



RUNNING SPRINGS WATER DISTRICT
A MULTI-SERVICE INDEPENDENT SPECIAL DISTRICT

31242 Hilltop Boulevard • P.O. Box 2206
Running Springs, CA 92382

TO: BOARD OF DIRECTORS DATE POSTED: FEBRAURY 10, 2017
RE: REGULAR BOARD MEETING FROM: BOARD SECRETARY

The Regular Meeting of the Board of Directors of the Running Springs Water District will be held on Wednesday, February 15, 2017, at the hour of 9:00 A.M. at the District Office located at 31242 Hilltop Boulevard, Running Springs, California. This agenda was posted prior to 5:00pm on February 10, 2017 at the Running Springs Water District Office and Website.

The Board may take action on any item on the agenda, whether listed as an action item or as an information item.

Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to Joan C. Eaton, Board Secretary at (909) 867-2766 at least 48 hours before the meeting, if possible.

Copies of documents provided to members of the Board for discussion in open session may be obtained from the District at the address indicated above.

AGENDA

1. Call Meeting to Order and Pledge of Allegiance
2. Recognize and Hear from Visitors / Public Comment - This portion of the agenda is reserved for the public to make comments on matters within the jurisdiction of the Running Springs Water District that are **not on the agenda**. The Board, except to refer the matter to staff and/or place it on a future agenda, may take no action. It is in the best interest of the person speaking to the Board to be concise and to the point. A time limit of five minutes per individual will be allowed. Any person wishing to comment on an item that is on the agenda is requested to complete a request to speak form prior to the item being called for consideration or to raise their hand and be recognized by the Board President.
3. Approval of Consent Items – The following consent items are expected to be routine and non-controversial and will be acted on at one time without discussion unless an item is withdrawn by a Board Member for questions or discussion. Any person wishing to speak on the consent agenda may do so by raising his/her hand and being recognized by the Board President.

A. Approve Meeting Minutes

Page 3

B. Ratify January 2017 Expenditures

Page 9

4. Action Items – The following action items will be considered individually and each **require a motion** by the Board of Directors for action.
 - A. Project Acceptance and Filing Notice of Completion for Sewer Lift Nos. 1-3 Construction Contract
(Presenter: Ryan Gross, General Manager) **Page 15**
5. Information Items – The following information items do not require any action by the Board of Directors and are for informational purposes only.
 - A. Consider Draft Ordinance No. 47 Adopting Rate Methodology, Terms and Conditions for Transportation, Treatment and Disposal of Wastewater Received from Arrowbear Park County Water District and from San Bernardino County Service Area No. 79
(Presenter: Ryan Gross, General Manager) **Page 22**
 - B. Draft Fiscal Year 2017/2018 Wastewater Collections Department Budget
(Presenters: Finance Committee, Ryan Gross, General Manager) **Page 76**
 - C. Draft Fiscal Year 2017/2018 Wastewater Treatment Department Budget
(Presenters: Finance Committee, Ryan Gross, General Manager) **Page 108**
 - D. Quarterly Investment Report **Page 143**
 - E. Water Production & Precipitation Report **Page 147**
6. General Manager’s Report
7. Report from Legal Counsel
8. Board Member Comments
9. Meeting Adjournment

Upcoming Meetings: Regular Board Meeting, March 15, 2017 at 9:00 am

RUNNING SPRINGS WATER DISTRICT

MEMORANDUM

DATE: February 15, 2017
TO: Board of Directors
FROM: Ryan Gross, General Manager
SUBJECT: CONSIDER APPROVING MEETING MINUTES

RECOMMENDATION

It is recommended that the Board of Directors review and approve the attached meeting minutes.

REASON FOR RECOMMENDATION

Approval of meeting minutes.

BACKGROUND INFORMATION

The attached draft meeting minutes are from the Regular Board Meeting held on January 18, 2017.

ATTACHMENTS

Attachment 1 – Draft Meeting Minutes

**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,

President, Board of Directors
Running Springs Water District

Secretary of the Board of Directors
Running Springs Water District

RUNNING SPRINGS WATER DISTRICT

MEMORANDUM

DATE: February 15, 2017
TO: Board of Directors
FROM: Ryan Gross, General Manager
SUBJECT: RATIFY EXPENDITURES

RECOMMENDED BOARD ACTION

It is recommended that the Board of Directors review the attached accounts payable check register and ratify the District's January 2017 expenditures.

REASON FOR RECOMMENDATION

Each month staff presents the monthly check register and recommends that the Board of Directors ratify the District's expenditures.

BACKGROUND INFORMATION

Attached is a list of expenditures for January 2017.

FISCAL INFORMATION

Refer to attached accounts payable check register and cash summary.

ATTACHMENTS

Attachment 1 – Accounts Payable Check Register for January 2017

Running Springs Water District

Accounts Payable Checks

January 2017

Vendor Name	Description	Date	Invoice Amount	Check Number	Check Amount
2 Hot Uniforms inc	PCF uniform	01/04/17	256.55	100069	256.55
	PCF Uniform	01/12/17	270.63	100105	270.63
	Safety Boots	01/25/17	215.50	100153	331.95
	Uniform Purchase	01/25/17	116.45	100153	
Action Automotive Repair Inc	Smog Check	01/04/17	61.75	100070	2,156.48
	Mount and Balance Tires	01/04/17	50.00	100070	
	tire studs for snow tires	01/04/17	167.29	100070	
	Power Steering leak	01/04/17	1,448.25	100070	
	Thermostat housing replacement	01/04/17	429.19	100070	
	purchase tires and check engine light for Unit 75	01/30/17	818.77	100174	818.77
Airgas Inc.	Large Helium	01/18/17	40.76	100143	40.76
American Family Life Assurance Company of Colun	December 2016 Premiums	01/12/17	616.66	100106	616.66
Ameripride Services, Inc	Misc Supplies	01/05/17	298.00	100077	298.00
Anthem Blue Cross	Insurance overpayment	01/12/17	1,446.55	100107	1,446.55
Ariens Specialty Brands LLC	boots and jacket	01/12/17	249.33	100108	249.33
Arrowbear Park County Water District	Purchased Water	01/04/17	4,257.40	100071	4,257.40
	Purchased Water	01/30/17	4,137.60	100175	4,137.60
Bacon/Wagner Excavating, Inc.	Grading of Pnds #1 & 2	01/05/17	4,560.00	100078	4,560.00
	Hauling of bins	01/25/17	500.00	100154	500.00
Best, Best & Krieger LLP	Legal Services	01/18/17	11,335.22	100144	11,335.22
BURR Group Inc.	Trash Jan-Mar 2017	01/05/17	68.10	100079	68.10
	Dec Trash Service	01/12/17	174.01	100109	174.01
California Board of Equalization	2016 Use/Sales tax	01/27/17	1,302.08	DFT0000331	1,302.08
California Computer Options Inc	Network Maintenance	01/04/17	2,075.00	100055	2,075.00
	On site Labor	01/12/17	903.50	100110	903.50
	onsite labor	01/18/17	1,261.00	100145	1,261.00
	Proactive IT	01/25/17	2,075.00	100155	2,075.00
California Water Environment Association	Membership and Plant Maint. grd 1 Collection grd	01/25/17	338.00	100156	338.00
CalPERS	Medical Premiums for January 2017	01/04/17	18,998.61	DFT0000273	18,998.61
	Replacement Benefit Contribution RBP	01/04/17	10,800.60	DFT0000274	10,800.60
	Retirement	01/05/17	28,509.04	DFT0000337	28,509.04
	Unfunded Liability	01/11/17	35,380.73	DFT0000313	35,380.73
	Retirement Contributions	01/19/17	23,749.85	DFT0000330	23,749.85
Canon	Monthly Service Charges	01/25/17	363.93	100157	363.93
Casey Blas	Reimbursement Claim	01/25/17	50.00	100158	50.00
Charter Communitcations	Telephone and Internet	01/12/17	645.16	100111	831.38
	Phone and internet	01/12/17	186.22	100111	
	Telephone and Internet	01/25/17	104.97	100159	104.97
Citibank, N.A.	Misc Supplies	01/05/17	94.91	100080	94.91
	Staples- Supplies	01/25/17	491.54	100160	799.17
	Staples- Office Supplies	01/25/17	177.08	100160	
	Office Supplies	01/25/17	130.55	100160	
Clinical Laboratory of San Bernardino	Samples	01/05/17	1,340.00	100081	1,340.00
	Water Samples	01/12/17	1,656.00	100112	1,656.00
	Wastewater Samples	01/18/17	1,201.00	100146	1,201.00

Vendor Name	Description	Date	Invoice Amount	Check Number	Check Amount
Clockwork Extrication	Mounting Plate for ATT 6.5 Power unit Sq51	01/12/17	100.00	100113	100.00
Cole-Parmer	Pipette Filter	01/05/17	33.47	100082	33.47
Consolidated Electrical Distributors, Inc	Module Analog	01/12/17	1,596.06	100114	1,596.06
Consolidated Electrical Distributors, Inc.	Miscellaneous Parts and Supplies	01/05/17	32.62	100083	32.62
County of San Bernardino	Permit Number T1603627	01/12/17	444.89	100115	444.89
	Administration Fees 1st Qtr July-Sept 16	01/12/17	642.94	100116	2,058.84
	Admin Fees 2nd Qtr Oct-Dec 2016	01/12/17	772.96	100116	
	Admin Fees 3rd Qtr Jan-Mar 2017	01/12/17	642.94	100116	
	Lien Release	01/25/17	21.00	100161	21.00
	Lien Release	01/30/17	21.00	100176	42.00
	Lien Release	01/30/17	21.00	100176	
Crestline-Lake Arrowhead Water Agency	Purchased Water	01/04/17	9,070.73	100056	9,070.73
Dave Morgan	Driver operator 1A Reimbursement	01/12/17	219.00	100117	219.00
Dave Winter	Work boot reimbursement	01/12/17	150.47	100118	150.47
David M. Ayon	Brush Removal and Thinning	01/04/17	1,913.73	100057	1,913.73
Errol Mackzum	Mileage Reimbursement	01/25/17	60.83	100162	60.83
Fairview Ford Sales, INC	Rbaltom	01/12/17	29.45	100119	29.45
Famcon Pipe & Supply, Inc	Pamrex cover using AD 5 funds	01/12/17	2,851.45	100120	2,851.45
Federal Express Corporation	Shipping Fees	01/25/17	30.70	100163	30.70
Fire Fighters Association	January 2017 Dues	01/30/17	460.00	100177	460.00
Fontana Fire Equipment Inc.	Dot/ High pressure Hydrotest	01/05/17	45.00	100084	45.00
Frontier Communications	Telephone	01/04/17	69.34	100072	122.59
	Telephone	01/04/17	53.25	100072	
	Telephone	01/05/17	69.34	100085	282.23
	Telephone	01/05/17	53.22	100085	
	Telephone	01/05/17	53.21	100085	
	Telephone	01/05/17	53.21	100085	
	Telephone	01/05/17	53.25	100085	
	Telephone	01/12/17	49.67	100121	49.67
	Telephone	01/18/17	139.58	100147	139.58
	Telephone	01/25/17	69.19	100164	138.38
	Telephone	01/25/17	69.19	100164	
	Telephone	01/30/17	49.70	100178	254.62
	Scada Line	01/30/17	98.70	100178	
	Telephone	01/30/17	53.11	100178	
	Telephone	01/30/17	53.11	100178	
Hach Company	Dissolved Oxy Hr Accuvack	01/05/17	89.48	100086	89.48
Haz Mat Trans, Inc.	Work Orer #82023	01/05/17	1,725.00	100087	2,425.00
	Work Order #82021	01/05/17	700.00	100087	
Hub Construction Specialties, Inc	Fire Hose Supplies	01/05/17	158.10	100088	158.10
Inland Desert Security & Communications	Answering Service Charges	01/18/17	106.40	100148	106.40
Inland Water Works Supply Company	Miscellaneous Supplies	01/04/17	547.78	100073	547.78
	romac Scc Fc Clamp	01/12/17	120.96	100122	120.96
Joan Eaton	Reimbursement Claim	01/12/17	154.81	100123	154.81
	Reimbursement Claim	01/30/17	65.00	100179	65.00
Kenneth Ayers	Mileage reimbursement	01/04/17	106.08	100058	106.08
Kevin Eaton	Reimbursement Claim	01/12/17	39.99	100124	39.99
Lake Arrowhead Construction Inc	Estimate # 21	01/12/17	157,426.88	100125	157,426.88
Liberty Composting Inc	Tipping Fees- Biosolids 2016	01/18/17	327.60	100149	327.60
Life-Assist, Inc	Ambulance Supplies	01/04/17	226.34	100074	226.34

Vendor Name	Description	Date	Invoice Amount	Check Number	Check Amount
Life-Assist, Inc	Ambulance Supplies	01/05/17	223.84	100089	1,664.93
	Ambulance Supplies	01/05/17	671.52	100089	
	Ambulance Supplies	01/05/17	769.57	100089	
	Ambulance Supplies	01/12/17	658.05	100126	658.05
Lincoln National Life Insurance Company	Life Insurance Premiums	01/04/17	1,158.06	100059	1,158.06
Linda Mayfield	Reimbursement Claim	01/25/17	440.00	100165	440.00
Lou's Gloves, Inc	Nitrile Exam Grade Gloves	01/05/17	88.00	100090	88.00
Matt Glendinning	Ambulance Lic. Renewal	01/12/17	12.00	100127	12.00
MCI	Long Distance	01/05/17	48.27	100091	48.27
Metropolitan Life Insurance Company	Vision Insurance	01/04/17	172.74	100060	172.74
Mike Scotti	Instructor 1C Training Reimbursement	01/12/17	300.00	100128	300.00
Myers-Stevens & Toohey Co. Inc	Disability Premiums	01/18/17	206.00	100150	206.00
Nancy Glass	Customer Refund	01/04/17	7.42	100061	7.42
Nestle Waters North America	Drinking Water	01/05/17	11.87	100092	11.87
Nick Nikas	Reimbursement Claim	01/25/17	549.69	100166	549.69
Nuckles Oil Company, Inc	Fuel order	01/25/17	4,632.86	100167	4,632.86
One Stop Landscape Supply	Bio Solids Disposal; One Stop	01/05/17	1,026.60	100093	1,026.60
Patricia A. Monical	Office Maintenance December 16	01/04/17	470.00	100062	470.00
	Cleaning Supplies	01/05/17	66.84	100094	66.84
Petty Cash	Petty Cash Reimburse	01/25/17	192.49	100168	192.49
	Petty Cash	01/30/17	401.91	100180	401.91
Polydyne Inc.	Polymer	01/04/17	534.60	100075	534.60
	Polymer	01/05/17	534.60	100095	534.60
Premier Access Insurance Company	January 2017 Dental Premiums	01/04/17	1,172.03	100063	1,172.03
Rim Forest Lumber Company, Inc.	Misc Supplies	01/05/17	95.51	100096	95.51
Robert Aberg	Reimbursement	01/12/17	145.00	100129	145.00
Roger E. Fox, M.D.	Dot Exams x3	01/12/17	105.00	100130	105.00
Rogers Anderson Malody & Scott LLP	Financial Consultant Costs	01/05/17	8,367.84	100097	8,367.84
	Consultant charges	01/12/17	2,999.28	100131	2,999.28
Sam Pitts	Uniform Reimbursement	01/25/17	248.99	100169	248.99
San Bernardino County Fire Protection District	Cupa Permit for Plant	01/05/17	1,009.00	100098	1,009.00
San Bernardino County Special Districts Department	Special District's Meeting	01/04/17	35.00	100064	35.00
Showtime Custom Coach, Inc.	Vehicle Maintenance	01/25/17	80.26	100170	80.26
Solenis LLC	Praestol K 279 Flx Drum	01/05/17	738.72	100099	738.72
Southern California Edison Company	Electricity	01/04/17	467.92	100065	1,788.79
	Electricity	01/04/17	84.20	100065	
	Electricity	01/04/17	390.54	100065	
	Electricity	01/04/17	57.54	100065	
	Electricity	01/04/17	130.58	100065	
	Electricity	01/04/17	193.41	100065	
	Electricity	01/04/17	108.51	100065	
	Electricity	01/04/17	168.09	100065	
	Electricity	01/04/17	188.00	100065	
	Electricity	01/04/17	59.04	100076	1,715.76
	Electricity	01/04/17	353.42	100076	
	Electricity	01/04/17	319.27	100076	
	Electricity	01/04/17	243.38	100076	
	Electricity	01/04/17	110.51	100076	
	Electricity	01/04/17	346.30	100076	
	Electricity	01/04/17	248.64	100076	

