

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

MAY 20, 2009

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The Regular Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, May 20, 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  
Michael Terry, Director

The following Director was absent:

Bryan Shropshire, Director

Also present were the following:

Gary Valladao, General Manager  
Sam Massey, Superintendent  
Toni Nicassio, Receptionist/Secretary  
Bill Smith, Fire Chief  
Tony Grabow, Deputy Fire Chief  
Trevor Miller, Wastewater Treatment Division Supervisor  
Isaiah Hall, Collections Division Supervisor  
Brian Thomas, Engineer, Engineering Resources  
Mike Riddell, Attorney, Best, Best, & Krieger

Visitors Present

None

The meeting was called to order at 6:10 P.M. by President Ayers

Called to Order

President Ayers led the Assembly in the Pledge of Allegiance.

Pledge of Allegiance

Manager Valladao acknowledged Toni Nicassio who was taking the minutes on behalf of Supervisor Eaton.

Acknowledgements

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Board Meeting Minutes April 15, 2009 Upon motion by Vice-President Kellems, seconded by Director Bennett and carried by a 4 to 0 vote, with Director Shropshire absent, the minutes of April 15, 2009 were approved as presented.

April 2009 Expenditures Upon motion by Vice-President Kellems, seconded by Director Bennett and carried by a 4 to 0 vote, with Director Shropshire absent, the expenditures through April 30, 2009 for the Water, Wastewater and Fire Department, were ratified.

OPERATIONAL REPORTS (Water) Superintendent Massey spoke on behalf of Supervisor Bobroff who was absent and reported that the water loss for April 2009 was -0.88%.

Superintendent Massey reported that there was vandalism at Water Booster Station #9. The door was kicked in by vandals apparently looking for something to steal. A report with the San Bernardino County Sherriff's Department was made.

Superintendent Massey also noted that there was a leak on Leprechaun Drive. It was revealed by a surveyor that punched a hole through the roadway. We did get calls from customers regarding a possible leak. Our servicemen went down there on three different occasions; they initially thought it could be a natural spring. The servicemen did find the source of the leak which was the result of a poor pipe connection. The leak was approximately two gallons per minute.

Director Bennett stated she was impressed with the overall District water production. Superintendent Massey stated that our wells are beginning to pick up.

(Treatment) Supervisor Miller stated that they are working diligently towards getting the Treatment Plant ready for the open house. The lab and office building interior work was completed, and staff was completing the clean up around the Plant.

Supervisor Miller reported that he did receive a call this afternoon from a Mr. Tito, who owns a property down the street from the Plant. Mr. Tito complained about odors. Supervisor Miller explained that they were mixing sludge in the drying bed and that they are working on a process to eliminate the smell. Mr. Tito stated that it wasn't a problem, but he had never smelt it before and was wondering what was going on

Supervisor Miller concluded his report with stating that the blowers have been ordered, however, the delivery date is unknown.

General Manager Valladao stated that the Plant looks great and the employees down at the Treatment Plant are doing a great job. Director Bennett stated that

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everything down at the Plant looks clean, high tech, professional, and it looks like a very well run Plant. Superintendent Massey also stated that he is impressed with the employees down at the Plant.

Supervisor Hall reported that the Collections System is running well with some minor issues. Unit 55 is on its fourth transmission, is under powered and has difficulty pulling the trailer mount flushing unit. The surplus ambulance from the Fire Department, once reconfigured, will replace this unit.

(Collections)

Supervisor Hall stated that they are working on weed abatement around the collection sites.

Supervisor Hall provided the Board with a list of classes that he recently attended.

Chief Smith stated that Tony Grabow and Cindy Strebel attended the Annual Fire/EMS Conference. They are preparing for the fire season. He also attended the County wide pre fire season operations meeting.

(Fire)

Chief Smith reported fire officials are re-evaluating the “Stay & Defend” program. A number of firefighters have been lost over the last few years after being trapped by wildfire. If anyone had stayed to defend their homes during the Slide Fire in the Deep Creek Dr area, there would have been casualties. Chief Smith stated it is better if everyone evacuates during an emergency. That way there is no one in the firefighter’s way. Fire officials do not want to risk the public’s safety. “Be prepared and leave early.”

