

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
RUNNING SPRINGS WATER DISTRICT
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA
JUNE 15, 2011

The Regular Meeting of the Board of Directors of the Running Springs Water District, a Public Hearing on the Proposed Water and Sewer Rate Increases and a Public Hearing on Proposed Increases to Water Connection Fees, Water Facilities Capacity Charge and Sewer Facilities Capacity Charge was held on Wednesday, June 15, 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
Paul Shouse, Director
Mike Terry, Director
Pamella Bennett, 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
Mike Riddell, Attorney, Best, Best & Krieger, LLP
Brian Thomas, Engineer, Engineering Resources

Visitors present were:

Gerhard Hilgenfeldt, Customer

The meeting was called to order at 9:03 A.M. by President Ayers.

Called to Order

President Ayers led the Assembly in the Pledge of Allegiance.

Pledge of Allegiance

Visitor Gerhard Hilgenfeldt was introduced for the record.

Visitors

President Ayers opened the Public Hearing on the Proposed Water and Sewer Rate Increases by Running Springs Water District at 9:04 A.M.

Open Public Hearing
Proposed Water and
Sewer Rate Increases

The Proposed Rate Adjustment by Running Springs Water District that included notification of the Public Hearing was submitted by mail to owners of record as shown on the County assessment secured roll within 45 days in advance. Customers may protest the proposed rate increases prior to the public hearing in writing and to prohibit the adoption of the rate and fee increases, 50% of the protests must be received in writing by the District.

- Manager's Report** General Manager Sam Massey stated that 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 also include rate and fee increases that must be considered at a public hearing. Manager Massey stated that the increase in rates and fees has been set at a level 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%. Rates and fees to be considered include water and wastewater rates and fees that appear on all billings whether or not there is an increase in the rate or fee and certain other rates or fees that are going to be increased.
- Manager Massey further identified that the proposed Water and Wastewater Budgets for Fiscal Year 2011/12 include certain rate and fee increases necessary to generate additional revenue to: offset reduced revenue due to decreased water sales, the shift of property taxes to the Fire Department, fund increases in several operating expense categories and minimize the use of designated reserves to fund expenses. Manager Massey concluded by acknowledging that the rates and fees for the fire sprinkler and irrigation meters were inadvertently missed and would be considered in a future public hearing.
- Written Statements From Public** President Ayers confirmed that a total of two (2) formal written protest letters were received from District property owners as of June 15, 2011. The level of protests received is 0.000487%.
- Oral Statements** President Ayers opened the hearing to questions and statements from the public. Visitor Gerhard Hilgenfeldt stated that he felt the 1.6% increase was reasonable and discussion continued regarding the Cost of Living Adjustment (COLA) and inflation. President Ayers stated the District is faced with outside uncontrolled costs such as electricity from Southern California Edison and state mandated requirements. Director Bennett stated that District staff are conservative and have delayed repair projects in the past that ultimately cost more in the end. Director Shouse added that the 2011 Financial Master Plan recommended the District increase rates by approximately 5% and the District has kept the increase to a minimum.
- Mr. Hilgenfeldt expressed concern that the 9:00 A.M. Public Hearing meeting time may have prevented visitors from attending the hearing due to conflicts in work schedules. The Board and staff agreed and President Ayers stated that the meeting time schedule will be considered for adjustment as an action item later in the meeting. Attorney Riddell reminded staff and Mr. Hilgenfeldt that Proposition 218 requires written protests.

With there being no further discussion regarding the Proposed Water and Sewer Rate Increases, President Ayers closed the Public Hearing at 9:18 A.M.

Close Public Hearing

President Ayers then opened the Public Hearing on the Proposed Increases to Water Connection Fees, Water Facilities Capacity Charges and Sewer Facilities Charge at 9:18 A.M.

