

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

OCTOBER 21, 2009

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The Regular Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, October 21, 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  
Pamella Bennett, Director  
Bryan Shropshire, Director

The following Director was absent:

Mike Terry, Director

Also present were the following:

Gary Valladao, General Manager  
Sam Massey, Superintendent  
Joan Eaton, Secretary/Treasurer/Office Supervisor  
Tony Grabow, Fire Chief  
Trevor Miller, Wastewater Treatment Division Supervisor  
Isaiah Hall, Collections Division Supervisor  
Randy Bobroff, Water Division Supervisor  
Mike Riddell, Attorney, Best, Best and Krieger LLP  
Brian Thomas, Engineer, Engineering Resources

Visitors Present:

Kirk and Jane Garvin, 3310 Hummingbird Court  
Paul Shouse, 31271 Allview

The meeting was called to order at 6:00 P.M. by President Ayers

Called to Order

President Ayers led the Assembly in the Pledge of Allegiance.

Pledge of Allegiance

Visitors Kirk and Jane Garvin introduced themselves to the Board and staff. Paul Shouse also introduced himself and stated that he was a candidate for the Running Springs Water District Board of Directors seat on November 3, 2009.

Visitors

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- Regular Board Minutes August 19, 2009 Upon motion by Director Bennett, seconded by President Ayers and carried by a 4 to 0 vote, with Director Terry absent, the minutes of August 19, 2009 were approved.
- Regular Board Minutes September 16, 2009 Upon motion by Vice-President Kellems, seconded by Director Bennett and carried by a 4 to 0 vote, with Director Terry absent, the minutes of September 16, 2009 were approved.
- September 2009 Expenditures Upon motion by Director Shropshire, seconded by Director Bennett and carried by a 4 to 0 vote, with Director Terry absent, the expenditures through September 30, 2009, were approved.
- OPERATIONAL REPORTS  
(Water) Supervisor Bobroff stated the Sidewinder Canyon Lower Booster station and well had no further water quality issues as discussed in the September 16, 2009 Board meeting. Supervisor Bobroff also stated that Southern California Edison Company has completed testing regarding the prior electrical issues and the tests were deemed acceptable with no further improvements to the station required.
- (Treatment) Supervisor Miller reported on the Treatment Plant and stated the reactor cleaning will be scheduled before winter. Supervisor Miller concluded by reporting on the K-Turbo blowers and stated that they have not been installed to date. The representative from Korea is scheduled to arrive the week of November 16, 2009.
- (Collections) Supervisor Hall commenced by stating that heavy maintenance has been completed at Lift Stations No. 1 and No. 2. Supervisor Hall continued by reporting on the Lightfoot Way Project that has been finished by GM Excavating as of October 21, 2009 and will require final inspection for official approval.
- (Fire) Chief Grabow provided the Board with the Fire Department Monthly Report and specifically noted that the Fire Department recently participated in a Fire/Law enforcement drill at 1000 Pines camp, stating that the exercise was valuable to the Department.
- (Administration) Supervisor Eaton began by reporting on the ACH Debit feature and stated that 88 completed Authorization Agreement forms have been received from customers. The program officially takes effect on November 1, 2009.

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Supervisor Eaton continued by mentioning that the District billing program (COMET) has been upgraded to include cash register receipts and alerts and program access has been extended to managerial staff.

Supervisor Eaton concluded by reporting the September Expenditures and Asset Reports have been revised in the Year to Date Budget columns only, to provide consistency with the 2009/10 Fiscal Year budgeted amounts.

Superintendent Massey reported on the Slide Fire, Special District Risk Management (SDRMA) purchased water reimbursement claim. (Superintendent)  
Superintendent Massey stated that the auditing firm for McLarens Young is in the final process and analysis of the claim.

Superintendent Massey stated there has been one confirmed case of the H1/N1 Swine flu in San Bernardino County.

Superintendent Massey closed by explaining the benefits of participating in webinar programs and training sessions.

