

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
RUNNING SPRINGS WATER DISTRICT
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA
JULY 18, 2012

The Regular Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, July 18, 2012, 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:

Kenneth Ayers, President
Mike Terry, Vice-President
Pamella Bennett, Director
Everett "Ed" Brittain, Director
Paul Shouse, Director

Also present were the following:

Ryan Gross, General Manager
Sam Massey, Consulting General Manager
Joan Eaton, Secretary/Treasurer/Administration Supervisor
Randy Bobroff, Water Division Supervisor
Trevor Miller, Wastewater Treatment Division Supervisor
Isaiah Hall, Collections Division Supervisor
Tony Grabow, Fire Chief
Mike Riddell, Attorney, Best, Best & Krieger, (BB&K)
Brian Thomas, Engineer, Engineering Resources
Tom Shoopman, Wastewater Treatment Division Operator III

Visitors present were:

Joan Moseley, Reporter
Colleen Myers, Rim Family Services
Kevin Somes, President, Running Springs Chamber of Commerce
Alexander Scullin, Running Springs Resident

The meeting was called to order at 9:02 A.M. by President Ayers.

Called to Order

Chief Grabow led the Assembly in the Pledge of Allegiance.

Pledge of Allegiance

The visitors introduced themselves for the record.

Visitors

The Board and staff acknowledged Trevor Miller, Wastewater Treatment Division Supervisor for fifteen (15) years of service and Tom Shoopman, Wastewater Treatment Operator III for ten (10) years of service. Mr. Miller and Mr. Shoopman were both recognized for their hard work and dedication to the District.

Acknowledgements

President Ayers moved to Action Item IX.E. Running Springs Area Chamber of Commerce Request for Use of the District's Property.

Running Springs Area
Chamber of Commerce
Request

Manager Gross stated the Running Springs Water District Board of Directors had previously approved the Running Springs Area Chamber of Commerce (RSACC) request to utilize the District's Downtown Property for the 2012 Mountain Top Day event scheduled for August 4, 2012 and the weekly Farmer's Market and Artisan's Fair from June through September, 2012. The District has received a letter from the RSACC requesting Board consideration of a potential option to create more interest in the events by offering a beer garden and/or wine tasting area.

RSACC President Kevin Some reported on the negative financial status of the organization and stated their goal is to be a positive contribution to the community. The Chamber appreciates the opportunity to utilize the downtown property for their events and are looking at ways to create interest and increase revenue. The Chamber asked for direction from the Board requesting consideration of operating a beer garden and or wine tasting area for their events on District property. President Some stated if approved, the Chamber would be required to follow the Alcoholic Beverage Control (ABC) guidelines and this offering may not take place this year due to the requirements and timeframe. President Some closed by stating that the alcohol beverage area would be restricted to a fenced area.

Visitor Alexander Scullin stated that he was opposed to alcohol consumption at the Mountain Top Day event because it is a family event and atmosphere. Visitor Colleen Myers stated that she is a Drug Prevention Specialist for Rim Family Services and she encourages alcohol free events because it is better for children and families. Ms. Myers mentioned that if the District does allow RSACC to offer alcoholic beverages, she encourages the District to research all legal aspects of liability issues. Ms. Myers stated that she would be available for technical assistance if the District does consent. Visitor Joan Moseley stated that she has been a member of both the RSACC and Rim Family Services and that she sees both sides of the issue. Ms. Moseley acknowledged Ms. Myers for being an advocate of alcohol free events, however, she expressed financial concerns for RSACC.

Attorney Riddell confirmed that he shares concerns regarding the increased District liability and added that the District would be in a better legal position if they denied the request for alcohol consumption on the property. President Ayers commented on the negative results of drinking and stated his concerns with the request. Director Britain also shared his concerns regarding the potential liability for the District.

Discussion continued regarding the possibility of having an alcohol tasting option instead of offering full alcohol drinks and President Some will research the option and return to the Board with additional information.

President Ayers made a motion to deny the request to permit serving alcohol at the Mountain Top Day Event, which received a second from Director Brittain. Directors Ayers and Brittain voted aye, Director Bennett voted no, and Directors Shouse and Terry abstained. Thus, the motion failed. No motion was made to approve the request and Attorney Riddell therefore advised that permission had not been granted. Kevin Somes stated and President Ayers confirmed that there will be no alcohol at the August 4, 2012 Mountain Top Day event and Kevin Somes thanked the Board for their consideration of the issue.

