

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
RUNNING SPRINGS WATER DISTRICT
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA
JUNE 16, 2010

The Regular Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, June 16, 2010, 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:

Ken Ayers, President
Kevin Kellems, Vice-President
Mike Terry, Director
Pamella Bennett, Director
Paul Shouse, Director

Also present were the following:

Sam Massey, Interim General Manager
Joan Eaton, Secretary/Treasurer/Administration Supervisor
Mike Olsen, Battalion 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:

Richard Luczynski, Customer

The meeting was called to order at 6:01 P.M. by President Ayers.

Called to Order

President Ayers led the Assembly in the Pledge of Allegiance.

Pledge of Allegiance

Visitor Richard Luczynski had no comments at this time.

Visitors

Upon motion by Vice-President Kellems, second by President Ayers and carried by a 5 to 0 vote, the Board Meeting Minutes of May 19, 2010 with date correction on the June 16, 2010 Board Meeting agenda, were approved.

Regular Board
Meeting Minutes
May 19, 2010

Upon motion by Director Shouse, second by Director Terry and carried by a 5 to 0 vote, the expenditures of May 31, 2010 were approved after an explanation by Supervisor Miller of the hazmat transportation expense that was for Treatment Plant sludge removal.

May 2010
Expenditures

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- OPERATIONAL REPORTS
(Water)
- Supervisor Bobroff opened by reporting on system maintenance and stated all meters were read last month. Supervisor Bobroff stated there were two customer complaints of cloudy water that was caused by entrained air from the vertical wells. Bacteriological samples were taken and the test results were negative.
- Supervisor Bobroff closed by stating the District has begun purchasing water in May from Arrowbear Park County Water District.
- (Treatment)
- Supervisor Miller reported on the status of the Outfall Line repair bypass and stated the line is working properly and monitored regularly. Supervisor Miller continued by reporting on maintenance of the reactors.
- The Regional Board made their yearly inspection of the Treatment Plant during the week of June 7, 2010.
- Supervisor Miller provided information on the Southern California Edison energy report and cost savings of approximately \$3,700 a month due to the new K-Turbo blowers.
- (Collections)
- Supervisor Hall reported on the Collections systems and noted that the Lift Station #3 generator was off line for repairs and is now back on line. Supervisor Hall reported on the demonstration of the new sewer jetter by US Jetting. The company is located in Irvine, California for repairs of the system and the jetter comes with a diesel and pump warranty of 5 years.
- (Administration)
- Supervisor Eaton stated the Running Springs Water District 2009 Water Quality Reports are included in the June bills.
- Supervisor Eaton reported on the Special District and Local Government Institute sponsored Administration Seminar that she attended on June 10th and 11th, 2010. The Administration Seminar was the final seminar in a series of three that included Finance and Governance to complete the certification program. Supervisor Eaton stated the seminars were all highly educational in covering various topics pertaining specifically to Special District Leadership and Management.
- (Interim General Manager)
- Manager Massey reported briefly on upstream funding options for the Treatment Plant Expansion project and stated this item will be discussed later in the meeting. Manager Massey added the project is on schedule as planned.
- Manager Massey stated former District Fire Department employee Dan Wurl was named as the new San Bernardino County Fire Chief.

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Manager Massey closed by reporting on the recent Arrowbear Lift Station meter failure and discussion continued regarding replacement and accuracy of the new meter. Additional information regarding the new meter will be provided at the July Board Meeting.

Battalion Chief Olsen reported in the absence of Chief Grabow and stated the Department has completed the annual equipment pump tests. Chief Olsen continued by reporting on the Weed Abatement and Hazard Inspections that began on June 14, 2010 and he stated that fuels are at extreme levels this year. Chief Olsen provided a copy of the County of San Bernardino Mountain Defensible Space Guidelines and discussion continued regarding compliance and regulations in the mountain communities. (Fire)

A suggestion from visitor Richard Luczyski was that the Running Springs Water District provide a bio-mass disposal site in Running Springs so he could avoid waiting in line at the Heaps Peaks Disposal Site. Discussion continued regarding costs and responsibility associated with a disposal site project.