Manager Valladao stated his report contained mostly information items that would be addressed later in the meeting.

Manager Valladao opened by stating that the District is awaiting further information from LAFCO regarding the Municipal Service Review and Sphere of Influence Update. (General Manager)

Manager Valladao provided a listing of recent meetings attended and stated the items in his report will be discussed as information items later in the meeting.

The meeting moved to Action Item IX.A.

Jay Zercher, Certified Public Accountant with Rogers, Anderson, Malody and Scott presented the 2008/09 Audited Financial Statements Report ending June 30, 2009 and provided documentation stating that they conducted their audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirement for California Special Districts. 2008/09  
Audit Report

In their opinion, the financial statements referred to present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of the Running Springs Water District as of June 30, 2009 and 2008, and the respective change in financial position and where applicable, cash flows, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's office and State regulations governing Special Districts. (unqualified opinion)

Mr. Zercher reported the current assets to current liabilities are 3.32:1 for Fiscal Year 2008/09 compared to 4.44:1 for Fiscal Year ending 2007/08. The debt to service ratio for the Water Department ended at 2.93 with a 1.15 requirement. The debt to service ratio for the Sewer Department ended at 5.02 with a 1.15 requirement. The Fiscal Year 2008/09 Combined Proprietary and Fire revenues over expense change in net assets for the District was an increase of \$745, 405 , including property contributions.

Mr. Zercher concluded his report with comments regarding the Management letter and Statement on Auditing Standards No. 112, Communicating Internal Control Related Matters Identified in an Audit and Statement of Auditing Standards No. 114, The Auditor's Communication with those Charged with Governance. Upon motion by President Ayers, seconded by Vice-President Kellems and carried by a 4 to 0 vote, with Director Terry absent, the 2008/09 Financial Audit prepared by the District's Independent Financial Auditor, was accepted.

Board of Directors  
Election and  
Advisory Measure  
on the Ballot

Manager Valladao stated that as previously reported at the September Board Meeting, the District Board of Directors Election and Advisory Measure regarding the mail ballot election will be held on November 3, 2009. Manager Valladao also stated that a District newsletter containing information regarding the upcoming election, was distributed with the October 2009 District water/wastewater bills. Manager Valladao concluded by stating that the Running Springs Chamber of Commerce will be sponsoring a Candidates Forum for the Board of Directors election on Saturday, October 24, 2009 at 2:00pm at the Hootman Community Center.

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Manager Valladao updated the Board regarding the Ayers Acres Groundwater Development Project and stated that staff recently met with property owners in the vicinity of the Ayers Acres Well Site to discuss property and easement acquisition issues. During closed session, the District will discuss the status of District efforts to secure property and easements for the project.

Ayers Acres  
Groundwater  
Development  
Project

Manager Valladao reported on the current status of Public Outreach and stated that District staff continues to work on the District Website and will include periodic newsletters in the District bills and on the website.

Public Outreach  
Update

Manager Valladao updated the Board regarding the Downtown Restroom and stated that Board President Ken Ayers continues to represent the Board in meetings to discuss the most appropriate manner for the community to fund and operate the facility. The Park District, Chamber and Water District are currently planning a follow-up meeting, to further discuss participation in the funding of the downtown restroom. Following the meeting, and with a better understanding of who will participate in funding, the District will report back to the Board with a more specific recommendation for District action on this matter.

Downtown  
Restrooms

Manager Valladao reported on the current status of the Financial Master Plan and stated that the Board Financial Master Plan Committee held its second meeting on October 8, 2009 to consider a draft Request for Proposal (RFP) for the Financial Master Plan and Rate Study and Fee Analysis. The Committee also considered four firms to receive the RFP's that were issued on October 19, 2009 and a tentative schedule for the selection of the firms was provided to the Board. Manager Valladao stated the District hopes to complete the Financial Master Plan and Rate Study by June 1, 2010.

