

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS  
RUNNING SPRINGS WATER DISTRICT  
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA  
NOVEMBER 28, 2012

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The Regular Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, November 28, 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  
Pamella Bennett, Director

Also present were the following:

Ryan Gross, General Manager  
Joan Eaton, Secretary/Treasurer/Administration Supervisor  
Randy Bobroff, Water Division Supervisor  
Trevor Miller, Wastewater Treatment Division Supervisor  
Isaiah Hall, Collections Division Supervisor  
Tony Grabow, Fire Chief  
George Corley, Battalion Chief  
Mike Riddell, Attorney, Best, Best & Krieger, (BB&K)  
Brian Thomas, Engineer, Engineering Resources

Visitors present were:

Gerhard Hilgenfeldt, Running Springs Part-Time Resident  
Greg Fankhanel, CPA, Auditor, Teaman, Ramirez and Smith, (TRS)  
Nancy O'Rafferty, Financial Consultant, Rogers, Anderson, Malody & Scott, (RAMS)

The meeting was called to order at 9:00 A.M. by President Ayers who also led the Assembly in the Pledge of Allegiance.

Called to Order  
Pledge of Allegiance

Visitor Gerhard Hilgenfeldt introduced himself for the record.

Visitors

The Board then recognized and thanked Fire Chief Tony Grabow for twenty-five (25) years of dedicated service with the District.

Acknowledgements

The Public Hearing was opened at 9:02 A.M. Manager Gross stated the Public Hearing was set by Resolution 20-12, Resolution Finding That Certain Properties Located in the District Constitute a Public Nuisance and Ordering Notification to Property Owners, that was adopted on November 2, 2012. The purpose of the Public Hearing was in regards to fifteen additional properties that had been identified to be in need of weed abatement and were not included in the Public Hearing of September 19, 2012.

Public Hearing

Chief Grabow then reported on the Fire Department Hazard Abatement Program noting that nine properties went to warrant with seven properties being cleaned by contractors and two being cleaned by the department. Chief Grabow said that out of the additional fifteen properties, parcel numbers 0295-026-06 and 0328-215-06 were removed from the list and he stated that the program is working. The property owners have received the fourteen (14) day notice and the department will begin the collection procedure on any fees that have not been paid. Director Bennett acknowledged the department for a good job considering there were over three thousand (3,000) properties inspected. Manager Gross confirmed there were no written protests received or visitors in attendance regarding the Public Hearing.

Closed Hearing            The Public Hearing was closed at 9:08 A.M.

Vote on Item            Upon motion by Director Bennett, second by Director Terry and carried by a 5 to 0 vote, the Board shall direct staff to 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, authorize the waiver of the \$95 fee for those parties who achieved compliance prior to warrant application and authorize the Fire Chief to remove parcel numbers 0295-026-06 and 0328-215-06 from the list, was approved.

Moved to Audit Report            The meeting moved to Action Item 8.A. regarding the District's Fiscal Year 2011/2012 Annual Financial Report and Audit Results.

Fiscal Year 2011/2012 Annual Financial Report and Audit Results            Manager Gross introduced Nancy O'Rafferty, Financial Consultant, RAMS and Greg Fankhanel, Certified Public Accountant with TRS who then presented the 2011/2012 Fiscal Year Audit and issued the Financial Statements ending June 30, 2011 to the Board and staff. Mr. Fankhanel provided documentation stating they conducted their audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards. In their opinion, the financial statements present fairly providing an unqualified opinion. Mr. Fankhanel also reported on internal controls and stated they did not identify any deficiencies in internal control over financial reporting that they consider to be material weaknesses under standards established by the American Institute of Certified Public Accountants and that they encountered no significant difficulties with management in performing and completing their audit. Mr. Fankhanel noted that the District continues to establish formal policies and procedures concerning the Ambulance Service billing and collection functions as recommended in the 2011/2012 Fiscal Year Audit. Discussion continued regarding the Ambulance Service billing procedures and Manager Gross and Chief Grabow confirmed that the District has begun to cross train District staff and will develop policies and procedures as recommended.