Chief Olsen noted that educational materials will be distributed to the community through the Fire Department and Supervisor Eaton confirmed that a copy of the County of San Bernardino Mountain Defensible Space Guidelines will be provided to District customers in the August water and sewer bills.

Manager Massey stated the Ayers Acres Groundwater Development Project would be discussed later in the closed session portion of the meeting. Ayer Acres Project

Supervisor Miller reported on the Outfall Line Repair Project stating the District continues to work with Engineering Resources and Tom Dodson and Associates and a biological survey is required to start the permitting process. Due to a restriction from the United States Forest Service regarding nesting birds, and the location of the temporary access road as well as the permitting process, the start date is projected for September 1, 2010. Outfall Line Repair Project

Manager Massey stated the District had received a letter dated April 27, 2010 from customer Patsy Gorrell requesting a reduction in her water/wastewater bill for the April 2010 billing period due to unaccountable metered water loss on her property. The Board determined the customer is responsible for all water used on the customer side of the water meter and directed staff to offer Ms. Gorrell the option of payment arrangements for her high water usage. Supervisor Eaton updated Ms. Gorrell of the Board's decision and the District received a second letter dated May 31, 2010 stating disappointment with the Board's decision and requesting that the District waive the residential sewer fee. In her letter, Ms. Gorell also asked the Board to consider notifying customers when a neighboring residence service had been terminated. The Board was considerate of the situation but unanimously agreed that there was no indication that the unaccountable registered water did not go down the sewer. Patsy Gorrell Customer Request to Waive Fees

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The Board asked staff to notify Ms. Gorell that she would be responsible for paying all charges for water supplied through her meter as per District policy. Manager Massey and Supervisor Eaton will contact Ms. Gorrell with the Board's decision.

Discussion continued regarding sub-standard properties and County notification of meter disconnected properties. District staff will contact the County regarding this issue and report back to the Board on July 21, 2010.

- AB 1234 Ethics Training The AB 1234 Ethics Training session for Running Springs Water District staff was scheduled by Best, Best & Krieger for September 15, 2010 at 10:30am directly following an abbreviated Board meeting.
- Cooperative Fire Protection Agreement US Forest Service Chief Olsen reported on the Cooperative Fire Protection Agreement with the United States Forest Service. Discussion continued and questions were raised regarding the agreement. Chiefs Olsen and Grabow will address all questions with the Forest Service and the agreement will be presented as an action item in the July Board Meeting.
- Fiscal Year District Budgets Manager Massey stated the Finance Committee and Board have reviewed the proposed Fiscal Year 2010/11 District Department Budgets for the Water, Wastewater and Fire Departments. Manger Massey stated there was one change to the Water Department Budget due to an employee who recently acquired an operator certification making him eligible for a promotion and adjustment in employee salaries. Updated Water Department account pages were revised and provided to the Board for review. Manager Massey stated the 2010/11 budgets were created with no water or sewer rate increases partially due to consolidation of management positions.
- Fire Department Budget Upon motion by Vice-President Kellems, second by Director Terry and carried by a 5 to 0 vote, the Fiscal Year 2010/11 District Fire Department Budget was approved.
- Wastewater Department Upon motion by Director Shouse, second by Director Bennett and carried by a 5 to 0 vote, the Fiscal Year 2010/11 District Wastewater Department Budget was approved.
- Water and Administration Department Budgets Upon motion by Vice-President Kellems, second by Director Terry and carried by a 5 to 0 vote, the Fiscal Year 2010/11 District Water and Administration Department Budgets were approved with noted changes to the Water Department Budget.

