

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
RUNNING SPRINGS WATER DISTRICT
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA
APRIL 20, 2011

The Regular Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, April 20, 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:

Ken Ayers, President
Kevin Kellems, Vice-President
Pamella Bennett, Director

The following Directors were absent:

Paul Shouse, Director
Mike Terry, 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

Visitors present were:

Gerhard Hilgenfeldt, Customer

The meeting was called to order at 9:02 A.M. by President Ayers.

Called to Order

President Ayers led the Assembly in the Pledge of Allegiance.

Pledge of Allegiance

President Ayers stated the reason he was absent from the Board meeting of March 16, 2011, was due to his attendance at the Local Agency Formation Commission (LAFCO) hearing on March 16, 2011 while representing the District. The Board minutes should reflect this information and it will be noted when a Director is absent from a Board meeting due to a District function. Upon motion by Vice-President Kellems, second by Director Bennett and carried by a 3 to 0 vote, with Directors Terry and Shouse absent, the Regular Board Meeting minutes of March 16, 2011 were approved as amended.

Board Meeting
Minutes
March 16, 2011

Upon motion by Vice-President Kellems, second by Director Bennett and carried by a 3 to 0 vote, with Directors Terry and Shouse absent, the expenditures through March 31, 2011, were approved.

March 2011
Expenditures

(Water) Supervisor Bobroff opened by stating water production is at 100% and the District has relied solely on Sidewinder Canyon and Rimwood wells for water production the last few weeks. The decision to turn off specific wells is based on an energy pumping cost analysis that is affected by the time of year and an annual report will be conducted per well site. Currently consumption is low and production from District sources is high. Supervisor Bobroff added that meters are currently being read and there were no major leaks to report.

(Treatment) Supervisor Miller reported on the flows at the Treatment Plant and stated the flow statistics have come down due to less snow melt.

Supervisor Miller stated construction of the second phase of the Treatment Plant will begin the first week of June, 2011 and he continued by reporting on the plant upgrades. Security cameras have been installed at the Treatment Plant and Supervisor Miller stated there have been no issues traveling on Highway 330 and 1N09 to the ponds. Supervisor Miller closed by reporting on the condition of the ponds and stated they are in good shape.

(Collections) Supervisor Hall reported on minor problems with pumps in the Collections Department and stated the Department has been busy cleaning sewer lines. Supervisor Hall clarified a notation made in the Collections Department Monthly Operational Report and confirmed that the Disaster Committee referenced is the Storm Damage Committee.

Supervisor Hall then reported on replacement of the wet well lids at Lift Stations No. 7, 8 and 9 that were originally built in the mid 1970's. The top of the wet wells have rusted over time and require replacement. Supervisor Hall stated the new replacement material should last another twenty (20) years.

(Fire) Chief Grabow opened by providing the Board with copies of letters written by the Department of California Highway Patrol, the County of Los Angeles Fire Department and a resident of the community in recognition of the Running Springs Fire Department employees for their professionalism and assistance during recent emergency incidents.

Chief Grabow continued by stating the Department tested several candidates for proficiency regarding the Limited Term Firefighter position without success. Chief Grabow added that the Department will provide the written practical test to candidates again at a later date.

Chief Grabow then reported on a request from a Running Springs resident to build a Compressed Natural Gas (CNG) station, that will be utilized by the resident for his personal vehicles. Chief Grabow has contacted the County of San Bernardino Fire Marshall regarding the station that will be located in a residential area. The CNG station will need to be approved by the County of San Bernardino Building and Safety.

Chief Grabow closed by clarifying that there were thirty-eight (38) responses to fire calls since the March 16, 2011 Board Meeting.

Supervisor Eaton stated the District has been invited to participate in the Forest Festival 2011 on Saturday, June 4, 2011 from 10:00am to 3:00pm at the Brulte Baseball Field in Running Springs. The Forest Festival is sponsored jointly by the US Forest Service, the National Forest Association and Rim Recreation and Parks District and there is no cost to participate. Administration staff will represent the District at this event and distribute informational materials to the public.