Chief Smith stated they will be having a Chipper Day. The Fire Department and the County will pick a demonstration house that the County will clean up according to the new requirements. The property can then be viewed by the public.

Chief Smith reported they are doing the annual inspection of the trucks. Vice - President Kellems asked about the four wheel drive conversion of the Ambulance. Chief Smith replied that they have not heard and are waiting for the call to come and pick up the unit.

Supervisor Eaton was not present. General Manager Valladao stated that the Administration report was self explanatory.

(Administration)

Superintendent Massey reported that the biological study should be completed by the first week in June 2009.

(Superintendent)

Superintendent Massey stated that due to the contract with Southern California Edison, we will be receiving a rebate of \$44,831 for installing the blowers down at the Treatment Plant. Manager Valladao stated that this was the reason for the

delay in purchasing the blowers. In order to obtain the rebate, we needed to wait until after Edison completed their analysis of projected energy savings to place the order. Director Bennett asked for the amount of the blowers. Superintendent Massey stated they were \$119,000. Manager Valladao stated about one third of it will be paid for by Edison. Director Bennett noted that we will be saving money and electricity

Superintendent Massey concluded his report with informing the Board that we did not have water projects that qualified for funding under the American Recovery and Reinvestment Act (ARRA) funding.

(General Manager) Manager Valladao reported that LAFCO is extending the date for discussing consolidation of public services in our area and we probably will not hear anything until later this year or next spring.

Manager Valladao stated that we submitted Wastewater projects for ARRA funding and are waiting for a response.

County Fire Contract Services Proposal Update Manager Valladao reported that there will be a meeting with the Ad Hoc Fire Service Committee on June 3, 2009 to go over the County Fire Services proposal. The proposal will then be presented to the Board at the June 17, 2009 Board Meeting.

Public Outreach Update Manager Valladao reported that the open house at the Treatment Plant will be held on May 30, 2009.

Manager Valladao stated that Mountain Top Days will be held on the District property, between First Mountain Bank and the Library on August 8, 2009. The District will be involved in the planning for this event and will participate in the event.

Manager Valladao reported that the District website is coming along slower than anticipated. It may not be completed by the July 1<sup>st</sup> date.

Groundwater Development Update Manager Vallado reported the District and consultants are working on finishing up Phase I of the Ayers Acres Project. We are hoping to discuss Phase II services with the Board Committee in early June and with the Board at the June Board Meeting. Manager Valladao stated that this is currently one of our most important projects.

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Manager Valladao reported that the budget will be presented for approval to the Board at the June 17, 2009 Board Meeting. There will be no rate increase this year for our customers.

Fiscal Year  
2009/10  
District Budget  
Update

Manager Valladao stated the County is projecting up to a nine percent decrease in property value. Manager Valladao also reported that the State of California is looking at a \$21 billion deficit and there is a strong possibility the State will borrow \$2 billion in property tax revenue from local government. Manager Valladao stated that he will provide more information regarding this matter at the next Board Meeting.

Manager Valladao reported that LAIF is currently providing a 1.91% rate of return.

LAIF Remittance  
Advice for Quarter  
Ending 3/31/9

Superintendent Massey reported that the Sidewinder Well Lower Booster Station was completed on April 23, 2009. Engineer Thomas confirmed the date. Superintendent Massey also requested that the Board consider a final change order and notice of completion for the project. Upon motion by Director Bennett, seconded by Director Terry and carried by a 4-0 vote with Director Shropshire absent, the Sidewinder Well Lower Booster Station Reconstruction Project, Change Order No. 2 and Notice of Completion was approved.

Sidewinder  
Well Lower Booster  
Station  
Reconstruction  
Project, Change Order  
No. 2 Notice of  
Completion

Superintendent Massey reported that the appraisal for a parcel that the District could possibly use for access to the Ayers Acres Well site should be completed during the first week of June. The appraisal information will assist in determining access and pipeline alignment for the project.

Ayers Acres  
Groundwater  
Development Project  
Phase I

Superintendent Massey also requested that the Board consider approving an amendment to the contract with Thomas Olsen Associates Inc, to provide additional environmental work for the three possible options for access and pipeline alignment for the project. The cost for this additional service is \$1,400. Upon motion by Director Terry, seconded by Director Bennett and carried by a 4-0 vote, with Director Shropshire absent, the amendment to the contract with Thomas Olsen Associates Inc. was approved.

