

**MINUTES OF THE SPECIAL MEETING OF THE
BOARD OF DIRECTORS RUNNING SPRINGS WATER DISTRICT
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA
OCTOBER 23, 2013**

The Special Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, October 23, 2013 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
Everett “Ed” Brittain, Director
Pamella Bennett, Director

Director Paul Shouse was absent

Also present were the following:

Ryan Gross, General Manager
Joan Eaton, Secretary/Treasurer/Administration Supervisor
Tony Grabow, Fire Chief
George Corley, Battalion Chief
Mike Riddell, Attorney, Best, Best & Krieger
Dixi Willemse, Fire Department Administration Assistant

No visitors were present

MEETING MINUTES

AGENDA ITEMS

1. Call Meeting to Order and Pledge of Allegiance

The meeting was called to order at 9:00 A.M. by President Ayers and Director Brittain led the assembly in the Pledge of Allegiance.

2. Recognize and Hear From Visitors/Public Comment

No visitors present.

3. Public Hearing and Consideration to Allow or Overrule any or all Objections or Protests to the Proposed Removal of Weeds and/or Wastes that have been Declared as a Public Nuisance

A. The Public Hearing was opened at 9:01 A.M. by President Ayers.

- B. Chief Grabow stated this was an abbreviated session in the process of the Running Springs Fire Department's Hazard Abatement Program. Chief Grabow stated the warrants for non-compliant properties will be completed this week with one (1) more meeting regarding the Hazard Abatement Program to be held on November 20, 2013. Chief Grabow noted the Hazard Abatement Program is a year round program.
- C. The Department received no written objections.
- D. The Department received one (1) oral protest.
- E. There was no further Board Discussion.
- F. The Public Hearing was closed at 9:02 A.M.
- G. Upon **motion** by President Ayers, **second** by Vice-President Terry and **carried by a 4 to 0 vote**, Consider Acquiring Jurisdiction to Proceed and Perform the Work of Removing the Public Nuisance, was approved.

4. Approval of Consent Items

The following consent items were listed for approval:

- A. Approval of Minutes for September 18, 2013 Regular Board Meeting**
- B. Approval of Minutes for October 7, 2013 Special Board Meeting**
- C. Ratify September 2013 Expenditures**

President Ayers questioned the California Rural Water Association expenditure with Manager Gross stating the membership is beneficial to the District because they provide free training opportunities and services to assist with grant funding opportunities. President Ayers also asked about the MVP Athletics expenditure that Chief Grabow confirmed is the cost for Fire Department tee shirts and reimbursed by employees.

Upon motion by President Ayers, second by Director Bennett and carried by a 4 to 0 vote, the consent items were approved.

5. Action Items

- A. Consider Adopting Resolution No. 14-13, Approving Commitments of Fire Department Fund Balances Under GASB 54**

Manager Gross stated it was brought to our attention during this year's audit that the approved Fiscal Year 2010/2011 District Budget included the establishment of three Fire Department designated funds: (1) Breathing Apparatus Equipment Replacement; (2)

Limited Term Firefighters and; (3) Future General Equipment Replacement and that the currently committed fund balances are not consistent with what the Board approved budgets over the last four (4) years reflect. If approved, Resolution No. 14-13 would clarify and formally commit the designated fund balances which includes a proportionate share of investment interest that has been accrued since the funds were originally committed. Discussion continued regarding Fire Department equipment replacement and Manager Gross confirmed that funds will be tracked closely. Vice-President Terry suggested that we consider future property tax revenue for Fire Department capital expenditures and Manager Gross noted that the deficit for the Water, Wastewater and Ambulance Divisions are larger than last year confirming these issues will be discussed in the next Board Workshop.

Upon motion by Director Bennett, second by Vice-President Terry and carried by a 4 to 0 vote, Resolution No. 14-13, Approving Commitments of Fire Department Fund Balances Under GASB 54, was adopted. (Resolution No. 14-13 on file in the District office)

B. Consider Request from the San Bernardino Mountains Land Trust to be Exempted from Running Springs Water District Availability Charges on Four Parcels of the Coyote Rock Property in the Rimwood Area

Manager Gross reported on a request from the San Bernardino Mountains Land Trust for four (4) parcels of its recently acquired Coyote Rock property in Rimwood to be exempt from availability charges of approximately \$2,267 per year. Attorney Riddell provided a memorandum that explains why Best, Best & Krieger believes that Proposition 218 does not allow the District to grant an exemption from standby charges for property owned by the Mountains Land Trust and he summarized Proposition 218 that requires both public and non-profit entities alike pay standby charges unless certain procedures were followed when the charges were established. Discussion continued regarding parcels within the District that include buildable and unbuildable properties and the requirements to qualify for exemption under District Resolution.