Open Public Hearing Proposed Water and Sewer Connection and Capacity Charge

Manager Massey reported on the proposed Water and Sewer Connection and Capacity Charge increase of 1.6% for Fiscal Year 2011/12 and stated a notice of the Public Hearing was mailed to the Building Industry Association (BIA) of Southern California, Inc. – Baldy View Chapter, the only entity that requested notification of such increases by the District. A copy of the document provided to the BIA was provided to the Board for their review. Consistent with the Fiscal Year 2011/12 Water and Wastewater Budget presentations, the water and sewer connection and capacity charge increase has been set at a level 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%. Attorney Riddell stated this charge is not subject to the Proposition 218 Public Hearing.

Manager Massey stated there were no written or oral protests received from the public or response from the letter mailed to the BIA.

Public Statements

With there being no further discussion, the Public Hearing regarding the Proposed Water and Sewer Connection and Capacity Charge, was closed at 9:20 A.M. by President Ayers.

Close Public Hearing

Resolution No. 09-11, Establishing Fees and Charges for District Services during Fiscal Year 2011/12 was provided to the Board for review. President Ayers reported on a change made to the photocopy service and stated that with the General Manager's approval, the District will allow up to one hundred (100) copies at no charge to an outside governmental agency in the event of necessity. Upon motion by Director Shouse, second by Director Terry and carried by a 5 to 0 vote, RESOLUTION NO. 09-11, ESTABLISHING FEES AND CHARGES FOR DISTRICT SERVICES DURING FISCAL YEAR 2011/12, was adopted. (Resolution No. 09-11 on file in the District office)

Resolution No. 09-11, Establishing Fees and Charges for District Services During Fiscal Year 2011/22

Approval of Fiscal Year 2011/12 Budgets for the Fire Water and Wastewater Departments

Manager Massey stated the Finance Committee and Board have reviewed the proposed Fiscal Year 2011/12 District Department Budgets and noted there was a mathematical error in the Fire Department Chief's 2011/12 Hourly Wage Schedule that has been corrected. Updated copies of the Hourly Wage Schedule and Employee Classification documents were provided to the Board for their review. Upon motion by Director Bennett, second by Vice-President Kellems and carried by a 5 to 0 vote, the Fiscal Year 2011/12 District Budgets for Fire, Water and Wastewater Departments, were approved.

Board Minutes May 18, 2011

Upon motion by Vice-President Kellems, second by Director Shouse and carried by a 5 to 0 vote, the minutes of May 18, 2011 were approved.

May 2011 Expenditures

Director Bennett had a question regarding the Revenues over Expenditures Report and specifically the Fire Department Availability Revenue account 44935 that showed a significant increase in revenue for the month ending May, 2011. Supervisor Eaton stated the discrepancy was possibly the result of an incomplete yearend adjustment that she will confirm. Supervisor Eaton also stated that the end of the year Revenues over Expenditures report percentage is not accurate due to accounting and timing factors. The document is utilized by Department Supervisors as an internal monthly budget guideline. The Revenues over Expenditures document will be assessed by the District Financial Consultant and Supervisor Eaton in the future internal record review process. Upon motion by Vice-President Kellems, second by Director Terry and carried by a 5 to 0 vote, the expenditures through May 31, 2011 were approved.

OPERATIONAL REPORTS (Water)

Supervisor Bobroff stated there were no major issues to report in the Water Department. There was one (1) major leak reported in the month of May on a back lot four (4) inch main line. Supervisor Bobroff closed by stating that unaccountable water fluctuates depending on timing for reading meters and preparation of the monthly report.

(Treatment)

Supervisor Miller reported on the Treatment Plant Expansion Project and stated Phase I will be complete by June 29, 2011 and construction will begin on Phase II in July, 2011. Supervisor Miller continued by saying the ponds are good and the outfall line intact. In closing, Supervisor Miller reported on employee sick leave and mentioned that one employee will be off at least one week due to an off duty personal injury.

(Collections)

Supervisor Hall opened by reporting on the purchase of a new 30 Horsepower Allis-Chalmers 400 series sewage pump that was approved for purchase at the June 6, 2011 Special Board Meeting and ordered from Evans Hydro, Inc. Supervisor Hall stated that the pump is expected to arrive any day.

