

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

APRIL 15, 2009

The Regular Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, April 15, 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
Kevin Kellems, Vice-President

The following Directors were absent:

Bryan Shropshire, Director
Michael Terry, Director

Also present were the following:

Gary Valladao, General Manager
Sam Massey, Superintendent
Joan Eaton, Secretary/Treasurer/Office Supervisor
Bill Smith, Fire Chief
Trevor Miller, Wastewater Treatment Division Supervisor
Isaiah Hall, Collections Division Supervisor
Randy Bobroff, Water Division Supervisor
Dave Loest, Engineer/Paramedic
Mike Olsen, Interim Battalion Chief
Cindy Strebel, Captain/Paramedic

Visitors Present

Gerhard Hilgenfeldt, 31679 Luring Pines
Lori Loest, 31108 Glen Oak
Joan Moseley, Mountain News Reporter
Carol Miller, 31229 Outer Highway 18

The meeting was called to order at 6:03 P.M. by President Ayers

Called to Order

Director Bennett led the Assembly in the Pledge of Allegiance.

Pledge of Allegiance

The visitors introduced themselves and had no comments.

Visitors

MINUTES – APRIL 15, 2009
PAGE TWO

- Acknowledgements Chief Smith and President Ayers acknowledged Dave Loest, Engineer/Paramedic for 25 years of service with the Fire Department.
- Chief Smith recognized and congratulated the following Fire Department employees in their recent promotions: Cindy Strebel promoted to Captain and Mike Olsen promoted to Interim Battalion Chief.
- Tony Grabow was absent but recognized for his promotion to Interim Deputy Chief. Scott Willemse was absent but recognized for his promotion to Limited Term Firefighter/Paramedic.
- Board Meeting Minutes
March 18, 2009 Upon motion by Vice-President Kellems, seconded by Director Bennett and carried by a 3 to 0 vote, with Directors Terry and Shropshire absent, the minutes of March 18, 2009 were approved as presented.
- Special Board Meeting Minutes
March 25, 2009 Upon motion by Vice-President Kellems, seconded by President Ayers and carried by a 3 to 0 vote, with Directors Terry and Shropshire absent, the minutes of March 25, 2009 were approved as presented.
- March 2009 Expenditures Upon motion by Vice-President Kellems, seconded by Director Bennett and carried by a 3 to 0 vote, with Directors Terry and Shropshire absent, the expenditures through March 31, 2009 for the Water, Wastewater and Fire Department, were ratified.
- OPERATIONAL REPORTS
(Water) Supervisor Bobroff reported the Weiss Canyon Well was off line from March 7th to March 23rd due to three line breaks in the Brookings Booster Line. The District Complex Well was off line from March 26th to April 9th due to a pump column failure. Discussion continued regarding the District Complex well and pump failure.
- (Treatment) Supervisor Bobroff stated Sidewinder Canyon requires the state health disinfection certification.
- Supervisor Miller stated the Regional Board arrived at the Treatment Plant on April 15, 2009 for an annual inspection. Supervisor Miller stated the inspector was pleased with the operation but had concerns with the amount of sludge in the drying beds. Staff is aware of the issue and will take action to reduce the volume of sludge.
- Supervisor Miller stated the Treatment Department is working on the operations building in preparation of the upcoming open house tentatively scheduled for May 30, 2009.

MINUTES – APRIL 15, 2009
PAGE THREE

Supervisor Miller concluded his report with discussion regarding spray irrigation.

Supervisor Hall reported on the Lift Station #5 Wet well project that has been completed. Supervisor Hall stated ground water was not detected during the operation, therefore the cost for the project came in under the authorized amount. (Collections)

Supervisor Hall provided the Board with a list of meetings attended.

Chief Smith stated the Department has continued with the yearly commercial building inspections that include updating fire protection pre-plans. (Fire)

The new ambulance has been delivered to Northern California for installation of the four wheel drive and should be complete by the end of May 2009.

Chief Smith stated that Deputy Chief Grabow will be on medical leave for approximately 4 weeks.

Chief Smith reported on the proposal from County Fire and stated that a draft proposal has been received. Adjustments are required to the draft and a meeting has been scheduled for April 16, 2009 with the Fire Department and the County to review the draft proposal. The final draft will then be submitted for committee review.

Chief Smith stated ambulance receivables are at 60% which is comparable to the same time last year. There will be a decrease in ambulance service billable rates for 2009/10 Fiscal Year, due to a reduction in the authorized ICEMA rate schedule.

Supervisor Eaton stated the SDRMA (Special District Risk Management Authority) liability insurance renewal for 2009/10 is complete. (Administration)

Supervisor Eaton reported on the Cash Management Module and ACH Debit feature with First Mountain Bank. Terisa Bonito, Branch Manager and Supervisor Eaton are resolving issues regarding integration of the system. Supervisor Eaton will update the Board with progress on the feature.

