

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
RUNNING SPRINGS WATER DISTRICT
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA
JULY 21, 2010

The Regular Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, July 21, 2010, at the hour of 10:00 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
Pamella Bennett, Director
Paul Shouse, Director

The following Director was absent:

Mike Terry, 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
Brian Thomas, Engineer, Engineering Resources
Ed Brittain, Consultant

Visitors present were:

Douglas Dove, President, Bartle Wells Associates
Catherine Tseng, Financial Analyst, Bartle Wells Associates

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

Called to Order

Director Shouse led the Assembly in the Pledge of Allegiance.

Pledge of Allegiance

Visitors Douglas Dove and Catherine Tseng with Bartle Wells Associates will provide the Financial Master Plan presentation later in the meeting.

Visitors

Upon motion by President Ayers, second by Director Shouse and carried by a 3 to 0 vote, with Director Terry absent and Director Bennett not yet present at the meeting, the Regular Board Meeting Minutes of June 16, 2010, were approved.

Regular Board
Meeting Minutes
June 16, 2010

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Special Board Meeting Minutes July 1, 2010

Upon motion by Vice-President Kellems, second by President Ayers and carried by a 3 to 0 vote with Director Terry absent and Director Bennett not yet present at the meeting, the Special Board Meeting Minutes of July 1, 2010, were approved.

June 2010 Expenditures

Supervisor Eaton stated the June 30, 2010 Revenues over Expenditures and Asset report will be amended with the 2009/10 Fiscal Year Auditor adjustments. Upon motion by Director Shouse, second by Vice-President Kellems and carried by a 3 to 0 vote, with Director Terry absent and Director Bennett not yet present at the meeting, the expenditures of June 30, 2010, were approved.

OPERATIONAL REPORTS (Water)

Supervisor Bobroff reported the District is purchasing approximately 180 to 200 gallons of water a minute from Crestline Lake Arrowhead Water Agency. Supervisor Bobroff stated everything is going fine in the department.

(Treatment)

Supervisor Miller opened by reporting on the status of the Outfall Line Repair Project and stated the Regional Board has notified the District that they found there was no evidence of negligence associated with the failure. Supervisor Miller stated the bypass is still being utilized and the ponds are in good order.

(Collections)

Supervisor Hall confirmed the new jetter will be delivered during the week of July 26, 2010 at a cost of approximately \$43,000 which is less than the \$56,000 budgeted amount.

Supervisor Hall continued by reporting on an issue that occurred at Lift Station No. 2 during routine maintenance. Supervisor Hall stated that a sewer plug was accidentally dropped down the interceptor but was retrieved several days later without incident, with the help of an outside contractor.

Supervisor Hall closed by stating the Lift Station No. 3 generator has been repaired and is back on line.

(Fire)

Chief Grabow reported on the Hazard Abatement Program and stated there is more compliance this year and it could be contributed to community education of the year round program. The Department has been physically walking the community to assess properties.

Chief Grabow then reported on the mountain CERT (Community Emergency Response Team) program training program. Chief Grabow held his first training session on July 20, 2010 at Station 50 with classes continuing through August 3, 2010. The team consists of public citizens who applied for the positions and when trained, will hold regular meetings and training within the CERT program.

Chief Grabow closed by mentioning that tree mortality is up due to the bark beetle.

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Supervisor Eaton stated that Administration is actively closing the 2009/10 Fiscal Year reporting in preparation of the audit and the new 2010/11 Fiscal Year requirements.

(Administration)

Supervisor Eaton reported on the Comet billing program enhancements and stated the program has been upgraded to PDF (Portable Document Format) capability. The improvements that have been implemented to date are the PDF Archive project that retains Comet reports indefinitely on the server and provides accessibility to the user. Additional added features include capturing the due and lock dates in the billing program.

The Board was provided with a copy of the July billing inserts that included the Summer 2010 Message to our Customers designed by General Manager Massey, the Medicine Disposal information flyer that was created by Director Bennett who is the District's Public Relations Representative and the revised Rate and Fees Schedule for Fiscal Year 2010/11.

Supervisor Eaton stated the 2010/11 Availability Billing has been finalized. The bills had a due date of July 1, 2010 and customers were provided a grace period through July 15, 2010 to remit payment. 373 delinquent sewer bills for a total of \$5,055 and 349 delinquent water bills for a total of \$15,423.92 have been submitted to the County for placement on the tax rolls.

Manager Massey stated his official position as General Manager from Interim General Manager was announced on July 15, 2010.

(General Manager)

Manager Massey reported on a Running Springs Town Hall Meeting that he attended on July 15, 2010 with Supervisor Neil Derry and stated the meeting was informative and educational.

Manager Massey recently spoke with the San Bernardino County Sheriff's Department and they will be issuing the requested number of Critical Worker Emergency Passes for the District.