Vendor Name	Description	Date	Invoice Amount	Check Number	Check Amount
Southern California Edison Company	Electricity	01/04/17	35.20	100076	1,715.76
	Electricity	01/05/17	294.36	100100	3,728.97
	Electricity	01/05/17	152.12	100100	
	Electricity	01/05/17	1,247.08	100100	
	Electricity	01/05/17	970.58	100100	
	Electricity	01/05/17	338.44	100100	
	Electricity	01/05/17	110.02	100100	
	Electricity	01/05/17	113.69	100100	
	Electricity	01/05/17	502.68	100100	
	Electricity	01/12/17	200.65	100132	211.16
	Electricity	01/12/17	10.51	100132	
	Electricity	01/18/17	6,165.49	100151	6,165.49
Southern California Gas Company	Gas usage Billing	01/12/17	426.52	100133	1,145.95
	Gas Billing	01/12/17	366.52	100133	
	Gas Billing Usage	01/12/17	352.91	100133	
	Gas Billing Usage	01/18/17	376.29	100152	393.63
	Gas Billing Usage	01/18/17	17.34	100152	
State of California - State Water Resource Control	Water Treatment Cert Renewal For Joe Borrie	01/04/17	60.00	100066	60.00
	Water Treatment Certification	01/12/17	70.00	100134	70.00
Superior Automotive Warehouse, Inc.	Miscellaneous Auto Supplies	01/05/17	232.16	100101	232.16
	Miscellaneous Auto Supplies	01/12/17	52.95	100135	52.95
Toni Nicassio	Seminar Mileage and lunch reimbursement.	01/25/17	96.60	100171	96.60
Trevor Miller	Replace lost check #99216	01/12/17	125.00	100136	125.00
	Diesel Fuel Reimbursement	01/30/17	288.00	100181	288.00
Tyler Technologies, Inc	Configuration and Setup	01/25/17	2,125.00	100172	2,125.00
Underground Service Alert of Southern California	New dig Tickets	01/05/17	3.00	100102	3.00
US Postal Service	Permit #14 Funds	01/12/17	3,000.00	100137	3,000.00
Verizon Wireless Services LLC	Cell Phone Charges	01/12/17	223.59	100138	223.59
Visa	Visa Charges	01/05/17	294.69	100103	613.64
	Holiday Lunch Employee Gift	01/05/17	318.95	100103	
	Visa Purchases	01/12/17	52.86	100139	276.61
	Visa Charges	01/12/17	179.71	100139	
	Visa Charges	01/12/17	44.04	100139	
Vyanet Operating Group	Security /Monitoring Services feb-apri	01/12/17	125.00	100140	125.00
York Insurance Services Group Inc., -CA	Workers Comp	01/04/17	6.97	100067	6.97
	Workers Compensation	01/05/17	37.13	100104	37.13
	Workers Compensation	01/12/17	39.97	100141	39.97
	Workers Comp	01/25/17	9.33	100173	9.33
York Risk Services Group, Inc	Administration Fees for December 16	01/12/17	112.00	100142	112.00
Zachary Granzow	Reimbursement Claim	01/04/17	32.99	100068	32.99

Totals

Payment Type	Payable Count	Payment Count	Payment
Regular Checks	179	127	277,406.85
Manual Checks	0	0	0.00
Voided Checks	0	0	0.00
Bank Drafts	6	6	118,740.91
EFT's	0	0	0.00
Totals	185	133	396,147.76

Running Springs Water District		
First Mountain Bank Visa Transactions		
January 2017		
	Description	Amount
Bobroff	DoorBell Kit	52.86
Eaton	Amazon - Hol Lunch Gifts	251.89
	Amazon - Hol Lunch Gifts	37.79
	Amazon - Hol Lunch Gifts	7.52
	Amazon - Hol Lunch Gifts	21.75
Ellsberry	Clamshell LAA-0139	44.04
Gross	Bitdefender AntiVirus	74.99
	Hireright Background Checks for	219.7
Vasquez	Galls- Lockout tool kit	179.71
	Big easy Carrying Case	
	TOTAL AMOUNT DUE	890.25

**RUNNING SPRINGS WATER DISTRICT
MEMORANDUM**

DATE: February 15, 2017

TO: Board of Directors

FROM: Ryan Gross, General Manager

SUBJECT: PROJECT ACCEPTANCE AND FILING NOTICE OF COMPLETION FOR SEWER LIFT STATION NOS. 1-3 CONSTRUCTION CONTRACT

RECOMMENDED BOARD ACTION

It is recommended that the Board of Directors:

1. Accept the work as performed by Trinity Construction as complete under the construction contract for the Sewer Lift Nos. 1-3 Improvement Project; and
2. Authorize the General Manager to execute the Notice of Completion and file with the San Bernardino County Recorder (Refer to Attachment 1).

REASON FOR RECOMMENDATION

The construction phase of the project is complete.

BACKGROUND INFORMATION

On April 27, 2015 the Running Springs Water District Board of Directors awarded a construction contract to Trinity Construction for their low bid of \$2,791,500 to construct the District's Sewer Lift Nos. 1-3 Project.

FISCAL INFORMATION

The final contract amount was \$2,792,973.50 which is approximately 0.05% more than the original contract amount. There were 27 change orders issued totaling \$1,473.50. The following table shows the change orders for the project:

CO Summary List			
SLS 1-3 Improvements Project			
CO Number	Subject	CO Issued	Amount
1	DIP in lieu of SS for Items 4, 5, 6 & 7 on Sheets 4, 5 & 7	8/24/2015	(\$20,000)
2	Additional Quantity for Bid Item #33	8/19/2015	\$10,603.67
3	Eliminate Bid Item #35 Slip Lining	8/28/2015	(\$26,000)
4	SLS #1 Headwall	7/7/2016	\$10,485
5	Eliminate Bid Item #9 CMP at SLS #1	7/7/2016	(\$8,600)
6	CANCELLED Upsize 6.5LF of 8" to 10" gravity pipeline at SLS #2		-
7	Install 8" valve with 15' stem extensions at SLS #1 & SLS #2	11/24/2015	\$8,300
8	Install additional nine (9) link seals	11/24/2015	\$4,590
9	Credit for eliminating grout seal at SLS #2	11/24/2015	(\$550)
10	Credit for changing SS bolts to standard bolts	11/24/2015	(\$925)
11	Credit for SLS #1 generator downsizing (125kW to 80kW)	11/30/2015	(\$1,475)
12	CANCELLED Credit for SLS #3 generator downsizing (60kW to 50kW)		-
13	Additional 8 CY of slurry for SLS #1 wet well backfill	11/24/2015	\$1,512
14	Increase all 3 buildings slab thickness from 4" to 6"	11/24/2015	\$987
15	Intake Louver Change	11/30/2015	\$9,016.92
16	Tesco PLC Programming Changes	2/17/2016	\$4,354.00
17	MCC Phase Failure Modifications	5/5/2016	\$2,070.00
18	SLS #1 Backfill Revisions Additional Base Material (Originally \$2,225)	6/14/2016	\$10,196.95
19	Eliminate Bid Item #25 SLS #2 Wet Well Rehab	8/1/2016	(\$9,400)
20	SLS #2 Security Gates	8/22/2016	\$4,600.00
21	Grade Rings & Lid at SLS#2	9/2/2016	\$2,173.74
22	Fill Wet Well w/ Sand at SLS #2	9/2/2016	\$2,994.24
23	Patch Overflow Hole at SLS #2	9/2/2016	\$300.00
24	Increase Size of Apron at Headwall at SLS #1	9/2/2016	\$746.13
25	Increase Height of Flood Wall at SLS #1	9/2/2016	\$3,188.85
26	Increase Rebar Size for Flood Wall at SLS #1	9/2/2016	\$125.00
27	Credit for eliminating one MH at SLS #3 (Bid Item #22)	1/5/2017	(\$7,820)
			\$1,473.50
		TOTAL	0.05%

This is within the 15% change order contingency that was authorized when the contract was awarded on April 27, 2015.

The funding source for the project was a State Water Resources Control Board (SWRCB) Clean Water State Revolving Fund (CWSRF) loan at 1.9% interest over a 20 year term. The final CWSRF Loan Disbursement was received on February 3, 2017 (Refer to Attachment 2). The first loan payment in the amount of \$169,579.20 is due on October 29, 2017 and annually thereafter until October 29, 2036.

The District currently collects an Infrastructure Repair & Replacement (IRR) fee of \$5.25 per month per equivalent dwelling unit (EDU) to fund the repayment of this debt service.

ATTACHMENTS

Attachment 1 – Notice of Completion

Attachment 2 – CWSRF Final PCR & Final Disbursement

RECORDING REQUESTED BY:

Running Springs Water District

AND WHEN RECORDED MAIL TO:

Running Springs Water District
PO Box 2206
Running Springs, CA 92382

SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

NOTICE OF COMPLETION
FOR THE RUNNING SPRINGS WATER DISTRICT
SEWER LIFT STATION NOS. 1-3 IMPROVEMENT PROJECT

NOTICE IS HEREBY GIVEN THAT:

1. The undersigned is OWNER or agent of the OWNER of the interest or estate stated below in the property hereinafter described.
2. The FULL NAME of the OWNER is Running Springs Water District
3. The FULL ADDRESS of the OWNER is PO Box 2206, Running Springs, CA 92382
4. The NATURE OF THE INTEREST or ESTATE of the undersigned is:
In Fee
(If other than fee, strike "In fee" and insert, for example, "purchaser under contract of purchase," or "Leasee.")
5. A work of improvement on the properties hereinafter described was COMPLETED February 15, 2017
6. The work of improvement completed is described as follows: Sewer Lift Station Nos. 1-3 Improvement Project
7. The NAME OF THE ORIGINAL CONTRACTOR, if any, for such work of improvement is: Trinity Construction
8. The approximate locations of said properties are: 2400 Oak Dr., 2740 Canyon Way, 32400 Parkland, Running Spring, CA 92382
9. The properties on which said work of improvement was completed are in the community of Running Springs County of San Bernardino, State of California, and is described as follows: 2400 Oak Dr., 2740 Canyon Way, 32400 Parkland, Running Spring, CA 92382

Date: _____

Signature of owner
Or agent of owner _____

Ryan Gross
General Manager
Running Springs Water District

EDMUND G. BROWN JR.
GOVERNORMATTHEW RODRIGUEZ
SECRETARY FOR
ENVIRONMENTAL PROTECTION

State Water Resources Control Board

FEB 01 2017

Mr. Ryan Gross, General Manager
Running Springs Water District
31242 Hilltop Blvd
P.O. Box 2206
Running Springs, CA 92382

Dear Mr. Gross:

PROJECT COMPLETION REPORT (PCR); RUNNING SPRINGS WATER DISTRICT (DISTRICT); SEWER LIFT STATION IMPROVEMENTS (PROJECT); CLEAN WATER STATE REVOLVING FUND (CWSRF) PROJECT NO. C-06-7879-110

The Division of Financial Assistance (Division) received the District's PCR, dated January 6, 2017. The Lahontan Regional Water Quality Control Board and Santa Ana Regional Water Quality Control Board also received a copy of the PCR. This report was reviewed in accordance with Section XIV.A of the *Policy for Implementing the Clean Water State Revolving Fund for Construction of Wastewater Treatment Facilities*, to determine compliance with the conditions of the financing agreement related to Project performance, operation, and maintenance.

The PCR adequately addressed the information requested in the Final Project Inspection Letter, dated January 6, 2017, and the requirements listed in Exhibit A.1 of the financial agreement (14-813-550-2). The Division accepts the PCR as submitted. You have satisfied the PCR requirements in the financing agreement.

The Project file has been forwarded to the Division's Closeout Unit for final review and Project closeout. If you have any questions regarding this approval, please contact me at (916) 341-5646, or Melky.Calderon@waterboards.ca.gov.

Sincerely,

Melky Calderon
Project Manager

RECEIVED
FEB 06 2017
Running Springs Water
District

FELICIA MARCUS, CHAIR | THOMAS HOWARD, EXECUTIVE DIRECTOR



EDMUND G. BROWN JR.
GOVERNOR



MATTHEW RODRIGUEZ
SECRETARY FOR
ENVIRONMENTAL PROTECTION

State Water Resources Control Board

NOTICE OF CONSTRUCTION COMPLETION

January 24, 2017

Mr. Ryan Gross
General Manager
Running Springs Water District
31242 Hilltop Boulevard
Running Springs, CA 92382

Dear Mr. Gross:

CLEAN WATER STATE REVOLVING FUND (CWSRF); RUNNING SPRINGS WATER DISTRICT;
CWSRF PROJECT NO. C-06-7879-110; CONTRACT NO. 14-813-550

Congratulations on the completion of your project.

Your Request for Disbursement (Form 260) Number 11, dated January 6, 2017, was your final payment. The remaining balance of \$64 will be disencumbered and unavailable for further use.

Please continue to make your annual loan repayments in accordance with the repayment provisions of your Clean Water State Revolving Fund Finance Agreement. In addition, per your Finance Agreement, your agency is required to retain records a minimum of 36 years from the date of Project Completion for audit purposes.

If you have any questions, please contact me at (916) 319-0163 or xia.lao@waterboards.ca.gov

Sincerely,

Xia Lao
CWSRF Program Analyst
Division of Financial Assistance
State Water Resources Control Board

FELICIA MARCUS, CHAIR | THOMAS HOWARD, EXECUTIVE OFFICER

1001 I Street, Sacramento, CA 95814 | Mailing Address: P.O. Box 100, Sacramento, Ca 95812-0100 | www.waterboards.ca.gov

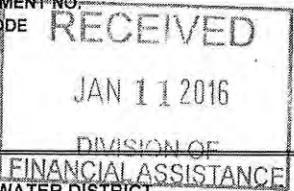


**STATE OF CALIFORNIA
STATE WATER RESOURCES CONTROL BOARD
REQUEST FOR DISBURSEMENT**

DISBURSEMENT REQUESTED FOR:

- () AGRICULTURAL DRAINAGE PROGRAM
- (X) CLEAN WATER STATE REVOLVING FUND PROGRAM
- () SMALL COMMUNITY GROUNDWATER PROGRAM
- () SMALL COMMUNITY WASTEWATER PROGRAM
- () SEAWATER INTRUSION CONTROL PROGRAM
- () WATER RECYCLING FACILITIES PLANNING PROGRAM
- () WATER RECYCLING FUNDING PROGRAM

(1) DATE: 01/06/17
 (2) DISBURSEMENT REQUEST NO. FINAL 11
 PROJECT NO. C-06-7879-110
 AGREEMENT NO. 14-813-550
 PCA CODE 50501



AGREEMENT/GRANT RECIPIENT:

RUNNING SPRINGS WATER DISTRICT

STREET/P. O. BOX:

31242 HILLTOP BOULEVARD

CITY AND ZIP CODE:

RUNNING SPRINGS, CA 92382

AUTHORIZED REPRESENTATIVE:

RYAN GROSS

TITLE: GENERAL MANAGER

DESCRIPTION	AGREEMENT/ GRANT AMOUNT	(3) COSTS INCURRED TO DATE	(4) COSTS CLAIMED FOR PAY'T TO DATE	STATE USE ONLY		
				COSTS APPROVED FOR PAY'T TO DATE	AMOUNT PREVIOUSLY PAID	APPROVED PAYMENT THIS REQUEST
CONSTRUCTION:						
Trinity Construction	\$2,672,500	\$ 2,672,550	\$ 2,672,550	2,672,550	2,481,280	191,270
CHANGE ORDER CONTINGENCY	\$2,500	\$ 1,474	\$ 1,474	1,474	0	1,474
ALLOWANCES (Soft Costs):	\$125,000	\$125,913	\$125,913	125,912*	122,248	3,664
TOTAL	\$2,800,000	\$2,799,937	\$2,799,937	2,799,936*	2,603,528	196,408

COMMENTS:

*Agency rounding error.

RECIPIENT CERTIFICATION

I certify that the costs shown under Costs Incurred to Date have been incurred and that these costs have been paid or will be paid within 30 days of receipt of the funds requested hereby. If such costs have not been paid within 30 days, funds received under this request will be returned to the State Water Resources Control Board (SWRCB). I certify that all prior funds received from this Finance Agreement/Grant have been disbursed within 30 days of receipt or have been returned to the SWRCB.

