

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
RUNNING SPRINGS WATER DISTRICT
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA
SEPTEMBER 19, 2012

The Regular Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, September 19, 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
Paul Shouse, Director
Everett "Ed" Brittain, Director

Director Pamella Bennett was absent

Also present were the following:

Ryan Gross, General Manager
Joan Eaton, Secretary/Treasurer/Administration Supervisor
Isaiah Hall, Collections Division Supervisor
Tony Grabow, Fire Chief
Dixi Willemse, Administration Assistant, Fire Department
George Corley, Battalion Chief
Mike Riddell, Attorney, Best, Best & Krieger, (BB&K)
Brian Thomas, Engineer, Engineering Resources

Visitors present were:

James Glick, Running Springs Resident
Linda Coyne, Running Springs Resident
Gerhard Hilgenfeldt, Running Springs Resident

The meeting was called to order at 9:01 A.M. by President Ayers and Chief Grabow led the Assembly in the Pledge of Allegiance.

Called to Order
Pledge of Allegiance

Visitors Glick, Coyne and Hilgenfeldt introduced themselves for the record.

Visitors

President Ayers then moved the meeting to the Public Hearing at 9:02 A.M and visitors Glick and Coyne confirmed that they were present for the Public Hearing. Manager Gross stated the purpose of the Public Hearing was to hear protests or objections to the notice that was sent out regarding weed abatement. Manager Gross asked if anyone had any public comments and Mr. Glick responded that he had received notification to appear to contest the weed abatement notice.

Public Hearing

On August 29, 2012 the Board adopted Resolution No. 17-12, finding that certain District properties were declared a public nuisance due to excessive weeds or wastes that could cause a fire hazard. Manager Gross stated that the Fire Inspector was directed to provide notice to the owners of the properties and set the date for the public hearing. Manager Gross turned discussion over to Chief Grabow who stated that the department has done a lot of work since the August 29, 2012 Board meeting. Chief Grabow said the department has submitted two hundred eighty-two (282) fourteen (14) day notices for properties that were out of compliance with forty-three (43) additional first notices mailed. Approximately eighty-seven (87) property owners have requested re-inspection and eighty (80) of those properties have been cleared with sixteen (16) requests for extensions. Supervisor Eaton confirmed that the Administration Office has not received any written protests or objections to date.

Mr. Glick reported that he owns ten (10) properties in Running Springs and has received five (5) notices. Some of the properties are vacant and two (2) of the notices he received are for his homes. Mr. Glick provided APN #0328-363-23 and #0328-363-24 on Circle View Drive, #0296-236-21 on Pixie Drive, #0295-227-18 on West Drive and #0295-227-24 on East Drive for discussion. Mr. Glick stated he personally removed weeds from the above properties and when he received the second notice, he called the Fire Department and asked specifically what was wrong with the properties and was told by Ms. Willemse that it would cost \$95.00 to send pictures of the properties. Mr. Glick then hired a cleanup crew who consulted with a Fire Chief who said the properties looked fine so Mr. Glick stated he had questions regarding compliance requirements. Chief Grabow interjected saying he would send Battalion Chief Corley out to re-inspect the properties and advise Mr. Glick of the compliance issues.

Ms. Coyne then reported on APN #0295-227-18 and discussion continued regarding the Hazard Abatement Program and requirements of trimming the trees, natural vegetation and insects that affect the mountain. Supervisor Eaton provided the visitors with a copy of the *Landscape Guide for Mountain Homes* that was published by Lake Arrowhead Community Services District and noted that the publication is not related to the weed abatement program. Chief Grabow stated the reason for the program is compliance and he offered to waive the \$95.00 fee for Mr. Glick if after inspection, the Fire Department determines that his property is in compliance. President Ayers stated that the District's main concern is the community and to save properties from a fire. Director Shouse stated the District will continue to educate the community through public relations and information will be included in the quarterly newsletters regarding compliance requirements. Director Brittain reported on insurance companies and concerns that they are not renewing policies on the mountain. He also highly commended the Fire Department for the good job they are doing in the community.

Mr. Hilgenfeldt expressed concern with unkempt properties in the community and Chief's Grabow and Corley stated that the County Code Enforcement Agency would be contacted for these issues. Chief Grabow stated that inspections of properties out of compliance will begin on September 20, 2012 and will be addressed in the October 17, 2012 Board meeting.