Manager Massey closed by reporting on the proposed Running Springs School Road Assessment District #9 Repaving Project and the potential for County participation. The County has confirmed that they will not be able to participate in repairs to their section of the damaged road due to financial restrictions. Engineer Thomas is preparing the plans and specs for the project and will provide the information for Board consideration at the August 18, 2010 Board Meeting.

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Ayers Acres
Groundwater
Development
Project

Manager Massey reported on the Ayers Acres Groundwater Development Project and easement issues within the project. Manager Massey noted that in 1991 a lot line adjustment was completed on Lot 56 that requires a third easement for Lot 55. Manager Massey and Engineer Thomas recommended the District utilize the recent appraisals of Lot 56 and Lot 57 to determine the value of the new easement. Manager Massey closed by stating that negotiations are continuing with the property owners and information will be discussed further in the closed session portion of the Board Meeting.

Outfall Line
Repair Project

Supervisor Miller reported on the Outfall Line Repair Project and confirmed that there were no fines imposed for the recent outfall line failure. The start date for the repair project is September 1, 2010 due to the USFS (United States Forest Service) restrictions regarding nesting birds. Tom Dodson and Associates are currently preparing the documents for the permitting process. Supervisor Miller stated the temporary bypass is functioning and staff continue to monitor the site.

Financial Master
Plan

Douglas Dove, President and Catherine Tseng, Financial Analyst, Bartle Wells Associates, presented the Water, Wastewater, Fire and Ambulance Draft Financial Plans and Rate Studies to the Board and District staff. Mr. Dove stated the District is currently in good financial condition and credited his findings to wise management decisions. The study objectives included:

- Independent review of the District's Water, Wastewater, Fire and Ambulance rates and finances
- Develop 20 year cash flow projections and long-term financial plans
- Determine future annual revenue requirements
- Meet debt service ratio requirements and maintain good credit rating
- Recommend rate adjustments needed to fund long-term operating and capital needs
- Assist with Proposition 218 compliance

Discussion continued regarding the Financial Master Plan findings and options for investing District funds. The schedule to finalize the Financial Master Plan include an upcoming Special Board Meeting to discuss the Financial Master Plan recommendations, a Board Workshop in December, 2010 and/or January 2011 to finalize rate and recommendations, mailing out Proposition 218 notices and information on a public hearing to property owners in April, 2011, holding a public rate hearing to consider adoption of proposed rates in June 2011 and applying new rates, if approved, effective July 1, 2011.

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Having completed the presentation of the Financial Master Plan, the Board took a break at 11:55 A.M

Recess

The Board reconvened at 12:15 P.M.

Reconvened

Manager Massey updated the Board regarding the Code Enforcement Notification Procedure regarding locked water meters that was discussed at the June 16, 2010 Board Meeting. Manager Massey contacted San Bernardino County Health Department and was instructed to wait 3 to 4 days after the discontinuance of water before making notification to the County. Supervisor Randy Bobroff has been informed and will contact the County Code Enforcement Department to provide notification of potential code enforcement violations.

Code Enforcement
Notification Procedure
Regarding Locked
Water Meters

Supervisor Miller updated the Board regarding the Arrowbear Lift Station flow meter that was no longer functioning and reported to the District on February 19, 2010. A new flow meter was commissioned on May 22, 2010, but the flow readings from the new meter were approximately 40% lower than the old meter. The low readings were addressed and the District contracted with an outside company to perform an independent flow study of the Arrowbear Lift Station. Mike Scullin, General Manager, Arrowbear Park County Water District has set up a calibration and verification test for August, 2010 that will be conducted by the meter manufacturer, to confirm the function of the new meter. Supervisor Miller stated that Arrowbear Park County Water District will continue to utilize the new meter and its flow reading until the test results are received.

Arrowbear Lift
Station Flow Meter

At the May 19, 2010 Board Meeting, the Board approved the purchase of the Wastewater Treatment Plant Expansion Project at an estimated cost of \$620,225. Of this total, Arrowbear's proportionate share would be 14.02% or \$86,956 and CSA-79's share would be 21.08% or \$130,743. A Finance Committee was held on June 9, 2010 and approved offering the upstream users the option of paying their share of the project over a short term (3 to 5 year) loan period at an interest rate of ¼% below the then current rate established by Municipal Finance Corporation. Manager Massey spoke with General Manager Mike Scullin who expressed appreciation for the loan option and stated he would probably ask for the loan to be paid over a three year time frame. Manuel Benitez with San Bernardino Special Districts stated he appreciates the District's offer but would check into other financing options made available to County Special Districts.