Supervisor Hall then reported on the Collections SCADA (Supervisory Control and Data Acquisition) Telemetry System that monitors the District lift stations and stated the system was installed approximately twenty-six (26) years ago is now outdated and not user friendly. Supervisor Hall continued by stating the radio's telemetry frequency is being changed to a narrow band per notification from the Federal Communications Commission (FCC) and the deadline is January 1, 2013. Discussion continued regarding various telemetry systems and security of the system. Supervisor Hall stated the telemetry system topic will be discussed in the Fiscal Year 2012/2013 Budget Workshop. Estimated costs are expected to be approximately \$200,000 and District staff will research grant options.

Supervisor Hall closed by updating the Board on the Ferndale Retaining Wall project and stated progress has been slow, but the inspector should be ready to survey the project in about two weeks.

Chief Grabow was pleased to report that Fire Department volunteers raised approximately \$1,400 for Muscular Dystrophy on June 4, 2011 in Running Springs with a "Fill the Boot" drive. Chief Grabow also shared the "Smokey the Bear" calendar contest winner and stated the poster will be posted on Highway 330.

(Fire Department)

Chief Grabow stated the Fire Department has received two (2) donated snow cats from Southern California Edison that were provided by the Tucker Foundation. The snow cats will be on permanent loan to the Running Springs Fire Department.

Discussion continued regarding the Weed Abatement Program and Chief Grabow stated the Fire Department will begin walking the streets to assess properties on June 16, 2011 with abatement notices mailed immediately following the inspections. Chief Grabow noted that property owners will be cited for weed abatement violations.

Supervisor Eaton stated the District participated in the Forest Festival on June 4, 2011 at Brulte Field and the event was a success with approximately eighty five (85) packets of conservation and/or informational materials distributed within the community. Supervisor Eaton acknowledged Laura Garrett for representing the District during this event and providing exceptional customer service and Supervisor Bobroff and Johnnie Tapia for the transportation arrangements and setting up the presentation booth.

(Administration)

Supervisor Eaton reported on the new Financial Consultant and stated funds were allocated in 2010/2011 for the services of Rogers, Anderson Malody and Scott to provide the District with financial consulting in preparation of the 2010/2011 Fiscal Year Audit and the funds have now been utilized. Nancy O’Rafferty, Financial Consultant will return to the District after July 1, 2011 to continue with the accounting requirements for preparation of the June 30, 2011 Audit.

Supervisor Eaton mentioned that Administration will be utilizing the new Comet Billing Work Order program on July 1, 2011. This program will provide efficiency allowing District staff to communicate electronically regarding customer work order information.

(General Manager) Manager Massey reported briefly on the Enchanted Way Sewer Easement Project and thanked Engineering Resources for their participation in the project. Manager Massey also mentioned Consolidation of Special Districts and the Ayers Acres Water Development Project and stated these topics will be discussed later in the meeting as informational items. Manager Massey provided the Board with an email from Jason Ackerman, Attorney with Best, Best & Krieger regarding the *California Forward* organization.

Discussion continued regarding the possible consolidation of the Hilltop Community Special Districts and Manager Massey stated a meeting was held on June 2, 2011 with attendees from Running Springs Water District, Arrowbear Park County Water District and CSA-79 Advisory Committee and Ron Pearne was appointed as the Committee chair person. Topics of discussion included the scope of purpose and general pros and cons of consolidation, review of the Special District’s 2009/10 Audits and 2010/11 Budgets, Board of Director’s makeup, new consolidated District name and topics and issues for future meetings. A worksheet was distributed to the attendees listing different information topics relevant to each District i.e.; number of registered voters, population, number of employees, assessed property value, etc. The worksheet will be updated as applicable and will be provided to attendees at the next Consolidation Committee meeting. It was noted that the Committee was not able to agree on a new District name at the June meeting so this topic will be discussed again at a future meeting.