(Administration)

Manager Massey opened by listing recent activities that included the December 2010 Storm Damage Projects, LAFCO Service Review, Professional Audit Services, Financial Consulting Services, Water Department Fiscal Year 2011/12 Budget, Lechate Contract and stated these topics will be discussed later in the meeting either as an information or action item. Manager Massey mentioned that District staff and Engineer Thomas recently met with the Somes family regarding the sewer easement slope stabilization project at 30244 Enchanted Way and stated this issue will also be discussed later in the meeting. Manager Massey also met with David Harich regarding possible acquisition of easements from the Harich family for the new 12” main and bridge in Little Mill Creek. Manager Massey stated the Harich family will propose an outside service agreement with the District to provide sewer on their property.

(General Manager)

Manager Massey closed by stating that the review by Utility Cost Management LLC (UCM) has not been completed to date.

Manager Massey reported on the Local Agency Formation Commission (LAFCO) Municipal Service Review and Sphere of Influence Study and stated that President Ayers attended and represented the District at the Commission Hearing on March 16, 2011. The final Commission Hearing is scheduled for April 21, 2011 where it is expected the Service Review and Sphere of Influence Update for the Hilltop Community will be approved as presented. Manager Massey, President Ayers and Director Bennett are scheduled to meet with Kathleen Rollings-McDonald on April 27, 2011 to discuss the possible Hilltop Community consolidation and LAFCO's involvement in facilitating the consolidation talks.

LAFCO Municipal
Service Review and
Sphere of Influence
Study

A meeting is also scheduled at the Running Springs Water District on May 5, 2011 regarding consolidation that LAFCO will facilitate, with representatives from Arrowbear Park County Water District, County Special Districts Department and Running Springs Water District. The consolidation of the Hilltop Community Special Districts could be undertaken to form a single larger Special District or a new Community Services District. There are advantages and disadvantages to consider in forming either one, and Manager Massey provided the Board with a letter written by Attorney Riddell, describing the significant difference between a County Water District and a Community Services District. The report was then turned over to Attorney Riddell for comment.

Attorney Riddell stated the Community Services District law has more specific provisions and highlighted some of the important differences between a County Water District and Community Services District. Attorney Riddell continued by stating that a County Water District does not have a competitive bidding requirement imposed by statute and a Community Services District does. While Running Springs Water District has the flexibility to enter into contracts for the construction of public improvements without soliciting competitive bids, a Community Services District would not have that option in the absence of a declared emergency. Attorney Riddell also explained the differences in adoption of an ordinance and a budget by the County Water District and Community Services District. Attorney Riddell closed by noting that a County Water District is authorized by law to provide water service, sewer service, park facilities and fire protection service. A Community Services District has a much broader array of powers that can be activated by LAFCO, including all of those same powers plus, just to name a few, library services, security services, police protection and law enforcement services; street lighting; maintenance of roads, bridges and culverts; maintenance of public airports and landing places; transportation services such as bus services, graffiti abatement; snow removal from streets; animal control services and trash abatement. Discussion continued and President Ayers reported on the process of the LAFCO hearing and highlights from the March 16, 2011 meeting in regards to consolidation. President Ayers mentioned that Neil Derry, San Bernardino County Third District Supervisor attended the hearing and expressed an interest in possible consolidation of the Hilltop Community. A resolution will be provided to the Board for consideration later in the meeting that expresses support for the consolidation of public entity service providers within the Hilltop Community.

Fiscal Year 2011/12
Water and
Administration
Department Budget

A draft version of the Fiscal Year 2011/12 Water and Administration Department Budget was provided to the Board for review. The draft includes input received from the Finance Committee at the April 6, 2011 committee meeting and an analysis which identifies the significant changes between the approved Fiscal Year 2010/11 Budget and the proposed Fiscal Year 2011/12 Budget.

Manager Massey acknowledged Supervisors Bobroff and Eaton for maintaining low costs and balancing the budget and stated the Water and Administration budget includes a 1.6% COLA increase to rates and fees. Discussion continued regarding decreased water sales and President Ayers reported on issues at Lake Arrowhead Community Services District (LACSD) regarding conservation that resulted in decreased revenue for their District. Manager Massey noted that if the Running Springs Water District sells a reduced volume of water, the District will not need to purchase the equivalent amount of more expensive water from Crestline-Lake Arrowhead Water Agency (CLAWA).

President Ayers expressed concern with the low interest income from the Local Agency Investment Fund (LAIF) investments and Manager Massey, Supervisor Eaton and the Finance Committee will meet with the new proposed Financial Consultants from Rogers, Anderson, Malody and Scott (RAMS) to discuss investment opportunities for the District. All Department budgets will be presented to the Board for consideration and approval at the June 15, 2011 Board Meeting.

