

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS  
RUNNING SPRINGS WATER DISTRICT  
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA  
MAY 19, 2010

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The Regular Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, May 19, 2010, at the hour of 10:00 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  
Mike Terry, Director

The following Directors were absent:

Pamella Bennett, Director  
Paul Shouse, Director

Also present were the following:

Sam Massey, Interim 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  
Mike Riddell, Attorney, Best, Best and Krieger, LLP  
Brian Thomas, Engineer, Engineering Resources  
Ed Brittain, Consultant

Visitors present were:

Gerhard Hilgenfeldt, 31679 Luring Pines Drive

The meeting was called to order at 10:02 A.M. by President Ayers.

Called to Order

Director Terry led the Assembly in the Pledge of Allegiance.

Pledge of Allegiance

Upon motion by Vice-President Kellems, second by Director Terry and carried by a 3 to 0 vote, with Directors Shouse and Bennett absent, the minutes of the April 21, 2010 Regular Board Meeting, were approved.

Regular Board  
Meeting Minutes  
April 21, 2010

Upon motion by Director Terry, second by President Ayers and carried by a 3 to 0 vote, with Directors Shouse and Bennett absent, the minutes of the April 30, 2010 Special Board Meeting, were approved.

Special Board  
Meeting Minutes  
April 30, 2010

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April 2010 Expenditures Upon motion by Director Terry, second by President Ayers and carried by a 3 to 0 vote, with Directors Shouse and Bennett absent, the expenditures of April 30, 2010, were approved.

The meeting moved to agenda item VII.B. Financial Master Plan – Bartle Wells Presentation

Financial Master Plan – Presentation  
Bartle Wells Associates Douglas R. Dove, President and Catherine Tseng, Financial Analyst with Bartle Wells Associates presented a draft version of the Running Springs Water District, Water, Wastewater, Fire and Ambulance Financial Plans and Rate Studies. The plan study objectives are as follows:

- Independent review of the District’s water, wastewater, fire and ambulance rates and finances
- Develop 20-year cash flow projections and long-term financial plans
- Determine future annual revenue requirements
- Meet debt service ratio requirements and maintain good credit rating
- Recommend rate adjustments needed to fund long-term operating and capital needs
- Assist with Proposition 218 compliance

The presentation included an overview of current and proposed Water and Wastewater rates, expenses, revenue and key recommendations were provided by Bartle Wells that included a fixed rate option for Wastewater charges. The presentation continued with discussion regarding Fire and Ambulance key recommendations that included the possibility of increasing the Fire Suppression Assessment from \$65 to \$130 per unit in Fiscal Year 2013/14.

Discussion continued regarding the Financial Master Plan that included investment options for the District. Bartle Wells will present additional information to the Board at the July 21, 2010 Board Meeting. Douglas Dove closed by stating the District is in good standing.

OPERATIONAL REPORTS (Water) Supervisor Bobroff reported on excess water and stated the District has not purchased water for several months.

Supervisor Bobroff stated there was a main leak on a 2” valve on Wilderness Drive that once supplied water from an old booster and horizontal wells that were abandoned in the early 70’s. The valve was removed requiring a shut down of the main and Supervisor Bobroff stated no full-time homes were affected by the event.

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Supervisor Bobroff concluded by reporting on the Spring Oak Drive pressure regulator issue reported in the April 21, 2010 Board Meeting.

Supervisor Miller opened by stating the Wastewater Treatment Outfall Line was functioning properly and noted that staff is monitoring the ponds daily and the telemetry unit is on line. Supervisor Miller continued by reporting on the Treatment Plant reactors and recent high flows. (Treatment)

Supervisor Hall stated the status of the Collections system was good with the exception of a minor issue with Generator No. 3. (Collections)

Supervisor Hall reported on a small leachate incident at Alder Court that involved a 300 to 400 gallon non-hazardous spill. The incident was not the District's responsibility but rather a combination of operator error and equipment malfunction by California Pumping and Sanitation, Inc.

Supervisor Hall mentioned the Collections Department will be participating in a June, 2010 demonstration of a high pressure water jetter that is proposed to be purchased in the Fiscal Year 2010/2011 Department Budget.

