General Manager Performance Evaluation Pursuant to Government Code Section 54957 (b) (1).

Closed Session

The meeting moved into open session at 10:00 P.M.

Open Session

Upon motion by Director Bennett, seconded by Vice-President Kellems, and carried by a 4 to 0 vote, with Director Shropshire absent, the Board approved the following adjustments to the General Manager's compensation:

- 1) Merit Salary Increase to \$130,593.00, plus
- 2) COLA adjustment 2% of \$2,611.86, plus
- 3) Certification incentives for 4 certifications, .50 cents per hour for each = \$4,160.00

Total \$137,364.86

Effective July 1, 2009.

The meeting was adjourned at 10:02 P.M.

Adjournment

Respectfully Submitted,

President

Secretary