In regards to Special Districts, Attorney Riddell stated people fail to understand how well local government works in their location. President Ayers added that CSA-79 was very interested in consolidation with Running Springs Water District and staff will be working closely with CSA-79 to determine the positive and negative issues associated with consolidation of agencies. Manager Massey mentioned that he will be meeting with CSA-79 staff regarding their facilities. The next Consolidation Committee Meeting is scheduled for July 7, 2011 at 10:00am.

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Manager Massey then reported on the Ayers Acres Water Development Project and stated the District is waiting to receive final documents to acquire two (2) easements. Manager Massey stated the District has been working with Jason Ackerman of Best, Best & Krieger who secured a proposal with Natural Resources Assessment, Inc. to conduct a Biological Services Assessment which will satisfy the California Environmental Quality Act requirement prior to commencement of work on the project. The proposal is listed as an action item on the June 15, 2011 agenda.

Ayers Acres
Water Development
Project

Supervisor Hall reported on the December 2010 Storm Damage Projects and stated the Ferndale Easement Repair project was completed on May 10, 2011. After re-inspection of the slope repair, significant ground water was found infiltrating the repaired easement causing minor damage adjacent to the repair. Supervisor Hall stated they will return to the site in late summer after the water has receded to install a 4 inch leach pipe approximately 110 feet long to divert the water out of the easement and back to the natural drainage. The Wastewater Department will make these repairs utilizing District staff to keep costs down.

December 2010
Storm Damage
Projects

The Enchanted Way Sewer easement repair is essentially complete and on schedule with the exception of one change order which was approved at the June 6, 2011 Special Board Meeting in the amount of \$2,500. The change order entailed adding an additional 50 linear feet of concrete V-ditch to ensure the protection of the sewer easement from upstream storm waters.

Supervisor Hall stated the final storm damage project is the Live Oak exposed sewer main that due to time constraints, will go to bid sometime in July, 2011. The change still allows time to meet the eighteen (18) month Federal Emergency Management Agency (FEMA) deadline.

Supervisor Miller reported on the Wastewater Treatment Plant Outfall Line Repair project and the permitting requirements. The District has contracted with Tom Dodson and Associates to assist the District in obtaining the required permits from the regulatory agencies that have an interest in the project. At the February 16, 2011 Board Meeting, the Board of Directors adopted the Mitigated Negative Declaration and Mitigation and Monitoring Report that are a required component of the permitting process. Supervisor Miller stated the estimated date of completion for this project is October, 2011 if there are no issues obtaining the necessary permits from the regulatory agencies. After the permits are received, the project will go to bid and is expected to be awarded at the August Board Meeting.

Wastewater Treatment
Plant Outfall Line
Repair Project

- Resolution No. 14-94, District By-Laws President Ayers reported on Resolution No. 14-94, District By-Laws that was last updated in 1994 and recently discussed at the June 6, 2011 Special Board Meeting. The document has been distributed to all Board Members and District staff for review and suggested revisions and the final draft will be provided to Attorney Mike Riddell for review. President Ayers stated a provision permitting the General Manager to make immediate decisions in the event of an emergency was required and the District's new Mission Statement should be included in the document. The updated document will be included on the July 20, 2011 Board meeting agenda for Board consideration and approval.
- Information Letter Teaman, Ramirez and Smith, Inc. Supervisor Eaton stated the District has contracted with Teaman, Ramirez and Smith (TRS) to conduct the June 30, 2011 District Audit and in accordance with Auditing Standards and prior to the June 30, 2011 Audit, TRS is required to provide written information to those charged with governance at the Running Springs Water District. The information provided to the Board includes the Auditing firms responsibilities under the United States Generally Accepted Auditing Standards and Government Auditing Standards in addition to the planned scope and timing of the audit. TRS has stated they will began the audit in May 2011 and expect to issue their report in November 2011. A copy of the informational letter was provided to the Board for their review and information only.
- Resolution No. 08-11 Adjusting the Time For Conducting Regular Board Meetings Manager Massey stated that at the May 18, 2011 Board Meeting, discussion ensued about the conflict which existed by conducting all the regularly scheduled Board Meetings during daytime hours. It was suggested that the Board Meeting schedule be changed by adjusting the time of odd numbered months to 6:00 P.M. and retaining the time of even numbered monthly Board meetings of 9:00 A.M. Discussion continued regarding the suggestion by visitor Gerhard Hilgenfeldt and the Board realized that if they change the time of odd numbered months to 9:00 A.M. and the time of even numbered monthly Board meetings to 6:00 P.M., if a Protest Hearing Board Meeting was required for Fiscal Year 2011/2012, the meeting time would be more accommodating to property owners. Supervisor Eaton stated that Resolution No. 08-11 will be amended as discussed. Upon motion by Director Bennett, second by Director Terry and carried by a 4 to 0 vote, with Director Shouse abstaining, RESOLUTION NO. 08-11, RESOLUTION ADJUSTING THE TIME FOR CONDUCTING REGULAR BOARD MEETINGS AND BEGINNING IN AUGUST, 2011, THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS IN EACH EVEN NUMBERED MONTH SHALL BE CONDUCTED AT 6:00 P.M. AND THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS IN EACH ODD NUMBERED MONTH SHALL BE CONDUCTED AT 9:00 A.M., was adopted as presented by Attorney Riddell. (Resolution No. 08-11 on file in the District office)

