

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
RUNNING SPRINGS WATER DISTRICT
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA
AUGUST 17, 2011

The Regular Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, August 17, 2011, 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:

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

Ken Ayers, President was absent

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
Rick Ellsberry, Fire Department Engineer/Paramedic

Visitors present were:

Charitie Ellsberry

The meeting was called to order at 6:02 P.M. by Vice-President Kellems.

Called to Order

Director Bennett led the Assembly in the Pledge of Allegiance.

Pledge of Allegiance

Visitor Charitie Ellsberry was introduced for the record.

Visitors

Richard Ellsberry, Fire Department Engineer/Paramedic was acknowledged by Fire Chief Grabow and the Board of Directors for 10 years of dedicated service to the District. Richard Teter, Water Department Operator, 5 years of service, was not present at the meeting.

Acknowledgements

Upon motion by Director Bennett, second by Director Terry and carried by a 4 to 0 vote, with President Ayers absent, the Board Meeting minutes of July 20, 2011 were approved.

Board Meeting Minutes
July 20, 2011

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July 2011
Expenditures

Upon motion by Vice-President Kellems, second by Director Bennett and carried by a 4 to 0 vote, with President Ayers absent, the expenditures through July 31, 2011 were approved.

OPERATIONAL
REPORTS
(Water)

Supervisor Bobroff stated there were no major issues to report in the Water Department. The Luring Pines Tank project will be deferred to Spring, 2012 due to the upcoming fire season and scheduling issues with contractors and Crestline-Lake Arrowhead Water Agency (CLAWA). Director Shouse asked about availability of other contractors for the project and Supervisor Bobroff stated there will be several bids accepted for the job.

Vice-President Kellems requested information regarding the national average for water loss and Supervisor Bobroff stated it was between 10 to 12 percent. The District is currently at 6.2 percent and the unaccountable water fluctuates depending on the time that the meters are read.

(Treatment)

Supervisor Miller reported on the Treatment Plant Outfall Line and stated that the application for permits has been submitted by Tom Dodson and Associates however, the Department of Fish and Game is requesting additional information resulting in delay. The permits will be issued within thirty (30) days after the application is accepted as complete.

Supervisor Miller reported that construction of Reactor II will begin on August 29, 2011. Supervisor Miller closed by stating that the Santa Ana Regional Water Quality Board has not contacted the District with any concerns regarding the recent Outfall Line leak.

(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 delivery date will now be in mid-September.

The Little Mill Creek Bridge project is complete and has been approved by Joe and Caroline Harich. Supervisor Hall stated the painting contractor charged the District \$2,600.00 to paint the bridge and it will be inspected annually by Wastewater staff. The District is currently waiting on the final easement documents from MMP and Associates. Director Shouse asked if water samples were taken from the downstream wells on the Harich property and Supervisor Hall stated that the District has not received a request for samples to date.

Supervisor Hall mentioned that the Live Oak project will be discussed later in the meeting and he closed by saying that the Collections Department found three necessary repairs while videoing the sewer lines. The repairs will be made in house by Collections Department staff.

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Chief Grabow opened by reporting on the Mountain Top Day event that was held on August 6, 2011 at the Downtown Property and stated the Fire Department enjoyed interacting with the community and he was honored to be the Grand Marshall of the parade.

(Fire Department)

Discussion continued regarding the Weed Abatement and Forest Care Programs and Chief Grabow stated the community has been receptive to the program. The Fire Department has sent out approximately 1678 (one thousand six hundred seventy-eight) notices with approximately 388 (three hundred and eighty-eight) property owners referred to the Forest Care program. Chief Grabow noted that he was working with Attorney Mike Riddell, Best, Best & Krieger in preparation of the required Ordinance and said the Forest Care Program should be funded for one more year.

In closing, Chief Grabow acknowledged the Golden Oaks for their recent generous donation to the Fire Department in the amount of \$1,500.00 that will be utilized for extrication equipment.

Supervisor Eaton reported that she represented the District at the Mountain Top Day event and stated the event was a success with approximately 50 (fifty) packets of conservation and/or information materials distributed within the community. Special thanks to Steve Howard, Collections Department Maintenance Operator for the transportation of District supplies to the site and his assistance in setting up the presentation booth. Supervisor Eaton also thanked the Fire Department and the Water Department for their participation in the event.

(Administration)

Nancy O'Rafferty, Financial Consultant with Rogers, Anderson, Malody and Scott, LLP (RAMS) is completing the accounting requirements in preparation of the June 30, 2011 Fiscal Year Audit by Teaman, Ramirez and Smith that is scheduled to begin the week of August 22, 2011.