Upon motion by Vice President Kellems, seconded by President Ayers and carried by a 4-0 vote, with Director Shropshire absent, the Prorated Adjustments to Fire Suppression Availability Charges and Water and Sewer Standby Charges for victims of the Slide Fire for Fiscal Year 2007-08 were approved.

Prorated  
Adjustments  
to Fire Suppression  
Availability Standby  
Charges

Customer Request's  
For Adjustment to  
Their April 2009  
Billing

Manager Valladao reported that customers had provided the District with written protests regarding their April 2009 water bills. The Board reviewed the Manager's memorandum on this topic and discussed each customer's written protest. Upon motion by Vice President Kellems, seconded by Director Bennett and carried by a 4-0 vote, with Director Shropshire absent, the requests for sewer credit adjustments for the April 2009 were approved as follows:

Thomas Ware at 31809 Wagon Wheel Dr. was given the sewer credit and a twenty-four month payment agreement option.

Gary and Linda Krinke at 2590 Valkyrie Dr. was given the sewer credit and a twelve-month payment agreement option.

Georgina Bautista at 30457 Live Oak Dr. was given the sewer credit and a twenty-four-month payment agreement option.

Robin Mullens at 1739 Nob Hill Dr. was given the sewer credit and a 12-month payment agreement option.

President Ayers also stated he would like a notice to go out to all the customers at the beginning of the winter providing information describing how customers can winterize their homes. The notice should also explain our billing process for the winter season.

Resolution 07-09,  
Severe Fiscal Hardship,  
Property Tax Revenue

Manager Valladao reported that the State is considering borrowing 8% of the property taxes received by local government, which would collectively amount to about \$2 billion. The District's share would be about \$134,000. The District has been asked by the California Special Districts Association (CSDA) to adopt a resolution explaining the hardship posed by the borrowing and to send a letter to the State Assembly Member and the State Senator representing the District. Resolution 07-09 is based on a template provided by CSDA that addresses concerns regarding the State borrowing. We have also prepared the requested letters to send to Assembly Member Paul Cook and Senator Robert Dutton. These letters state that if the local property tax revenues are seized and additional unfunded mandates are adopted by the State, it would place a hardship on our Fire Department.

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Upon motion by President Ayers, seconded by Director Terry and carried by a 4-0 vote, with Director Shropshire absent, Resolution 07-09, Finding a Severe Fiscal Hardship will exist if Additional Local Property Tax Revenues are seized and Additional unfunded Mandates are adopted by the State of California was approved. The Board also concurred that the letters to the District's State legislators should be sent as written.

Engineer Thomas reported that he will have the Master Plan draft to staff by the end of the month.

Engineer's Report

Attorney Riddell reported that he went to the State Water Contractor's meeting last week. Crestline-Lake Arrowhead Water Agency's water supply is sufficient to satisfy customer demands this year and for the next couple of years. We are currently using carryover water from two years ago.

Attorney's Report

Attorney Riddell also reported that CLAWA's General Manager Roxanne Homes received customer notification of a hazardous chemical being dumped in Silverwood Lake. It ended up being a simulated exercise that involved State Agency divers and helicopters. She was not happy that she was not informed of the exercise ahead of time.

Attorney Riddell stated he feels that due to the significant State budget deficit, the Legislature is getting desperate again and will consider methods to take money from local government that may significantly impact the District.

President Ayers stated he had some concerns about the District Budget due to the loss of Property Taxes to the State and the number of foreclosures. President Ayers also stated he was concerned that the State may consider taking our reserve fund in LAIF. He would like the Finance Committee to take a look into this.

Director's Business

Manager Valladao stated he would track the State borrowing of property taxes closely and will continue to report back to the Board. He will also monitor other revenues the State may be considering taking.

There was additional discussion regarding the methods by which the State would be able to take additional District revenue and reserve funds.

The meeting was adjourned at 8:13 P.M.

Adjournment

Respectfully Submitted,

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President

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Secretary