The public hearing was closed by President Ayers.

Upon motion by Director Shouse, second by Director Brittain and carried by a 4 to 0 vote, with Director Bennett absent, overruling the objections or protests to the proposed removal of weeds and/or wastes whereupon the Board of Directors shall acquire jurisdiction to proceed and perform the work of removing the public nuisance, authorize the Fire Chief to remove from the list those properties that are in compliance prior to the date that the District applies to the court for a warrant to enter upon the property to clean up the property and authorizing waiver of the \$95.00 fee for those parties that appeared at the hearing on September 19, 2012 and those who achieved compliance prior to warrant application, was approved.

President Ayers stated the consent items will be acted on at one time without discussion unless an item is withdrawn by a Board Member for questions or discussion. Upon motion by President Ayers, second by Director Terry and carried by a 4 to 0 vote, with Director Bennett absent, the consent items were approved.

Consent Items

Manager Gross stated that Supervisor Bobroff was touring the District with a representative from the Department of Public Health and not present at the Board meeting. Manager Gross reported for Supervisor Bobroff and stated that the Luring Pines Tank should be on line by the end of the week.

OPERATIONAL
REPORTS
(Water)

Supervisor Miller reported on the Outfall Line Project and stated the job walk was held on August 28, 2012 with one contractor taking his own route out, and needed to be rescued by the Fire Department in the vicinity of the middle passing lane. Supervisor Miller confirmed that five (5) bids were received for the Outfall Line Project. Supervisor Miller also reported that staff has been inspecting the cassettes that were taken out of service last year. When installation is complete, the road to the ponds will be graded before winter. The Forest Service is also repairing the roads that were washed out in the December 2010 storms. Director Brittain asked if the shooting area was closed and Supervisor Miller stated the shooting area is closed but hunting is allowed in the area of the ponds.

(Treatment)

Supervisor Hall stated there were no issues to report in the Collections Department.

(Collections)

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(Fire) Chief Grabow stated the Emergency Services Day Open House with the California Highway Patrol and allied agencies will be held on October 13, 2012 and flu shots will be administered.

Chief Grabow mentioned the department is having equipment issues and the 1997 squad is having the transmission rebuilt.

A Community Emergency Response Team (CERT) class will be hosted by the Running Springs Fire Department on October 2, 2012. The maximum number of attendees in one class is twenty-five (25) but Chief Grabow noted there are sixty (60) requests listed to attend a class.

(Administration) Supervisor Eaton reported that the audit was completed on September 4th through September 7th, 2012 and was almost seamless. Presentation of the Financial Statements for Year Ending June 30, 2012 by Teaman, Ramirez and Smith, Inc. (TRS) will be scheduled for the November 21, 2012 Board Meeting. The auditors were pleased with the District accomplishments regarding their recommendations to develop a new Capital Asset Policy, Chart of Accounts, Ambulance Billing Policy and commencement of the Ambulance Billing Internal Controls Procedures.

(General Manager) Manager Gross opened by stating the Harich Well Drilling project is scheduled to begin next week and the roads to Ayers Acres will be graded in preparation of the project.

The Running Springs Chamber of Commerce has requested continued use of the Downtown property through October 27, 2012 for the Farmer's Market. Manager Gross also mentioned that the Chamber asked to insert a Halloween flyer in the District's October 2012 water/sewer bills and both requests were approved by President Ayers.

Manager Gross reported that the District broker for health benefits was changed to a company called WSP Corporate Benefits and Insurance Services, Inc. The health benefit plans will not change but the District should receive approximately 10% in savings in the Dental Plan and approximately \$30,000 in savings over the first two years in the Long Term Disability and Life Insurance plans with the new broker. Manager Gross stated that Scott Pieratt, CEO/President of WSP offers a high level of service to employees at no additional cost to the District.

Manager Gross stated he and staff are completing an American Water Works Association (AWWA) benchmarking survey that will compare individual performance indicators with other public agencies. The final report from AWWA will be shared with the Board when received and will be a valuable tool for the District.

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Collections is preparing to seal six (6) identified sewer manholes and two proposals have been received from Sancon and Zeebron with the lowest bid coming in at \$11,670 from Zeebron. The work should begin within the next few weeks that was approved in the 2012/2013 Fiscal Year Budget and Manager Gross stated his understanding is that historically all O&M (Operations and Maintenance) items approved in the budget will be authorized at staff level. Attorney Riddell had no comments or issues regarding this item.