Manager Massey reported on the Ayers Acres Groundwater Development Project and stated the District is in the process of obtaining documentation from the property owner for the third easement at the appraised value of approximately \$200. The District has not received the final documentation to date from the second property owner and Manager Massey will follow up with the owners prior to the May Board meeting.

Ayers Acres Water
Development Project

President Ayers asked District staff to draft a resolution showing Board support and the District's position for consolidation of Running Springs Water District, Arrowbear Park County Water District, San Bernardino County Service Area 79 and San Bernardino County Service Area 73 into a single public entity, to provide service within the Hilltop Community sphere of influence, and encourage consideration of the proposal by the four public entities involved. Upon motion by Vice-President Kellems, second by Director Bennett and carried by a 3 to 0 vote, with Directors Terry and Shouse absent, RESOLUTION NO. 07-11, RESOLUTION EXPRESSING SUPPORT FOR THE CONSOLIDATION OF PUBLIC ENTITY SERVICE PROVIDERS WITHIN THE HILLTOP COMMUNITY, was adopted. (Resolution No. 07-11 on file in the District office)

Resolution No. 07-11
Expressing Support
for the Consolidation
of Public Entity Service
Providers Within the
Hilltop Community

The Finance Committee, Board of Directors and staff have reviewed the Proposed Fiscal Year 2011/12 District Department Budgets and Manager Massey stated the budgets will be considered for approval at the June 15, 2011 Board Meeting.

Place Fire, Wastewater
and Water/Administration
Department Budgets on
June 15, 2011 Board
Meeting Agenda

Upon motion by Director Bennett, second by President Ayers and carried by a 3 to 0 vote, with Directors Terry and Shouse absent, placing the Fire Department, Wastewater Department and Water/Administration Department budgets for Fiscal Year 2011/12 on the June 15, 2011 Board Meeting Agenda, was approved.

Authorization to Hold a Public Hearing on June 15, 2011 to Consider Proposed Water and Wastewater Connection and Capacity Charge Increases and Mail Notice of the Public Hearing to Entities Requesting Notification

Manager Massey stated consistent with Government Code 66016, the District is required to hold a public hearing to consider increases in water and wastewater connection and capacity charges prior to adopting such increases. The proposed Fiscal Year 2011/12 Water and Wastewater budgets include a 1.6% increase to the water meter installation fee and to the water and sewer facilities capacity charge. In addition to holding the public hearing, the District will provide a basis for the connection and capacity increase and send notice of the public hearing to individuals or organizations that have requested such notification. Supervisor Eaton stated the information will be mailed to the Building Industry Association of Southern California, Inc. Baldy View Chapter as requested. Upon motion by Vice-President Kellems, second by President Ayers and carried by a 3 to 0 vote, with Directors Terry and Shouse absent, Authorization to Hold a Public Hearing on June 15, 2011, to Consider Proposed Water and Wastewater Connection and Capacity Charge Increases for Fiscal Year 2011/12, and to Mail a Notice of the Public Hearing to Entities Requesting Notification, was approved.

Authorization to Hold a Public Hearing to Consider Water and Wastewater Rate and Fee Increases for Fiscal Year 2011/12 and Mail a Notice of the Public Hearing to District Property Owners

Consistent with the requirements of Proposition 218, the District is required to hold a public hearing to consider increases in certain water and wastewater rates and fees prior to adopting such increases. The proposed Water and Wastewater budgets for Fiscal Year 2011/12 includes rates and fee increases consistent with the December 2010 Year Ending U.S. Bureau of Labor statistics Consumer Price Index, Los Angeles/Riverside Metropolitan Area, for Urban Wage Earners and Clerical Workers (CPI-W) which is 1.6%, that must be considered at a public hearing. A copy of the Notice to Property Owners Proposed Rate Adjustment by Running Springs Water District was provided to the Board for review. Attorney Riddell mentioned that Proposition 218 would allow the District to hold a single hearing for five years of CPI rate adjustments if the notification included specific wording pertaining to the increase. The District will consider revising the notification if there is a proposed rate adjustment in Fiscal Year 2012/13 and anticipated for the following four years. Supervisor Eaton stated the notifications will be mailed before May 1, 2011 to meet the forty five (45) day requirement. Upon motion by President Ayers, second by Vice-President Kellems and carried by a 3 to 0 vote, with Directors Terry and Shouse absent, Authorization to Hold a Public Hearing on June 15, 2011 to Consider Proposed Water and Wastewater Rate and Fee Increases for Fiscal Year 2011/12, and to Mail a Notice of the Public Hearing to all District Property Owners, was approved.