Supervisor Eaton closed by reporting on the California Public Employees Retirement System (CalPERS) and stated they are consolidating computer systems into one integrated system in September 2011. The new system will streamline many CalPERS processes offering additional self-service capabilities to their members in 2012. With the launch of the new system, District Administrative staff are required to attend various training sessions prior to the implementation date. Supervisor Eaton and Toni Niccasio, Administrative Assistant will train in various levels of CalPERS reporting in preparation of the new system.

Manager Massey will be discussing the Local Agency Formation Commission Consolidation Process and the Ayers Acres Water Development Project as information items later in the meeting. A copy of key meetings and events that Manager Massey attended was provided to the Board of Directors.

(General Manager)

Hilltop Community
Consolidation
Committee

Manager Massey reported on the current status of the Hilltop Community Consolidation Committee and stated a meeting was held on August 10, 2011 with Arrowbear Park County Water District, Green Valley Lake (CSA-79) and Running Springs Water District. The Local Agency Formation Committee (LAFCO) Executive Director Kathleen Rollings-McDonald was in attendance and answered many questions posed by the attendees. The majority of the meeting concentrated on benefits which would be realized by consolidating the communities of Running Springs and Green Valley Lake. It was agreed that the Consolidation Committee would draw up boundary maps of the new consolidated District at the next meeting which would be presented to LAFCO.

Manager Massey continued by stating that at the prior meeting, Arrowbear indicated that they were not ready for consolidation at this time. Kathleen Rollings-McDonald informed the Committee that if Arrowbear decided they did not want to participate in the current consolidation, but later decided to join the new District, it would be an annexation and not another consolidation. Manager Massey stated that annexation would not provide for Arrowbear to have a seat on the Board of Directors of the new District.

Manager Massey then mentioned that Arrowbear currently has several political issues that need to be resolved. President Ayers met with Manager Massey and Chief Grabow and decided that due to their unresolved issues, Arrowbear would not have the time to devote to meaningful discussion involving the consolidation of the Districts. A letter will be mailed to Arrowbear by President Ayers that states Running Springs Water District will move forward in consolidation discussion with Green Valley Lake (CSA-79) and will re-address Arrowbear's consolidation concerns at a more appropriate time. Manager Massey added that consolidation with Green Valley Lake could be complete within six to nine months and most likely by the beginning of the 2012/2013 Fiscal Year. Manager Massey reported that the Committee had also discussed possible consolidation with Smiley Park and discussion continued regarding various consolidation issues. Manager Massey will be meeting with representatives from CSA-79 to discuss consolidation further and will advise the Board of future developments.

Ayers Acres
Groundwater
Development
Project

Manager Massey then moved to reporting on the Ayers Acres Groundwater Development Project and stated a biological assessment completed by Karen Kirtland from Natural Resources Assessment is complete with no significant impacts from the realignment of the road through the 2.7 acre parcel. A resolution was drafted modifying the original Mitigated Negative Declaration for the project and will be presented to the Board later in the meeting.

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The Local Agency Investment Fund Remittance Advice was presented to the Board for the quarter ending June 30, 2011 with interest earned at 0.48% for a total of \$2,310.15 as an information item only.

Local Agency
Investment Fund
Remittance Advice

Manager Massey reported on the Live Oak Exposed Sewer Main Project requiring immediate action and asked the Board to adopt a motion to add Change Order No. 1 – Live Oak Exposed Sewer Main Project to the Board Meeting agenda. Upon motion by Vice-President Kellems, second by Director Bennett and carried by a 4 to 0 vote, with President Ayers absent, adding Change Order No. 1 - Live Oak Exposed Sewer Main Project to the August 17, 2011 Board Meeting Agenda, was approved.

Motion to Add
Change Order No. 1
Live Oak Exposed
Sewer Main Project
to the Board Meeting
Agenda

Manager Massey stated that at the July 20, 2011 Board Meeting, the Board awarded the Live Oak Exposed Sewer Main Project to GM Excavating, Inc. in the amount of \$19,582.00. A pre-construction meeting was held and the project was to begin on August 15, 2011. After beginning the project, it was discovered that the 3-inch force main had prior damage and a severe sag. Engineer Thomas and Manager Massey are recommending that the force main be replaced incorporating a repair process and change order in the amount of \$3,416.00. Manager Massey stated the change order will add 10 (ten) days to complete the work. The damage was not a result of the 2010 December Storm damage and Engineer Thomas added that the change order project would not be covered by the Federal Emergency Management Agency (FEMA). Discussion continued regarding the project and upon motion by Director Shouse, second by Director Terry and carried by a 4 to 0 vote with President Ayers absent, Change Order No. 1 to the Live Oak Exposed Sewer Main Project, at the not to exceed cost of \$3,416.00 with funds to be utilized from the Leachate account, was approved.

