

**MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS RUNNING SPRINGS WATER DISTRICT
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA
JANUARY 18, 2017**

The Regular Meeting of the Board of Directors of the Running Springs Water District was held on Wednesday, January 18, 2017 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
Pamella Bennett, Vice-President
Mike Terry, Director
Errol Mackzum, Director
Tony Grabow, Director

Also present were the following:

Ryan Gross, General Manager
Joan C. Eaton, Board Secretary/Treasurer/Administration Supervisor
George Corley, Fire Chief
Mike Vasquez, Fire Battalion Chief
Trevor Miller, Wastewater Treatment Plant Division Supervisor
Randy Bobroff, Water Division Supervisor
Isaiah Hall, Wastewater Collections Division Supervisor
Ward Simmons, Legal Counsel, Best, Best & Krieger

Visitors Present:

Gerhard Hilgenfeldt, Running Springs Resident

MEETING MINUTES

AGENDA ITEMS

1. Call Meeting to Order and Pledge of Allegiance

The meeting was called to order at 9:04 A.M. by President Ayers who also led the assembly in the pledge of allegiance to the flag.

2. Recognize and Hear From Visitors/Public Comment

There were no public comments.

3. Approval of Consent Items

A. Approve Meeting Minutes

A typographical correction will be made to the December 21, 2016 Board Meeting Minutes.

B. Ratify Expenditures and Cash Summary

C. Consider Declaring Certain Equipment as Surplus and Authorize Staff to Dispose of Property

Chief Corley confirmed that CalFire will replace and pay for the new washer and dryer and they have completed some remodeling at Fire Station 51. CalFire has been stationed at the Running Springs Fire Department for approximately four (4) years.

Upon motion by Director Mackzum, second by Director Bennett and carried by a 5 to 0 vote, the Expenditures and Cash Summary were ratified and the information items were approved with the December 21, 2016 Board Meeting Minutes amended.

4. Action Items

A. Consider Granting the Running Springs Area Chamber of Commerce Permission to Utilize the Running Springs Water District's Downtown Property for their 2017 Events

Manager Gross reported on the Running Springs Area Chamber of Commerce request to utilize the Downtown property for their 2017 events. The event dates will be included in the signed Hold Harmless Agreement and an insurance certificate was provided. Director Bennett and Manager Gross said the District has not experienced any problems with Chamber events held on the Downtown property in the past.

Upon motion by Director Bennett, second by Director Grabow and carried by a 5 to 0 vote, Granting the Running Springs Area Chamber of Commerce Permission to Utilize the Running Springs Water District's Downtown Property for their 2017 Events, was approved.

B. Consider Adopting Resolution No. 01-17, Resolution of Lodge, Association or Other Similar Organization Regarding New Bank Signature Cards for First Mountain Bank

Supervisor Eaton reported on First Mountain Bank Signature Cards saying revised documents are required upon change in the Board of Directors. The only other revision is that two signatures are now required on checks over \$5,000.

Upon motion by Director Terry, second by Director Bennett and carried by a 5 to 0 vote, Resolution No. 01-17, Resolution of Lodge, Association or Other Similar Organization Regarding New Bank Signature Cards for First Mountain Bank, was adopted. (Resolution No. 01-17 is on file in the District office)

C. Consider Approving Additional Budget for General Accounting and Financial Consulting Services for Fiscal Year 2016/2017

Supervisor Eaton reported on the Fiscal Year (FY) 2016/2017 Administration Accounting Services Budget of \$113,000 that included \$83,000 for General Accounting and Tyler Implementation and an additional \$30,000 budgeted in the Water Capital Improvement Account for software conversion and upgrades. In July, 2016, the Board of Directors approved the Rogers, Anderson, Malody and Scott (RAMS) Professional Services Contract in the amount of \$63,000 and District staff are requesting that the Board approve the additional \$50,000 budgeted funds to cover the remaining 2016/2017 Fiscal Year Accounting Service expenses. Supervisor Eaton reported on the new Tyler Incode Accounting system stating the phase one financial module conversion was successful and the District is pleased with the program and customer service.

Upon motion by Director Mackzum, second by Director Bennett and carried by a 5 to 0 vote, Additional Budget for General Accounting and Financial Consulting Services for Fiscal Year 2016/2017, not to exceed \$50,000, was approved.