Mr. Fankhanel discussed highlights of the financial statements and management letters and asked if there were any questions regarding the audit presentation. Director Brittain expressed concern that the District operates on a tight budget and said he wanted the community to know the District has ongoing expenses to maintain and repair assets. He said that although he does not want to do this, the District should begin thinking about the need to raise rates. He also suggested that we hold a community meeting to provide information to our customers regarding District issues and finances. Financial Consultant Nancy O'Rafferty stated the District's Water, Sewer and Ambulance Departments show operating income and expense at a loss in the June 30, 2012 Financial Statements indicating that the District should probably raise rates. Manager Gross stated that staff will develop a newsletter to address the District's financial situation and will also post information on the District website. Supervisor Eaton acknowledged District staff, Consultant O'Rafferty and Teaman, Ramirez and Smith for successful completion of the 2011/2012 Fiscal Year Audit and Financial Statements. Upon motion by Director Shouse, second by Director Brittain and carried by a 5 to 0 vote, Receiving, Filing and Authorizing the Distribution of the District's Fiscal Year 2011/2012 Annual Financial Report and Audit Results, was approved.

Mr. Hilgenfeldt asked for clarification regarding the District's revenue and operating expenses. Manager Gross said the District operates with thin staff and cuts expenses when they can. President Ayers responded saying the District workshop prepares staff for balancing budgets and consideration of spending cuts for the upcoming year. Director Bennett stated fees should pay for operations and Supervisor Eaton mentioned that the District has a Financial Master Plan they will review at the upcoming budget workshop.

Upon motion by Director Bennett, second by President Ayers and carried by a 5 to 0 vote, Consent Items that include the Board Meeting Minutes of October 17, 2012 and November 2, 2012 and the October 2012 Expenditures were approved.

Consent Items  
Approved

Supervisor Bobroff stated the Water Department staff are completing routine maintenance on the distribution system and all meters were read in November. Supervisor Bobroff said the Water Department is preparing the District well sites for winter. The department continues with the Ayers Acres well drilling project and Supervisor Bobroff stated a substantial amount of water was found in the second test well at four hundred eighty (480) feet. There was a collapse in the test well site at approximately three hundred thirty (330) feet so the projected completion date is unknown. Director Brittain asked how long it will take to get the well into the distribution system and Supervisor Bobroff responded that it depends on the direction they go and Manager Gross added it would be at least two years. Director Brittain suggested that the District hold a community meeting to help customers gain a better understanding of the District.

OPERATIONAL  
REPORTS  
(Water)

(Treatment) Supervisor Miller opened by stating the Wastewater Treatment Plant staff are catching up on maintenance of the plant with the good weather. He then said that Danny Wagner has completed 95% of the Outfall Line pipeline project and should be finished by the end of next week. There were no issues with the creek crossing and everything went well. The Treatment Plant also completed two biosolids dewatering pilot tests and one report has been received from BDP. The Huber pilot test was completed two weeks ago and Supervisor Miller stated the technology is exceptional. Director Shouse asked about the Huber press and Supervisor Miller stated the report showed an ongoing cost savings analysis.

(Collections) Supervisor Hall stated everything is going good in the Collections Division and they are also preparing for winter and are on schedule. The Weiss Canyon Sewer Easement Clearing Project is complete in addition to the Sewer Pipeline Repairs on Live Oak. Supervisor Hall stated that the Collections Division will continue to work on sewer easements until they have 100% accessibility to all of the remote lines. Director Bennett stated that she was impressed with the Collection Division FOG (Fats, Oils and Grease) Program and Supervisor Hall responded that compliance has been great.