Manager Gross stated that he will be attending the California Special District Association Annual Conference in San Diego and will be available by cellular phone and email.

President Ayers asked if there were any issues with the Outfall Line and Harich Well Drilling Projects commencing before the winter months and Manager Gross stated that regarding the Outfall Line Project, the contractors are required to be out of the creek area by October 31, 2012 and the District will be hopeful there is no snow in October. As addressed in the contract, the contractors are required to install all the storm water management practices to prevent any significant erosion. Discussion continued regarding the Outfall Line Project and Manager Gross stated he will report on the issue with the Department of Fish and Game later in the meeting. Supervisor Miller stated there is a stipulation in the agreement that work cannot take place in the creek if there is running water. In regards to the Harich Well Drilling Project, the pilot drilling should be complete by the end of October.

Manager Gross provided the Board with a list of equipment and material items that the District considers surplus property and asked for authorization to properly dispose of the property. Manager Gross stated the existing inventory of Asbestos Cement (AC) pipe is no longer of any use to the District and could be considered a hazardous material. Arrowbear Park County Water District may be interested in the surplus Neopost Billing Inserter machine but they have not made an offer on the equipment. President Ayers asked where we would take the surplus computer equipment and Supervisor Eaton stated that Computer Options offered to remove the equipment and donate it to a charitable organization after destroying the hard drives and information. President Ayers mentioned that Rim High School is also accepting donated computer equipment. Upon motion by Director Terry, second by President Ayers and carried by a 4 to 0 vote, with Director Bennett absent, District computer and miscellaneous equipment was declared surplus property and authorization to dispose of equipment, was approved.

Surplus District
Computer and
Miscellaneous
Equipment

Proposal to Legally Dispose of Surplus Asbestos Cement Pipe

Manager Gross stated that District staff has determined that the surplus AC pipe currently stored at the Harris property is a hazard and needs to be properly disposed. Two proposals were received with the lowest proposal from Haz Mat Trans, Inc. in the amount of \$5,086 to dispose of the District's surplus asbestos cement (AC) pipe in the Lapaz County Landfill in Arizona. Manager Gross stated the funds will come out of the Leachate Fund since it was not a budgeted item. Discussion continued regarding disposal of hazardous materials and manifests that follow the items from the cradle to the grave. Upon motion by Director Shouse, second by Director Brittain and carried by a 4 to 0 vote with Director Bennett absent, the proposal from Haz Mat Trans, Inc. in the amount of \$5,086 to dispose of the District's surplus asbestos cement (AC) pipe utilizing funds from the Leachate account, was accepted.

Resolution No. 18-12 Adopting an Amended Conflict Of Interest Code Pursuant to the Political Reform Act of 1974

Manager Gross stated the District's Conflict of Interest Code needs to be amended to include our most current and correct list of positions and to incorporate the Fair Political Practices Commission Standard Provisions. A notice was posted to satisfy the public notice requirements and a copy of the proposed Resolution and the legislative version of the code was provided to the Board for review. Attorney Riddell stated every local public agency is required to adopt a Conflict of Interest Code and review it every two years. This is the code reviewing year for the District and there are technical revisions required for the document. Upon motion by Director Brittain, second by Director Terry and carried by a 4 to 0 vote, with Director Bennett absent, RESOLUTION NO. 18-12, ADOPTING AN AMENDED CONFLICT OF INTEREST CODE PURSUANT TO THE POLITICAL REFORM ACT OF 1974, was adopted. (Resolution No. 18-12 on file in the District office)

Award of Construction Contract Outfall Pipeline Improvement Project

Manager Gross reported on the Outfall Pipeline Improvement Project and stated that five (5) bids were received on September 11, 2012 with Bacon Wagner Excavating, Inc. submitting the lowest bid of \$374,119. If approved, the funding sources will be a combination of the Leachate and the Outfall Replacement funds with a current balance of approximately \$900,000. Manager Gross recommended that the Board of Directors:

1. Award a construction contract for the Outfall Line Improvement Project to Bacon/Wagner Excavating, Inc. for their low bid of \$374,119;
2. Authorize the General Manager to execute the contract, and ;
3. Authorize the General Manager to approve change orders for the project during the course of construction as required not to exceed 15% of the original construction contract amount.

