

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

JULY 15, 2009

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The Regular Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, July 15, 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  
Kevin Kellems, Vice-President  
Mike Terry, Director

The following Directors were absent:

Pamella Bennett, Director  
Bryan Shropshire, Director

Also present were the following:

Gary Valladao, General Manager  
Sam Massey, Superintendent  
Joan Eaton, Secretary/Treasurer/Office Supervisor  
Mike Olsen, Battalion Chief  
Trevor Miller, Wastewater Treatment Division Supervisor  
Isaiah Hall, Collections Division Supervisor  
Randy Bobroff, Water Division Supervisor  
Johnnie Tapia, Water Department, Meter Reader  
Mike Riddell, Attorney, Best, Best and Krieger LLP  
Brian Thomas, Engineer, Engineering Resources

Visitors Present:

Frank Finn, President & CEO, Hawk International Corporation  
Frank Lofaro, Financial Consultant, Hawk International Corporation

The meeting was called to order at 6:03 P.M. by President Ayers

Called to Order

Vice-President Kellems led the Assembly in the Pledge of Allegiance.

Pledge of Allegiance

Frank Lofaro, Financial Consultant and Frank Finn, Developer for Rex Land Corporation introduced themselves with no comments at this time.

Visitors

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Acknowledgements    None scheduled

Special Board Meeting Minutes January 31, 2009    Upon motion by Vice-President Kellems, seconded by President Ayers and carried by a 3 to 0 vote, with Directors Shropshire and Bennett absent, the minutes of January 31, 2009, were approved as amended.

Regular Board Meeting Minutes June 17, 2009    Upon motion by President Ayers, seconded by Vice-President Kellems and carried by a 3 to 0 vote, with Directors Shropshire and Bennett absent, the minutes of June 17, 2009, were approved.

June 2009 Expenditures    Upon motion by Director Terry, seconded by President Ayers and carried by a 3 to 0 vote, with Directors Shropshire and Bennett absent, the expenditures through June 30, 2009 for the Water, Wastewater and Fire Department, were approved.

Frank Finn Owner Protest Water and Sewer Standby Charges    Manager Valladao reported on District water and sewer standby or availability charges on eligible undeveloped property within the District and referred to Resolution No. 05-09, Resolution of the Board of Directors of the Running Springs Water District Fixing Water Standby or Availability Charges for the Fiscal Year 2009/10 and Resolution No. 06-09, Fixing Sewer Standby or Availability Charges for the Fiscal Year 2009/10. Manager Valladao stated that all undeveloped properties within the District's boundaries are assessed water and sewer standby charges, consistent with the above resolutions, even though infrastructure may not be readily available to provide service to properties.

Frank Finn commenced by describing his property that is located on Running Springs School Road and stated that he protests the District's water and sewer standby charges to his undeveloped properties. Discussion continued regarding issues surrounding the availability charges and the opportunity for exemption on an unbuildable property.

President Ayers directed District staff and Mr. Finn to research the issue further by contacting the San Bernardino County Building and Planning Department. A meeting will be scheduled with District staff and the developer and updated information will be presented to the Board at a subsequent District Board Meeting.

Supervisors Bobroff, Hall and Miller were called to an issue at Lift Station No. 2.

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Superintendent Massey reported for Supervisor Bobroff regarding the Water Department and stated Sidewinder Canyon Lower Booster station continues to experience equipment failure. The equipment is under warranty and Tesco is attempting to resolve the failures

OPERATIONAL  
REPORTS  
(Water)

Superintendent Massey stated the water loss for June 2009 is -1.07%

Supervisor Bobroff returned and continued by reporting on a lightning strike at the Nordic Tank on Thor Way that damaged the electronics in the SCADA system. As a result preventative measures for future such strikes will be installed at various sites. Supervisor Bobroff reported on the recently damaged fire hydrants and insurance claims and stated that a claim as been filed by Allstate Insurance regarding the incident on Deep Creek. The claim has been forwarded to our insurance carrier SDRMA (Special District Risk Management Authority) for review. Supervisor Bobroff closed by congratulating employee Rich Teter who had a new baby boy on July 4, 2009.