Manager Gross received notification from Lewis Murray, District Representative to Janice Rutherford, District Supervisor that the County of San Bernardino Special Districts Department had scheduled a meeting for Wednesday, November 28, 2012 at 6:00 P.M. concerning the wastewater collection system service within the County Service Area 79 and Green Valley Lake. Manager Gross stated the meeting is a public outreach meeting for staff to address questions from the community and Manager Gross will contact the County regarding information on the meeting to decide if District staff should attend. The CSA79 Advisory Committee Meeting will be held on December 5, 2012

(Fire) Chief Grabow reported on the Chief Duty Officer Coverage with Big Bear Lake Fire Protection District that began on November 19, 2012. He also reported that the Fire Department will receive a grant for a new Tough book electronic hardware for the ambulance patient care records.

Director Shouse had questions regarding the Monthly Summary Comparison of Fire Department Statistics Report and Manager Gross explained the Fiscal Year to date comparisons for clarification. The significant difference in the ambulance billing write off reports was due to the new ambulance billing policy.

(Administration) Supervisor Eaton stated there are staff changes in the Administration Department that will be discussed later in closed session. She also reported that the District Employee Holiday Potluck is scheduled for December 21, 2012 at noon in the District Board Room.

Manager Gross reported on the AB1234 Ethics Training and Sexual Harassment Avoidance Training requirement for 2012. Both classes are available free of charge online with the Ethics training available on the Fair Political Practices website <http://www.fppc.ca.gov> and Sexual Harassment Avoidance training available on the District Target Safety Training website. Each class is a two hour training requirement every two years. Ethics training is required for all Form 700 filers and the Sexual Harassment Avoidance Training is for District Supervisors and the General Manager. Completed certifications should be provided to Supervisor Eaton for retention.

(General Manager)

Manager Gross requested cancellation of the December 2012 Board meeting due to conflicts with the holidays and no scheduled information for the meeting. The cancellation notice will be posted accordingly.

Manager Gross reported on a recent sewer backup in the downtown area that was the result of a large root ball. A foot of raw sewage backed up into a business basement in October 2012 causing damage. The claim was submitted to the Special District Risk Management Authority (SDRMA) and the damage is the District's responsibility.

The District's Policy for Investment of Surplus Funds is set forth in Resolution No. 01-96 and Manager Gross stated District funds are invested in the Local Agency Investment Fund (LAIF). A copy of the quarterly remittance advice indicating the amount invested and rate of return was provided to the Board for their information only. The interest rate is 0.35%, interest earned is \$2,012.76 with a principal balance of \$1,800,078.53 as of September 30, 2012. Discussion continued regarding investment options and Manager Gross will schedule a Finance Committee meeting to discuss District investments.

Quarterly LAIF  
Investment Report

Manager Gross provided dates for the Board to consider scheduling the Annual Strategic Plan and Budget Workshop and for the upcoming budget development process. The tentative date of Wednesday, January 16, 2013 was suggested for the Annual Strategic Plan Update and Budget Workshop. Manager Gross also provided a copy of the District Strategic Plan that was updated in 2009 and suggested that the Board and staff refresh the plan. Director Brittain recommended that the District hold a community meeting on a Saturday for the public to gain a better understanding of the District. President Ayers agreed and said the more we educate the community the easier our jobs will be. Manager Gross suggested holding a community meeting in the spring of 2013.

Dates for Annual  
Strategic Plan Update  
and Budget Workshop

The District quarterly Safety Meeting Minutes of September 6, 2012 were provided to the Board as an information item only.