Supervisor Eaton reported on the proposal for professional outside audit services and stated the District scheduled interviews on March 29, 2011 with the three lowest bidding auditing firms to conduct the District audit for the Fiscal Year ending June 30, 2011. Upon completion of the interviews, the Board Committee and staff made a unanimous decision to recommend Teaman, Ramirez and Smith, Inc. based on the total all inclusive lowest proposal of \$22,500 and their professional qualifications to fulfill the requirement of the District audit. District staff has contacted several agencies that have engaged with this auditing firm and the references were positive. Supervisor Eaton stated the auditing cost is within the District's proposed budget for Fiscal Year 2011/12. A copy of the engagement letter for Professional Services between Running Springs Water District and Teaman, Ramirez and Smith, Inc. has been reviewed by Mike Riddell, Legal Counsel and was provided to the Board for review. Discussion continued and specific questions were addressed regarding clarification of the notification process of fraud discovery as written in the proposal. The proposal and engagement letter was also reviewed by Scott Manno, proposed Financial Consultant and Mr. Manno's response was that the agreement was standard in the industry, as written. The District has not yet determined if a single audit will be required for Fiscal Year 2010/11. Vice-President Kellems asked that Scott Manno prepare a corrective action fraud plan for the District. Supervisor Eaton stated that the new auditing firm will schedule an appointment with the District prior to the 2011/12 Fiscal Year, to become familiar with the District, at no additional cost. Upon motion by Director Bennett, second by President Ayers and carried by a 3 to 0 vote, with Directors Terry and Shouse absent, the Engagement Letter for Professional Audit Services between Running Springs Water District and Teaman, Ramirez and Smith, Inc., for Fiscal Year 2011/12 in the amount of \$22,500, was accepted.

Engagement Letter
for Professional Audit
Services between
Running Springs Water
District and Teaman,
Ramirez and Smith, Inc.
for Fiscal Year 2011/12

The Board took a five minute break and reconvened.

Recess and Reconvened

Supervisor Eaton reported on the proposal for Professional Financial Consultant Services between Running Springs Water District and Rogers, Anderson, Malody and Scott. Although RAMS has provided the District with auditing and accounting services for over twenty-five (25) years, Scott Manno, CPA Partner with RAMS has stated that due to certain independence standards, their firm has proposed to the District that they continue to provide accounting services only to the District by taking on the role of Financial Consultant. A proposal was provided to the Board estimating the cost of Financial Consulting services to be billed at the standard rate of \$85 - \$225 per hour or between \$33,000 and \$35,000 per year. A copy of the Financial Consulting Proposal Engagement Letter has been reviewed by Mike Riddell, Legal Counsel and was provided to the Board for review. The District Water, Wastewater and Fire Department have budgeted \$58,000 in Fiscal Year 2011/12 that includes \$22,500 for Auditing services and \$35,500 for the Financial Consultant Services.

Engagement Letter for
Professional Financial
Consultant Services
Between Running Springs
Water District and Rogers,
Anderson, Malody and
Scott

Upon motion by Vice-President Kellems, second by President Ayers and carried by a 3 to 0 vote, with Directors Terry and Shouse absent, the Engagement Letter for Professional Financial Consultant Services between Running Springs Water District and Rogers, Anderson, Malody and Scott at the standard rate of \$85-\$225 per hour, not to exceed \$35,500 for Fiscal Year 2011/12, was accepted.

Safety Committee
Minutes
March 1, 2011

The Safety Committee minutes of March 1, 2011 were provided to the Board for their review and acceptance. The District is waiting for approval of the Hazard Mitigation Plan that has been submitted to the County. Upon motion by Director Bennett, second by President Ayers and carried by a 3 to 0 vote, with Directors Terry and Shouse absent, the Safety Committee Minutes of March 1, 2011 for Submittal to SDRMA for Reduction in Liability Insurance Premiums, were approved.