Upon motion by President Ayers, second by Director Brittain and carried by 4 to 0 vote, the request from the San Bernardino Mountains Land Trust to be exempted from Running Springs Water District availability charges on four parcels of the Coyote Rock Property in the Rimwood area, was denied based on the opinion of legal counsel.

C. Consider Request from Arrowbear Park County Water District for Increased Cost Share Amount for the Sewer Lift Station Interconnection

Manager Gross reported that Arrowbear Park County Water District (APCWD) has submitted a request to the District for an additional cost share amount of \$26,959.70 for the APCWD Cross Connection between their lift station and the CSA-79 sewer lift station for a total cost share of \$48,712.50. The District committed \$21,670 for the project which was approved by the Board on June 19, 2013. The connection would benefit the District during maintenance, repair work and/or emergency conditions when

shut down of the District's Sewer Lift Station No. 2 was required. Manager Gross stated that CSA-79 has declined to participate in sharing the cost of the project and he is not sure if it is worth paying the \$50,000 for the District and added that he would rather apply the money toward buying a portable trash pump or replacing Lift Station No. 1 and No. 2. President Ayers agreed that he does not see the benefit for the District with Manager Gross stating the benefit would occur if Lift Station No. 2, which is forty (40) years old, is down for a period of time, the flow could be diverted within thirty (30) minutes. If Arrowbear has a problem with a spill, President Ayers said it would not be the responsibility of the Running Springs Water District. Director Brittain asked that the Board table this item to the November Board meeting to research the potential of Lift Station No. 2 with Manager Gross responding that Lift Station No. 1 and No. 2 are at the top of the list for replacement. Director Bennett noted the cost to replace the Lift Stations will be approximately \$500,000 and discussion continued regarding financial options for the future project.

Upon motion by Director Brittain, second by Director Bennett and carried by a 3 to 1 vote, the request from Arrowbear Park County Water District for increased cost share amount for the Sewer Lift Station Interconnection, was tabled to the Regular Board Meeting of November 20, 2013.

D. Consider Adopting Resolution No. 15-13, Designating Applicant's Agent for the State of California Office of Emergency Services

Manager Gross stated the District is closing the documentation from the Federal Emergency Management Agency (FEMA) regarding the December 2010 storm damage. Manager Gross will be designated as the authorized agent to inspect the final documentation per Resolution No. 15-13.

Upon motion by Director Terry, second by Director Brittan and carried by a 4 to 0 vote, Resolution No. 15-13, Designating Applicant's Agent for the State of California Office of Emergency Services, was adopted. (Resolution No. 15-13 on file in the District office)

6. Information Items

A. Quarterly Investment Report

Manager Gross reported on the Local Agency Investment Fund Remittance Advice for quarter ending September 30, 2013 with an interest rate of 0.26% and \$1,163.50 interest earned.

B. Quarterly Budget/Financial Update

Manager Gross provided the Board with a budget/financial summary for the first quarter of Fiscal Year 2013/2014 and a Cash Flow Summary as of September 30, 2013 and stated the information will be added to the agenda each quarter. Manager Gross then

highlighted the revenues over expenditures compared to the Fiscal Year Budget ending September 30, 2013 for all District divisions stating the total District expenses are approximately 3% under budget. Manager Gross also mentioned the Cash Summary Table that shows the total pooled cash for the District and stated the plan for the quarter end financial reports will include charts. Director Brittain asked about the upcoming property tax revenue and Manager Gross stated the next property tax warrant will be received in December 2013 with a 1% increase expected from last year. President Ayers referenced Assessment District No. 5 funds with a balance of \$2,800 and asked about transferring low balance funds to the general fund. Manager Gross said he will check on transfer requirements and stated the District will incur additional costs for the Supervisory Control and Data Acquisition (SCADA) projects that will be utilized with Assessment District funds.