I certify that all amounts on this invoice are for costs incurred for the Project and represent only costs directly related to the Project Finance Agreement/Grant and within the approved scope of work. **Note:** If entity chooses to add a surcharge, this surcharge must be supportable and documented by direct costs related to the Project. These records can be requested at any time for auditing purposes to ensure costs are justified and directly related to the Project.

(5) Signature of the Authorized Representative [Signature] Date 01/06/2017

STATE USE ONLY: APPROVAL FOR PAYMENT

- All Quarterly Reports have been submitted to date.
- Draft deliverables submitted for disbursement >70% of total financing amount (Grants only).
- Final deliverables submitted for disbursement >90% of total financing amount (Grants only).

<u>[Signature]</u> Project Manager Signature	Project Manager Title	1/19/17 Date
<u>[Signature]</u> Reviewer Signature	Program Analyst Title	1/20/17 Date
<u>[Signature]</u> Approval Signature	<u>[Signature]</u> Title	1/23/17 Date

RUNNING SPRINGS WATER DISTRICT

MEMORANDUM

DATE: February 15, 2017

TO: Board of Directors

FROM: Ryan Gross, General Manager

SUBJECT: **CONSIDER DRAFT ORDINANCE NO. 47 ADOPTING A RATE METHODOLOGY, TERMS AND CONDITIONS FOR TRANSPORTATION, TREATMENT AND DISPOSAL OF WASTEWATER RECEIVED FROM ARROWBEAR PARK COUNTY WATER DISTRICT AND FROM SAN BERNARDINO COUNTY SERVICE AREA NO. 79**

RECOMMENDED BOARD ACTION

This is an information item only. Staff is seeking any additional direction from the Board of Directors.

REASON FOR RECOMMENDATION

This is an information item only.

BACKGROUND INFORMATION

Refer to Attachment 1 which includes a draft of the proposed ordinance.

Refer to Attachment 2 which contains various email correspondence.

The 1977 Wastewater Transportation, Treatment and Disposal Agreements (“Upstream User Agreements”) with Arrowbear Park County Water District (“Arrowbear”) and San Bernardino County Special District Service Area 79 - Green Valley Lake (“CSA 79”) expire on January 20, 2017 (Extended to June 30, 2017) and May 9, 2017 respectively.

The current 1977 Upstream User Agreements base cost share for the Joint Use Facilities on proportion of assessed valuation for capital improvements and flow proportion plus 15% for operations and maintenance (O&M). The following are the approximate percentages of cost share under the current agreements:

Current O&M Cost Share Based on Flow (6 Year Average)

RSWD = 71%

CSA 79 = 16%

Arrowbear = 13%

Current Capital Cost Share Based on Assessed Value (6 Year Average)

RSWD = 69%

CSA 79 = 18%

Arrowbear = 13%

The term of both agreements was/is forty (40) years commencing on the date the agreements were executed. Neither Arrowbear nor CSA 79 exercised their option to renew the agreements for an additional forty years prior to January 20, 2014 and May 9, 2014 respectively but have since expressed interest in negotiating new Upstream User Agreements.

Once the existing agreements have expired, Running Springs Water District has proposed to allocate costs for variable O&M expenses based on each District's proportion of wastewater flow and to allocate costs for the fixed operations and maintenance (O&M) expenses and capital improvements and replacement for the Wastewater Transportation, Treatment and Disposal Joint Use Facilities for Running Springs, Arrowbear and CSA-79 based each District's proportion of equivalent dwelling units (EDUs). Arrowbear, CSA-79 and Running Springs Water District currently all bill their sewer customers based on EDUs. It is also the District's current policy to charge sewer customers outside of the District's service area based on EDUs.

Refer to the Attachment 2 email correspondence for additional comments and responses related to the reasoning Running Springs Water District is changing to this type of cost sharing methodology.

Part of the rationale for changing to this method of cost sharing is that the Joint Use Facilities are sized, operated and maintained based on what is connected to the system (EDUs) and the resulting potential wastewater flows from those connections. Running Springs Water District feels it is more fair and equitable that the Three Parties proportionate share of variable O&M costs be based on proportion of flow and fixed O&M and capital improvements be based on proportion of EDUs or what is connected to the system. The majority of the costs associated with the O&M of the Joint Use Facilities are fixed costs and do not vary with flow.

The most recent wet weather events in January 2017 show that Arrowbear and CSA 79 exceeded their three year average daily flows by more than 300% in some instances. In particular on January 23, 2017, the wastewater treatment plant treated 936,000 gallons in a 24 hour period. This is close to the design capacity of one million gallons per day. That day Arrowbear sent us 192,489 gallons. CSA 79 apparently did not record the required daily flow readings from January 19 through January 24 but during that period sent a total of 674,000 gallons. This reinforces Running Springs' position on the revised cost allocation methodology. We had to have a wastewater treatment plant with peaking capacity built in ready to treat this amount of flow so whether or not we are receiving average dry weather flow or wet weather peak flow most of the costs are fixed.

Additionally, after completing the required Proposition 218 process, on June 18, 2014, the Running Springs Water District Board of Directors adopted Resolution 13-14 which included a five year Sewer Service Monthly Base Charge per EDU increase of 10% beginning July 1, 2015 and an additional 7% per year increase on July 1st of 2016 and each year thereafter through 2019 for Running Springs' rate payers. The reasons for adjusting the rates are to increase operating revenue necessary to cover operating expenses and also to fund the District's Wastewater Operating Reserve and Capital Improvement Reserve to the levels established in the District's Cash Reserve Policy (Resolution 07-13). This rate increase for the Running Springs Water District rate payers is another part of the rationale for moving to a revised cost share methodology for the upstream users. The District feels it is fair and equitable to also increase the rates it charges Arrowbear and CSA-79 since it is asking its own customers for such a rate increase.

On March 16, 2016, Arrowbear's General Manager gave a presentation to the Running Springs Water District Board of Directors and staff on Arrowbear's analysis and their rationale for wastewater treatment costs. Attachment 3 contains a proposal from Arrowbear on WWTP costs which they have requested our Board to consider and see if we can reach agreement or if there is a different way it could be done for a particular cost and if so they have requested we specify it, why we feel it is more fair and equitable and the rationale behind it. Arrowbear contends that they should not pay the same per EDU charge as Running Springs because they feel that they contribute less wastewater per EDU.

As additional background information regarding the Running Springs Water District Wastewater Treatment Plant (WWTP) and its historical and current capacity the following facts have been compiled:

1. In 1969 the original activated sludge WWTP & disposal ponds were constructed with a capacity of 0.5 million gallons per day (MGD) average daily flow (ADF)
2. In 1978 construction began for expansion of the conventional activated sludge WWTP to 1.0 MGD ADF, 2.0 MGD peak daily flow and 3.0 MGD instantaneous peak daily flow.
3. March 13, 1981 – Santa Ana Regional Board Order 81-45 issued for WWTP with 1.0 MGD capacity.
4. February 11, 1987 – Santa Ana Regional Board Order 87-8 issued with updates to conform to the new Water Quality Control Plan.
5. In 2001 due to United States Forest Service (USFS) issues with water quality discharges at the disposal site construction began to modify the WWTP from conventional activated sludge to a membrane bioreactor (MBR) process rated at 0.6 MGD ADF with the ability to expand to 1.0 MGD with additional larger membrane cassettes. This improved the treated water quality to Title 22 recycled water. This was

not an expansion in capacity it was actually a reduction in capacity and improvements to improve water quality.

6. Since 2001 several additional improvements have been made to the WWTP and the MBR process to improve efficiencies. The 2016 project expanded the MBR capacity from 0.6 MGD back to 1.0 MGD ADF which is what the capacity was in 1978. This happened just in time for the January 2017 wet weather events that led to flows of up to 936,000 gallons per day.
7. The District was also notified on March 1, 2016 that the USFS wants to update and renew our Special Use Permit and the Santa Ana Regional Water Quality Control Board wants to update our Waste Discharge Requirements (WDRs) to reflect current conditions. This may or may not present significant additional requirements at the WWTP and disposal site. We are waiting to hear back from these agencies on next steps.

FISCAL INFOMRATION

For reference purposes, the following are the current monthly fixed sewer rates charged to each District’s customers:

Running Springs Water District	\$38.86
Arrowbear Park County Water District	\$35.00
CSA-79 (Green Valley Lake)	\$65.77

For example purposes only, based on the District’s Draft Fiscal Year 2017/2018 Wastewater Treatment Budget and using the new proposed cost allocation methodology the following are the estimated treatment costs per EDU:

Running Springs Water District	\$25.57
Arrowbear Park County Water District	\$14.46
CSA-79 (Green Valley Lake)	\$13.70

*RSWD Board of Directors has not formally approved the FY 2017/2018 budget or Upstream Rate methodology proposed in Draft Ordinance No. 47. Includes filling vacant operator position which has not yet been approved. Also, this is based on the past three years average flows so actual flow rates and expenses will vary the actual rates. Depreciation expense is not included in Arrowbear’s or CSA 79’s example monthly rate per EDU only in Running Springs’.

ATTACHMENTS

- Attachment 1 – Draft Ordinance No. 47
- Attachment 2 – Email Correspondence
- Attachment 3 – Arrowbear’s March 2016 Proposal

DRAFT ORDINANCE NO. 47

ORDINANCE OF THE BOARD OF DIRECTORS OF RUNNING SPRINGS WATER DISTRICT ADOPTING A RATE METHODOLOGY, TERMS AND CONDITIONS FOR TRANSPORTATION, TREATMENT AND DISPOSAL OF WASTEWATER RECEIVED FROM ARROWBEAR PARK COUNTY WATER DISTRICT AND FROM SAN BERNARDINO COUNTY SERVICE AREA NO. 79

WHEREAS, Running Springs Water District (“Running Springs”) is an independent special district in San Bernardino County formed pursuant to the County Water District Law (California Water Code Section 30000 et seq.), which receives a portion of the property tax revenue generated within its boundaries; and

WHEREAS, Arrowbear Park County Water District (“Arrowbear”) and San Bernardino County Service Area No. 79 (“CSA 79”) are both special districts in San Bernardino County located outside the boundaries of Running Springs, and therefore none of the property located within either of those districts provides tax revenue for Running Springs; and

WHEREAS, since 1977, Arrowbear and CSA 79 have operated domestic sewage collection systems within their boundaries, have provided sewage collection services to their customers, and have delivered the domestic wastewater collected from their customers into the Running Springs wastewater transportation system for delivery to and treatment at Running Springs’ wastewater treatment plant, and for disposal through an outfall pipeline and disposal ponds all owned and operated by Running Springs, pursuant to separate agreements executed between Running Springs and Arrowbear (“Arrowbear Agreement”), and between Running Springs and CSA 79 (“CSA 79 Agreement”); and

WHEREAS, the Arrowbear Agreement was due to expire on January 20, 2017 and the CSA 79 Agreement is due to expire on May 9, 2017; and

WHEREAS, Running Springs and Arrowbear have entered into an amendment of the Arrowbear Agreement to extend the term of the Arrowbear Agreement until June 30, 2017; and

WHEREAS, despite termination of the CSA 79 Agreement on May 9, 2017, Running Springs plans to continue to provide wastewater services to CSA 79 at the same rates set forth in the CSA 79 Agreement until June 30, 2017; and

WHEREAS, Running Springs is authorized by Water Code section 31101 to prescribe, revise and collect rates or other charges for sewer and wastewater services and facilities; and

WHEREAS, Running Springs is authorized by Water Code section 31101.5 to supply sewage and waste services to property not subject to district taxes at special rates, terms and conditions as determined by the Running Springs Water District Board of Directors for those services; and

WHEREAS, beginning on July 1, 2017, Running Springs is willing to continue to accept domestic wastewater on a wholesale basis collected by Arrowbear and CSA 79 from their wastewater

collection systems for transport, treatment and disposal by Running Springs (the “Wastewater Services”), subject to the rate methodology, terms and conditions hereinafter set forth, should Arrowbear and CSA 79 desire such service from Running Springs; and

WHEREAS, Running Springs owns and operates certain facilities (the “Lift Station 2 Facilities”) having capacity to transport all of the wastewater collected by Arrowbear and delivered to Running Springs, and also wastewater collected by Running Springs from a portion of its own collections system, to a location where it connects to the Running Springs wastewater collection, treatment and disposal system (the “Joint Use Facilities”) that transport all of the wastewater received from the Arrowbear, CSA 79 and Running Springs collection systems, as described in **Exhibit 2** attached hereto and incorporated herein by reference; and

WHEREAS, Arrowbear owns and operates a sewer force main pipeline that extends from their Sewer Lift Station to Running Springs’ Sewer Manhole No. 99A located in Running Springs School Road, where it connects to Running Springs’ School Trunk Line and Lift Station 2 Facilities, identified in **Exhibit 2** attached hereto; and

WHEREAS, CSA 79 owns and operates a sewer force main pipeline that extends from their Deerlick Sewer Lift Station to Running Springs’ Sewer Manhole No. 104 located in Old City Creek Road, where it connects to the Joint Use Facilities, identified in **Exhibit 2** attached hereto; and

WHEREAS, Running Springs has applied a proportional cost allocation method for setting the rates to be charged to Arrowbear and CSA 79 for the Wastewater Services to be provided by Running Springs, based upon a combination of volumetric flow and the number of Equivalent Dwelling Units (“EDUs”) to be served, and the rate methodology is set forth in **Exhibit 1**, attached hereto and incorporated herein by reference; and

WHEREAS, the rates to be charged to Arrowbear and to CSA 79 for the Wastewater Services provide for the proportional allocation of costs for the operation and maintenance (“O & M”) and capital improvements and replacements for the Joint Use Facilities and Lift Station 2 Facilities based on a combination of the proportion of volumetric flow received from, and the number of EDUs to be served through, the Joint Use Facilities and the Lift Station 2 Facilities; and

WHEREAS, the rates to be charged to Arrowbear and CSA 79 for the Wastewater Services do not exceed the reasonable estimated cost of providing such services and the revenue derived therefrom will be used only to pay for the Wastewater Services for which they are collected; and

WHEREAS, **Exhibit 2** contains the Terms and Conditions under which Running Springs shall provide the Wastewater Services to Arrowbear and to CSA 79, should they desire such services; and

WHEREAS, if Arrowbear and CSA 79 elect to use the Wastewater Services made available by Running Springs, such election shall constitute agreement with the provisions of this Ordinance, including the rate methodology, terms and conditions set forth in the exhibits attached hereto; and

WHEREAS, for purposes of the California Environmental Quality Act (“CEQA”) (Pub. Resources Code, § 21000 et seq.), State CEQA Guidelines (Cal. Code Regs., tit. 14, § 15000 et seq.), section 15378(b)(4) provides that the creation of a government funding mechanism is not a “project” and is therefore exempt from CEQA and no further environmental review is required, and adoption of this Ordinance is not subject to environmental review pursuant to State CEQA Guidelines section 15061(b)(3) because there is no potential for adoption of the rate methodology, terms, and conditions to result in direct or indirect physical impacts to the environment.

NOW, THEREFORE, BE IT ORDAINED by the Board of Directors of the Running Springs Water District as follows:

Section 1. CEQA Exemption. Based upon all the evidence presented in the administrative record, including but not limited to the staff reports, rate methodology, cost allocations, and other documents related to and supporting this Ordinance, the Board of Directors hereby finds and determines that adoption of the rate methodology set forth in **Exhibit 1** and the Terms and Conditions set forth in **Exhibit 2** is exempt from CEQA pursuant to State CEQA Guidelines section 15378(b)(4) because such adoption is not a project. Specifically, this Ordinance establishes a government funding mechanism that does not involve a commitment to any specific future project. (State CEQA Guidelines, § 15378(b)(4).) Instead, this Ordinance adopts a rate methodology, terms and conditions to determine the charges for the provision of Wastewater Services. The resulting rates do not exceed the reasonable estimated cost of providing such services and shall be used only to pay for the Wastewater Services for which they are collected. In addition, approval of the rate methodology, terms, and conditions has no potential for direct physical impacts to the environment because this Ordinance does not approve any specific projects, and merely allows continued maintenance of existing service. (State CEQA Guidelines, § 15061(b).) Therefore, no further review by the District is necessary.