Supervisor Eaton stated the District has received a request from customer John Ensz asking for consideration to waive a portion of his water/wastewater bill from the February, April and May, 2011 billing. The customer request concerns charges that were attributed to a leak that was discovered in February, 2011 and fees generated for non-payment of the bill while the property was vacant. Supervisor Eaton and Manager Massey explained to Mr. Ensz that the customer is responsible for their water system and all water use on the customer side of the water meter in addition to fees incurred for non-payment of an account. The District waived the Residential Sewer Use charges from the February water/sewer bill in the amount of \$118.04 due to the leak on the property, however, Mr. Ensz requested in writing that the District consider waiving additional fees from his bill. After further discussion, the Board unanimously adhered to District policy that identifies the customer's responsibility for their water system and all costs incurred. Upon motion by Vice-President Kellems, second by Director Shouse and carried by a 5 to 0 vote, the Customer Request for Fee and Charge Adjustment to the February, April and May, 2011 Water/Wastewater bill, was denied.

Customer Request
for Fee and Charge
Adjustments

With the Treatment Plant Expansion Project nearing completion, Supervisor Miller reported that staff had the opportunity to perform an energy efficiency analysis of the plant. In the analysis, they found that Membrane Bio Reactor (MBR) #1 will have the treatment capacity to satisfy the flows during the summer and fall months, providing a cost savings from Southern California Edison Company. The savings will come from the reduced use of high energy consumption equipment associated with the treatment process that includes the EQ Basin pumps, mixers and aerators and the scouring air blower for MBR#2. Supervisor Miller stated that because this equipment will be offline during the summer and fall months, he is suggesting that a permanent dewatering system for the reactors be purchased. The equipment consists of one pump and two submersible pump rail adapter systems and the installation will be performed by Treatment Plant staff during Phase II of the Plant Expansion Project. The permanent pump will have a higher pumping capacity and maintenance of the reactors can be performed on a more expedited schedule. The cost to purchase and install the permanent dewatering system for both reactors will not exceed \$10,000 and the cost was not included in the Fiscal Year 2010/11 Budget or in the original cost of the Treatment Plant Expansion Project. Supervisor Miller requested that the purchase cost of the equipment come from the leachate revenue account. Supervisor Miller reported on additional savings anticipated from employee salary overtime pay. Discussion continued regarding installation and costs associated with the requested dewatering system. Upon motion by Director Terry, second by Vice-President Kellems and carried by a 5 to 0 vote, the Purchase of a Permanent Dewatering System for the Wastewater Treatment Plant MBR#1 and MBR#2, at a cost not to exceed \$10,000, was approved.