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

Edison Rate and Fee Review, Pump Testing and Energy Audit
Manager Massey and Supervisor Bobroff met with Southern California Edison representative Amy Olsen on July 8, 2010 to discuss rate schedules, pump efficiency testing and energy audits. Ms. Olsen will be conducting a review of our rate schedules to determine if it would be advantageous to switch to a more cost effective rate schedule. Ms. Olsen will also be conducting an energy lighting audit for District facilities in 2010.

CSDA Committee Volunteers
CSDA (California Special District Association) has asked for any 2011 Committee volunteers and after discussion by the Board and staff, it was determined that there were no volunteers from Running Springs Water District for the CSDA Committees.

Allstate Insurance Claim
Manager Massey stated the Allstate Insurance Company v. Running Springs Water District, ETAL claim for damage to a District fire hydrant and to a home under construction on Deep Creek Drive has previously been discussed in closed session with legal counsel. Manager Massey stated the CMC (Case Management Conference) is scheduled for July 30, 2010 and there are no additional updates at this time.

Assessment District No. 10 Delinquencies and Potential Foreclosures
Manager Massey updated the Board regarding Assessment District No 10 delinquencies and potential foreclosures that have previously been discussed in closed session with legal counsel. There are currently 9 properties that are delinquent in making Assessment District No. 10 installment payments. The Assessment District No. 10 foreclosure covenant identifies that the District proceed with judicial foreclosure against properties that are delinquent in payments by an amount greater than \$2,000 and that are delinquent when a fiscal year's assessed revenues received are less than 95% of the revenues that were to be received. When foreclosure conditions are met, the covenant requires that foreclosure procedures must commence prior to October 1 following the close of a fiscal year with the qualifying delinquency. The District has contracted with NBS to administer Assessment District No. 10. On behalf of the District, NBS has sent out reminder letters to affected property owners and a Notice of Intent to Remove has been recorded with San Bernardino County and the delinquent installments have been removed from the tax roll. Manager Massey stated this initial step must be satisfied prior to the start of foreclosure proceedings.

Hazard Mitigation Plan Review and Request for Public Input and Recommendations
Manager Massey reported on the Hazard Mitigation Plan (HMP) that was adopted with revisions by Resolution No. 03-05 at the March 16, 2005 Board Meeting. The plan was developed in partnership with the San Bernardino County Operational Area Multi-Jurisdictional Hazard Mitigation Plan and is maintained by the Running Springs Water District, but is the culmination of input and recommendations from our jurisdiction and from numerous stakeholders including the public, private business and organizations. In adopting this plan, the District has agreed to comply with all applicable state and federal statutes and regulations and will update the plan every five years.

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The plan is required to be updated and adopted by the Board at the November 17, 2010 Board meeting. Manager Massey stated the District is asking for public input and recommendations before its adoption at the November Board Meeting.

The LAIF (Local Agency Investment Fund) Remittance Advice ending June 30, 2010 was provided to the Board for review. The interest earned on deposits for the quarter ending June 30, 2010 was \$4,092.55 or 0.56%.

Local Agency
Investment Fund
Remittance Advice

Chief Grabow reported on the Cooperative Fire Protection Agreement with the United States Forest Service that addresses emergency response agreements and reimbursements and was previously presented to the Board for review at the June 16, 2010 Board Meeting. Discussion continued regarding the agreement and with no further questions by the Board and upon motion by Director Bennett, second by President Ayers and carried by a 4 to 0 vote, with Director Terry absent, the Cooperative Fire Protection Agreement with the US Forest Service was adopted.

Cooperative Fire
Protection Agreement
with the US Forest
Service

Manager Massey explained that the California Constitution places an annual limitation upon appropriations from proceeds of taxes by each local government of the State of California. Each local jurisdiction is required to establish its appropriations limit by resolution for each fiscal year and to make the documentation used to determine the appropriations limit, available to the public fifteen days prior to adoption of the resolution. The Board has selected the percentage change in California per capita personal income and the population change with the unincorporated portion of San Bernardino County as factors in determining the District's appropriations limits for each fiscal year. The appropriations limit identified for Fiscal Year 2010/11 is \$3,661,669 which is in excess of the actual property tax appropriation anticipated for Fiscal Year 2010/11 which is expected to be \$1,534,417. Upon motion by Director Shouse, second by Director Bennett and carried by a 4 to 0 vote, with Director Terry absent, RESOLUTION NO. 17-10, ESTABLISHING THE APPROPRIATIONS LIMIT FOR FISCAL YEAR 2010-2011, was adopted. (Resolution No. 17-10 on file in the District office)

Resolution No. 17-10,
Establishing the
Appropriations Limit
for Fiscal Year 2010/11

Manager Massey stated that CSDA (California Special Districts Association) is an organizational advocate for Special Districts' interest in Sacramento and provides essential information regarding pending legislation and other legal and regulatory activities that have an impact on the District and other Special Districts. CSDA is governed by a Board of Directors that consists of representatives from six regional division with three representatives for each division. The District has an opportunity to vote for one director from Region 5, Seat B to represent our District. Information was provided to the Board regarding the election, ballot and statements prepared by candidates.