Section 2. Pursuant to the authority recited above and in accordance with the requirements of law, the rate methodology set forth in **Exhibit 1** is hereby adopted and shall apply to Running Springs Water District’s transportation, treatment and disposal of domestic wastewater received from Arrowbear and from CSA 79, under the terms and conditions set forth in **Exhibit 2**.

Section 3. This rate methodology will be effective July 1, 2017. Since the CSA 79 Agreement ends May 9, 2017, Running Springs will continue to provide Wastewater Services to CSA 79 based upon the same rates set forth in the CSA 79 Agreement until the new rates in this Ordinance take effect on July 1, 2017.

Section 4. The Board of Directors may, by ordinance or resolution, update the rate methodology set forth in **Exhibit 1**, and/or the terms and conditions set forth in **Exhibit 2**, as the Board deems necessary.

Section 5. Validity. If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, including any portion of the rate methodology, resulting rates, terms and conditions adopted herein, such invalidity shall not affect other provisions or applications of this Ordinance, including any portion of the rate methodology, resulting rates, terms and conditions not held invalid, and to this end the provisions of this Ordinance are declared to be severable.

Section 6. The General Manager of Running Springs Water District or the General Manager's designee is authorized to implement and enforce the provisions set forth herein.

ADOPTED this 15th day of March, 2017.

Ayes:

Noes:

Abstentions:

Absent:

President, Board of Directors
Running Springs Water District

ATTEST:

Secretary, Board of Directors
Running Springs Water District

Exhibit 1

The monthly rate for actual Variable O&M expenses incurred including; Wastewater Effluent Disposal Site Maintenance, Fuel and Oil, Interceptor Maintenance, Sewer Lift Station #2 Maintenance (Arrowbear Only), Treatment Plant Maintenance, Biosolids Handling and Disposal, Miscellaneous Supplies, Utilities, Vehicle and Equipment Maintenance, Wastewater Testing and Analysis will be based on Running Springs', Arrowbear's and CSA 79's monthly proportionate share of wastewater flow as determined in Exhibit 2.

The monthly rate for actual Fixed Operations and Maintenance (O&M) expenses incurred including; Wastewater Treatment Salaries and Wages, Medicare Tax, Employee Benefits, CalPERS Retirement, Uniform Allowance, Workers Comp Insurance, Education/Seminars, Property/Liability Insurance, Memberships and Subscriptions, Permits/Fees, Professional Services, Office Supplies and Administrative Expenses will be based on Running Springs', Arrowbear's and CSA 79's proportionate share of equivalent dwelling units (EDUs) as determined and certified on an annual basis per Exhibit 2.

The monthly rate for actual Capital Improvement and Replacement expenses incurred will be based on Running Springs', Arrowbear's and CSA 79's proportionate share of equivalent dwelling units (EDUs) as determined and certified on an annual basis per Exhibit 2.

Refer to the Running Springs Water District Current Fiscal Year Wastewater Treatment Budget for details and estimates on each of these expense accounts. Running Springs will provide annual budget estimates approximately 90 days prior to July 1st of each year.

Exhibit 2

TERMS AND CONDITIONS

**WASTEWATER TRANSPORTATION, TREATMENT AND DISPOSAL
FOR ARROWBEAR PARK COUNTY WATER DISTRICT (“ARROWBEAR”)
AND THE SAN BERNARDINO COUNTY SERVICE AREA NO. 79 (“CSA 79”)
BY RUNNING SPRINGS WATER DISTRICT (“RUNNING SPRINGS”)**

1. Facilities.

A. Joint Use Facilities. The Joint Use Facilities are those facilities owned, operated and maintained by Running Springs for the transmission, treatment and disposal of wastewater collected within the service areas of Running Springs, Arrowbear and CSA 79. For Arrowbear, these facilities are located downstream of Running Springs’ Sewer Manhole No. 102 near 31820 Old City Creek Road. For CSA 79, these facilities are located downstream of Running Springs’ Sewer Manhole No. 104 also located on Old City Creek Road. (collectively, the “Joint Use Facilities”).

B. Lift Station 2 Facilities. Lift Station 2 Facilities are facilities owned, operated and maintained by Running Springs for transmission, treatment and disposal of wastewater collected within the service areas of Arrowbear and a portion of Running Springs only. They are located between Running Springs’ Sewer Manhole No. 99A located near the intersection of School Road and State Highway 18, and at Running Springs’ Sewer Manhole No. 102 near 31820 Old City Creek Road (the “Lift Station 2 Facilities”).

C. Arrowbear Responsibility. Arrowbear owns all of its wastewater collection and delivery facilities located upstream of Running Springs’ Sewer Manhole No. 99A and shall be exclusively responsible for the operation, maintenance, repair, replacement, expansion and improvement of such facilities. Running Springs owns all facilities including and downstream of Sewer Manhole No. 99A, including but not limited to the Lift Station 2 Facilities and the Joint Use Facilities, and shall be responsible for administration, operation, maintenance, repair, replacement, expansion and improvement of the Lift Station 2 Facilities and the Joint Use Facilities.

D. CSA 79 Responsibility. CSA 79 owns all of its wastewater collection and delivery facilities located upstream of Running Springs’ Sewer Manhole No. 104 and shall be exclusively responsible for the operation, maintenance, repair, replacement, expansion and improvement of such facilities. Running Springs owns all facilities including and downstream of Sewer Manhole No. 104 and shall be responsible for administration, operation, maintenance, repair, replacement, expansion and improvement of the Joint Use Facilities.

2. Capital Improvements, Expansion or Replacement of Facilities.

A. Need to Expand, Modify or Replace. Arrowbear, CSA 79 and Running Springs recognize that the Joint Use Facilities (and the Lift Station 2 Facilities as they pertain to Arrowbear

and Running Springs only) will need to be expanded, modified or replaced from time to time as equipment and facilities wear out or are damaged, as wastewater flows increase, or as waste discharge requirements, special use permit requirements or other regulatory requirements are modified. This includes capitalized expenditures to improve efficiency and to handle natural disasters.

B. Running Springs Responsibility. Running Springs shall have the sole responsibility and authority to determine when, if and how the Joint Use Facilities and the Lift Station 2 Facilities will be expanded, improved, modified or replaced. All Joint Use Facilities and Lift Station 2 Facilities are exclusively owned, operated and maintained by Running Springs. Neither Arrowbear nor CSA 79 shall have ownership of or capacity rights in the Joint Use Facilities or the Lift Station 2 Facilities.

3. Charges and Payments.

A. Invoicing. Running Springs will submit monthly invoices to Arrowbear and CSA 79 reflecting its charges for use of the Joint Use Facilities (and the Lift Station 2 Facilities for Arrowbear). Running Springs will provide annual budget estimates for each fiscal year approximately 90 days prior to July 1st of each year.

B. Payment. Invoices shall be due and payable upon presentation, and shall be delinquent thirty (30) days after the date of the invoice (“Billing Date”).

C. Delinquent Payment. Delinquencies in payment shall be assessed a ten percent (10%) late payment charge. In the event that a delinquency exceeds three months’ duration from the Billing Date, Running Springs, without liability, may cease to transport, treat or dispose of wastewater generated within Arrowbear’s or CSA 79’s service area, as the case may be, and may take any necessary action to prevent Arrowbear or CSA 79 from delivering wastewater to Running Springs’ wastewater facilities. Running Springs shall not terminate service until written notice of the pending termination of service has been given to Arrowbear or CSA 79, as the case may be.

D. Enforcement of Payment. Running Springs may commence and pursue an action against either Arrowbear or CSA 79, as applicable, for delinquent payments pursuant to this Ordinance. Any judgment rendered in any such action shall include the amount of the delinquency, together with interest thereon, Running Springs’ costs of collection, court costs and reasonable attorneys’ fees in such amount as the court may adjudge against either Arrowbear or to CSA 79, as the case may be.

4. Future Funding.

A. Cooperation. By electing to deliver wastewater to Running Springs, Arrowbear, CSA 79, or both, agree to cooperate with Running Springs in its preparation, submittal and processing of applications for grants, loans or funds from any sources, public or private, to provide for improvements, additions to, expansion, repair or maintenance of the Joint Use Facilities (and the Lift Station 2 Facilities as they pertain to Arrowbear), recognizing that such funding may affect the rates for the provision of Wastewater Services.

5. Determination of EDUs and Flow Contribution

A. Equivalent Dwelling Unit (“EDU”) Calculation. Running Springs shall use the table included in Exhibit 3 of these Terms and Conditions to calculate the EDUs to be used for the purposes of calculating monthly charges to Arrowbear and to CSA 79. For residential single family residential dwellings, the appropriate minimum EDU value is 1.0.

B. EDU Inventory. On or before the first (1st) day of April of each year, Arrowbear and CSA 79 shall prepare and submit to Running Springs an accurate inventory of the total number of EDUs receiving sewer service within their service area certified and stamped by a Registered Civil Engineer in the State of California. Running Springs will also prepare an accurate inventory of the total number of EDUs receiving sewer service within its service area certified and stamped by a Registered Civil Engineer in the State of California which will be made available for inspection. Running Springs, Arrowbear and CSA 79 shall prepare their EDU inventories based on guidelines presented in Exhibit 3. In the case of sewer users such as hotels, motels, apartment buildings, restaurants, laundromats, ski areas, schools, car washes and governmental buildings that have multiple plumbing fixtures or that will contribute substantially more sewage and wastewater to the Joint Use Facilities (and the Lift Station 2 Facilities as they pertain to Arrowbear) than a single family residence or that will contribute sewage and wastewater to the Joint Use Facilities (and Lift Station 2 Facilities as it pertains to Arrowbear) having a pollutant loading greater than that of a typical single family residence, the EDU inventory shall give the name and address of each such sewer user and the total number of EDUs assigned to it. Running Springs shall have the right and permission, at its own expense, to conduct its own survey of the number of EDUs within Arrowbear’s, CSA 79’s, or both service areas contributing wastewater to Running Springs. The annual certified or confirmed number of EDUs shall serve as the basis for allocating to Running Springs, Arrowbear and CSA 79 their proportionate share of actual Capital Improvement costs and actual Fixed O&M expenses for the following fiscal year.

C. Fiscal Year 2017/2018 EDU Inventory. For the Fiscal Year 2017/2018 beginning July 1, 2017, Running Springs, Arrowbear and CSA 79 may use their respective number of EDUs based on what each District is currently billing their sewer customers if it is determined that sufficient time is not available to conduct an accurate survey of their EDU inventory prior to July 1, 2017. It is Running Springs understanding that the current sewer EDU inventories are as follows; Running Springs = 2,943 EDUs, Arrowbear = 984 EDUs and CSA 79 = 1,226 EDUs.

6. Flows

A. Recording of Flow Contributions. In order to determine and keep historical records of Arrowbear’s and CSA 79’s (including Snow Valley’s) quantities of wastewater delivered to Running Springs, and to calculate the proportional costs of variable O&M expenses, recording flow meters with flow totalizers that are not reset each month and radio telemetry connections to the Running Springs Supervisory Control and Data Acquisition (“SCADA”) System for the **daily** measurement of wastewater which Arrowbear and CSA 79 will deliver to Running Springs shall be used and maintained by Arrowbear and CSA 79 at their sole expense. Running Springs will require **daily** electronic flow data packets be made available by Arrowbear and CSA 79 through the Running Springs SCADA system. A recording flow meter to measure the entire flow of wastewater into the Running Springs wastewater treatment plant shall be operated and maintained

by Running Springs at the wastewater treatment plant. Arrowbear, CSA 79 and Running Springs each shall have the right from time to time, as they reasonably determine necessary, to inspect any of these flow meters at their own expense. If testing reveals that a flow meter has been malfunctioning or was inoperative during any period of measurement, Running Springs shall estimate the average flow of wastewater past the point otherwise metered during the period of malfunction or failure to operate. The average flow shall be determined based upon the average of such flows for the same period during the previous three years. Prompt effort shall be made by Arrowbear, CSA 79 and Running Springs to have their own malfunctioning or inoperative meters repaired within thirty (30) calendar days, or as otherwise agreed to in writing, after discovery, at their own expense. **The period of measurement of flow of wastewater shall be one day.** Arrowbear and CSA 79 (including Snow Valley’s flow data), on the first of each month, shall each deliver via email to Running Springs an excel spreadsheet showing **daily** records of the amount of wastewater recorded to have flowed through its flow meter, for each day during the preceding calendar month.

B. Acceptable Basic Flows. Running Springs agrees to receive at the connection points, transport, treat and dispose of domestic wastewater at the following acceptable basic flow rates:

	Average Daily Flow (gallons per day, gpd)	Peak Daily Flow (gallons per day, gpd)
Arrowbear	100,368	181,440
CSA 79	125,052	226,080

Arrowbear average daily design flow = 984 EDUs x 102 gpd/EDU = 100,368 gpd / 1440 min/day = 70 gpm
 Arrowbear peak daily design flow = 70 gpm x 1.8 peaking factor = 126 gpm x 1440 = 181,440 gpd

CSA 79 average daily design flow = 1,226 EDUs x 102 gpd/EDU = 125,052 gpd / 1440 min/day = 87 gpm
 CSA 79 peak daily design flow = 87 gpm x 1.8 peaking factor = 157 gpm x 1440 = 226,080 gpd

Daily flows that are greater than 1.8 times the average daily design flow would be considered excessive infiltration and inflow (I&I) events and will require an investigation and a corrective action plan to be put in place and reported to Running Springs.

Total Joint Use Facilities Average Daily Design Flow = 560,000 gpd
 Total Joint Use Facilities Peak Daily Design Flow = 1,000,000 gpd
 Wastewater Treatment Plant (WWTP) Design Capacity = 1 million gallons per day (MGD)

These flow rates may be exceeded only on a temporary basis by utilizing flow rate capacity of other users, including Running Springs, provided such other users including the Running Springs are not currently utilizing the full flow rate capacity. As the flow rate capacity in the Running Springs’ interceptor approaches the peak design conditions at the discretion of Running Springs, Running Springs will so notify Arrowbear and/or CSA 79 that their respective flow rates may be restricted to the maximum peak daily flow rates.

7. Enforcement of Laws.

A. Monitoring. Arrowbear and CSA 79 shall monitor and enforce within their own boundaries, in addition to all other applicable laws, the Running Springs sewer ordinances, rules and regulations as such ordinances, rules and regulations now exist or may be amended by Running Springs from time to time. Arrowbear and CSA 79 shall be furnished copies of such ordinances, rules and regulations as adopted or revised by Running Springs.

B. Fines. Arrowbear or CSA 79, as the case may be, shall pay for any and all fines, fees or other types of charges levied upon Running Springs by a regulatory agency if caused or resulting from Arrowbear's or CSA 79's actions. Arrowbear or CSA 79, as the case may be, shall also pay fines, fees and charges levied by Running Springs for violation of this Ordinance or other ordinances or laws regulating the discharge of wastewater into the Running Springs wastewater system.