Purchase of a
Permanent Dewatering
System for the
Wastewater Treatment
Plant MBR#1 and
MBR#2

- Little Mill Creek Sewer Collection Bridge Repainting Supervisor Hall reported on the Little Mill Creek Sewer Bridge project located on the property of Joe and Caroline Harich that has been completed and submitted to FEMA for reimbursement. After completion of the project, the property owners inspected the site and did not feel the color of the bridge blended with the natural environment. Supervisor Hall has collected three local bids from painting contractors and Bobby Lyon Painting was the lowest bid at \$2,500. Due to safety restrictions and the Occupational Safety Hazard Agency (OSHA) required equipment, Supervisor Hall recommended that the District accept the low bid and proceed with painting the bridge in early July utilizing leachate funds. Supervisor Hall confirmed that District staff will be on site during the repainting project and stated the second coat of paint will protect and extend maintenance of the bridge and discussion continued regarding the project. Upon motion by President Ayers, second by Director Bennett and carried by a 5 to 0 vote, the Award of Contract to Paint Little Mill Creek Sewer Collection Bridge at a cost not to exceed \$2,500, was approved.
- Transfer Luring Pines Tank Rehabilitation Funds From Fiscal Year 2010/11 Budget to Fiscal Year 2011/12 Budget Supervisor Bobroff stated the Luring Pines Tank has been in need of rehabilitation for several years requiring sand blasting and re-coating the interior and re-painting the exterior of the tank. The tank will be off line for approximately six (6) weeks during the rehabilitation. During that time, District staff will be installing several new outlets on the tank for future use. Supervisor Bobroff stated well production is currently very high and taking the Luring Pines Tank off line will require that three of the District wells will be turned off for the duration of the project. Supervisor Bobroff requested that the rehabilitation is delayed until September 2011 when there is a reduction in well production. All materials for the new outlets have been ordered and will come out of the Fiscal Year 2010/11 Budget at an approximate cost of \$5,000. Supervisor Bobroff asked that the Board approve the transfer of the Luring Pines Tank rehabilitation funds from the Fiscal Year 2010/11 Budget to the Fiscal Year 2011/12 Budget. Upon motion by Director Shouse, second by Vice-President Kellems and carried by a 5 to 0 vote, the Transfer of the Luring Pines Tank Rehabilitation Funds in the amount of \$75,000 from the Fiscal Year 2010/11 Budget to Fiscal Year 2011/12 Budget, was approved.
- Resolution No. 10-11 Establishing Appropriations Limit for Fiscal Year 2011/2012 The California Constitution places an annual limitation upon appropriations from proceeds of taxes by each local government of the State of California. Manager Massey reported that each local jurisdiction is required to establish, by resolution, its appropriations limit for each fiscal year and to make the documentation used in determining the appropriations limit available to the public fifteen (15) days prior to adoption of the resolution. The Board of Directors historically has selected the percentage change in California per capita personal income and also the population change within the unincorporated portion of San Bernardino County as factors in determining the District's appropriations limits for each fiscal year.

Manager Massey continued by stating the appropriations limit identified for Fiscal Year 2011/12 is \$3,793,123 which is in excess of the actual property tax appropriation anticipated for Fiscal Year 2011/12, which is anticipated to be \$1,454,594. Resolution No. 10-11 was provided to the Board for review and is the appropriate method for establishing the appropriations limit for Fiscal Year 2011/12. As required by law, the District posted notice of the appropriations limits fifteen (15) days prior to the June 15, 2011 Board meeting. Upon motion by Vice-President Kellems, second by President Ayers and carried by a 5 to 0 vote, RESOLUTION NO. 10-11, ESTABLISHING THE APPROPRIATIONS LIMIT FOR FISCAL YEAR 2011/2012, was adopted. (Resolution No. 10-11 on file in the District office)