Supervisor Bobroff opened by stating that Tesco Controls, Inc. is in the process of changing out the radios in the telemetry system. Supervisor Bobroff then reported on hydraulic repairs needed for the 1998 Ford 575 backhoe and stated the equipment may need to be replaced at an approximate cost of \$100,000.00 due to emission compliance requirements. In regards to system maintenance, there was one main leak caused by pipe failure and estimated at sixty (60) gallons per minute on Old City Creek Road requiring traffic control. Unaccountable water was reported to be 6.45% annually that is well below the standard for the year.

OPERATIONAL
REPORTS
(Water)

Supervisor Miller reported on the pilot test by Fournier for the rotary press that will be held the week of July 23, 2012 at the Harris property. The equipment will test approximately 60 pounds per hour and Supervisor Miller continued by reporting on sludge hauling issues. A copy of the invitation regarding the pilot test from Fournier will be forwarded to the Board for their information.

(Treatment)

Supervisor Hall stated the manhole project on Live Oak is now complete and there was only one issue regarding manhole damage and mentioned that everything else in the Collections Division is going well.

(Collections)

Chief Grabow reported that the Fire Department had no illegal fireworks investigation calls over the Fourth of July Holiday. Chief Grabow stated that the Hazard Abatement program has commenced and the Department has mailed approximately five hundred (500) notices this year. The notices included a reminder to property owners that this is the last year for the free chipper service.

(Fire)

Chief Grabow closed by saying the Running Springs Fire Department is pleased to have the CalFire full-time engine and staff of three (3) stationed at the department.

Supervisor Eaton stated the new General Ledger Chart of Accounts was implemented on July 1, 2012 in conjunction with the 2012/2013 Fiscal Year. The revised chart of accounts and monthly reports will have a new appearance and will satisfy the recommendations of District Auditors Teaman, Ramirez and Smith, Inc. (TRS).

(Administration)

The Fiscal Year 2011/2012 District Audit has been scheduled with TRS beginning on August 20th through August 23rd, 2012.

Supervisor Eaton mentioned that the Running Springs Water District will participate in the Mountain Top Day Festival scheduled for August 4, 2012 on the downtown property and informational, conservation and educational materials will be distributed to the community. Director Bennett suggested that conservation information is provided to District customers who request extensions on their bills, offering helpful tips to conserve water and reduce monthly charges.

A copy of the Quarterly July, 2012 District Newsletter was provided to the Board for their review and Supervisor Eaton reported on the Administration Monthly Summary Report for June-July, 2012. The Board commended District staff and Director Bennett for being instrumental in design and implementation of the public relations materials.

(General Manager) Ryan Gross thanked staff for their support during his transition to General Manager. Manager Gross then reported that on July 12, 2012 with concurrence of President Ayers, a construction change order in the amount of \$3,900.00 with J.C. Coatings was authorized for the Luring Pines Tank Rehabilitation Project to install a 30" access manway for employee safety purposes.

Consolidation of Special Districts Manager Gross updated the Board regarding the Special District's Hilltop Community Consolidation Committee and stated a meeting has been scheduled immediately following the July Board Meeting with Phil Waller, accountant with Rogers, Anderson, Malody and Scott, to discuss the status of possible consolidation and financial projections. District staff have reviewed video of approximately 1.8 miles of the 35 miles of the CSA 79 sewer system and the findings indicate the system appears to be in need of significant repairs to reduce infiltration and inflow to acceptable levels and bring to District standards. President Ayers stated after the information is discussed and reviewed, and a meeting is held with County Supervisor Janice Rutherford, a decision to continue or cease efforts regarding possible consolidation will be made by August, 2012. Director Brittain expressed concerns with the inadequate sewer system at CSA 79 and stated the District may be taking on a potentially major situation.

New Fiscal Year Change in Payroll Effective Date ~~Manager Gross informed the Board that the District's Fiscal Year 2012/2013~~ Wage Schedules were implemented on June 26, 2012 to correspond with the new Fiscal Year payroll cycle resulting in four (4) days in June that were included in the new wage schedule.