Exhibit 3
EDU Standards

1.0 Equivalent Dwelling Unit.

The basis for assigning EDU's for various classifications is as follows:

1.1 Residential Single Family Dwelling.

For residential single family dwellings, the appropriate minimum EDU value is 1.0. The number of plumbing Fixture Units in the dwelling will be tabulated and recorded on the property account for future information and use, as follows:

1.2 Residential – Other Than Single Family Dwelling.

1.2.1 Condominiums

1 EDU per Dwelling Unit, plus 1 EDU for clubhouse, plus fees for common facilities

1.2.2 Multi-Family

1 EDU per Dwelling Unit

1.2.3 Mobile Home Park

$\frac{3}{4}$ EDU per mobile space, plus 1 EDU for clubhouse

1.2.4 Home with Guest House

1 EDU plus 1 EDU per Guest House

1.3 Commercial

1.3.1 Hotels and Motels

$\frac{1}{2}$ EDU per rental unit plus allowance for other onsite facilities

1.3.2 Bed and Breakfast

1 EDU plus $\frac{1}{3}$ EDU per rental room

1.3.3 Restaurant

1 EDU plus $\frac{1}{10}$ EDU per Person of legal occupancy

1.3.4 Restaurant with Bar

2 EDU's plus 1/10 EDU per Person unit of legal occupancy

1.3.5 Laundries

1 EDU per 750 lbs. of dry wash capacity per day

1.3.6 Recreation Vehicle Park without Hook-Ups

1 EDU plus fees for common facilities

1.3.7 Recreation Vehicle Park with Hook-Ups

1 EDU plus ½ EDU per RV space plus fees for common facilities

1.3.8 Taverns, Bars, Nightclubs

1 EDU plus 1/10 EDU per Person of legal occupancy

1.3.9 Conference Center

1 EDU per three (3) overnight rooms plus any other defined features

1.3.10 Meeting Halls, Theaters

1 EDU per 100 occupancy

1.3.11 Service Stations

1 EDU

1.3.12 Department, Dry Goods Store

½ EDU per 2,500 square feet, 1 EDU minimum

1.3.13 Business Offices

1 EDU per 2,000 square feet, 1 EDU minimum

1.3.14 Car Wash

1.5 EDU per self-service bay

1.3.15 Grocery Stores

2.4 EDUs

1.3.16 Mini Markets

1 EDU

1.3.17 Child Care Centers

¼ EDU per student, minimum 1 EDU

1.4 Institutional.

1.4.1 Schools

1 EDU per 25 occupants (students, teachers, administrative and employees)

1.4.2 Hospitals

1 EDU per two (2) bed spaces

1.4.3. Churches with Kitchen

2 EDUs plus any other defined features

1.4.4 Churches without Kitchen

1 EDU plus any other defined features

1.4.5 Fire Stations with Kitchen

2 EDUs

1.4.6 Fire Stations without Kitchen

1 EDU

1.4.7 Dormitories

1 EDU per six (6) beds

1.5 Multiple-Use Facilities

Multiple use facilities shall be assigned EDU units based on a combined value for the various facilities

1.6 Industrial

- 1.6.1** Industrial and combined industrial/commercial facilities shall be assigned EDU units based on 1 EDU per 200 gallons per day plus an adjustment for excessive Wastewater biological and suspended solids strength.
- 1.6.2** Normal biological oxygen demand (BOD) and suspended solids are assumed to be 200 mg/l each.
- 1.6.3** EDU assignments will be determined by the District Engineer using measurements and/or estimates provided by the User and as verified or accepted by the District Engineer.
- 1.6.4** One-half (1/2) EDU will be added for each additional 0.33 lbs. of BOD and one-half (1/2) EDU for each additional 0.33 lbs. of suspended solids per day.

Ryan Gross

From: Ryan Gross
Sent: Tuesday, February 07, 2017 11:49 AM
To: 'apcwdmail@gmail.com'
Subject: RE: Status on RSWD Wastewater Treatment Rates for Arrowbear and CSA 79
Attachments: 12_Dec. 16 CSA 79 Flows.pdf; 7_Jul. 16 CSA 79 Flows.pdf; 8_Aug. 16 CSA 79 Flows.pdf; 9_Sept. 16 CSA 79 Flows.pdf; 11_Nov. 16 CSA 79 Flows.pdf; 2016-2017 WWTP Flows.xlsx

RS current sewer EDU count is 2,884 residential and 59 commercial for a total of 2,943. We do not have EDU counts for each contributor going back to 1977.

Attached is the flow data for July 2016 to January 2017 for RSWD which I believe Trevor emails you each month. CSA 79 flow data is also attached except for October 2016 (which are missing) and January 2017 (which we have not received yet).

As additional background information regarding the Running Springs Water District Wastewater Treatment Plant (WWTP) and its historical and current capacity the following facts have been compiled:

1. In 1969 the original activated sludge WWTP & disposal ponds were constructed with a capacity of 0.5 million gallons per day (MGD) average daily flow (ADF)
2. In 1978 construction began for **expansion** of the conventional activated sludge WWTP to 1.0 MGD ADF, 2.0 MGD peak daily flow and 3.0 MGD instantaneous peak daily flow.
3. March 13, 1981 – Santa Ana Regional Board Order 81-45 issued for WWTP with 1.0 MGD capacity.
4. February 11, 1987 – Santa Ana Regional Board Order 87-8 issued with updates to conform to the new Water Quality Control Plan.
5. In 2001 due to United States Forest Service (USFS) issues with water quality discharges at the disposal site construction began to modify the WWTP from conventional activated sludge to a membrane bioreactor (MBR) process rated at 0.6 MGD ADF with the ability to expand to 1.0 MGD with additional larger membrane cassettes. This improved the treated water quality to Title 22 recycled water. This was not an expansion in capacity it was actually a reduction in capacity and improvements to improve water quality.
6. Since 2001 several additional improvements have been made to the WWTP and the MBR process to improve efficiencies. The 2016 project expanded the MBR capacity from 0.6 MGD back to 1.0 MGD ADF which is what the capacity was in 1978.

The District was also notified on March 1, 2016 that the USFS wants to update and renew our Special Use Permit and the Santa Ana Regional Water Quality Control Board wants to update our Waste Discharge Requirements (WDRs) to reflect current conditions. This may or may not present significant additional requirements at the WWTP and disposal site. We are waiting to hear back from these agencies on next steps.

Ryan Gross

From: Arrowbear Park County Water District <apcwdmail@gmail.com>
Sent: Tuesday, February 07, 2017 9:21 AM
To: Ryan Gross
Subject: RE: Status on RSWD Wastewater Treatment Rates for Arrowbear and CSA 79

Dear Ryan,

So as to better understand the data behind your proposal, please send:

1. EDU counts by contributor by year from 1977 to present.
2. Daily flows by contributor from Sept. 1, 2016 through Jan. 31, 2017.
3. A time line of each time the WWTP was upgraded/expanded and documentation from that time period specifying the need or regulatory requirement necessitating the upgrade/expansion.

Based on the time frames for action specified in your 2/3/17 email, time is of the essence. Please provide the requested information ASAP.

Based on your responses to our responses to the slides and description of intended action on the part of the RSWD Board, it appears that the RSWD Board had no intention of entering into serious WWTP Agreement negotiations prior to the expiration of the current agreement. Rather, they are in favor of a 'take it or leave it' EDU scheme that throws out 40 years of historical WWTP operating and capital improvement costs based on flow data and the great disparity in sewage generated by homes in RSWD vs. APCWD.

To facilitate negotiations towards a fair and equitable resolution, APCWD has on several occasions verbally, and in writing, offered to participate in an independent engineering assessment of fair and equitable cost sharing for the WWTP as well as suggesting that our differences could be resolved using independent, third-party mediation. Both of these options have been rejected, out-of-hand, by Running Springs, which to us, indicates a lack of real desire on their part for good-faith negotiations aimed at coming to a mutually agreeable WWTP agreement and a lack of factual, rational, or historic data based foundation for their EDU scheme. On the other hand, APCWD has expressed a sincere desire to address the RSWD concerns regarding I&I, accounting for peak flows, and proper fiscal accountability for future plant sizing requirements based on credible forecasts and projections. APCWD has communicated their willingness to reach an agreement on these issues even it means an increase in the cost to APCWD for wastewater treatment, *as long as those increases are based on realistic data and measurement rather than arbitrary equivalencies.*

Should RSWD feel they can unilaterally mandate a new WWTP Agreement by resolution or ordinance then APCWD will, using that same authority, enact by resolution or ordinance, a continuance of the current WWTP Agreement indefinitely. Despite wording to the effect that RSWD "owns" the WWTP; APCWD and CSA-79 have contributed their fair and equitable proportion to the capital improvement, operational, and management costs of the WWTP and as such are proportional stakeholders in it and should not and will not be subjected to unfair, abusive, condescending, take-it-or-leave-it mandates.

Sincerely,
Norman Huff
General Manager
Arrowbear Park County Water District
909-867-2704 - Ofc.
909-867-4736 - Fax

ATTACHMENT TO 2/3/17 Email. Running Springs Responses in BLUE Text, Arrowbear Comments to Presentation in RED text.

APCWD Slide Notes:

Slide 3

Rates set on COS (Cost of Service) principles based on quality and volume. **Agree**

Wastewater strength (quality) is not a significant factor in RS WWTP costs. **Agree**

Slide 4

There is a capacity component to the capital cost of the plant. **Agree**

Plant size has to be designed to meet peak and average flows. **Agree**

O&M expenses are largely determined by plant size. **Agree**

Slide 5

Costs are incurred for currently used and extra standby capacity. **Agree**

APCWD contends that the current plant capacity has been paid for under the current agreement

When we use the term capacity we mean the O&M costs associated with maintaining a certain capacity ready to serve each customer. The capacity associated with 1 EDU.

The three agencies have been paying for O&M in proportion to average flows – which shifts costs to those who are currently using the plant. This is fine in most areas (where people live in their homes full time), but in an area with a significant number of vacation homes, you can run into inequities when absentee owners don't discharge sewage. If the agency has a volumetric rate (which AB does not but has a flat rate), then absentee owners are not contributing towards fixed costs associated with service. Therefore, many vacation areas have increased their fixed rate component to ensure that absentee owners share in fixed treatment plant costs. Many agencies have flat charges, so it does not matter whether the customer is discharging wastewater into the sewers. This is fair because a large portion of the costs of treatment are fixed and do not vary with the quantity of wastewater.

All users have paid for O&M in proportion to their average use. The argument for sharing O&M costs in proportion to EDUs is that there is a set amount of capacity in the plant set aside for each agency in proportion to their EDUs (102 gpd/EDU per RSWD 2010 Master Plan), regardless of whether or not each agency uses their full EDU allocation/capacity. The charges recover costs that are incurred to operate and maintain that capacity irrespective of whether the customer uses it. AB used more (almost twice as much) during the January 2017 wet weather event.

and that a new agreement that attempts to "make up" for perceived past inequalities in a new agreement will not be acceptable. APCWD is willing to enter into a new agreement that factors in the source (increased per capita flows, development, etc.) of increased wastewater that requires plant expansion. Future plant expansion would need to be based on probable or likely flow increases, not remotely possible increases (which is what an EDU based projection is) that are not backed up by credible historical data or projections.

The new upstream rate is not seeking to recover past costs just fairly collect costs going forward. The RS sewer master plan assumes 102 gpd per EDU. The plant is designed to be conservative in the sense that the plant must accommodate all potential flows from all users otherwise there will be sewage spills if there is a large influx of seasonal users or excessive I&I as was the case most recently in January 2017.

APCWD is also willing to include in a new agreement a mechanism so that all WWTP contributors pay their fair and equitable portion for current flows, peak flows, as well as extra standby capacity for capital costs and O&M costs. Where we differ, is how to measure those percentages. APCWD contends that there is ample flow history to determine a fair and equitable percentage for each contributor while RS wants to use EDU's, which APCWD has clearly shown to be inequitable (average flow per RS EDU is almost double that of APCWD), are not an accurate predictor of needed capacity because a universal amount of flow per day (250 gpd) per EDU is not applicable to the contributor communities,

The current sewer master plan assumes 102 gpd per EDU which is lower than most agencies to reflect seasonal use. Actual plant use is usually lower than design flow otherwise the plant is undersized. The data shows that the flow per EDU is different for each agency which is due to many factors (i.e. RS has more commercial and more full time). As mentioned in the presentation – the design basis uses plant **design** to allocate fixed costs, instead of **current** use. This does shift costs unfortunately – but it is a fair and acceptable rate setting method. Our argument here is that due to seasonal occupancy, varying demographics, etc. - there is/can be some inequities due to the fact that one area is/might be more seasonal than others. This is common for vacation home areas. Therefore, allocating **fixed** costs based on the capacity (per EDU) ensures that all connected customers pay for fixed costs to provide service that is immediately available should the customer need it. Other seasonal communities have increased their fixed charge (which is similar to allocating costs by EDU instead of flow) so as to minimize the shift of costs to full time residents to account for the fact that much of the utilities costs are fixed.

and are only an estimate or guess as to how much wastewater is generated based on one factor, the number of plumbing fixtures. It is normally based on a flow per person

Other factors such as demographics, use, density, and occupancy (number of persons and frequency of occupancy) have a much greater impact on average and peak flows and the resulting plant capacity needed.

True, actual flows do not match design flows per EDU. The plant was designed assuming a flow per capita – which translates into a flow per EDU.

Slide 6

Cost components should be allocated based on facility function. **Agree**

Average flows may not accurately reflect seasonal capacity needs. **Agree**

Still, APCWD contends that flow histories (average, seasonal, and peak) are a much more accurate measurement of needed capacity and extra standby capacity than EDU's.

Flow histories measure **actual** flow not the capacity needed for all users which is the basis for fixed costs. There may be/is unused capacity if one area is more seasonal – which the data indicates that AB and CSA are likely more seasonal than RS.

EDU's are an incredibly poor way to accurately account for or predict capacity needs in the contributor communities with such great differences in demographics (avg. lot sizes, avg. home sizes, and occupancy rates).

EDU's are a commonly accepted way to size a plant for average and peak flows. Lot size has nothing to do with sewer flow. Large lot irrigation does not enter the sewer. Larger homes correlate with more sewer flow only if more people live in the home. Varying occupancy rates is the reason for charging fixed costs by EDU so that absentee owners and present owners share in WWTP costs. While variable costs, which are a function of those who are actually using the plant is, allocated based on flow.

Slide 7

Current average flows may not accurately reflect capacity needs. **Agree.**

But, neither do EDU's. If we went back 30 years and replaced flow percentages with EDU's, history would show that the average flows were a much more accurate predictor of future needed capacity than EDU's.

EDUs reflect the capacity set aside/designed into the plant for each single family home. It is true that the flow per EDU is not realized – but the plant is sized to handle a certain flow should it need to. One could sum up this argument as – AB would like to pay in proportion to its **actual** use instead of the capacity that was designed for AB. Again – this is logical and fine for **most** agencies – but in vacation home areas inequities can arise due to absentee ownership.

One could extend the argument of “actual use” to each customer. AB and CSA currently bill a fixed charge per EDU. However, some customers could argue that they are not a full EDU (perhaps they live alone or rarely use their home). AB and CSA do not account for partial EDUs and would not allow them to pay less – they still have to pay one EDU regardless of their sewer discharge. This argument is extended to each agency.

The plant was designed assuming the same amount of capacity for each EDU. **Strongly disagree.**

APCWD has repeatedly asked for plant design documentation to back up this claim. How many EDU's is the current WWTP designed/rated for? WWTPs are rated based on average and peak flow capacity in GPD.

The RSWD 2010 Master Plan documents and technical memos were provided to you on 01/12/2016. See attached.

What GPD amount was assigned to each EDU for design capacity purposes? 102

APCWD has looked at the RS Master Plan and the upstream contributors' occupancy and growth rates are nothing more than wild guesses. Projections made in the past have not been realized.

They are conservative estimates to design a plant. Again, the plant needs to handle the potential flows from all users including anticipated excessive I&I.

Slide 8

Peaking Factors. APCWD would need to be able to look at the underlying data to accurately analyze the conclusions reached.

What is the RS conclusion as to what the data suggests for the 7 year period? Without seeing the underlying data, the data would suggest that for the 7 year time period APCWD had no "unpaid for" peaking capacity while RS did.

Not sure how this conclusion is reached because AB has been paying in proportion to **average** flows (without accounting for peak flows) and during times of peak flows AB uses a higher percentage of the plant capacity and for those periods of time should be paying in proportion to peak flows. Peaking analysis is attached.

Note plants are designed to handle peak flows and the fixed costs of the plant are proportional to this capacity. So if you discharge your peak flow even one day in a whole year you need to pay for that capacity all the time.

Based on our analysis of the RS generated slide presentation titled "Hilltop Community Special Districts Flow Comparison" that compared contributor flows for WWTP contributors in Apr. 2010 to Oct. 2010, we concluded that when the same data was looked at in different years, a similar conclusion could not be reached. This deeper analysis has generated skepticism that data and time frames may have been cherry-picked in the past to support a desired conclusion.

Refer to most recent wet weather event in January 2017. We looked at CY 2013 – 2015. **The takeaway from all this is simply that AB and CSA peak more during times of the year.** Suggesting that AB and CSA are likely more seasonal and have more I&I than Running Springs and therefore should pay in proportion to that capacity at a minimum – though the EDU argument takes it one step further – in proportion to the capacity for 1 EDU.

Slide 9

Percentage of Flow during Peak Use. Like the previous slide, APCWD would need to be able to look at the underlying data to accurately analyze the conclusions reached.

While APCWD agrees to the concept that the excess/standby capacity should be fairly allocated and based on average and peak flows, not just average flows; we see absolutely **no** correlation from the average and peak data presented on this slide to the bottom line EDU percentages proposed.