Award of Contract
30607 Ferndale
Drive Lower Sewer
Easement Slope

Manager Massey reported on the damaged sewer easement located at 30607 Ferndale Drive as a result of the December 2010 storm event that was declared a disaster area, enabling the District to receive State and Federal assistance. The Federal Emergency Management Agency (FEMA) visited the site and determined that only work within the easement would be eligible for reimbursement. Engineer Thomas prepared specification and bid documents incorporating different scenarios in the repair process that would rebuild the slope above and below the easement, utilizing imported base material if needed. GM Excavating submitted the lowest Alternate Base Bid price of \$23,684. Discussion continued regarding the repair project and FEMA requirements. Upon motion by Director Bennett, second by President Ayers and carried by a 3 to 0 vote, with Directors Terry and Shouse absent, Award of Contract to GM Excavating for the 30607 Ferndale Drive Lower Sewer Easement Slope Stabilization Project at the not to exceed price of \$23,684, was approved.

Award of Contract
30244 Enchanted
Way Sewer
Easement Slope
Stabilization

Manager Massey reported on the damaged sewer easement slope stabilization project located at 30244 Enchanted Way that was also a result of the December 2010 storm event and declared a disaster area, enabling the District to receive State and Federal assistance. A large portion of the hillside slid down the slope exposing a section of sewer main on the edge of the slide area. The Federal Emergency Management Agency (FEMA) visited the site and determined that the majority of the work needed to restore the slope would be eligible for reimbursement. Engineer Thomas prepared specification and bid documents incorporating two different scenarios for the repair process. Two bids were received with GM Excavating submitting the lowest Alternate Bid Form Addendum No. 1 with the bid price of \$15,650. Discussion continued regarding the repair project. Upon motion by Vice-President Kellems, second by Director Bennett and carried by a 3 to 0 vote, with Directors Terry and Shouse absent, Award of Contract for the 30244 Enchanted Way Sewer Easement Slope Stabilization Project to GM Excavating at the not to exceed price of \$15,650, was approved.

Manager Massey stated the County has asked the District to renew the Leachate Contract to commence on May 1, 2011 and continue through June 30, 2015. The current base rate of \$.0259 per gallon to dispose and treat the leachate would apply to the months of May and June. Effective July 1, 2011 and annually thereafter, the base rate will be adjusted based on the year over year change to the federally published Consumer Price Index for Urban Consumers in the Los Angeles/Riverside area, as determined as of the preceding year ended December 31st. Manager Massey stated the District is currently receiving leachate deliveries seven (7) days a week. Attorney Riddell has reviewed the contract and changes were forwarded to the County for their review and consideration. A copy of the red lined version was provided to the Board for review. Upon motion by Director Bennett, second by Vice-President Kellems and carried by a 3 to 0 vote, with Directors Terry and Shouse absent, the Contract with San Bernardino County to Accept Leachate for Disposal and Treatment, was approved.

Contract with
San Bernardino County
To Accept Leachate for
Disposal and
Treatment

Supervisor Eaton updated the Board regarding the District's computer server operating system that is approximately twelve (12) years old and reiterated that due to recent failures of the system, the District is pursuing information and a proposal for a new computer system. The Board formed an Ad Hoc New Computer Committee to assist District staff in the research of a new system. The Committee and District staff met with several companies that assessed the server components and operating requirements and they all expressed concern with the antiquity and reliability of our current system. The District has received proposals for a new system with the lowest bid from Computer Options at an estimated cost of \$15,590. The Committee and staff agreed that Computer Options would provide the most cost efficient computer operating system for the District in addition to providing professional technical support from their ideal location in Redlands. Supervisor Eaton contacted Lake Arrowhead Community Services District (LACSD) who confirmed that they have contracted with Computer Options for about nine years and they provided excellent references regarding Computer Options. Supervisor Eaton stated the District did not anticipate the recent failures of the system so the expense of a new system is now considered an emergency expense and was not included in the 2011/2012 Fiscal Year Budgets. District staff is proposing that the emergency expense will come from the San Bernardino County Lease Payment Fund that currently has a balance of \$80,826. Because the cost proposal from Computer Options is an estimate only, District staff are recommending proposing additional funds in the amount of \$909 to cover any unanticipated supplemental expense for a total proposal of \$16,500 to purchase the new computer operating system.