Superintendent Massey stated the Wastewater Treatment and Collection Supervisors are attending to an issue at Lift Station No. 2. Superintendent Massey reported on the Wastewater Treatment Plant Aerobic Digester. Superintendent Massey stated the K-Turbo blowers are scheduled for delivery in August, 2009.

(Treatment)

Superintendent Massey continued by reporting on the scheduled line cleaning by Houston Harris that is tentatively scheduled for the end of September or early October, 2009. The backup alarm system for Lift Station No. 7, 8 and 9 have been completed. Superintendent Massey closed by reporting on the county survey regarding possible sewer connections on Stagecoach Road.

(Collections)

Battalion Chief Olsen reported on the current bi-annual fire hydrant maintenance program. Chief Olsen mentioned the department is coordinating with the County in transferring radios to the new ambulance.

(Fire)

Chief Olsen continued by providing information on the new County Weed Abatement program. A demonstration open house sponsored by Cal Fire and the San Bernardino County Fire Department is scheduled for July 25, 2009 at Calvary Chapel in Running Springs.

Chief Olsen mentioned that engineer's exams were performed on Wednesday, July 15, 2009 to full time Fire Department staff. Discussion continued regarding water requirements for the testing process and the need for improved water conservation. Chief Olsen stated the Department is working on options for reducing water use during the testing process.

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(Administration) Supervisor Eaton reported on the ACH Debit feature and said that staff have begun training on the system that is currently in test status. Customer notification of the ACH Debit feature is projected for August or September, 2009 and will include flyers in customer bills.

Supervisor Eaton continued by stating the nomination period regarding the November 2009 election begins on July 13, 2009 and ends on August 7, 2009. Nomination materials are available at the District office or can be obtained from the Registrar of Voters office in San Bernardino.

Administrative staff are preparing handout materials for Mountain Top Days that will be held on Saturday, August 8, 2009.

Supervisor Eaton closed by stating RAMS (Rogers, Anderson, Malody and Scott) are tentatively scheduled to arrive the week of July 27, 2009 to begin the 2008/09 Fiscal Year Audit.

(Superintendent) Superintendent Massey reported on the Slide Fire claim with SDRMA and stated the District has submitted the 9<sup>th</sup> claim in the amount of \$463,000 to include projects and water loss. Additional verification may be required to process the water loss claim. Superintendent Massey stated that Engineering Resources is working on the Nob Hill Tank and Water Reclamation Plant irrigation systems which are the last projects as a result of the Slide Fire.

(General Manager) Manager Valladao began his report by commenting on the distributed newspaper articles regarding the Running Springs fire hydrants and the water rate comparison of mountain water agencies.

Manager Valladao updated the Board regarding the LAFCO Municipal Service Review and Sphere of Influence and stated that the previously scheduled June meeting has been rescheduled to July 23, 2009.

Groundwater Development will be addressed as an Action Item in the July 15, 2009 Board meeting.

Manager Valladao reported on Public Outreach and stated the District continues to work on the website and is projecting a demonstration webpage later this year. Manager Valladao mentioned Mountain Top Days that will be held on August 7 and 8, 2009 on the Downtown District property and in closing, he provided the Board with a summary of meetings he attended since reported at the last Board Meeting.