The peaking factors and percentages were provided to put forth that AB and CSA use the plant more during times of peak use (which can be weekly, monthly, holidays, wet weather etc). And

paying in proportion to average flows does not cover fixed costs associated with peak or design use. During times of peak use AB would pay 15% of plant costs (which is based on actual flows). However, the EDU argument (paying in proportion to EDUs) takes it one step further and says that AB and CSA should pay in proportion to the **capacity designed/allocated in the plant** (102 gpd/EDU) for their flow based on EDUs (~18%). When accounting for peak flows and designed flows – both cost allocations are higher than current average flows (~13% for AB).

The past 3 years' peak month data would be much more relevant (assuming consistent data).

Non-coincidental Max Month over 2013, 2014, 2015	1,344,880	1,527,278	7,425,434
%	13%	15%	72%

I think APCWD would even be open to looking at the peak day data (assuming consistent data and reaching an agreement on a fair and representative sampling period/time frame). While this could increase APCWD's percentage (ie: cost), it could be supported by solid rationale and data.

Non-coincidental Max Day over CY 2013, 2014, 2015	123,980	152,000	524,353
%	15%	19%	66%

I truly believe that for negotiations to proceed to a workable conclusion, the parties involved need to pursue a solution based in solid rationale, facts, and historical data and stop trying to make the numbers (EDU's) fit a preconceived desired outcome (increased upstream contributor's costs while lowering RS costs).

Using **peak** data is one viable option should the Board so decide, however, it still would not account for the fact that there is a certain amount of capacity (and therefore fixed costs) set aside for AB and CSA based on the flow per EDU.

Slide 10

Bullet point #1 - Occupancy conclusion. APCWD agrees to the point that there are vacation homes.

We do believe that the average flow per EDU is indicative of lower occupancy frequency (seasonal home use) in AB vs. RS. Still, APCWD believes that there are several other factors such as, occupancy density (residents per EDU), lot size (smaller homes and fewer plumbing fixtures per EDU),

Lot size does not affect sewer flow, irrigation does not enter the sewer. The data can be manipulated to show that one AB EDU is not the same as one RS EDU. It is likely due to more commercial, seasonal occupancy and perhaps less residents per home. However, AB or CSA 79 does not change its flat charge for partial EDUs or if there is only one person per home instead of 2 or 3. The allocation of costs by EDU does not account for partial residency or less people per home. Rather the central tenant is that both absentee and present owners share in **fixed** costs

to operate the plant. **Variable** costs are borne by those actually **using** the plant and that will be reflected in the new upstream rates.

full time occupancy rates, etc., that would indicate that an APCWD EDU is not equivalent to a RS EDU.

The data shows that AB's actual flow per EDU is lower but does not factor in zero use or commercial. Please see above paragraph.

We would need to be able to look at the underlying data from the previous slide to accurately analyze the extent to which occupancy differs from community to community. Our analysis of the available data was not able to determine the percentage differences based on seasonality and flows. IE: determining whether a flow increase was due to seasonal occupancy or storm I&I. With that being said, EDU analysis would not produce any more definitive data either.

The concept of charging in proportion to EDUs allocates more costs to AB and CSA than actual average flow uses. It allocates costs in proportion to how the plant was designed.

Treatment Plant has to accommodate the peak flows and/or full-time occupancy flow potential. APCWD agrees with the first part of the statement regarding peak flows.

As far as full-time occupancy flow potential, what is RS's determination as to the needed capacity based on full-time occupancy flow potential? IE: $5153 \text{ EDU's} \times 102 \text{ Peak-Average GPD per EDU} = 525,606 \text{ ADF} \times 2.0 \text{ peaking factor} = 1.05\text{MGD}$ (needed design capacity). APCWD feels that there is no data (historical or realistic projections) to support building/expanding the WWTP capacity to 100% full-time occupancy flow potential. We would support an agreement that factors in if/when an increase of full-time occupancy occurs and the costs (either capital, or O&M, or both) associated with that increase. Allocations based on EDU's have no adjustment mechanism. Only if EDU's are added or subtracted.

If the WWTP is expected to be sized/rated/designed and contributors are expected to pay the costs associated, based on "potential," then other factors such as number of buildable lots need to be considered.

The concept of allocating costs in proportion to EDUs is based on covering fixed costs associated with providing service that is immediately available to a customer should they choose. Plants are normally sized to accommodate additional EDUs/customers. Every new connection to the sewer system should pay a capacity fee, to reimburse past customers for their investment in the system. This is known as a "buy-in" fee. New homes cannot connect to a utility for free – that has been built and maintained by past customers. RS currently charges a connection/capacity fee of \$5,646 for new connections.

Agency incurs (most) costs irrespective of whether customers discharge wastewater. Agree. But, the statement is a non sequitur because the agreement still needs to determine a fair and equitable proportionality of costs. This statement could also support an argument for equally splitting the costs between all contributors 33.3%/33.3%/33.3%,

1/3 each would *have no correlation to plant design* and the capacity designed into the plant for each agency. An equitable cost allocation will have a nexus between costs incurred to provide service or service that is immediately available.

if you were to disregard flows. While that would be beneficial to the contributor with the greatest wastewater contributions, it is neither fair nor equitable.

Again, the argument here is that in vacation home areas, inequities can arise due to absentee owners not contributing enough to cover costs incurred to provide service that is readily available regardless of whether or not it is used. Flows in vacation home areas can cause inequities since they don't represent true use of the designed plant capacity.

Slide 11

WWTP costs are mostly fixed and based on plant size. *Agree, see note from last point on slide 10.*

Plant size is based on design flow per EDU. **Strongly disagree.**

Plants can and are typically sized using EDU assumptions.

APCWD has repeatedly asked for plant design documentation to back up this claim. How many EDU's is the current WWTP designed/rated for? WWTPs are rated based on average and peak flow capacity in GPD. What GPD amount was assigned to each EDU for design capacity purposes and how was that amount determined? The RSWD 2010 Master Plan documents and technical memos were provided to you on 01/12/2016. See attached. 5153 EDU's x 102 Average GPD per EDU = 525,606 ADF x 2.0 peaking factor = 1.05MGD

APCWD has looked at the RS Master Plan and the upstream contributors' occupancy and growth rates are nothing more than wild guesses. Projections made in the past have not been realized.

Each EDU has a certain capacity/flow associated with it. *Agree.*

There just is not consensus on what that number is and whether it is a realistic representation of actual capacity/flow.

Design flows are always higher than actual flow. Otherwise the plant is undersized.

Typically, capacity/flow is generally measured in GPD. APCWD has shown that the industry standard (Lahontan RWQCB (6V) Victorville Office per Jay "The standard we use is 250 gallons per day per EDU.") is different than the RS GPD/EDU which is different than the APCWD GPD. As discussed with your District's Engineer at the APCWD presentation to the RS Board, there are also fractional EDU's that account for the range of possible plumbing fixtures counts within "1 EDU." APCWD has thoroughly demonstrated the weaknesses and inherent inequality of one EDU in relation to another EDU (IE: the capacity to generate wastewater from a 1 room cabin with 5 plumbing fixtures versus that of a 4 bedroom home with 20 plumbing fixtures and both being categorized as 1 EDU).

We understand that AB and CSA bills by EDU. Does AB or CSA differentiate between a 1 room cabin and a 4 bedroom home for their flat charge? In other words does AB bill fractional EDUs for a small cabin? No – but its ok -rates don't have to be perfect, but they do need to be reasonable.

The above is true, EDUs are different at each WW agency. The current master plan assumes 102 gpcd per EDU. There are fixed costs associated with each EDU regardless of whether a particular customer, or agency discharges WW or not.

Because “each EDU has a certain capacity/flow associated with it,” it can only be used to estimate needed capacity/flow. At this point, we have such an extensive database of historical, measured flow data, consistent occupancy rates, and consistent growth (or lack thereof) rates, random estimates based on EDU's are not applicable or relevant.

There is a cost associated with this standby capacity, regardless of whether or not it is used. Maybe?

We are allocating costs based on plant design – even if one agency is not discharging as much WW as was designed for that agency.

This is another key piece of data APCWD has requested repeatedly with no response from RS. We have asked again and again, “If APCWD adds 1 more EDU, how much is that going to increase the capital expenses at the WWTP? What about O&M costs? What if it is 10 more EDU's? What about 100 EDU's?” This really goes to the question of what needs to be planned for, designed for, or built for? What is the difference between a desirable, flat, undeveloped lot and a vacation cabin that has not been visited on over 5 years? Which one has more potential to generate future wastewater? As each agencies EDU count changes the rate structure would be adjusted. Currently, assuming the EDU counts provided are correct AB = 984 (19.10%), CSA 79 = 1,226 (23.79%), RS = 2,943 (57.11%). All EDU counts need to be verified. The plant is designed for 525,606 ADF x 2.0 peaking factor = 1.05MGD and the majority of the O&M costs are fixed.

APCWD is not opposed to paying their fair share for the costs associated with the WWTP standby capacity. We just need to determine a fair and equitable way to allocate it between the contributors but so far we have seen no data or rationale that support using EDU's to do that.

We can think of only two ways: 1) based on the % of flows during **peak** times of use or 2) based on the design capacity for each EDU.

As far as capacity for future development and for them to be responsible for past capital expenditures, APCWD is willing to include in the new agreement some type of WWTP connection fee assessed to new home construction provided RS could provide Prop. 218 cost to fee documentation to support it.

Capacity fees need to show a nexus between the fee and the costs associated with that fee and are often calculated using the buy-in methodology which is the value of the asset (WWTP) divided by currently served EDUS. Some variations of the buy-in methodology can use ultimate

capacity EDUs. RS currently charges a sewer connection/capacity fee of \$5,646 for new connections.

Slide 12

Allocating fixed costs by EDU. **Disagree, see notes from last point on slide 11.**

We understand that one could have concerns with EDUs as an allocation basis because it charges users in proportion to design capacity as opposed to actual use. However, this is the quandary in an areas such as ours. Does an absentee owner owe anything even if their home is vacant for 5 months out of the year? One could argue yes – they do because the plant was sized and the wastewater service is there should the owner choose to use it. And there are fixed costs associated with having this service readily available.

For discussion purposes, let us assume a severe recession hit and for some reason it hit one area's owners more than another– and that area's flow declined significantly due to absentee ownership. How low would the flow have to go before someone realizes that each area still is responsible for plant costs and that flows no longer make sense? Charging by EDU establishes that each agency has plant responsibility regardless of lower use.

There has been no correlation made between fixed costs and EDU's. APCWD could take the RS annual fixed costs and divide them by EDU's, assessed property values, number of parcels, number of bathrooms, population, etc. and come up with a fixed \$ amount per _____ (insert whatever measurement you use).

The basis is that 1 EDU contributes a certain amount of flow. There is less/no correlation to flow for property value or parcel.

Doing this would generate a different number for each measurement, some favoring RS, others favoring GVL, and still others favoring APCWD. The one measurement that is not an estimate or an unrelated measurement *and* is tied directly to WWTP capacity requirements is GPD flow.

But when you charge in proportion to flow, you are not accounting for fixed costs associated with ready to serve capacity.

Recognizing fixed costs to serve unused EDU's. What is being described is a standby charge and as such should be charged to *any* potential wastewater generators (unused EDU's and undeveloped property). APCWD also feels that RS is making a concerted effort to equate the way a utility bills individual, *unmetered* wastewater customers to the way upstream contributors would be charged for *metered*, wholesale wastewater treatment.

We did not use the term "unused EDUs" in slide 12 – but rather wanted to convey that an account may or may not contribute the flow associated with 1 EDU.

The recommended methodology only seeks to ensure that all users pay for the fixed costs of the treatment which are based on total capacity of all users

Capital costs dependent on potential/peak flow, allocated by EDU's. APCWD does not agree that all potential flows necessitate capital improvement or expansion.

Average and peak flows are used to size parts of a plant and therefore size tanks, pumps, settling basins, etc.

Unused EDU's or undeveloped lots may never generate additional flows. 100% of future capital expansion costs should be borne by the contributor (developer or community increasing flows from currently developed lots) creating the increased capacity need, not based on current EDU percentages.

We are not talking here about future capacity just collecting **operating costs for currently connected capacity**.

Slides 13-15

Allocating fixed costs and variable costs. The issue is not really which costs vary based on flows, the argument could be made that almost all of the costs are fixed when the size of the plant is determined.

There is always some gray area in what is fixed and variable, but you do the best you can and ask yourself for each budget line item – does this item go up or down with the amount of WW treated? Things like chemicals, most of electricity, and membrane life change with WW flow. Things like salaries, uniforms, vehicles, etc. don't.

The real issue is how to fairly allocate these fixed and ongoing capital costs (vs. capital expansion costs) between the contributors (what percentage of the WWTP each contributor uses, taking into account continuous flows and excess capacity or peak/standby flows). APCWD does not see how the number of EDUs can be reflection of how much of the WWTP each contributor is responsible for.

Please see the first page for a summary response. EDU's are a reflection of the designed capacity (flow) from each area. There are fixed WWTP costs to cover for service that is readily available to each area.

If AB were to **contract for capacity rights** in the plant. How much capacity would they request?

They would not request 13% because they need peaking capacity which data shows is around 15% give or take – regardless of the exact number, AB would likely not request 15% (per their peaking data) because what if more I&I or absentee owners show up and almost all homes are occupied? They would likely ask for 18 or 19% of capacity to be safe – in line with EDUs. RS is choosing to charge in proportion to contracted capacity which reflects fixed costs for each EDU of capacity. We will also include a variable O&M cost component based on proportion of flow.

The contention that the EDU's in APCWD are equal to those in RS currently or will be in the future is not founded in any historical data or any realistic projections for the future. Until RS addresses these inequalities, productive progress towards a fair and equitable agreement will be difficult.

Slide 16

The bottom line. RS is asking APCWD to pay 18% (based on EDUs) of the cost of the WWTP while during the time period compared (3 yr) the Coincidental Max Month was 13% and the Coincidental Max Day was 14% (see Slide 9). RS only wants to pay 60.1% (based on EDUs) of the cost of the WWTP while during the time period compared (3 yr) their Coincidental Max Month was 74% and their Coincidental Max Day was 70% (see Slide 9). I hope it is obvious that we don't see the correlation between EDU's and plant usage by a contributor, flows (coincidental or not), fixed or variable costs, or needed design capacity. This slide presentation has offered little or no additional data, rationale, or explanation to draw a credible correlation between EDUs and average, peak, or standby capacity and associated costs.

To summarize the presentation (the first page also summarizes the argument for charging in proportion to EDUs):

- 1) Areas such as ours have special challenges in rate setting because of the absentee owners.
- 2) If someone is absent (and therefore does not discharge wastewater), do they still owe towards the fixed costs incurred to serve them if they discharge no wastewater?
- 3) One could argue yes – and then how do you do so?
- 4) We've proposed allocating fixed costs by EDU (102 GPD) – which is the assumed average amount of WW discharged from one home, and allocating variable costs – which are costs incurred by those currently using the plant – in proportion to flow. We estimate variable costs to be *approximately* 24% of total costs. RS will review and adjust this as necessary.
- 5) The current master plan defines one EDU as 102 gpd. This is lower than most EDUs which is around 150 to 250 gpd to account for absentee owners.
- 6) Using average flows does not cover cost associated with peak flows and does not cover fixed costs associated with “ready to serve” capacity.

Slide 17 Fiscal Impact. While RS would like to downplay the fiscal impact by saying the resulting change is only a 3% increase from the current agreement, it is actually 3 percentage point increase which results in an 22.61% increase (based on the FY 16-17 \$1,081,868.00 WWTP budget) over the current WWTP costs. As inferred in this slide, this is not an issue that there have been no cost increases since 1977 and RS is only asking for APCWD to pay an additional 3%. Since 1977 APCWD has participated fully in all cost increases, including capital costs, expansion, and O&M.

See next page...