Manager Massey reported on the Ayers Acres Groundwater Development Project that consists of developing a new groundwater source on District owned property below Poplar Drive in Running Springs. In May, 2010 the District purchased a 2.7 acre parcel to facilitate in accessing the Ayers Acres property and this parcel was not included in the original California Environmental Quality Act (CEQA) study and not referenced in the Mitigated Negative Declaration. Jason Ackerman, with Best, Best & Krieger has recommended that Natural Resources Assessment, Inc. (NRA) conduct a biological services assessment on the 2.7 acre parcel and a proposal has been received from NRA at a cost estimated to be \$3,110 plus expenses i.e.; telephone, facsimile transmission, reproduction, photographic supplies, mileage and special handling costs. Manager Massey stated he rounded the requested cost to \$4,000 because of the unexpected supplemental fees and he recommended the funds are utilized from the Water Facility Capacity Charge Reserve Account that has an approximate balance of \$203,427. Discussion continued regarding the study timeframe and impact to endangered species and the client privilege in relations to the contract. Vice-President Kellems asked about the client responsibilities and specifically the request for the District to provide a current aerial photograph of the site and Manager Massey stated that Engineering Resources will provide requested documentation. Upon motion by Director Terry, second by Director Bennett and carried by a 5 to 0 vote, the Contract with Natural Resources Assessment, Inc. to conduct a Biological Services Assessment on Parcel No. 0328-081-21 at a not to exceed cost of \$4,000, utilizing funds from the Water Facility Capacity Charge Reserve Account, was approved.

Natural Resources
Assessment, Inc.
to Conduct a
Biological Services
Assessment on
Parcel No. 0328-081-21

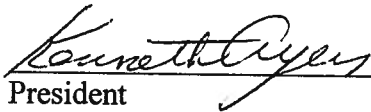
- Engineer's Report** Engineer Thomas reported on the 2010 Storm Damage Projects and stated that FEMA has finalized the initial paperwork for the storm damage and the additional easement work will not be covered because it was not in direct relation to the initial emergency. The documentation will be disseminated to various levels of FEMA and when approved, the funds will be distributed to the District with the process taking approximately two (2) weeks to four (4) months. CalEMA has contacted Engineering Resources to report that they will not administer their documentation until FEMA has completed their process. Engineer Thomas closed by stating that some of the submittals were disallowed by FEMA and Engineer Thomas will meet with Manager Massey before the first appeal deadline to discuss this issue further.
- Attorney's Report** Attorney Riddell mentioned that June 15, 2011 was the deadline for adopting the state budget.
- In terms of the state water supply, Attorney Riddell stated that it has been a phenomenal year and all the reservoirs are full. The Agency's allocations increased to 80% and with the customer demand low, a large portion of the unused water will be carried over in the San Luis Reservoir and will be available next year. The overall water supply picture looks good for both 2011 and 2012.
- Attorney Riddell closed by stating that Best, Best & Krieger has acquired a firm in Washington DC that has particular expertise in telecommunication issues.
- Acknowledgement Letter to the RSWD Fire Department** President Ayers shared an acknowledgement letter written by former Board Director Jim Manning in appreciation of the Running Springs Fire Department. Former Director Manning stated that he recently required medical response and transportation to the hospital by the Running Springs Fire Department and Mr. Manning wrote that in his opinion, our community is blessed with extremely competent and caring paramedics. President Ayers stated that he would provide a copy of the letter to the members of the Hilltop Community Consolidation Committee.
- Tough Mudder Appreciation Letter Snow Valley to Running Springs Fire Department** Chief Grabow reported on the Southern California Tough Mudder Endurance Event that was held over Memorial Day weekend at Snow Valley Mountain Resort. The District received an appreciation letter from Rick Redin, General Manager of Snow Valley Resort for the invaluable and professional medical services provided during the event by the Running Springs Fire Department. Chief Grabow stated the Fire Department billed the Tough Mudder organization for the services provided and the District has already received payment in the amount of \$1,499.00.

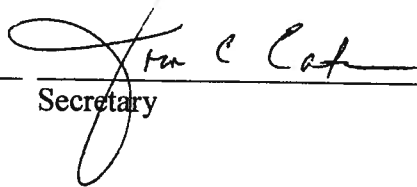
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With there being no further discussion, upon motion by Vice-President Kellems, second by Director Bennett and unanimously carried, the meeting was adjourned at 11:46 A.M.

Adjournment

Respectfully Submitted,


President


Secretary