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Manager Valladao reported on consideration of altering the Board Meeting time and discussion continued regarding issues surrounding optional board meeting times. The item was tabled until a later date, following the Board of Directors election.	Consideration Board Meeting Time
Manager Valladao updated the Board regarding the Downtown Running Springs public restrooms that are maintained by the Rim of the World Recreation and Park District. Due to funding constraints, the Park District has considered giving up operation of the facility and the District has been asked if they would be interested in taking responsibility for the facility. President Ayers will represent the District Board at meetings with representatives of the Park District. Manager Valladao stated that staff will report back to the Board on this matter following a planned August 11, 2009 meeting.	Downtown Restrooms
Superintendent Massey reported on the Ayers Acres Groundwater Development Project and stated that Phase I was approved by the Board of Directors on April 15, 2009. A copy of the Ayers Acres Groundwater Development Project Phase I Report prepared by Engineering Resources was also provided to the Board for consideration. A proposal for Ayers Acres Phase II Engineering Services was also provided to the Board for consideration and discussion continued regarding Phase I and Phase II of the project. Manager Valladao reported that as a separate item, District staff will seek Board authorization to proceed with negotiating the possible purchase of property and obtaining easements necessary for the pipeline alignment and accessing the well site. Upon motion by Director Terry, seconded by Vice-President Kellems and carried by a 3 to 0 vote, with Directors Shropshire and Bennett absent, the Ayers Acres Groundwater Development Project Phase I Engineering Report was accepted and the Ayers Acres Groundwater Development Project Phase II Engineering Services not to exceed the cost of \$58,920, was approved.	Ayers Acres Groundwater Development
Manager Valladao reported on establishing the annual appropriations limits for Fiscal Year 2009/2010 and the requirements of law regarding posting notice of the appropriation limits. Manager Valladao stated the appropriation limit identified for Fiscal Year 2009/10 is \$3,725,373. Upon motion by President Ayers, seconded by Vice-President Kellems and carried by a 3 to 0 vote, with Directors Shropshire and Bennett absent, RESOLUTION NO. 11-09, ESTABLISHING THE APPROPRIATIONS LIMIT FOR FISCAL YEAR 2009/2010, was adopted. (Resolution No.11-09 on file in the District office)	Resolution No. 11-09 Appropriations Limits
Manager Valladao reported on the Interim Staffing Plan for the Fire Department that was approved at the January 31, 2009 Special Board Meeting. An appropriate transition from the existing interim Fire Department Staffing Plan to a regular Fire Department Staffing plan was presented to the Board designating Tony Grabow as the Fire Chief and Mike Olsen as Battalion Chief effective August 25, 2009 and Scott Willemse as a Fulltime Firefighter Paramedic effective July 28, 2009.	Staffing Plan Fire Department

Upon motion by Director Terry, seconded by President Ayers and carried by a 3 to 0 vote, with Directors Shropshire and Bennett absent, the staffing plan as presented by Manager Valladao in his memorandum dated July 10, 2009, was approved.

Resolution No. 12-09 Submitting to the District’s Voters an Advisory Measure Pertaining to Mail Only Ballots and Establishing Procedures in Connection with Election

Manager Valladao reported on the option of conducting District governing board elections following the November 3, 2009 election, by mail. To identify voters interest in mail ballot elections, the District could place an advisory measure on the November 3, 2009 ballot asking voters if they would prefer using the mail ballot election process in the future. This would require adoption of a resolution by August 7, 2009. Upon motion by Vice-President Kellems, seconded by Director Terry and carried by a 3 to 0 vote with Directors Shropshire and Bennett absent, RESOLUTION NO 12-09, THE BOARD OF DIRECTORS OF THE RUNNING SPRINGS WATER DISTRICT, COUNTY OF SAN BERNARDINO STATE OF CALIFORNIA, SUBMITTING TO THE DISTRICT’S VOTERS AT AN ELECTION TO BE HELD ON NOVEMBER 3, 2009 AN ADVISORY MEASURE PERTAINING TO MAIL-ONLY BALLOTS AND ESTABLISHING PROCEDURES IN CONNECTION WITH THE ELECTION, was adopted. (Resolution No. 12-09 on file in the District office)

Lightfoot Way Sewer Main Replacement Project

Superintendent Massey reported on issues concerning a serious sag in the main sewer line located on Lightfoot Way. Engineering Resources presented a memorandum outlining the relevant costs involved with the replacement project at a projected cost of \$59,082. Superintendent Massey stated the project will be paid for by utilizing Assessment District #5 Construction Funds and suggested using an informal bidding process which involves requesting bids from a minimum of 3 reputable contractors with experience in sewer line replacement. Upon motion by President Ayers, seconded by Vice-President Kellems and carried by a 3 to 0 vote, with Directors Shropshire and Bennett absent, Authorizing Engineering Resources to request bids from a minimum of 3 contractors and withdrawing construction funds from Assessment District #5 not to exceed \$59,082 for the Lightfoot Way Sewer Main Replacement Project, was approved.