New Computer
Server Operating
System

Upon motion by Vice-President Kellems, second by Director Bennett and carried by a 3 to 0 vote, with Directors Terry and Shouse absent, the proposal from Computer Options for a new computer server operating system not to exceed the cost of \$16,500, was approved.

Cooperative Fire Protection Agreement Between RSWD and US Forest Service San Bernardino National Forest

Chief Grabow reported on the Cooperative Fire Protection Agreement with the U.S. Forest Service San Bernardino National Forest for reimbursement of equipment and staff and stated the only significant change from our current agreement is the reimbursement rate methodology. The U.S. Forest Service now use the rates for personnel reimbursement based on our rates filed with the California Emergency Management Agency. These rates are submitted annually and are current at this time. President Ayers asked if the Fire Chief could sign the agreement and Attorney Riddell stated the approval for his signature must be in the motion. Upon motion by President Ayers, second by Vice-President Kellems and carried by a 3 to 0 vote, with Directors Terry and Shouse absent, the Cooperative Fire Protection Agreement between Running Springs Fire Department and the United States Forest Service San Bernardino National Forest, was approved.

Inland Counties Emergency Medical Agency (ICEMA) Fiscal Year 2011/2012 Ambulance Rate Adjustment

Fire Chief Grabow then reported on the Inland Counties Emergency Medical Agency (ICEMA) rate adjustments of approximately 5% in ambulance transportation charges. The Running Springs Fire Department is located in the Rural Wilderness Operating Areas per the Ambulance Service Rate Definitions document that was provided to the Board for review. Chief Grabow stated there is a possibility that rates will increase further due to the inflated cost of diesel and gasoline and discussion continued regarding the cost of medical supplies and ambulance transportation timeframes. Upon motion by Director Bennett, second by Vice-President Kellems and carried by a 3 to 0 vote, with Directors Terry and Shouse absent, the Inland Counties Emergency Medical Agency (ICEMA) Fiscal Year 2011/2012 Ambulance Rate Adjustment Effective July 1, 2011 – June 30, 2012, was approved.

SDRMA Notification of Nominations 2011 Election Board of Directors

Manager Massey stated the District has received a notice of nominations for the Special District Risk Management Authority (SDRMA) Board of Directors 2011 Election in accordance with the SDRMA Sixth Amended and Restated Joint Powers Agreement. Three seats are up for election in the four (4) year term and the nomination filing deadline is May 4, 2011. Nominees must be a Board member or full-time management employee and the elected Board member would be required to attend monthly board meetings in Sacramento.

After further discussion President Ayers confirmed there was no interest from the Running Springs Water District Board and management so no action was taken.

Manager Massey reported on the California Special Districts Association Board of Directors call for nominations of Seat C for the 2011-2014 term. The CSDA Board of Directors is the governing body responsible for all policy decisions related to CSDA's member services, legislative advocacy, education and resources. President Ayers expressed his concern with the expense involved attending the annual events and meetings and stated he did not recommend an action. No action was taken.

California Special
Districts Association
Board of Directors
Call for Nominations
Seat C

President Ayers stated that the motion made previously regarding approval of the Cooperative Fire Protection Agreement did not authorize Fire Chief Grabow to sign the document as stated by Attorney Riddell. An amended motion was then made. Upon amended motion by President Ayers, second by Vice-President Kellems and carried by a 3 to 0 vote, with Directors Terry and Shouse absent, the Cooperative Fire Protection Agreement between Running Springs Fire Department and the United States Forest Service San Bernardino National Forest, authorizing Fire Chief Tony Grabow to sign the Cooperative Fire Protection Agreement, was approved.

Amended Motion
Cooperative Fire
Protection Agreement
Between Running Springs
Fire Department and
the U.S. Forest Service
San Bernardino National
Forest

Engineer Thomas opened by stating that he would like to rescind his statement specifically "to exercise caution if they consider utilizing Chris Ehe for Land Surveying Services" that was made during the February 16, 2011 Board Meeting. Engineer Thomas added that he urges the Board to check the licensing, insurance and the history of any licensed professional that they would utilize for services provided to the District.