Change Order No. 1
Live Oak Exposed
Sewer Main Project

The Special District Risk Management Authority (SDRMA) administers the District's Property and Liability and Worker's Compensation Insurance Program, governed by a seven (7) member board each serving a four year term. SDRMA has requested that the Board of Directors select up to three candidates from the Official 2011 Election Ballot that will be adopted by Resolution. At the July 20, 2011 Board Meeting, the Board discussed the candidates and election and because they were not familiar with the candidates, decided to table this item to the August 17, 2011 Board Meeting. After further discussion, no motion was made to adopt Resolution No. 12-11, Electing Special District Risk Management Authority Board of Directors.

Resolution No. 12-11
No Motion Made to
Elect SDRMA Board
of Directors

Resolution No. 14-11, Manager Massey reported on the Ayers Acres Groundwater Development Project and stated Natural Resources Assessment, Inc, (NRA) has completed the Biological Services Assessment and concluded there would be no adverse effects to the environment by grading a road through the property to give the District access to Ayers Acres. A copy of the study was provided to the Board for their review. Attorney Jason Ackerman has prepared a Resolution and corresponding addendum to the Mitigated Negative Declaration which was also provided to the Board for their review. Upon motion by Director Bennett, second by Director Shouse and carried by a 4 to 0 vote, with President Ayers absent, RESOLUTION NO. 14-11, MODIFYING THE WATER DEVELOPMENT PROJECT AT AYERS ACRES MITIGATION NEGATIVE DECLARATION, was adopted. (Resolution No. 14-11 on file in the District office)

Safety Committee Minutes June 7, 2011 The Safety Committee Minutes of June 7, 2011 were provided to the Board for their review. Upon motion by Vice-President Kellems, second by Director Terry and carried by a 4 to 0 vote with President Ayers absent, the Safety Committee Minutes of June 7, 2011 for Submittal to SDRMA for Reduction in Liability Insurance Premiums were approved.

Rim of the World Blue Star Moms Installation of Poles And Banners On District Property Manager Massey reported on the Rim of the World Blue Star Moms that is a local Chapter of a national group that was chartered by Congress in June 1960 to honor sons and daughters actively serving in the armed forces. One activity of this organization is to erect banners honoring young men and women in the hometowns where they live. District staff met with representatives of Rim of the World Blue Star Moms on August 3, 2011 who submitted a written request to erect up to three permanent 25 (twenty five) foot tall poles and banners commemorating active service members from the Running Springs Community, on District property. Installation of the poles and banners will be performed by various groups including the Rotary Club, Southern California Edison and the local Boy Scout Troops. Discussion continued regarding the project that included engineering and liability issues and Attorney Riddell recommended that the District retain a conditional agreement to hold the District harmless in damage or injury. Upon motion by Director Shouse, second by Director Bennett and carried by a 4 to 0 vote with President Ayers absent, the Request from Rim of the World Blue Star Moms to Install up to Three Poles and Banners on District Property to Commemorate Active Duty Military Service Members Pending Approval from Engineering and Legal Departments, was approved.

Chief Grabow requested that the Fire Department received approval from the Board of Directors to surplus 10 (ten) sets of turnouts that will no longer meet the minimum safety standard for Firefighting and has no value to the District. The equipment will be donated to the Rim High School ROP Fire Science program for training purposes. Upon motion by Vice-President Kellems, second by Director Terry and carried by a 4 to 0 vote with President Ayers absent, the Fire Department Request to Declare 10 (ten) Sets of Turnouts Surplus Property, was approved.

Fire Department
Request to Surplus
Turnouts

Supervisor Hall reported on Sewer Assessment District #7 and designated funds in the amount of \$95,000 and stated the Collections Department would like to utilize the designated funds for several required repair projects in the Assessment District. Engineer Thomas and Supervisor Hall prepared the job specifications for a 6 (six) point repair incorporating a repair process that would entail guidelines by the District that determine the type and method for repairs. Bid documents were distributed to three local contractors with the lowest bid received from Bacon/Wagner Excavating, Inc. at a cost of \$25,330.00. Supervisor Hall reported that the project will require 30 (thirty) days to complete. Discussion continued regarding the project and upon motion by Director Bennett, second by Director Shouse and carried by a 4 to 0 vote, with President Ayers absent, Assessment District #7 Point Repair Project – Award of Contract to Bacon/Wagner Excavating, Inc. at the not to exceed cost of \$25,330.00, was approved.