5. Information Items

A. Quarterly Budget/Financial Update

Manager Gross provided financial reports regarding the Running Springs Water District (RSWD) Designated Reserve Fund Balances as of December 31, 2016, the Net Position and Liquidity Ratio Summary and the Quarterly Budget Report and Account Summary. Manager Gross confirmed the Fire Department has received Hazard Abatement Program revenue in excess of the budgeted amount in Fiscal Year 2016/2017. Chiefs' Corley and Vasquez reported on the Fire Department Vehicle Maintenance account saying the department had unexpected costs in FY 2016/2017 and they will defer some maintenance expense until next fiscal year. Chief Corley also reported on the Fire Department salaries account saying some of the expense was due to compensating staff for outside fire assignments. Fire Department assignment salary expense is reimbursed to the District and posted to revenue accounts with Manager Gross saying the reimbursements go into the Fire Department Operating Fund accounts and are not specifically designated. Manager Gross confirmed that the Fire Department does not budget for Fire Department assignment salaries and reimbursements.

B. Water Production and Precipitation Report

Supervisor Bobroff reported on water production and precipitation saying two (2) District wells show an increase in water production.

C. Fiscal Year 2017/2018 Budget Planning

Manager Gross presented the FY 2017/2018 Budget Planning Workshop and opened by providing the schedule for FY 2017/2018, Division Accomplishments and Organizational Structure.

The Board approved a Five (5) Year Rate Plan on June 18, 2014 for the Water and Sewer Divisions that is expected to begin generating positive cash flow. Manager Gross and staff reported on District accomplishments that include the Administration Tyler Technologies Accounting Software System, Fire Department Grants, Water Division Ayers Acres Infrastructure and Automatic Meter Reading System, Wastewater Collections Lift Stations Project and Wastewater Treatment MBR System Upgrade. Regarding the Organizational Structure, the District will consider filling the vacant Treatment Plant Operator position in FY 2017/2018.

Manager Gross then reported and expressed his concerns regarding the Designated Reserve Fund Balances as of December, 2016 for all Divisions and discussion continued regarding property tax revenue that is allocated to the Fire Department. Discussion also continued regarding the Proposed Five (5) Year Capital Improvement Needs and FY 2017/2018 Project Summary for all Divisions, Operating Expenses or Annual Operating Costs for FY 2016/2017 that indicates a 2.4% decrease from FY 2015/2016, the Operating Cash Flow Projections, FY 2017/2018 Budget Assumptions that include a Cost of Living Adjustment of 1.9% and a 5.43% increase to the Employee Health Insurance Premium cap based on the 10.86% CalPERS Health Insurance Premium increase of January 1, 2017, Property Tax Revenue and Debt Service Costs. Manager Gross closed by presenting a Mountain Area Water and Sewer Rate Comparison Study that indicates RSWD rates are close to average. Manager Gross noted the County Leachate revenue to the District has significantly decreased since 2002. The recommendation is to consider adopting the FY 2017/2018 Budget on June 21, 2017 that continues to work towards the goals set out in the Cash Reserve Policy and provides funding for deferred projects.

The Board recessed at 10:38 A.M. and reconvened at 10:44 A.M.

6. Closed Session

A. Conference with Legal Counsel – Anticipated Litigation Significant Exposure to Litigation Pursuant to Paragraph (2) of Subdivision (d) of Section 54956.9. Number of Cases: One

At 10:45 A.M., the Board retired to Closed Session with Legal Counsel pursuant to Paragraph (2) of Subdivision (d) of Section 54956.9.

7. Open Session

A. The Board and/or Legal Counsel Will Report Any Action Taken in Closed Session.

The meeting moved into Open Session at 11:57 A.M. and Attorney Simmons stated there was no reportable action.

8. General Manager's Report

9. Report from Legal Counsel

Attorney Simmons reported on the Best, Best & Krieger memorandum regarding legal invoices being exempt from disclosure.

10. Board Member Comments

11. Meeting Adjournment

The meeting was adjourned at 12:02 P.M.

Respectfully Submitted,



Vice-President, Board of Directors
Running Springs Water District



Secretary of the Board of Directors
Running Springs Water District