Supervisor Eaton acknowledged Laura Garrett, Receptionist/Secretary II and Director Bennett for preparing the public outreach and water conservation materials that will be distributed to the community at the Earth Day event on April 18, 2009. Supervisor Eaton stated Ms. Garrett is an asset to the District and her skills will be utilized in future design projects for the District.

Supervisor Eaton stated the US Department of Commerce thanked the District for use of the board room for their recent US Census application process. The Board agreed to allow the US Department of Commerce to utilize the board room in the future provided there are no conflicts with District functions.

(Superintendent) Superintendent Massey reported on the Target Safety Training program through SDRMA. All District employees have completed a series of classes that will provide an approximate reduction of \$6,700 to our liability insurance premiums.

A check in the amount of \$291,332 was received from SDRMA for reimbursement of expenses to Lift Station #6 and Sidewinder Lower Booster as a result of the 2007 Slide Fire.

Superintendent Massey has completed three FFAST (Financial Assistance Application Submittal Tool) applications for the State Water Board Grant/Loan program to apply for funds that may provide grants or low interest loans for the District.

Superintendent Massey stated District properties purchased by Cal Trans were scheduled to close escrow on April 15, 2009.

Superintendent Massey reported on the American Recovery and Reinvestment Act applications submitted by the District. The District is currently awaiting the SRF (State Revolving Fund) approved list. Manager Valladao stated the application was submitted for grant potential regarding water and wastewater improvements.

(General Manager) Manager Valladao updated the Board on the LAFCO Municipal Service Review and Sphere of Influence Update and stated the District is awaiting notification on follow up action to the studies.

Manager Valladao reported on the March 17, 2009 meeting with President Ayers and Supervisor Neil Derry. The meeting included discussion regarding adjusting the tax rate and the costs associated with the fire victim's property clean up as required by the county.

Budget Revisions
Fire Department
and Wastewater

Manager Valladao provided the Board and staff with the revised pages of the Fire and Wastewater Budget for Fiscal Year 2009/10.

Manager Valladao reported on the Water Department Budget for Fiscal Year 2009/10 and a draft version was provided to the Board that was reviewed by the Finance Committee at the April 9, 2009 meeting. Manager Valladao summarized the analysis in the budget document categories that identifies the most significant changes between the approved Fiscal Year 2008/09 Budget and the proposed Fiscal Year 2009/10 Budget.

Review Water
Department Budget
Fiscal Year 2009/10

Vice-President Kellems acknowledged staff for preparation of the budget and stated he was pleased with the outcome of the April 9, 2009 Finance Committee meeting. Vice-President Kellems stated rates and fees will not be increased for the upcoming 2009/10 Fiscal Year in consideration of the present economic situation. Adoption of the 2009/10 District Budget will be placed on the June 17, 2009 Board Meeting Agenda.

Discussion continued regarding the possibility of refinancing District loan debt and specific items addressed in the 2009/10 Fiscal Year Budget.

Manager Valladao updated the Board regarding groundwater development and stated the Board Ad Hoc Water Development Committee and staff held a meeting on March 11, 2009 to review opportunities for groundwater development that included Ayer's Acres. The District has been working with Engineering Resources to develop a proposal for moving the Ayers Acres project forward and Manager Valladao presented the Board with documents from Engineering Resources regarding tentative Phases I through IV of the project. The approximate cost to complete the Ayers Acres project through Phase IV is \$1.7 million with the possibility of federal funding through ARRA (American Rehabilitation and Recovery Act). The actual cost of the project will be significantly lower if District staff directly constructs portions of the project. Manager Valladao stated the initial cost for the project will come from the cost savings of using well water as opposed to purchasing CLAWA water. Superintendent Massey stated the time frame to generate revenue to pay off the loan would be approximately 10 years with a savings of approximately \$75,000 to \$80,000 a year on purchased water. Superintendent Massey stated the District will use the Facility Capacity Charge fund balance of approximately \$200,000 and the Sale of District Property fund balance of approximately \$133,000 for costs from Phase I through Phase III of the project. Discussion continued that included the need to purchase property adjacent to Ayer's Acres to acquire an easement to the project.

Groundwater
Development

The next meeting of the Water Development Committee will be in June, 2009 to consider the results of the Phase I Engineering Services effort and discuss how to best proceed with subsequent project phases.

Public Outreach Manager Valladao updated the Board and staff regarding the District Public Outreach Program. At the March 18, 2009 Board Meeting, Director Bennett was appointed to serve as the Board Public Outreach Coordinator and will assist staff in an ongoing District Public Outreach effort. Manager Valladao also identified District goals that include a website, Earth Day and Mountain Top Day events and the Running Springs area home tour. The target date for the District website is July 1, 2009. Upcoming event notifications and future newsletters will be distributed to District customers with monthly bills.