Engineer's Report

Engineer Thomas then reported on the Federal Emergency Management Agency (FEMA) and issues encountered regarding reimbursement of storm damage direct administrative costs related to Engineering Resources. Engineer Thomas reported on several projects and stated the District has sixty (60) days from the written project reimbursement worksheet submitted date to file an appeal. If additional information is required to make the final determination another sixty (60) days will be provided. Engineer Thomas stated that the process could conceivably take two to five years to complete and the total anticipated cost of reimbursement for all projects from FEMA is approximately \$375,000 to \$400,000 with the state absorbing approximately \$20,000 or \$30,000 of the costs.

Attorney's Report Attorney Riddell reported on Assessment District #10 and the Chabad property that is currently in delinquent status and has been assigned to Best, Best & Krieger for foreclosure proceedings. Attorney Riddell spoke with Rabbi Cunin who stated that Chabad is in separate court proceedings that may result in favorable results in May, 2011, enabling Chabad to pay their delinquent assessment at that time. Attorney Riddell suggested that the District wait until after May to proceed with foreclosure proceedings against Chabad. Attorney Riddell will keep the District apprised of this issue.

Attorney Riddell stated that the Crestline-Lake Arrowhead Water Agency reported that they do not anticipate a rate increase and that they have more water than demand. The agency will have carry over water through next year and they also rely on their standby charges for revenue when water sales are down. The state water supply looks good with 70% allocation and the snowpack is above normal this year, with sufficient water supply in the reservoirs.

Attorney Riddell mentioned there is restricted pumping in the Delta due to the Delta smelt. Discussion continued regarding the local Districts that are involved in a lawsuit due to the Santa Ana Sucker.

Director's Business President Ayers stated that Director Shouse has accepted a new career position and may not be able to attend the daytime Board meetings until he has accumulated compensation time off. The Board will discuss options and this issue further.

Director Bennett will meet with District management to discuss eliminating unnecessary Board meeting paperwork and to simplify the monthly operational reports.

Local Contractors Businesses Utilized by the Running Springs Water District District staff provided the Board with a list of local contractors/businesses that have been utilized by the Running Springs Water District. The list is as follows:

Contractors

Bacon/Wagner
GM Excavating
R/C Construction
Talbot Construction
Romans Excavating
TK Construction
MMP and Associates
B&P Pumping
R&S Electric
Rock Electric (Big Bear)

Business

Action Auto
Don's Auto Parts
Showtime Custom Coach
Deer Lick Lumber
Rim Forest Lumber
C&E Janitorial
Arrowhead Rentals
Steve Newcomb Plow Service
Big Bear Saw Works
Running Springs Auto Parts

Contractors (continued)

GM Heating
Rick Williamson Plumbing
Trinity Construction
Jeff's Crane Service
John Lassak Plumbing
Malcom Enterprises
Tiffco
Brad Brier Surveying
Environmental Hightech

Business (continued)

Blondie's Grille
Arrowhead Alarms
Sky Forest Electric
Mile High Lock Smith
Burkitt's Lock and Key
Mountain News
Alpenhorn News
Robertson's (Heaps Peak)
Tips Printing
Running Springs Escrow
First Mountain Bank
Power Source Gym
G&D Signs
Rusty Hammer
Scullin Images
AVS Consulting
Brandon Kidd & Associates
Richard Schmit Appraisal Service
Jason Reznasoff DC
SCS Saw Sharpening
Jensen's Market
Village Market
Old Country Coffee Shop
Rocky's Outpost & Trading Co.
Dominos Pizza
Neo's Pizza House
Bus Stop Coffee House
Deep Creek Drive-In

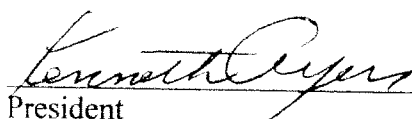
Supervisor Eaton provided the Board with a copy of the CalPERS *Local Elected Official Toolkit on Pension Funding and Retiree Health Benefits Funding* pamphlet for information only. The booklet provides a high level overview of CalPERS operations and is designed to provide elected officials with important information about defined CalPERS benefit retirement plans.

CalPERS
Information
Pamphlet

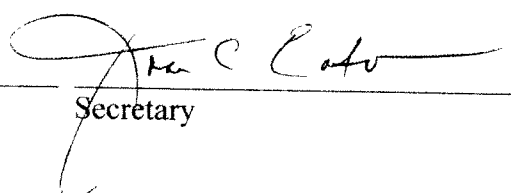
The meeting was adjourned at 12:03 P.M.

Adjournment

Respectfully Submitted,



President



Secretary