Chief Grabow opened by stating the Department sold the Ford 450 Squad by bid for \$6,565.00. (Fire Department)

Fire Department staff attended the CFED (California Fire, EMS and Disaster) Expo conference from May 11 through May 14, 2010.

Chief Grabow stated the Weed Abatement inspections are scheduled to begin June 1, 2010.

Chief Grabow closed by stating that San Bernardino County Fire Chief Pat Dennen will retire in June, 2010.

Supervisor Eaton stated on May 10, 2010, the second and final check in the amount of \$64,790 was received from the Proposition 1A Loan Securitization Program to reimburse the District for property tax previously withheld by the state. (Administration)

Supervisor Eaton reported on the Mountain Top Earth Day Event and stated District representatives distributed over 75 packets of informational materials to the public during the event that was held on April 24, 2010. Special thanks to Laura Garrett and Toni Nicassio for representing the District and to Johnnie Tapia, Randy Bobroff and Water Department staff for their support and assistance in preparation of the District exhibit.

Administration has finalized and mailed the Availability bills the first week of May with a due date of July 1, 2010.

Supervisor Eaton closed by stating the Auditors with Rogers, Anderson, Malody and Scott will begin the 2009/2010 Fiscal Year Audit on August 9, 2010.

(Interim General Manager)

Manager Massey opened by providing the Board with a listing of projects and meetings recently attended.

Manager Massey continued by reporting on the “Slam Dunk Eagle Project” by Eagle Scout Cole Gunnoe that was approved for the Downtown District Property. The project is expected to be completed before Winter 2010. Cole Gunnoe is accepting donations to cover the cost of materials for the project.

Ayers Acres Groundwater Development Project

Manager Massey updated the Board regarding the Ayers Acres Groundwater Development Project and stated the District now owns the 2.7 acre parcel that was purchased for \$30,000 and one half of the delinquent property taxes and closed escrow on May 10, 2010. A survey may be scheduled on the 2.7 acres to determine exact property lines. Supervisor Massey added the easement appraisals on the additional properties adjacent to Ayers Acres are now complete and negotiations will be scheduled with the property owners.

RAMS Letter of Understanding

President Ayers reviewed the Letter of Understanding that was received from RAMS (Rogers, Anderson, Malody and Scott) and asked that RAMS provide details of fees for their services as stated in the document. District staff will contact RAMS and ask for a revised Letter of Understanding that will be reviewed by President Ayers before the document is signed.

Wastewater Treatment Plant Outfall Line Repairs

Supervisor Miller updated the Board on the Treatment Plant Outfall Line repairs and stated the District has contacted Exova OCM, a company to analyze the condition of the existing outfall line pipe. The District has received the report and it has been forwarded to Engineering Resources for their review. Engineer Brian Thomas reported on the project and stated that Engineering Resources is currently working on plans and specs for the outfall line replacement and making necessary changes to reflect the omission of the previously considered bridge structure. Supervisor Miller stated a visit to the outfall line repair site with a representative from Tom Dodson and Associates, Outside Consultant, to obtain required permits, is scheduled for May 20, 2010. The expected time frame for completion of the permitting process is September, 2010.

LAIF Interest

The LAIF (Local Agency Investment Fund) Remittance Advice was provided to the Board for review. The interest earned on deposits for the quarter ending on March 31, 2010 was 0.56%.

AB 1234 Ethics Training

Supervisor Massey stated the Board and designated District staff will be required to complete the biennial AB 1234 Mandatory Ethics Training by September 2010. An on-line course is available for interested staff and a training session will be scheduled by Best, Best & Krieger in conjunction with the September Board Meeting.