California Special
Districts Association
Election of Director
2010 Board of
Directors

Upon motion by President Ayers, second by Vice-President Kellems and carried by a 4 to 0 vote, with Director Terry absent, the Board nominated candidate Kathy Tiegs by ballot to the CSDA Board of Directors Election 2010.

Vote of the
California Special
District Association
Proposed Bylaws
Amendments

Manager Massey reported on the CSDA (California Special District Association) and proposed changes to the bylaws. The CSDA Elections and Bylaws Committee and CSDA Board of Directors have approved changes to the bylaws and require a majority vote of a quorum of regular CSDA members. A copy of the proposed 2010 CSDA Bylaws Updates Major Amendments Summary was provided to the Board for review. In a cover memorandum from Mark Bryan, CSDA Board President and Neil McCormick, CSDA Executive Director, it was stated that the main reason for the proposed change to the bylaws is to redefine CSDA voting members and non-voting associate members. The Board will vote by ballot for the Proposed Bylaws Amendments. Upon motion by Vice-President Kellems, second by Director Shouse and carried by a 4 to 0 vote, with Director Terry absent, the Board voted yes by ballot to adopt the 2010 Proposed CSDA Bylaws Amendments.

Purchase of 650
Kubota Membrane
Bio-Reactor Plates

Supervisor Miller reported on the Wastewater Treatment Plant MBR (Membrane Bio-Reactor) process. Supervisor Miller explained that the MBR utilizes the Kubota flat panel membrane and stated the current panels have been in service since October 2002 and are starting to exhibit failures. Supervisor Miller stated that they recently discovered approximately 650 plates that were irreparable and require replacement. Enviroquip has provided a project cost of \$80,273.44 to replace the panels. Supervisor Miller stated the 2010/11 Fiscal Year Wastewater budget included \$25,000 for MBR performance enhancements and the remaining \$55,273.44 would come from the designated Leachate account. Because the purchase is a capital expense, the cost of the plates will be shared with the upstream users at a rate of 14.02% for Arrowbear and 21.08% for CSA-79. Discussion continued regarding offering a loan option to the upstream users for their proportionate share of the cost. Upon motion by Director Bennett, second by Vice-President Kellems and carried by a 4 to 0 vote, with Director Terry absent, the purchase of 650 Kubota Membrane Bio-Reactor Plates utilizing funds as designated in the 2010/11 Budget for MBR performance enhancement and leachate funds, was approved.

Allowing Use of
The Downtown
Property for the
2010 Mountain Top
Day Event

Manager Massey stated the Running Springs Area Chamber of Commerce (RSACC) has requested use of the District's Downtown Property for the Mountain Top Day event scheduled for August 7, 2010. RSACC has provided certification to the District regarding required liability insurance. Upon motion by Director Shouse, second by Director Bennett and carried by a 4 to 0 vote, with Director Terry absent, Allowing the Downtown Property to be Used for the 2010 Mountain Top Day Event, was approved.

Chief Grabow reported on the State of California Resources Agency Department of Forestry and Fire Protection Cooperative Agreement that will allow for the loan of Federal Excess Personal Property, at no cost to the District, through the US Forest Service to help fight wild land, rural, structure or other fires in the County of San Bernardino. Resolution No. 18-10 will authorize Chief Grabow to sign the agreement. Upon motion by Vice-President Kellems, second by Director Shouse and carried by a 4 to 0 vote, with Director Terry absent, RESOLUTION NO. 18-10, AUTHORIZING FIRE CHIEF GRABOW TO SIGN A FEDERAL EXCESS PERSONAL PROPERTY AGREEMENT WITH THE STATE OF CALIFORNIA RESOURCES AGENCY DEPARTMENT OF FORESTRY AND FIRE PROTECTION, was adopted. (Resolution No. 18-10 on file in the District office)

Resolution No. 18-10,
Authorizing Chief
Grabow to Sign a
Federal Excess
Personal Property
Agreement with the
State of California
Resources Agency
Department of
Forestry and Fire
Protection

Engineer Thomas reported on the development of hydroelectric generation and a study being conducted by the University of Connecticut that is expected to take six to nine months for results. Engineer Thomas will provide additional information to the Board when available.

Engineer's Report

The meeting moved into closed session at 1:20 P.M. to consider the following items:

Closed Session

- A. 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
- B. 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

The meeting moved into open session at 1:34 P.M.

Open Session

With respect to the items of closed session regarding Conference with Real Property Negotiator, Manager Massey stated there was nothing to report from closed session.

The meeting was adjourned at 1:35 P.M.

Adjournment

Respectfully Submitted,

President

Secretary