Manager Gross stated he would consult with President Ayers regarding all change orders for the project and discussion continued regarding Resolution No. 15-11, that authorizes the General Manager to approve change orders up to \$5,000 after consulting with the Board President. Manager Gross noted that the goal is to keep change orders down to a minimum and in regards to change orders and the project, the funds will come from the Outfall Line Replacement Fund initially and secondly from the Leachate Fund.

Manager Gross also reported that on August 21, 2012, the District received a letter from the California Department of Fish and Game stating they missed the deadline. The letter provided authorization for the District to begin the project within compliance of the submitted plan and to provide an end date of August 2017.

Upon motion by Director Shouse, second by Director Brittain and carried by a 4 to 0 vote, with Director Bennett absent, to award a construction contract for the Outfall Pipeline Improvement Project to Bacon/Wagner Excavating, Inc. for their low bid of \$374,119, to authorize the General Manager to execute the contract and to authorize the General Manager to approve change orders for the project during the course of construction as required not to exceed 15% of the original construction contract amount, was approved.

Engineer Thomas had no additional information to report.

Engineer's Report

Attorney Riddell opened by stating that it is shaping up to be an El Niño year which means that we may or may not receive more rain.

Attorney's Report

Attorney Riddell reported that Governor Brown signed pension reform legislation that has some impact on public entities with changes mostly affecting new employees. Attorney Riddell also noted that employees will no longer be able to buy more pension time and recommended that if someone were interested, they would need to have their application in this year. The District is participating in a webinar presented by Best, Best & Krieger on September 20, 2012 regarding pension reform.

Attorney Riddell will have information to report on the Workers Compensation Bill at the October 17, 2012 Board meeting.

Director Brittain stated the Fire Service Review Committee will meet after the Board Meeting today. President Ayers mentioned that he spoke with a source from the Crest Forest Fire District who stated that if they are not able to meet the retirement equalization unfunded liability, they may need to file bankruptcy or dissolution. President Ayers will provide more information when received.

Committee Reports

President Ayers noted that after further studies, consolidation is close to being a dead issue. Manager Gross requested a letter from the Local Agency Formation Commission (LAFCO) regarding the comments that were made by Kathleen Rollings-McDonald at the August 29, 2012 Special Board meeting. President Ayers recommended that the District meet with the residents of Green Valley Lake to explain the decision.

Director Brittain and President Ayers reported on the upcoming upstream users contract that renews in 2017 and recommended that the District meet with legal counsel regarding the contract renewal. Manager Gross will send a letter to Arrowbear Park County Water District and CSA 79 to remind the upstream users that the contract will expire in 2017 and request a meeting beginning in January of 2013 to review the contract. Discussion continued regarding the upstream users and the inflows and infiltration to the Treatment plant.

Manager Gross updated the Board regarding the proposed County Leachate Treatment Plant at Heaps Peak Transfer Station and stated the site has been marked by contractors. Manager Gross will report back to the Board with information when received.

Directors Business Manager Gross spoke with Legal Counsel regarding the request by the Historical Society to scan documents on District equipment. It was recommended that the District does not allow outside use of District equipment because it could be considered a gift of public funds. Supervisor Eaton notified Mr. Preston of the District decision.

Closed Session The meeting moved into closed session at 10:48 A.M. to consider the following:

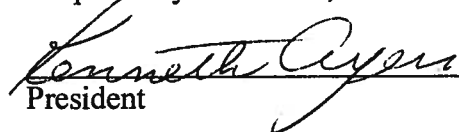
- A. Conference with Legal Counsel – Existing Litigation
Government Code Section 54956.9 (a)
Running Springs Water District v. Chabad of California et al.

Open Session The meeting moved into open session at 11:10 A.M.

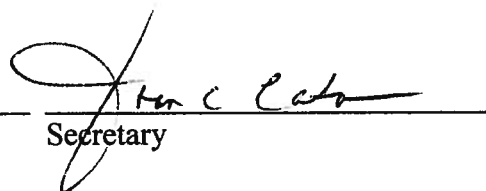
With respect to the item of closed session, there was no information to report.

Adjournment Upon motion by Director Brittain, second by Director Terry and carried by a 4 to 0 vote, with Director Bennett absent, the meeting was adjourned at 11:10 A.M.

Respectfully Submitted,



President



Secretary