Financial Master  
Plan Update

Manager Valladao updated the Board regarding the request from Cole Gunnoe, a Boy Scout developing an Eagle Scout Project for construction of a basketball court on a portion of the downtown District property. A meeting was recently held to discuss both Park District and Water District concerns and requirements regarding the project. The preferred temporary site location would be the portion of the District property on the corner of Whispering Pines and Hunsaker. Manager Valladao added that when the Fire Station is ready to be constructed at the site, the facilities would need to be removed and possibly relocated. Manager Valladao concluded by stating that the District will keep the Board apprised and solicit Board input as necessary, of this developing matter.

Possible Basketball  
Court on Downtown  
Property

- Sewer System Management Plan (SSMP) Update  
Manager Valladao stated the next Sewer System Management Plan deadline is November 2, 2009 and the District must submit the SSMP elements: Legal Authority, Operation and Maintenance Program, Overflow Emergency Response Plan, and Fats, Oil and Grease Program. Manager Valladao stated that a Special Board Meeting has been called for October 28, 2009 at 6:00pm to consider the SSMP information.
- District Worker's Compensation Insurance Update  
Manager Valladao reported on the District's Worker's Compensation insurance and stated that due to significant increases in insurance premiums, the District is currently seeking competitive quotes for insurance coverage. Manager Valladao continued by stating that the District is in the process of completing the analysis of worker's compensation insurance carriers and that the District plans to present the analysis and recommendation at either the November 18, 2009 or December 16, 2009 Board Meeting.
- Resolution No. 17-09, Purchase and Sale Agreement and Related Documents, Proposition 1A Receivables From the State  
Manager Valladao reported on Proposition 1A and the California Statewide Communities Development Authority (California Communities) which is a joint powers authority designated by the state to administer a loan securitization program and stated that the background information was initially submitted to the Board at the September 16, 2009 Board Meeting. Manager Valladao provided the Board with the legal documents required to enroll in the program and stated that if the Board wishes to participate in the Proposition 1A Securitization Program, it should adopt the proposed Proposition 1A Sale Resolution and Purchase and Sale Agreement. Discussion continued regarding the program. Upon motion by Director Shropshire, seconded by President Ayers and carried by a 4 to 0 vote, with Director Terry absent, RESOLUTION NO. 17-09, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE AND SALE AGREEMENT AND RELATED DOCUMENTS WITH RESPECT TO THE SALE OF THE SELLER'S PROPOSITOIN 1A RECEIVABLE FROM THE STATE; AND DIRECTING AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH, was adopted. (Resolution No. 17-09 on file in the District office)
- Ordinance No. 30 Amending the District Employment Standards and Provisions, Adopting a Revised Personnel Manual  
Manager Valladao stated the Personnel Manual that was adopted at the November 19, 2008 Board Meeting required revisions due to clarification and typographical errors. The Board reviewed the proposed revisions and Manager Valladao stated there are no substantive changes needed or recommended. Upon motion by Director Shropshire, seconded by President Ayers and carried by a 4 to 0 vote, with Director Terry absent, ORDINANCE NO. 30, AMENDING THE DISTRICT EMPLOYMENT STANDARDS AND PROVISIONS, was adopted. (Ordinance No. 30 on file in the District file room)

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Manager Valladao provided the Board with a document from the San Bernardino County Department of Public Works (County) dated September 16, 2009 regarding Snow Pole Requirements in Mountain areas. The document identifies the conditions related to the installation and maintenance of snow poles adjacent to utility facilities with the San Bernardino County road right-of-way. Manager Valladao stated that staff and Legal Counsel have reviewed the document and believe that the snow pole requirements are reasonable and consistent with District practices. A resolution is an appropriate means for authorizing execution of the agreement and will allow the District to keep track of the District's acceptance of the snow pole requirements. Upon motion by Director Bennett, seconded by Director Shropshire and carried by a 4 to 0 vote, with Director Terry absent, RESOLUTION NO. 18-09, AUTHORIZING THE EXECUTION OF AGREEMENT WITH SAN BERNARDINO COUNTY ACCEPTING SNOW POLE REQUIREMENTS, was adopted. (Resolution No. 18-09 on file in the District file room)