Manager Massey reported on the Wastewater Treatment Plant Expansion Project and stated the original plant was constructed in 1970 with a previous expansion completed in 1980. During the majority of the year, the Wastewater Treatment plant can accommodate the combined influent flows from Running Springs and the upstream users, Arrowbear and CSA-79. However, during heavy rain and snow melts, the influent flows vastly exceed the capacity of the MBR Treatment process. Manager Massey stated Enviroquip has presented a proposal to the District in the amount of \$620,225 which will expand the capacity of the plant. Brian Thomas and Ron Worthington District Engineers, have reviewed the Enviroquip proposal and feel it is a viable solution to the under capacity situation that exists at the Treatment Plant. Engineer Thomas has submitted a proposal to the District to provide design and construction assistance for the project in the amount of \$7,500. Discussion continued regarding details of the project and costs which will come from the Effluent Enhancement Capital Improvement Fund and the Facility Capacity Charge. Manager Massey stated costs will be shared by the upstream users. A Finance Committee meeting will be held in June to discuss funding options for the project. Upon motion by President Ayers, second by Director Terry and carried by a 3 to 0 vote, with Directors Shouse and Bennett absent, the Wastewater Treatment Plant Expansion Project not to exceed \$620,225, was approved.

Wastewater Treatment  
Plant Expansion  
Project

Chief Grabow provided the Board with a copy of the Inland Counties Emergency Medical Agency 2010/2011 Ambulance Rate Adjustment effective July 1, 2010. Upon motion by Director Terry, second by President Ayers and carried by a 3 to 0 vote, with Directors Shouse and Bennett absent, Fiscal Year 2010/2011 ICEMA Ambulance Rate Adjustment Effective July 1, 2010, was approved.

Fiscal Year 2010/2011  
ICEMA Ambulance  
Rate Adjustment

Manager Massey stated the District has received requests from two customers to reduce bills for the April 2010 billing period. The requests concern high water consumption that occurred during the winter months due to unknown reasons. District equipment tested accurate for one meter and no leaks were detected by staff. District policy identifies that the customer is responsible for the water system and all water use on the customer side of the water meter. Staff will provide payment arrangement options to the customers. President Ayers stated no motion was needed for this action item.

Customer Requests  
Fee and Charge  
Adjustments to April  
2010 Waster/Wastewater  
Bills

The March 3, 2010 Safety Committee Minutes were presented for review. Upon motion by Vice-President Kellems, second by President Ayers and carried by a 3 to 0 vote, with Directors Shouse and Bennett absent, the Safety Committee Minutes of March 3, 2010 were approved.

Safety Committee  
Minutes of March 3, 2010

Engineer's Report      Engineer Thomas reported on the possible road repair project in Rimwood Ranch and stated he inspected the site and will bring information back to the Board.

Attorney's Report      Attorney Riddell reported on the State Water Contractors allocation and stated the increase to 40% will likely exceed the demand.

Attorney Riddell then reported on the situation in the Delta and the recent Federal Court ruling in favor of Central Valley farmers and urban water agencies regarding restrictions on pumping in the Sacramento-San Joaquin Delta, which is a major source of irrigation and drinking water for California. Attorney Riddell stated the proposed restrictions on pumping will have to be justified to the court and also assessed under NEPA (National Environmental Policy Act) for impacts on the human environment.

Customer Richard Luczyski      Supervisor Eaton reported on correspondence she has received from customer Richard Luczyski since Attorney Mike Riddell has submitted his response letter on April 30, 2010. Mr. Luczyski stated he would like to come to the District to review the Audited Financial Statements and will be addressing issues at an upcoming Board Meeting.

Closed Session      The meeting moved into closed session at 12:55 P.M. to consider the following items:

- A. Conference with Legal Counsel  
Existing Litigation  
Pursuant to Subdivision (a) of Government Code Section 54956.9  
Allstate Insurance Company vs. Running Springs Water District et al  
Case No. CIVDS 914988
  
- B. Conference with Real Property Negotiator  
Property: APN: 0328-291-20  
Property Negotiator: Sam Massey  
Negotiating Parties: District and Steve Miholancan  
Under Negotiation: Price and Terms of Payment for Easement
  
- C. Conference with Real Property Negotiator  
Property: APN: 0328-291-34  
Property Negotiator: Sam Massey  
Negotiating Parties: District and Scott Taylor  
Under Negotiation: Price and Terms of Payment for Easement

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The meeting moved into open session at 1:00 P.M.

Open Session

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

The meeting was adjourned at 1:01 P.M.

Adjournment

Respectfully Submitted,

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President

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Secretary