In accordance with Resolution No. 15-11 adopted September 21, 2011 and authorizing the General Manager to approve and execute change orders up to \$5,000, in concurrence with President Ayers, Manager Massey approved Change Order No. 2 with Tesco Controls, Inc. for the Radio Telemetry System Upgrade, in the amount of \$2,993.50 for the replacement of a non-operational programmable logic controller (PLC) at Sewer Lift Station No. 4. President Ayers expressed concern with stacked change orders and Manager Gross stated the goal is to minimize change orders.

Tesco Change Order
No. 2, Radio
Telemetry System
Upgrade

Supervisor Eaton stated that at the direction of First Mountain Bank, a resolution and documentation authorizing new bank signature cards stating limitation on the powers granted to specific titles and positions of Running Springs Water District and approved by the District Board of Directors, are required. In addition, a new safe deposit box lease should be approved and State law requires that the District certifies that it does not engage in an internet gambling business. Due to a change in the General Manager position with Ryan Gross replacing Sam Massey, new bank signature cards and documentation are required. First Mountain Bank has stated they will waive the \$25.00 annual safe deposit box lease fee. Upon motion by Director Shouse, second by Director Bennett and unanimously carried, RESOLUTION NO. 12-12, RESOLUTION OF LODGE, ASSOCIATION OR OTHER SIMILAR ORGANIZATION REGARDING NEW BANK SIGNATURE CARDS, CERTIFICATION REGARDING INTERNET GAMBLING BUSINESS AND SAFE DEPOSIT BOX LEASE, was adopted. (Resolution No. 12-12 on file in the District office)

Resolution No. 12-12,
Resolution of Lodge,
Association or Other
Similar Organization
Regarding New Bank
Signature Cards,
Certification Regarding
Internet Gambling
Business and Safe
Deposit Box Lease

The California Department of Forestry and Fire Protection (Cal Fire) approached Running Springs Fire Department (Department) this year for the feasibility of co-locating an engine with the Department. The Department has hosted Cal Fire engines in the past and the additional staffing has proved to be advantageous for the Department and the community with no additional costs to the District for co-locating a Cal Fire engine and staff at Station 51. Manager Gross provided the Board with a copy of the Cooperative Agreement for review and Chief Grabow stated that benefits will include additional staff, equipment and expanded training opportunities. The agreement is effective upon the date executed and shall continue for two (2) years from the date of occupancy. Upon motion by Vice-President Terry, second by Director Brittain and unanimously carried, the Cooperative Agreement for Joint Use by and Between Running Springs Fire Department and California Department of Forestry and Fire Protection (Cal Fire), was approved.

Cooperative Agreement
for Joint Use by and
Between RS Fire
Department and the
California Department
of Forestry and Fire
Protection (Cal Fire)

Agreement for the Provisions of Outside Sewer Service to Long Point Ranch and for Conveyance of Easement

Manager Gross stated that on May 22, 2012, the Harich Proposal Ad Hoc Committee had approved the final agreement with the Harich family to provide sewer service to the Long Point Ranch. The District has received two (2) original signed copies of the agreement from the Harich family and the next step will be to sign and record the documents and apply for an extension of service with Local Agency Formation Commission (LAFCO). The application fee is approximately \$2,500 and requires approximately four (4) months to process. Upon motion by Director Brittain, second by Director Shouse and unanimously carried, the Agreement for the Provision of Outside Sewer Service to Long Point Ranch and for Conveyance of Easement, was approved.

Election of Director to the California Special Districts Association 2012 Board of Directors

The California Special Districts Association (CSDA) is a professional organization that advocates for special district's interest and provides essential information regarding pending legislation and other legal and regulatory activities that have an impact on the District and other special districts. The CSDA is governed by a Board of Directors that consists of representatives from six regional divisions and the District has received an opportunity to vote for one director to represent the District. Candidate statements and ballot information was provided to the Board for review. After further discussion and upon motion by Director Shouse, second by Vice-President Terry and unanimously carried, the Board nominated John DeMonaco to the California Special Districts Association Board of Directors.