Assessment District
#7 Point Repair
Award of Contract

Supervisor Hall continued by reporting on a 60' (sixty foot) sewer sag that requires replacement in Sewer Assessment District #7 and would be repaired utilizing Sewer Assessment funds. The job specifications for the sewer sag were prepared by Engineer Thomas and Supervisor Hall and bid documents were distributed to three local contractors with the lowest bid received from Bacon/Wagner Excavating, Inc. at a cost of \$17,860.00. Discussion continued regarding this project and additional repairs required for Assessment District #7. Supervisor Hall stated the project will be complete within 20 (twenty) days. Vice-President Kellems asked about the proximity of the project to a creek and Supervisor Hall stated it was 1000 feet away from City Creek. Upon motion by Vice-President Kellems, second by Director Bennett and carried by a 4 to 0 vote, with President Ayers absent, the Assessment District #7 Sewer Sage Repair Project Awarded to Bacon/Wagner Excavating, Inc. at the not to exceed cost of \$17,860.00, was approved.

Assessment District
#7 Sewer Sag Repair
Project - Award of
Contract

Resolution No. 13-11 Authorizing Investment of Monies in the Local Agency Investment Fund Manager Massey stated the Board adopted Resolution No. 20-10 in October 2010 authorizing the Board President, General Manager and Secretary/Treasurer to deposit or withdraw monies in the Local Agency Investment Fund (LAIF). The investment policy will be reviewed by the Board of Directors each Fiscal Year. Upon motion by Director Terry, second by Director Shouse and carried by a 4 to 0 vote, with President Ayers absent, RESOLUTION NO. 13-11, AUTHORIZING INVESTMENT OF MONIES IN THE LOCAL AGENCY INVESTMENT FUND, was adopted (Resolution No. 13-11 on file in the District office)

Radio Bleeding Manager Massey then reported that the District was notified by the Riverside University Police Department that one of the District radios is bleeding over to their frequency. The District is testing the radios by a technician to determine which radio is at fault and Manager Massey stated that it may be the Telemetry system that monitors the District's water and sewer systems. Discussion continued regarding the Federal Communication Commission (FCC) regulations and the requirement for narrow band radios in January 2013. Manager Massey will provide additional information to the Board on this issue when received.

Engineer's Report Engineer Thomas reported on the Federal Emergency Management Agency (FEMA) regarding the December 2010 Storm Damage Projects and stated FEMA has approved two of the project worksheets that were submitted and he is completing the required paperwork for reimbursement. Manager Massey stated the District has received the first reimbursement check from FEMA in the amount of \$2,500.00 that covered Project No. 13 and the District is awaiting detail reimbursement documentation from FEMA.

Engineer Thomas also reported that the Regional Water Quality Control Board has changed all programs regarding Storm Water Pollution Prevention Plans (SWPPP) and requires that professionals are certified in order to prepare SWPPP reports. The District will be affected by the Linear Utility Project (LUP) meaning that any pipeline project will require a SWPPP report completed by a certified professional. Engineer Thomas mentioned that Engineering Resources has 4 (four) staff members certified in the company and he will provide additional information regarding this issue to the Board and staff as received. Vice-President Kellems asked about the increase in cost and Engineer Thomas stated the expense would be approximately \$7,500 for each project. The new requirement will not affect the Assessment District #7 Point or the Sewer Sag Repair Projects.

Attorney's Report Attorney Riddell did not have any information to report at this time.

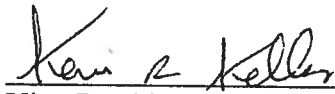
Vice-President Kellems mentioned that this would be his last term on the Running Springs Water District Board of Directors after serving since 1999. The Board and staff acknowledged Vice-President Kellems for his tenure with the District and Vice-President Kellems stated that he will continue to fill the seat until December 2011. Manager Massey closed by mentioning that former General Manager Ed Brittain has filed a Declaration of Candidacy with the San Bernardino County Registrar of Voters for the open seat.

Director's Business

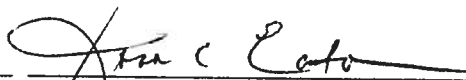
With there being no further discussion, upon motion by Vice-President Kellems, second by Director Bennett and unanimously carried, the meeting was adjourned at 7:52 P.M.

Adjournment

Respectfully Submitted,



Vice-President



Secretary