Safety Meeting  
Minutes

**Customer Request To Discount Water Usage Fees Related To the Customer's Water Leak**      Manager Gross reported on a customer request to discount water usage fees related to the customer's water leak of October, 2012. The District waived the sewer usage fee of \$91.64 for the water that did not go into the District sewer system and provided the customer with a twelve month payment arrangement but the customer is asking for a discount on the \$611.71 water usage charge. After further discussion, the Board adhered to District policy that states customers are responsible for all water usage on the customer side of the water meter. Upon motion by Director Shouse, second by Director Brittain and carried by a 5 to 0 vote, the Customer Request to Discount Water Usage Fees Related to the Customer's Water Leak was denied. Supervisor Eaton will mail a response letter to the customer. (The agenda consent item was to consider the customer request to waive fees with the Board's motion made to deny the customer's request to waive fees)

**San Bernardino County Heaps Peak Transfer Station Leachate Treatment System**      Manager Gross stated he previously mentioned that the District is working with the County of San Bernardino looking into the possibility of the District operating the Leachate Treatment System at the Heaps Peak Transfer Station under contract. Manager Gross stated the county would like to sole source the contract operations to the Running Springs Water District at an hourly rate of \$115 without going to a full bid process. Manager Gross and Supervisor Miller had determined that the District's rate chargeable to others would be \$160 per hour with any additional costs incurred by the District for outside services, materials and supplies at cost plus 15%. Manager Gross stated that assuming it would take eight hours per week to operate the plant, the operations would generate approximately \$48,000 in revenue for the District per year. Discussion continued regarding the pros and cons regarding contract operation of the county plant and President Ayers asked staff to compile a list regarding the services to determine if it would be feasible for the District. Manager Gross stated he does not feel comfortable with the current proposal from the county due to the unknown issues associated with outside contracts and Attorney Riddell added that an outside contract would increase District exposure and liability. Engineer Thomas reported on fees assessed by the county for the privilege of contracting with them and stated the costs were 4% per year and Supervisor Miller reported on issues regarding employee staffing requirements. Attorney Riddell expressed concerns regarding discharging into the trout stream and suggested that the District confers with the Special District Risk Management Authority (SDRMA) regarding exposure liabilities and coverage. Manager Gross will submit a letter to the county regarding the District's concerns as discussed and there was no motion made on the action item.

Manager Gross reported on the recommendation to award a professional services contract to CHJ Consultants in the amount of \$5,400 for Geotechnical services at the District's Sewer Lift Station (SLS) No. 1 Improvement Project. Data is required to proceed with the design work to add additional storage capacity allowing sufficient response time in the event of equipment failure. Monies were previously allocated for rehabilitation work at Sewer Lift Station (SLS) No. 2 and staff recommends deferring the SLS No. 2 work at this time and utilizing the funds budgeted for the SLS No. 2 work in the Fiscal Year 2012/2013 for the SLS No. 1 project which is consider to be a higher priority. An analysis of three proposals were provided to the Board for their consideration. Engineer Thomas reported on the proposals and recommended that the District award the contract to CHJ Consultants stating each firm is bonded and insured up to one million dollars. Engineer Thomas stated under most design contracts, prevailing wages are required and the decision is up to the individual firm. Director Brittain asked about the differences between the firms and associated costs and Engineer Thomas responded it comes down to the costs per linear feet and stated that CHJ Consultants will go down twenty-five (25) feet and Converse planned to go down fifteen (15) feet. Discussion continued regarding the project and Engineer Thomas stated only one four inch bore hole will be drilled and the general rule of thumb is one bore hole per one thousand square feet. Manager Gross will provide Attorney Riddell with a copy of the Professional Services Agreement for his review before it is signed. Upon motion by Director Terry, second by Director Shouse and carried by a 5 to 0 vote, Award of the Geotechnical Services Contract to CHJ Consultants for Sewer Lift Station No. 1 Soils Analysis with Reallocated Funds from Sewer Lift Station No. 2 in the amount of \$5,400, was approved.