Based on the RSWD Draft FY 2017/2018 wastewater treatment budget and allocating fixed costs (wages and benefits) by EDUs and variable O&M costs by flow the following table is an example of what the new upstream O&M rates (NOT INCLUDING CAPITAL REPLACEMENT) would look like:

O&M COST SHARE PER RAFTELIS MODEL - WAGES FIXED & O&M VARIABLE (NO CAPITAL REPLACEMENT)						
	AB	CSA 79	RSWD	Total		
EDUs	984	1226	2943	5153		
% of EDUs	19.10%	23.79%	57.11%	100.00%		
\$/EDU/Year	\$154.64	\$145.32	\$204.54			
\$/EDU/Month	\$12.89	\$12.11	\$17.05			
Total \$/year	\$152,164	\$178,168	\$601,967	\$932,298		
	16.32%	19.11%	64.57%			
1977 Agreement	\$121,199	\$121,199	\$689,901	Annual Treatment O&M Cost		
	\$10.26	\$8.24	\$19.54	1977 Agreement \$/EDU/Month		
	\$30,965	\$56,969	-\$87,934	\$ Change from 1977 Agreement		
	26%	47%	-13%	% Change from 1977 Agreement		
	\$2.62	\$3.87	-\$2.49	Additional \$/EDU/Month		

*RSWD Board of Directors has not formally approved the FY 2017/2018 budget or Upstream Rates.

Basing the cost share for capital replacement on the actual planned and budgeted CIP amount may result in year to year spikes in the upstream rates so one alternative would be to base the capital cost share on depreciation which would smooth out the upstream rates. Using this alternative (**capital replacement using depreciation versus actual planned and budgeted year to year CIP**) the following rates are estimated:

Based on the RSWD Draft FY 2017/2018 wastewater treatment capital improvement budget and allocating costs by proportion of EDUs the following table is an example of what the new upstream Capital Replacement rates (NOT INCLUDING O&M) would look like:

CAPITAL COST SHARE PER RAFTELIS MODEL (ACTUAL CIP)						
	AB	CSA 79	RSWD	Total		
EDUs	984	1226	2943	5153		
% of EDUs	19.10%	23.79%	57.11%	100.00%		
\$/EDU/Year	\$18.83	\$19.09	\$18.88			
\$/EDU/Month	\$1.57	\$1.59	\$1.57			
Total \$/year	\$18,525	\$23,400	\$55,575	\$97,500		
	19.00%	24.00%	57.00%			
1977 Agreement	\$13,562	\$18,174	\$65,764	Annual Treatment Capital Cost		
	\$1.15	\$1.24	\$1.86	1977 Agreement \$/EDU/Month		
	\$4,963	\$5,226	-\$10,189	\$ Change from 1977 Agreement		
	37%	29%	-15%	% Change from 1977 Agreement		
	\$0.42	\$0.36	-\$0.29	Additional \$/EDU/Month		

The amount of capital replacement or depreciation expense would be increased approximately \$50,000 each year over a five year period and then remain at the level of the wastewater treatment depreciation expense amount of \$345K. This would smooth out any spikes in capital replacement expenses year to year. Alternatively, using the actual year to year capital improvement expenses would result in spikes in years where there were more projects required.

Based on the RSWD Draft FY 2017/2018 wastewater treatment O&M and capital improvement budget the following table is an example of what the new upstream rates would look like:

TOTAL COST SHARE PER RAFTELIS MODEL						
	AB	CSA 79	RSWD	Total		
EDUs	984	1226	2943	5153		
% of EDUs	19.10%	23.79%	57.11%	100.00%		
\$/EDU/Year	\$173.46	\$164.41	\$306.83			
\$/EDU/Month	\$14.46	\$13.70	\$25.57			
Total \$/year	\$170,689	\$201,568	\$902,992	\$1,275,249		
	13.38%	15.81%	70.81%	100.00%		
	\$35.00	\$65.77	\$46.83	Total Monthly Sewer		
	\$14.46	\$13.70	\$21.26	Monthly Treatment Cost		
	\$20.54	\$52.07	\$25.57	Monthly Collections Cost		
1977 Agreement	\$134,761	\$139,373	\$1,001,115	Annual Treatment Cost		\$0
	\$11.41	\$9.47	\$28.35	1977 Agreement \$/EDU/Month		
	\$35,928	\$62,195	-\$98,122	\$ Change from 1977 Agreement		
	27%	45%	-10%	% Change from 1977 Agreement		
	\$3.04	\$4.23	-\$2.78	Additional \$/EDU/Month		

Beginning in 2014, the Running Springs Water District adopted a 5 year wastewater rate adjustment plan for its own rate payers that will increase Running Springs Water District customer’s monthly sewer fixed fees by \$13.64 or 44% per month per EDU by 2019 in order to generate additional revenue needed to: offset the loss of the leachate disposal revenue from the County of San Bernardino, offset lower property tax allocations, fund increases in several operating expense categories, funding for capital improvement projects and to minimize the use of designated reserves to fund operating expenses. The rate increases were not the only measures used to generate a balanced budget. Other measures required to balance the budget included reductions in operating expenses where possible and deferral of nonessential activities and projects. Three mid-level management positions have also been eliminated since 2007 and that workload has been absorbed and spread throughout the existing staff. Even with these rate adjustments, operating revenues are not sufficiently covering operating expenses in the wastewater treatment division and additional revenue is needed.

From: Ryan Gross [mailto:rgross@runningspringswd.com]

Sent: Friday, February 03, 2017 4:00 PM

To: Norman Huff (apcwdmail@gmail.com) <apcwdmail@gmail.com>; APCWD-Norman Huff <apcwd@eee.org>; Steve Samaras (ssamaras@sdd.sbcounty.gov) <ssamaras@sdd.sbcounty.gov>

Cc: Jeff Rigney (jrigney@sdd.sbcounty.gov) <jrigney@sdd.sbcounty.gov>

Subject: Status on RSWD Wastewater Treatment Rates for Arrowbear and CSA 79

Dear Steve & Norman,

See previous 13 pages



Please see RSWD responses (blue text) to Norman's comments (red text) in the attached PDF file. Our next Board meeting is February 15th at 9am where our Board will be reviewing our draft FY 2017/2018 wastewater treatment budget and also considering a draft ordinance to set the FY 2017/2018 upstream sewer user rates for Arrowbear and CSA 79. The agenda and supporting materials will be available next Friday, February 10th when the agenda is posted. If our Board approves the draft budget and ordinance it would then come back to them for final adoption on March 15, 2017 which should hopefully give your district's time to plan for any Prop 218 rate adjustments you may need to make if necessary prior to July 1, 2017 when the new rates would become effective.

On the last two pages of the PDF file the estimated FY 2017/2018 upstream sewer user rates for Arrowbear and CSA 79 are listed based on our draft FY 2017/2018 sewer treatment budget. They are not formally approved and are subject to change but I do not expect much if any changes.

Ryan

Ryan Gross, P.E., BCEE, SDA

General Manager

Running Springs Water District

rgross@runningspringswd.com

From: Arrowbear Park County Water District [mailto:apcwdmail@gmail.com]

Sent: Thursday, December 29, 2016 10:46 AM

To: Ryan Gross <rgross@runningspringswd.com>

Cc: 'Steve Samaras' <ssamaras@sdd.sbcounty.gov>; 'Jeff Rigney' <jrigney@sdd.sbcounty.gov>; Carolineapcwd@uia.net; hostyourownretreat@verizon.net; orunningsprings@aol.com; Rick Weber <anrweber777@yahoo.com>; Sheila Wymer <smwymer@aol.com>; Terisa Bonito <tbonito@firstmountainbank.com>

Subject: RE: Status on Wastewater Treatment Agreements

Dear Ryan,

I appreciate the thought and time that went into the slide presentation. I believe the APCWD Board could agree to three of the six agreement concepts

- New contracts begin July 1, 2017
- 10 year term contracts preferred
- New development capacity charges - require fee for all new sewer connections (value of WWTP / EDUs)?

When it comes to the determination for costs and the fair and equitable portion attributed to each contributor, your consultants reference the Water Environment Federation Manual of Practice No. 27 a few times in the first few slides. With these standards we are in agreement. However, even though the first slide referencing the Manual of Practice clearly states that the standard for determining rates for Cost of Service is normally volume (flow) and quality of wastewater, by the end of the presentation the conclusion is to primarily use EDUs. I don't understand how you can say, "the methodology we are proposing is consistent with what Raftelis has advised our legal counsel is the correct

methodology to use in our circumstance.” when your/their proposal contradicts the very Manual of Practice they reference.

We do acknowledge that the capacity component of cost, which takes into account peak and/or seasonal flows as well as a fair and equitable allocation of cost for standby/excess capacity, can and should be part of a new agreement.

Where we disagree is the measurement to determine the fair and equitable allocation. This presentation offers no additional data to show that an estimation method (EDUs) is more accurate or relevant than measured, historical data.

APCWD has consistently addressed each point along the way, however, after repeated requests, Running Springs has still not addressed these issues:

1. The outright false claim that the WWTP was/is sized by EDU’s vs. flows. (see notes for Slide 7, 10, & 11)
2. What would be the cost impact to the WWTP budget if additional EDUs were added to a contributor’s system (IE: more personnel, materials, capital expense)? (see notes for Slide 11)
3. The disparity of average flows per EDU between APCWD and RS (inequality of EDUs among contributors). (see notes for Slide 11)
4. The inaccuracy of past RS Masterplans to accurately predict/forecast growth, development, density or occupancy rates. (see notes for Slide 7)

This slide presentation has offered little or no additional data, rationale, or explanation to draw a credible correlation between EDUs and average, peak, or standby capacity and associated costs.

Attached are my notes addressing the key slide points. As noted, the background data for the peak day and month flow chart percentages charts might help us understand the conclusions reached. As presented, we can draw no correlation between these percentages and those proposed by RS using EDUs.

If additional clarification is needed please let me know. Hopefully we can build on our points of agreement to come to an agreement that is fair and equitable to all the contributors to the WWTP.

Thank you,
Norman Huff
General Manager
Arrowbear Park County Water District
909-867-2704 - Ofc.
909-867-4736 - Fax

From: Ryan Gross [<mailto:rgross@runningspringswd.com>]
Sent: Friday, December 23, 2016 9:05 AM
To: Norman Huff (apcwdmail@gmail.com) <apcwdmail@gmail.com>; Steve Samaras (ssamaras@sdd.sbcounty.gov) <ssamaras@sdd.sbcounty.gov>; Jeff Rigney (jrigney@sdd.sbcounty.gov) <jrigney@sdd.sbcounty.gov>
Subject: Status on Wastewater Treatment Agreements

Hello Norman & Steve,

Our new Board members are up to speed and we have discussed the sewer treatment agreements again. At this point I am pretty confident I can get the votes to enter into new contracts/agreements with the following conceptual terms:

- New contracts begin July 1, 2017
- 10 year term contracts preferred
- Fixed wastewater treatment costs allocated based on EDUs and FY Treatment Budget
- Variable wastewater treatment costs allocated based on flow

- Capital improvement costs allocated based on EDUs
- New development capacity charges - require fee for all new sewer connections (value of WWTP / EDUs)?

Attached are some slides with our methodology/rationale. Our legal counsel has hired Raftelis Financial Consultants to review the methodology and make a recommendation and the methodology we are proposing is consistent with what Raftelis has advised our legal counsel is the correct methodology to use in our circumstance.

Please review and let me know if you have any comments you would like me to bring back to my Board.

Happy Holidays!
Ryan

Ryan Gross, P.E., BCEE, SDA
General Manager
Running Springs Water District
rgross@runningspringswd.com

Objective

- » **Review equitable methodologies to allocate treatment costs among Running Springs, CSA-79 and Arrowbear**

Agenda

- » **Review rate setting theory and methodologies**
 - **Advantages/Disadvantages of each**
- » **Suggestion regarding allocation of treatment costs**

Wastewater Rate Setting

- » Rates are set on **Cost of Service (COS)** based principles which normally account for the volume and quality of wastewater discharged by each customer class¹
- » Quite common for smaller agencies with minimal industrial/commercial customers to forgo assigning costs according to strength
 - Strength is defined by biochemical oxygen demand (BOD) and total suspended solids (TSS)

¹Water Environment Federation Manual of Practice No. 27, *Financing and Charges for Wastewater Systems*, Chapter 6 and 7

Cost Allocation Methodologies¹

» There are two methodologies:

1. Design Basis

- Uses the investment in fixed assets to assign O&M and capital costs to cost components:
 - Flow, Capacity, BOD, TSS (Notice the Capacity Component)
- O&M costs are allocated to cost components based on the design/size of the plant
 - Size and investment in plant is due to design loadings (peak & average flows¹, BOD, TSS loads)
 - O&M expenses are in turn proportional to the size of the facility which recognizes the capacity for all users

¹Water Environment Federation Manual of Practice No. 27, *Financing and Charges for Wastewater Systems*, Chapter 6, Page 99

Cost Allocation Methodologies

- » **Design Basis Advantages for a utility such as Running Springs**
 - Recognizes a utility incurs costs for both *currently used* and *extra standby capacity*¹

¹Water Environment Federation Manual of Practice No. 27, *Financing and Charges for Wastewater Systems*, Chapter 6, Page 107

Cost Allocation Methodologies

2. Functional Basis

- Allocates costs to cost components based on the purpose/use of each facility function
- Cost components:
 - Flow, BOD, TSS (Notice no capacity component)
- Note the Functional Basis does not account for the capacity needs of each customer/customer class
- *Herein lies the problem in using solely flows for an area in which flows are seasonal/lower due to intermittent occupation.*

Cost Allocation Methodologies

» Functional Basis Disadvantages

- A Functional Cost allocation is based on current use and does not recognize capacity built into the plant to serve customers
 - Assumes capacity requirements are reflected by each customer class's currently contributed WW volumes (average flow)
 - Current use \neq (may not equal) each class's capacity requirements *used for system design*
 - The plant was designed assuming the same amount of capacity for each equivalent dwelling unit (EDU) based on the District's Master plan
 - Flows do not represent each areas capacity/peaking needs as shown by peaking factors in the next slide

Wastewater Peaking Factors

	Peaking Factor = Max Flow / Average Flow	Arrowbear	CSA-79	Running Springs
1	Non-coincidental Max Day Peaking Factor over 7 years	4.8	12.1	1.7
2	Coincidental Max Day Peaking Factor over 7 years	4.8	6.5	1.3
3	Non-coincidental Max Day Peaking Factor over CY 2013, 2014, 2015	2.2	2.6	1.6
4	Coincidental Max Day Peaking Factor over CY 2013, 2014, 2015	1.7	2.1	1.6

- » **AB and CSA-79 peak more as shown by the peaking factors in line 3 above. This peaking capacity is not paid for when allocating costs solely by flow.**
- » **Coincidental peaking factor is the max flow over average flow for each agency when the plant flow is at the peak**
- » **Non-coincidental peaking factor is max/avg flow at any time**
 - The difference being that one agency can peak while others are not peaking causing the plant flow as a whole to be below peak

Wastewater Flow Facts

Percentage of Flow During Peak Use		Arrowbear	CSA-79	Running Springs	Total
Non-coincidental Max Day over 7 years (2009-2015)		284,651	956,000	580,000	1,820,651
%		16%	53%	32%	100%
Coincidental Max Day over 7 years		284,651	513,700	450,779	1,249,130
%		23%	41%	36%	100%
Non-coincidental Max Month over 7 years		2,085,979	4,179,700	11,625,896	17,891,575
%		12%	23%	65%	100%
Coincidental Max Month over 7 years		2,069,815	3,159,233	11,625,896	16,854,944
%		12%	19%	69%	100%
Non-coincidental Max Month over 2013, 2014, 2015		1,344,880	1,527,278	7,425,434	10,297,592
%		13%	15%	72%	100%
Coincidental Max Month over 2013, 2014, 2015		1,331,872	1,320,694	7,425,434	10,078,000
%		13%	13%	74%	100%
Non-coincidental Max Day over CY 2013, 2014, 2015		123,980	152,000	524,353	800,333
%		15%	19%	66%	100%
Coincidental Max Day over CY 2013, 2014, 2015		99,143	121,333	502,524	723,000
%		14%	17%	70%	100%
Yearly Flow in RS WW Model last three years		21,223,856	21,371,633	117,455,302	160,050,791
%		13%	13%	73%	100%
EDUs per RS WW Model		984	1,226	2,922	5,132
%		19%	24%	57%	100%

Running Springs Area Characteristics

- » **Service area consists of vacation homes which are occupied intermittently, more so in Arrowbear and CSA-79¹**
- » **Treatment plant has to accommodate the peak flows and/or full time occupancy flow potential**
- » **Agency incurs (most) costs irrespective of whether customers discharge wastewater**