Visitor Richard Luczynski commented on District policy and expressed his concern with the fees and charges for District services specifically the time frame that delinquent fees are imposed in the amount of \$6.00 or 3% of the unpaid balance, whichever is higher for water and sewer services. District policy states the District allows 21 days for payment of bills and mails out delinquent notices on the 22nd day. Discussion continued regarding billing procedures and accounts receivables. Supervisor Eaton stated that Administration staff recently met and considered whether the District should allow additional days for customer payments. After consulting with billing staff, it was determined that more than three additional days would interrupt the monthly billing process schedule. Director Shouse stated the District recently conducted a Delinquent Fee Survey with other Mountain Agencies and the late fee of \$6.00 or 3% is equitable and less severe than fees and policies imposed by comparable Mountain agencies. Examples of fees and charges from other Mountain agencies were verbally provided to Mr. Luczynski. President Ayers affirmed that 21 days to remit payment is reasonable and sufficient time allowed for a customer to remit payment without incurring a late fee.

Visitor Comment
Fees and Charges

Visitor Richard Luczynski then commented on the District website stating the Board Meeting minutes and agendas that were posted were outdated and not informative. Supervisor Eaton stated with approval of the 2010/11 Budget, District technology will be upgraded to include PDF formatting that will allow the District to post Board Packet documentation directly on the website.

Visitor Comments
Regarding District
Website

Manager Massey reported on the Treatment Plant Expansion Project that was approved by the Board of Directors at the May 19, 2010 Board Meeting. The total projected cost of the expansion project is estimated to be \$620,225 with upstream users Arrowbear Park County Water District and CSA-79 responsible for a proportionate share of the costs. A Finance Committee meeting was held on June 9, 2010 and the Board agreed to offer Arrowbear and CSA-79 the option of paying their share of the project over a short term (3 to 5 year) loan period at an interest rate which was 0.25% to 0.5% below market rates. Manager Massey provided the Board with a spreadsheet outlining the loan terms and varying interest rate options for each upstream user and stated that two semi-annual payments will be made to the District. Upon motion by Vice-President Kellems, second by Director Shouse, and carried by a 5 to 0 vote, the Wastewater Treatment Plant Expansion Project Funding with a loan amount of \$130,743.00 for Options #2 for 3 years and Option #5 for 5 years applying both options to Arrowbear and CSA-79 at 0.25% below the market rate when the contract is signed, was approved.

Wastewater Treatment
Plant Expansion Project
Funding Options for
Arrowbear and CSA-79

Resolution
No. 16-10,
Establishing
Fees and Charges
For District Services
During Fiscal Year
2010/2011

Manager Massey stated that historically each June, the District requires that fees and charges for District services during the new Fiscal Year are adopted by resolution by the District's Board of Directors. This year, the District will not be increasing water and sewer rates and fees, therefore, no public hearings will be required. The District will update only certain fees and charges for Emergency Medical Services as authorized by the Inland Counties Emergency Medical Agency (ICEMA). Manager Massey added the only other change was the addition of the Jetter Trailer listed under Item No. 22, Equipment Fees Chargeable to Others. Vice-President Kellems noted a typographical error in Resolution No. 16-10. Upon motion by Director Bennett, second by Vice-President Kellems, and carried by a 5 to 0 vote, RESOLUTION NO. 16-10, ESTABLISHING FEES AND CHARGES FOR DISTRICT SERVICES DURING FISCAL YEAR 2010/2011, was adopted as amended. (Resolution No. 16-10 on file in the District office)