Authorizing Staff To Solicit Construction Bids for the Wastewater Treatment Plant Outfall Pipeline Replacement Project

Manager Gross updated the Board regarding the Outfall Pipeline Replacement Project and stated on July 10, 2012 the Habitat Mitigation and Monitoring Plan (HMMP) was submitted to the California Department of Fish and Game and we are anticipating an approval and issuance of a permit by mid-August, 2012. The District is seeking approval to solicit bids for the Outfall Pipeline Replacement Project that they expect to begin in late September with completion in early October, 2012. Attorney Riddell stated that he is not aware of a response from Fish and Game to date and cautioned staff to wait for the approval before a contract is awarded. Discussion continued regarding logistics and details of the project and Engineer Thomas said the projected cost is approximately \$250,000 requiring heavy construction equipment and he confirmed that the bid timeframe is typically sixty (60) days. Engineer Thomas also encouraged the District to consider the informal bid process for the project and Attorney Riddell stated the District is not required by law to go through the bidding process. Upon motion by Director Bennett, second by Vice-President Terry and unanimously carried, Authorizing Staff to Solicit Construction Bids for the Wastewater Treatment Plant Outfall Pipeline Replacement Project, was approved.

Manager Gross stated that on June 20, 2012, the Board of Directors adopted Resolution No. 11-12, Establishing Fees and Charges for District Services During Fiscal Year, 2012/2013. On June 21, 2012, the District received notification from the Inland Counties Emergency Medical Agency (ICEMA) notifying the District that there was a calculation error in the previously provided ambulance rate adjustment notice dated May 15, 2012 in the Basic Life Support (BLS), Critical Care Transport (CCT) and EKG rates that have now been updated. Attorney Riddell confirmed that changes in ambulance rates do not require a public hearing. Upon motion by Director Shouse, second by Vice-President Terry and unanimously carried, RESOLUTION NO. 13-12, ESTABLISHING FEES AND CHARGES FOR DISTRICT SERVICES DURING FISCAL YEAR 2012/13, THAT SUPERSEDES AND REPLACES RESOLUTION NO. 11-12 WHICH IS HEREBY RESCINDED, was adopted (Resolution No. 13-12 on file in the District Office)

Resolution No. 13-12
Establishing Fees and
Charges for District
Services During
Fiscal Year 2012/13

Manager Gross reported on Resolution No. 14-12, Commending Sam Massey for District service and stated a retirement luncheon will be held on August 1, 2012 in the District Board room. Upon motion by President Ayers, second by Vice-President Terry and unanimously carried, RESOLUTION NO. 14-12, COMMENDING SAM MASSEY FOR DISTRICT SERVICE, was adopted. (Resolution No. 14-12 on file in the District office)

Resolution No. 14-12,
Commending
Sam Massey for
District Service

Engineer Thomas had no additional information to report

Engineer's Report

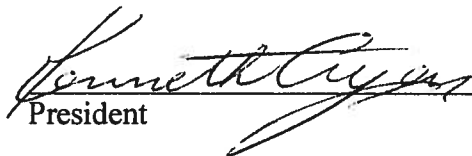
Attorney Riddell reported that his office would be providing a memorandum on the recent State legislation suspending legal mandates that would qualify for State reimbursement, and how that would eliminate the legal requirement to comply with certain portions of the Brown Act. Mr. Riddell said that it likely would eliminate the legal requirements applicable to the posting of the agenda on the District web page and possible some reporting requirements following closed sessions. However, Mr. Riddell added that even if those legal requirements had been suspended temporarily due to State budget constraints, his advice would be to continue complying with those provisions of the Brown Act anyway, even if not legally required because the public had come to expect it and because the expense involved is so minor anyway.

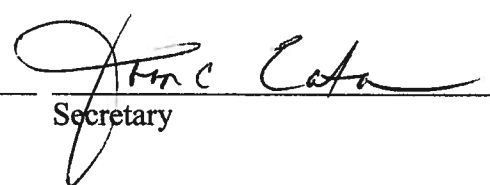
Attorney's Report

Mr. Riddell also reported that the allocation from the State Water Project had been increased from 60% to 65% and therefore that the Crestline-Lake Arrowhead Water Agency would have significantly more water supply than demand for the year.

Adjournment The meeting was adjourned at 10:57 A.M.

Respectfully Submitted,


President


Secretary