C. Health Reimbursement Arrangement (HRA) and Flexible Spending Account (FSA) Alternatives to District Medical Expense Reimbursement Plan

Manager Gross stated that staff is exploring alternatives to the District's existing Medical Expense Reimbursement Plan that include third party administered Health Reimbursement Accounts (HRAs) and Medical Flexible Spending Accounts (FSAs) that may provide savings to the District due to reduced Federal Insurance Contributions Act (FICA) taxes and Administrative staff processing time. Manager Gross is actively working with Best, Best & Krieger regarding the Health Care Reform requirements and he will report back to the Board when additional information is available.

7. Monthly Reports from Management

A. Water Division Report

Manager Gross stated the Water Division continues to be over budget in the purchased water account and well production is diminishing due to the dry season and Chief Grabow confirmed the long range predictions for this year was a dry summer and wet winter.

In regards to the Ayers Acres Groundwater Infrastructure project, Manager Gross said the design is about 80% to 90% complete and the bid documents will then be finalized. Manager Gross stated the District needs the funds to complete the project saying it may be risky using reserve funds and suggested that the District wait for increased revenues to complete the project.

B. Wastewater Treatment Division Report

Manager Gross reported briefly in the absence of Supervisor Miller regarding the Huber Screw Press installment by GM Excavating, Inc. that is scheduled for October 28, 2013. A representative from Huber will be present the week following the installation for the start-up and training. Treatment Division staff are working on the Membrane Bioreactor

System (MBR) chamber reconfiguring piping and installing new cassettes in preparation of the upcoming wet season.

C. Wastewater Collection Division Report

Manager Gross stated the Collections Division is busy at Lift Station No. 1 preparing for the power outage scheduled for the evening of October 23, 2013.

D. Fire Department Report

Chief Grabow reported on the Ground Emergency Medical Transportation (GEMT) program stating it may not be profitable for the Ambulance Department. Chief Grabow stated the project is moving ahead and the County of San Bernardino is looking closely at the project to make it more profitable. Manager Gross stated the Emergency Services Day Open house went well with Chief Grabow noting that flu shots were not available this year. President Ayers mentioned that flu shots should be administered closer to flu season to avoid reducing the effects.

E. Administration Report

Supervisor Eaton reported that the District now offers customers the option to pay on site by major credit cards for a fee of \$3.25 per transaction. The District will incur a one-time start up fee of \$211.00 and approximately \$15.00 per month in administration fees that will be offset by the customer transaction fee revenue. Administration is also actively reviewing all records and files in compliance with the Records Retention and Destruction Policy. In closing, Supervisor Eaton stated the 2012 Government Compensation in California Report has been submitted and will be available for viewing on the California State Controller's Office website www.sco.ca.gov.

F. General Manager's Report

Manager Gross stated the Chabad delinquencies property sale from Assessment District #10 will be held on November 20, 2013 in the San Bernardino County Superior Court Building with the District expecting to receive approximately sixty-thousand dollars (\$60,000) from the sale. Supervisor Eaton stated there is currently one (1) other delinquent property in Assessment District #10, in addition to the delinquent Chabad properties, listed in the most recent report from NBS.

8. Report from Legal Counsel

Attorney Riddell then reported on the State Water Project supply stating this year's allocation remains at 35% which is a greater allocation to the agency than demand so some of the available water will be carried over in the San Luis Reservoir and available next year. Attorney Riddell stated the water contractors are preparing for the worst and hoping for the best and the 2013 calendar year was recorded as the driest on record. Attorney Riddell

closed saying the Crestline-Lake Arrowhead Water Agency (CLAWA) has carry over water in the San Luis Reservoir so a dry year will not impact the District.

9. Board Member Comments

President Ayers reminded the attendees that the November 20, 2013 Board Meeting and Public Hearing will be held at 6:00 P.M.

Supervisor Eaton confirmed that the Board of Directors will be appointed by the San Bernardino County Board of Supervisors in lieu of election soon after Election Day on November 5, 2013.

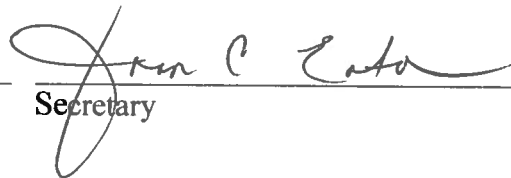
10. Meeting Adjournment

The meeting was adjourned at 10:27 A.M.

Respectfully Submitted,



President



Secretary