Resolution No. 13-09 Identity Theft Program

Manager Valladao updated the Board on the requirement by the Federal Trade Commission (FTC) for creditors to adopt a written Identity Theft Prevention Program with a current deadline of August 1, 2009. Legal Counsel has assisted the District by preparing an Identity Theft Prevention Program that satisfies the FTC requirements and includes provisions for identifying “red flags” indicating actual identity theft taking preventive measures to prevent identity theft, and taking appropriate action in the event identity theft is detected.

Upon motion by Vice-President Kellems, seconded by President Ayers and carried by a 3 to 0 vote, with Directors Shropshire and Bennett absent, RESOLUTION NO. 13-09, ADOPTING AN IDENTITY THEFT PREVENTION PROGRAM, was adopted. (Resolution No. 13-09 on file in the District office)

Manager Valladao reported on the Special District Risk Management Authority (SDRMA) Election of Board Members for 2009. The District Board may select up to four candidates and vote for these candidates through adoption of a prepared Resolution. Upon motion by President Ayers, seconded by Director Terry and carried by a 3 to 0 vote, with Directors Shropshire and Bennett absent, the Board voted for Ed Gray, David Aranda, Muril N. Clift and John C. Yeakley for the Special District Risk Management Authority Board of Directors and RESOLUTION NO. 14-09, RESOLUTION FOR THE ELECTION OF DIRECTORS TO THE SPECIAL DISTRICTS RISK MANAGEMENT AUTHORITY BOARD OF DIRECTORS, was adopted. (Resolution No. 14-09 on file in the District office)

Resolution  
No. 14-09  
Election of  
Directors to  
SDRMA  
Board of  
Directors

Roll call was taken for each Board member as follows:

President Kenneth Ayers – Aye  
Vice-President Kevin Kellems – Aye  
Director Mike Terry – Aye

Battalion Chief Mike Olsen reported on two snow cat units that Calvary Chapel has offered to the District as a donation. Discussion continued regarding the condition and the cost of upgrading and maintaining the units. Chief Olsen stated that after reviewing the condition of both units, staff believes that accepting the snow cat units from Calvary Chapel is in the best interest of the District. A bill of sale document reviewed by legal counsel, will be required upon transfer of the units. Upon motion by President Ayers, seconded by Vice-President Kellems and carried by a 3 to 0 vote with Directors Shropshire and Bennett absent, two donated snow cat units from Calvary Chapel based on a bill of sale receipt, were accepted.

Donated  
Snow Cat  
Units  
Calvary Chapel

Manager Valladao reported on three individual customer requests for fee and charge adjustments to July 2009 water/wastewater bills concerning high water consumption that occurred between the May 2009 and June 2009 meter reads. The Board reviewed the written customer requests and held further discussion. Upon motion by Director Terry, seconded by President Ayers and carried by a 3 to 0 vote, with Directors Shropshire and Bennett absent, waiving the residential sewer use fees in the amount of \$103.56 for Tom and Connie Jeffers at 1938 Nob Hill Drive, \$43.84 for Shahriar Eftekhazaden at 30457 Live Oak Drive and \$63.64 for Robert and Marian Milman at 32551 Scandia Drive and allowing the customers to pay the balance amount due over a 12 month period, was approved.

Customer  
Requests for  
Fee and Charge  
Adjustments

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- Engineer's Report      Engineer Thomas stated he had no additional information to report at this time.
- Attorney's Report      Attorney Riddell stated that he has no updated information regarding progress of the state budget situation in Sacramento.
- Closed Session          The meeting moved to closed session at 8:45 P.M. to consider three items:
- Conference with Legal Counsel Pursuant to Subdivision (c) of Section 54956.9: Three Cases
- Conference with Real Property Negotiator pursuant to Subparagraph (b) of Section 54956.8 for property identified as APN 0328-291-27.
- Conference with Real Property Negotiator pursuant to Subparagraph (b) of Section 54956.8 for property identified as APN 0328-081-39
- Open Session            The meeting moved into open session at 10:02 P.M.
- 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.
- Upon motion by Vice-President Kellems, seconded by President Ayers and carried by a 3 to 0 vote, with Directors Shropshire and Bennett absent, directing staff to proceed with foreclosure proceedings for delinquencies in Assessment District No. 10, was approved.
- Adjournment            The meeting was adjourned at 10:04 P.M.
- Respectfully submitted,

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President

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Secretary