Awarding Geotechnical  
Services Contract  
For Sewer Lift Station  
No. 1 Improvements

Manager Gross recommended that the District authorize Engineering Resources to proceed with the design and bidding assistance services for the District's Sewer Lift Station (SLS) No. 1 Improvement Project in the amount of \$11,500. The \$11,500 will come out of the \$40,000 allocated to the SLS No. 2 Rehabilitation Project in the Fiscal Year 2012/2013 budget. Manager Gross stated the project will include a fifteen (15) thousand gallon tank and Supervisor Hall stated the pump is forty (40) horse power. Upon motion by Director Bennett, second by Director Brittain and carried by a 5 to 0 vote, Authorizing Engineering Resources to Proceed with Design Services for Sewer Lift Station No. 1 Improvements at the not to exceed cost of \$11,500, was approved.

Authorizing Engineering  
Resources to Proceed  
with Design Services  
for Sewer Lift Station  
No. 1 Improvements

Revisions to the District Personnel Manual

Manager Gross stated that staff and the Personnel Committee have reviewed and made suggested revisions to the District Personnel Policy Manual and his recommendation is that the Board either approve the revisions or make additional suggestions for the manual. Discussion continued regarding overtime compensation for District employees and the language in the policy and President Ayers suggested that the final draft is returned to the February, 2013 Board Meeting, allowing more time for staff and the Board to review the policy manual and address revisions. Director Shouse and the Board thanked Manager Gross for his work revising the District's policy manual.

Engineer's Report

Engineer Thomas stated he would be attending the Association of California Water Agencies Conference in San Diego the week of December 3, 2012, most importantly to obtain information on grant loan and bonding financing programs for water systems. Director Shouse asked if there were any changes regarding alternative energy sources and Engineer Thomas responded saying that solar power is the most popular topic but the technology is inching along. Engineer Thomas stated that wind generation requires space and the study requires a year for each turbine in addition to concerns about real estate aesthetics. Director Brittain mentioned that Rim High School recently installed four wind turbines at an approximate cost of \$400,000 that generates enough electricity for three houses per year. Engineer Thomas reported on a storage building that he designed for the City of Riverside downtown train station for the Riverside County Transportation Commission (RCTC) that has fourteen (14) four (4) x eight (8) solar panels that will recharge one golf cart in twelve (12) hours and provide lighting for two bays.

Attorney's Report

Attorney Riddell reported that the temporary suspension of the legal requirement to comply with certain provisions of the Brown Act had ended with voter approval of Proposition 30 at the November election, which eliminated the opportunity to seek reimbursement from the State for costs incurred in complying with those provisions of the Brown Act. Thus, all provisions of the Brown Act are again in full force, and none qualify for reimbursement from the State.

Attorney Riddell also reported that the bank that had foreclosed on four of the Chabad parcels in Assessment District No. 10 had sent a large check to the District in excess of \$100,000 to cure the delinquencies for those four parcels, plus penalties, interest and attorney fees. He said that his office would proceed to foreclose on the other three Chabad parcels not owned by the bank, having delinquencies, penalties, interest and attorneys fees in excess of \$40,000 and that he would keep the District apprised of the progress. The Board discussed the possibility of purchasing a parcel at the foreclosure sale if potentially suitable for well development purposes.



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The meeting moved to closed session at 11:18 A.M. pursuant to Government Code Section 54957.6, Unrepresented Employee: Receptionist/Secretary III

Closed Session

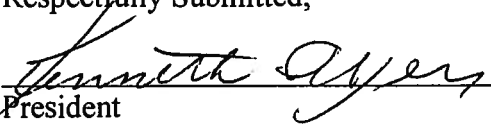
The meeting moved to open session at 11:37 A.M. with no information to report from closed session.

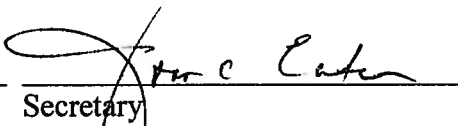
Open Session

The meeting was adjourned at 11:37 A.M.

Adjournment

Respectfully Submitted,

  
\_\_\_\_\_  
President

  
\_\_\_\_\_  
Secretary