Resolution No. 18-09,  
Authorizing the  
Execution of  
Agreement with San  
Bernardino County  
Accepting Snow Pole  
Requirements

Manager Valladao reported that during the 2008/09 Financial Audit, District staff discovered that our most recent resolution regarding the investment of District monies in the Local Agency Investment Fund (LAIF) needed to be updated to identify current officers. Legal Counsel assisted staff in developing an updated resolution. Upon motion by Vice-President Kellems, seconded by Director Bennett and carried by a 4 to 0 vote, with Director Terry absent, RESOLUTION NO. 19-09, AUTHORIZING THE INVESTMENT OF MONIES IN THE LOCAL AGENCY INVESTMENT FUND, was adopted. (Resolution No. 19-09 on file in the District office)

Resolution No. 19-09,  
Authorizing the  
Investment of Monies  
in the Local Agency  
Investment Fund

Manager Valladao stated that periodically the District performs an inventory of outdated and unused items and develops a listing of surplus property that is no longer of value to the District. Manager Valladao provided the Board with a current list of proposed surplus equipment dated October 21, 2009. Discussion continued regarding the appropriate means of salvaging the property and the Board and staff agreed that the property would not be offered to employees as stated in the cover memorandum by Manager Valladao. Upon motion by Director Bennett, seconded by Director Shropshire and carried by a 4 to 0 vote, with Director Terry absent, Declaration that District Equipment is Surplus and Authorization to Dispose of Equipment as per the amended memorandum with the deletion of the paragraph regarding not offering the surplus equipment to District employees and changes as discussed, was approved.

Declaration  
District Surplus  
Equipment

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- Engineer's Report     Engineer Thomas had no further comments at this time. Manager Valladao stated as previously discussed, the final version of the Sewer System Management Plan will be distributed in May 2010.
- Attorney's Report     Attorney Riddell opened by reporting on issues in the Delta and stated that the measures to improve the environment and water supply that were previously introduced in the legislature, have encountered problems during the process. Attorney Riddell stated that as part of that process, agencies have collaborated to form a joint powers authority and are preparing a multi-species habitat conservation plan to address endangered species in the Delta, that will be tied in with the proposed construction of capital facilities. State Water Contractors have agreed to advance funds to the state in anticipation of a refund from the Department of Water Resources at a projected cost of \$140 million dollars. Attorney Riddell continued by reporting on environmental concerns and various potential solutions to issues in the Delta that include a proposed surface canal and underground tunnel.
- Attorney Riddell continued by reporting on the Crestline Lake Arrowhead Water Agency (CLAWA) and stated the agency has been storing water for protection in the event of future dry years. Attorney Riddell explained that an exchange agreement was formed between CLAWA and the San Bernardino Valley Municipal Water District and he provided details regarding water storage and requirements of the exchange agreement.
- Attorney Riddell closed by reporting on the treatment process and quality of water in the Delta.
- Closed Session     The meeting moved to closed session at 8:25 P.M. to consider the following items:
- A. Conference with Legal Counsel Pursuant to Subdivision (c) of Section 54956.9: Three Cases
  - B. Conference with Legal Counsel Pursuant to Subdivision (a) of Section 54956.9
  - C. Conference with Real Property Negotiator Pursuant to Subparagraph (b) of Section 54956.8
  - D. Conference with Real Property Negotiator Pursuant to Subparagraph (b) of Section 54956.8



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The meeting moved into open session at 9:55 P.M.

Open Session

With respect to the items of closed session regarding Conference with Legal Counsel and Conference with Real Property, Legal Counsel stated there was nothing to report from closed session.

The meeting was adjourned at 9:56 P.M.

Adjournment

Respectfully submitted,

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President

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Secretary