PASIS
Withdrawal and
Termination
Agreement

Supervisor Eaton stated at the March 18, 2009 Board Meeting, the Board of Directors authorized a Letter of Intent to Withdraw from PASIS (Public Agency Self Insured System) effective June 30, 2010 and secured membership in the SDRMA (Special District Risk Management Authority) Worker's Compensation Insurance Program. To finalize the withdrawal and termination from PASIS, the Board must approve the PASIS Withdrawal and Termination Agreement. Supervisor Eaton provided the Board with a copy of the agreement and stated the document was also reviewed by Legal Counsel. Attorney Riddell responded with several questions regarding the document that were then forward to SDRMA. A copy of Attorney Riddell's questions and SDRMA's answers were provided to the Board for their review. Supervisor Eaton noted question No. 5 of the e-mail correspondence regarding Section 4(c) that provides the District name PASIS as an additional insured on the replacement policy/program through SDRMA to cover direct liability or excess liability for worker's compensation claims. SDRMA notified the District that we would not be required to add PASIS as an additional insured to the SDRMA policy. Due to the inconsistency in this section, Attorney Riddell suggested the District submit an explanation cover letter to PASIS with the endorsed withdrawal agreement. Upon motion by Director Terry, second by Director Bennett and carried by a 5 to 0 vote, the Withdrawal and Termination Agreement between the Public Agency Self-Insurance System of San Bernardino County and Running Springs Water District with a cover letter signed by President Ayers to explain that SDRMA cannot agree to Section 4(c), was approved.

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President Ayers stated the District received an Engagement Letter of Understanding from RAMS (Rogers, Anderson, Malody and Scott) dated April 20, 2010 in regards to the Audit Services for Year Ending June 30, 2010 that was reviewed by the Board at the May 19, 2010 meeting. The initial letter addressed fees for Audit services, however, the fees were not included in the letter. A revised Letter of Understanding was provided to the District from RAMS that included fees in the amount of \$53,300 for Audit services which is an increase of \$1,300 from last year. Upon motion by President Ayers, second by Director Bennett and carried by a 5 to 0 vote, the Engagement Letter of Understanding dated April 20, 2010 of Audit Services from RAMS (Rogers, Anderson, Malody and Scott, LLP) for Year Ending June 30, 2010, was approved.

Engagement Letter
Of Understanding
Audit Services from
RAMS (Rogers,
Anderson, Malody
and Scott, LLP)

Engineer Thomas reported on the proposed Running Springs School Road Repaving Project and damaged road due to high groundwater located in Assessment District No. 9. Photos of the damaged road were provided to the Board for review and Engineer Thomas stated the condition of the road could compromise the integrity of the main water lines located directly under the road. Engineer Thomas stated there is approximately 180 feet of road that is the responsibility of the County of San Bernardino that will need to be addressed in order for the drainage to work properly and the District would be responsible for the remaining approximate 320 feet of road. Engineer Thomas provided a cost of approximately \$90,000 to repair the road properly and Manager Massey stated the Assessment District No. 9 Construction Fund Account has a balance of \$123,592 that were funds collected from the property owners in Assessment District No. 9. Discussion continued regarding repair options and cost alternatives for the project. Engineer Thomas stated the project should be completed by the County imposed deadline of October 15th for road construction and suggested the District consider using the informal bidding process utilizing a local contractor for the project. The Board authorized Engineer Thomas to determine the County portion of the expense and begin working with the County of San Bernardino and to return updated information to the Board at the July 21, 2010 Board meeting.

Engineer's Report

Attorney Riddell opened by stating the agency's allocation was increased to 45% or 2610 acre feet of water this year and they are still drawing down carry over water in the San Luis Reservoir. Attorney Riddell continued by reporting on the agency's water storage and an exchange of 1000 acre feet of water made with the San Gorgonio Pass Water Agency. The agency is also considering removing water from the San Luis Reservoir to avoid a spill and to store the water in a more secure location.

Attorney's Report

Attorney Riddell closed by stating Sacramento has an approximate 19 Billion dollar short fall.

Closed Session The meeting moved into closed session at 8:45 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

- D. Conference with Legal Counsel
Personnel Matters
Pursuant to Government Code Section 54957 (b) (1)
General Manager Employment

Open Session The meeting moved into open session at 11:00 P.M.

Upon motion by President Ayers, second by Vice-President Kellems and carried by a 5 to 0 vote, Authorization of Board President to sign an Employment Agreement with Sam Massey that increases his base compensation by 4% to become General Manager for a term of one year, and possible extension for 6 months, was approved.

Adjournment The meeting was adjourned at 11:02 P.M.

Respectfully Submitted,

President

Secretary