Director Bennett reported on Public Outreach and the upcoming Earth Day event to be held at Rim High School on April 18, 2009. Director Bennett presented a sample packet of the water conservation materials that were designed through collaboration with District secretary Laura Garrett and will be distributed to Running Springs Water District customers during the Earth Day event.

Manager Valladao stated the Treatment Plant open house is tentatively scheduled for May 30, 2009.

General Manager's
Expense
Reimbursement
Report As provided in the General Manager's employment agreement, Manager Valladao presented the Board with the General Manager's Expense Reimbursement report from December 2007 through October 14, 2008.

LAFCO Election
Alternate Special
District
Commissioner Manager Valladao reported on the Local Agency Formation Commission (LAFCO) Alternate Special Districts Selection Election and provided information regarding candidates nominated for the position and an election ballot with a deadline of May 15, 2009. Upon motion by Director Bennett, seconded by Vice-President Kellems and carried by a 3 to 0 vote, with Directors Terry and Shropshire absent, the Board voted for Steven Farrell for Alternate Special District Member of the Local Agency Formation Commission.

Roll call was taken for each Board member as follows:

President Kenneth Ayers – Aye
Vice-President Kevin Kellems – Aye
Director Pamella Bennett – Aye

Manager Valladao stated the Running Springs Association Chamber of Commerce has requested that the District Board consider allowing the Chamber of Commerce to possibly use the District's downtown property as the location for the 2009 Mountain Top Days event. Discussion continued regarding issues surrounding the use of the property. Upon motion by Director Bennett, seconded by Vice-President Kellems and carried by a 3 to 0 vote, with Directors Terry and Shropshire absent, allowing the downtown property to be used for the 2009 Mountain Top Days event, was approved.

Downtown
Property Use
2009 Mountain
Top Day

The Board reviewed the proposed action item to consider placing adoption of the Fiscal Year 2009/2010 District Budget on the June 17, 2009 Board Meeting Agenda. After further discussion, the Board determined it was not necessary to consider a formal motion to place adoption of the Fiscal Year 2009/10 District Budget on the June 17, 2009 meeting agenda, however, the Board did agree that the budget should be considered at the June 17, 2009 meeting. Staff will include this item on the June 17, 2009 meeting agenda.

Fiscal Year
2009/2010 Budget
June Board
Meeting Agenda

Manager Valladao stated the District has not formally conducted a Conflict of Interest, Form 700 training session for Board members and District staff. The information provided in the training would be beneficial to all filers and discussion continued regarding requirements of Form 700. Upon motion by President Ayers, seconded by Vice-President Kellems, and carried by a 3 to 0 vote, with Directors Terry and Shropshire absent, a Conflict of Interest, Form 700 training for in-service filers with a date to follow, was approved. The training session and schedule will be coordinated by Supervisor Eaton.

Conflict of Interest,
Form 700 Training
In Service Filers

Manager Valladao reported on the Ayers Acres Groundwater Development Project, Phase 1 and provided an Engineering Service Agreement for Board consideration. To proceed with the Ayers Acres project, the District will need to proceed with an initial phase of work identified in the Engineering Service Agreement. Phase I services include a property appraisal, CEQA update by Thomas Olson and Associates and Engineering Resources Services (including environmental coordination, meetings, easement documentation coordination and rough order of magnitude costs). Manager Valladao stated the cost for Phase I services is \$14,796. Phase I will be funded by the Water Facilities Charge reserve fund which currently has a balance of \$234,249. Upon motion by Director Bennett, seconded by Vice-President Kellems and carried by a 3 to 0 vote, with Directors Terry and Bennett absent, Ayers Acres Groundwater Development Project, Phase I Engineering Services Agreement in the amount of \$15,000, was approved.

Ayers Acres
Groundwater
Development Project

Attorney's Report Attorney Riddell reported on the possibility of an increase in Crestline Lake Arrowhead Water Agency's allocation from 20% to 30% that would provide over 1700 acre feet of water to satisfy the Agency's anticipated demand this year without using the carry over water. Attorney Riddell stated an increase in allocation will provide additional protection in future years.

Attorney Riddell provided information regarding the state Department of Water Resources drought water bank and statewide water shortage emergency that was declared by Governor Schwarzenegger. The Department of Water Resources had requests for the availability of 750,000 acre feet of water from the drought water bank. Attorney Riddell stated there are issues surrounding the water shortage emergency supply that include restrictions in the Delta. Attorney Riddell will attend the State Water Contractors meeting on April 16, 2009 and will provide updated information.

Continuing his report, Attorney Riddell expressed concerns associated with a major earthquake and the possibility of levee failure.

Attorney Riddell stated the snow level is 80% of normal this year.

In conclusion, Attorney Riddell reported on discussion from the March 2009 State Water Contractors meeting regarding preliminary engineering for a peripheral canal. The environmental documentation is expected to be complete by December 2009.

Adjournment The meeting was adjourned at 8:50 P.M.

Respectfully Submitted,

President

Secretary