¹As evidenced by peaking factors in prior slide

Plant Design and Costs

- » **Wastewater system costs are mostly fixed and based on plant size**
- » **Plant size is based on design flow per EDU**
- » **Each EDU has a certain capacity/flow associated with it**
- » **There is a cost associated with this standby capacity, regardless of whether or not it is used**

Conclusion

- » **Allocating (fixed) costs by EDUs would recognize costs associated with *standby capacity* as the Design Basis Methodology does**
- » **It would recognize there are fixed costs associated with serving each EDU (whether or not each EDU uses that capacity)**
- » **Capital costs, which are dependent on potential/peak flow, should be allocated by EDUs**

Conclusion

- » **Consider allocating O&M fixed costs (74% of O&M) based on EDUs and variable costs (26%) based on flow**
 - **Variable costs are those that vary with wastewater flow and are costs caused by those *actually using* the plant**
 - **Fixed costs do not vary with wastewater volume**
 - **Would increase equity/fairness amongst users**
 - **Capital costs should be allocated by EDUs**

Fixed vs Variable Costs¹

WAGES & BENEFITS		
O&M ACCOUNT DESCRIPTION	REQUESTED THIS YEAR	Fixed / Variable
Salaries & Wages (Treatment)	\$314,212	Fixed
Employee Benefits (Treatment)	\$31,414	Fixed
CalPERS Retirement (Treatment)	\$93,068	Fixed
Uniform Allowance	\$1,110	Fixed
Office Reimbursement	\$15,752	Fixed
WAGES & BENEFITS SUB-TOTAL:	\$455,557	

¹Based on Fiscal Year 2016/2017 Budget

Fixed vs Variable Costs¹

¹Based on Fiscal Year 2016/2017 Budget

O&M ACCOUNT DESCRIPTION	SERVICES & SUPPLIES ACCOUNTS	
	REQUESTED THIS YEAR	Fixed / Variable
SLS #2 & Interceptor Pipeline Maintenance (AB & RS only)	\$4,525	Variable
Office Supplies (Treatment)	\$5,950	Fixed
Utilities (Joint Use Facilities)	\$97,248	Variable
Wastewater Testing & Analysis	\$9,692	Fixed
Treatment Plant Maintenance	\$51,700	Variable
Effluent Disposal Site Maintenance	\$9,000	Fixed
Biosolids Handling Maintenance	\$53,020	Variable
Fuel & Oil (Treatment)	\$4,475	Variable
Vehicle & Equipment Maintenance (Treatment)	\$7,950	Fixed
Medicare Tax (FICA)	\$4,556	Fixed
Permits/Fees (Treatment)	\$28,017	Fixed
Professional Services (Treatment)	\$29,450	Fixed
Memberships & Subscriptions (Treatment)	\$4,481	Fixed
Miscellaneous Supplies (Treatment)	\$5,943	Fixed
Education/Seminars (Treatment)	\$1,500	Fixed
Property/Liability Insurance	\$23,000	Fixed
Workers Comp Insurance (Treatment)	\$11,835	Fixed
SERVICES & SUPPLIES SUB-TOTAL:	\$352,341	
TOTAL OPERATING EXPENSES (Includes Wages)	\$807,988	
	Fixed	\$597,020 74%
	Variable	\$210,968 26%
	Total	\$807,988 100%

Allocating Fixed Costs by EDUs and Variable Costs by Flow

Expense	Fixed	Variable	Total
Wages and Benefits	\$455,557		\$455,557
Services and Supplies	\$141,373	\$206,443	\$347,816
Capital	\$278,495		\$278,495
Total	\$875,425	\$206,443	\$1,081,868
	81%	19%	100%

Agency	EDUs	3 Yr Avg Flow (Gal)	Wages and Benefits (Fixed-EDUs)	Services and Supplies (Fixed - EDUs)	Services and Supplies (Variable - Flow)	Capital (Fixed-EDUs)	Total	%
RS	2,922	117,455,302	\$259,380	\$80,494	\$151,501	\$158,566	\$649,940	60.1%
AB	984	21,223,856	\$87,348	\$27,107	\$27,376	\$53,398	\$195,228	18.0%
CSA-79	1,226	21,371,633	\$108,829	\$33,773	\$27,566	\$66,531	\$236,699	21.9%
Total	5,132	160,050,791	\$455,557	\$141,373	\$206,443	\$278,495	\$1,081,868	100%

Resulting Allocation

» Based on unverified EDU counts provided

Agency	EDUs	Flow	Resulting Allocation	1977 Agreement	Change from 1977
RS	57%	74%	60%	69%	-9%
AB	19%	13%	18%	15%	3%
CSA-79	24%	13%	22%	16%	6%
	100%	101%	100%	100%	

Breakdown of WWTP Costs and Fair and Equitable Proportioning – Arrowbear Proposal From March 2016

Cost	Determining Factors	Measurement	Proportion
Capital Expenses (Equipment replacement, etc.)	Typical replacement cycles. Not generally affected by fluctuations in flows.	% of total flows.	10 yr. rolling average percentage of avg. flows determined annually.
Expansion (Capital expenses due to increasing plant capacity)	Wastewater Management Plan	Peak flow %, Source/cause of needed expansion.	10 yr. rolling average percentage of peak flows determined annually.
Emergency (Regulatory requirements, fines, overtime, etc.)	Peak flows.	% increases of peak flows during emergency.	I&I surcharge per additional gallon if over 50% above prior FY daily average.
Operating Expenses	Costs are relatively fixed based on the current size of the plant and average daily flows.	Gallons treated	Monthly gallons flowed x current FY charge per gallon. (Annual operating budget / total gallons treated = charge per gallon.
Administrative expenses	Complexity of billing, administering WWTP.	% surcharge of monthly operating expense amount.	10% surcharge of monthly operating expense amount.

NOTE: Percentages described are for example only. Actual percentages will be determined in the new agreement and should have a direct relationship to the actual or estimated costs with which they are associated.

NOTE: For Arrowbear, these factors, measurements, and proportions would apply to Lift Station #2 going forward, but not include the current project expected to be completed prior to a new agreement being in place. One issue raised by the current Lift Station #2 project is that under a new agreement (and assuming/wild guess, proportional flows of 60% AB and 40% RS) Arrowbear would be responsible for \$600,000 of a \$1M project. There was no consultation with Arrowbear regarding the size, scope, and cost of the project before going ahead with it. Had there been that cooperation, a much less expensive option might have been proposed, such as Arrowbear combining with the CSA-79 lift station, Arrowbear pumping into the CSA-79 force main, or extending the Arrowbear force main. Any of these options would have negated Arrowbear's current or future participation in Lift Station #2 costs. Mutual cooperation and communication with a jointly prepared Wastewater Management Plan will be key in the future and will greatly enhance the working relationship between all WWTP contributors.

RUNNING SPRINGS WATER DISTRICT

MEMORANDUM

DATE: February 15, 2017

TO: Board of Directors

FROM: Isaiah Hall, Wastewater Collection Division Supervisor
Ryan Gross, General Manager

THROUGH: Finance Committee

SUBJECT: DRAFT FISCAL YEAR 2017/18 WASTEWATER COLLECTIONS
DEPARTMENT BUDGET

RECOMMENDED BOARD ACTION

This is an information item only.

REASON FOR RECOMMENDATION

This is an information item only.

BACKGROUND INFORMATION

On February 1, 2017 the Finance Committee met to review the draft version of the Fiscal Year 2017/18 Wastewater Collections Division Budget.

Staff is providing the attached draft version of the budget for review by the Board of Directors. The input received from the Finance Committee has been incorporated into the attached updated version of the draft budget. The Wastewater Collections Division Budget will remain in draft form until all three division budgets are reviewed by the Finance Committee and the full Board of Directors. The final budgets would then be recommended for approval by the full Board in May or June. The reason for this is that we have not received final budget numbers for certain expenses and as these numbers come in we will be able to refine the draft budgets to reflect more accurate estimates of revenue and expenses.

The actual Fiscal Year to Date (FYTD) numbers in the bar charts are as of December 31, 2016 or through two quarters (50%) of the current fiscal year ending 2017.

ATTACHMENTS

Attachment 1 – Draft Fiscal Year 2017/2018 Wastewater Collections Division Budget



Wastewater Collection Division
Fiscal Year 2017/2018
Draft Budget

February 15, 2017
Board of Directors Review

Table of Contents

Wastewater Collection Division

Department Vision

Core Functions & FY 2017/2018 Goals & Objectives

Budgeted Operating Expense Details

Employee Classifications

Vehicle & Equipment Replacement Schedule

Five Year Capital Improvement Project Plan

Wastewater Collection and Treatment Service Vision: The Running Springs Wastewater Division will provide extraordinary wastewater collection service for the Running Springs area and wastewater transmission and treatment service for the Running Springs, Arrowbear, and Green Valley Lake areas that protects the environment, complies with regulatory requirements, satisfies the needs of our customers, and provides beneficial uses for our reclaimed water.

Wastewater Collection Division Core Functions & FY 2017/2018 Goals & Objectives

Core Functions	Fiscal Year 2017/2018 Goals & Objectives
Operations & Maintenance Administration	
<ul style="list-style-type: none"> • Manage, repair & replacement of wastewater collection system • Ensure the California Integrated Water Quality System (CIWQS) requirements pertaining to Sanitary Sewer Overflow (SSO) reporting procedures are adhered to • Customer service related to service orders • Ensure Fats, Oils & Grease (FOG) program is administered 	<ul style="list-style-type: none"> • Respond to USA to accurately mark sewer mains to prevent contractors, or agencies from exposing or destroying infrastructure • Maintain accurate records of all preventative maintenance, maps & improvements • Inspect all Food Service Establishments (FSE's) to ensure full compliance with FOG. ordinance • Maintain compliance with state, regional & local requirements of sewer collection system • Ensure a safe, efficient & educated work force • Maintain an outstanding level of customer service
Repair & Maintenance	
<ul style="list-style-type: none"> • Preventative maintenance • Inspection & maintenance of 60 miles of sewer collection pipeline • Clean 1.75 miles per year of sewer collection pipeline identified hot spots • Inspection of sewer manholes & lift station wet wells for infiltration & inflow (I&I) & degradation 	<ul style="list-style-type: none"> • Investigate smoke testing program to minimize illegal connections & I&I • Clean & video inspect sewer collection pipeline & manholes • Repair several mainline deficiencies identified in CCTV work throughout the District • Repair broken mortar on sewer manhole grade rings throughout the District
Sewer Collection System	
<ul style="list-style-type: none"> • O&M of over 60 miles of sewer collection pipeline • O&M of 2.25 miles of sewer force mains • O&M of over 2,000 sewer manholes • Raise manholes to ensure proper accessibility • Control odors to minimize harmful & corrosive gasses & customer complaints 	<ul style="list-style-type: none"> • Reduce I&I by sealing manhole & cleanout lids throughout the District • Prevent sewer backups or spills by cleaning known hot spots every three months • Install locking manhole covers at key inspection & hot spot locations

**Wastewater Collection Division Core Functions & FY 2017/2018 Goals & Objectives
(continued)**

Core Functions	Fiscal Year 2017/2018 Goals & Objectives
Sewer Lift Stations	
<ul style="list-style-type: none"> • O&M of 9 sewer lift stations • O&M of 8 standby generators Control odors to minimize harmful & corrosive gasses & customer complaints 	<ul style="list-style-type: none"> • General maintenance, monthly testing, inspection & repairs of 7 lift station generators and 1 portable generator • Inspect pumps for performance, efficiency & premature wear to prevent failures
SCADA System	
<ul style="list-style-type: none"> • O&M of Supervisory Control & Data Acquisition (SCADA) system 	<ul style="list-style-type: none"> • Testing at least monthly of SCADA alarms to ensure proper performance • Testing at least monthly of AD 2000 back up alarms to ensure proper performance
Vehicle Maintenance	
<ul style="list-style-type: none"> • O&M of District vehicles & equipment 	<ul style="list-style-type: none"> • General maintenance of all Division vehicles & equipment • Inspections weekly, monthly & annually of all vehicles & equipment to ensure maximum operation & efficiency
Safety, Training & Certifications	
<ul style="list-style-type: none"> • Maintain required certifications • Emergency operations training • Safety training 	<ul style="list-style-type: none"> • Provide opportunities for training & classes to maintain District approved certifications • Provide monthly, bi-annual & annual training for emergency response & preventative maintenance • Provide safety training at least weekly to minimize injuries & to ensure a safe work environment • Work closely with District Compliance Safety Officer to improve Safety Program



Wastewater Collection Division
Fiscal Year 2017/2018 Budget
Revenue & Expense Details

RUNNING SPRINGS WATER DISTRICT WASTEWATER COLLECTION DEPARTMENT FISCAL YEAR 2017/2018 BUDGET

REVENUE AND EXPENSE SUMMARY

	Budgeted 2017-2018	Budgeted 2016-2017
OPERATING REVENUES:		
Residential Base Service Charges (2,884 EDUs x \$41.58 / month x 12 mos.)	\$1,439,001	\$1,335,074
Residential Sewer System Usage Charge (13.6 MCF x \$0.0447 x 15%)	\$91,188	\$86,904
Commercial Base Service Charges (59 EDU's. x \$41.58 / month x 12 mos.)	\$29,439	\$27,513
Commercial Sewer System Usage Charge (0.57 MCF x \$0.0447 x 33.3%)	\$8,485	\$8,086
Delinquent Charges & Service Fees	\$15,000	\$15,000
Outside Sewer Service Agreement Charges	\$17,779	\$17,779
Total Wastewater Operating Revenue (Not Including Upstream):	\$1,600,891	\$1,490,356
Collection Division 55% of Total Operating Revenue:	\$880,490	\$819,696
OPERATING EXPENSES:		
Wages & Benefits	\$524,000	\$495,158
Operations & Maintenance	\$207,628	\$185,614
Depreciation (Refer to Page 22 & FY 17/18 Depreciation Schedule)	\$228,516	\$207,500
Total Operating Expenses:	\$960,144	\$888,272
NET OPERATING INCOME:	(\$79,654)	(\$68,576)
NON-OPERATING REVENUE:		
Property Taxes	\$0	\$0
Assessments - Sewer Service Availability Charges	\$7,000	\$7,000
Connection/Capacity Fees & Charges	\$5,646	\$5,646
Sewer Hot Taps & Septic Waste Dumping	\$1,500	\$1,500
Interest Income	\$3,500	\$3,500
Infrastructure Repair & Replacement Charges (\$5.25 / Month / EDU)	\$184,086	\$190,000
Total Non-Operating Revenue:	\$201,732	\$207,646
NON-OPERATING EXPENSES:		
Interest Expense on Long Term Debt (CWSRF SLS 1-3 Project Loan)	\$51,741	\$0
Total Non-Operating Expenses:	\$51,741	\$0
CHANGE IN NET POSITION:	\$70,337	\$139,070
TOTAL WASTEWATER REVENUES:		
	\$1,082,222	\$1,027,342
TOTAL WASTEWATER EXPENSES:		
	\$1,011,885	\$888,272
NET INCOME:	\$70,337	\$139,070
CASH CONSIDERATIONS:		
Net Income	\$70,337	\$139,070
Depreciation	\$228,516	\$207,500
2017 CWSRF SLS 1-3 Project Loan Principal Payment	(\$117,838)	\$0
Capital Projects & Fixed Assets	(\$77,000)	(\$7,000)
CHANGE IN CASH BALANCE:	\$104,014	\$339,570

RUNNING SPRINGS WATER DISTRICT WASTEWATER COLLECTION DEPARTMENT FISCAL YEAR 2017/2018 BUDGET

OPERATION AND MAINTENANCE EXPENSE ACCOUNTS

WAGES & BENEFITS

ACCOUNT NUMBER	O&M ACCOUNT DESCRIPTION	REQUESTED THIS YEAR	APPROVED LAST YEAR	% CHANGE	DETAIL PAGE #
300-50100	Salaries & Wages (Collections)	\$358,158	\$339,708	5%	4
300-50120	Medicare Tax (FICA)	\$5,193	\$4,926	5%	5
300-50140	Employee Benefits (Collections)	\$40,160	\$37,424	7%	6
300-50150	CalPERS Retirement (Collections)	\$119,009	\$111,620	7%	7
300-50160	Uniform Allowance	\$1,480	\$1,480	0%	8
WAGES & BENEFITS SUB-TOTAL:		\$524,000	\$495,158	6%	

SERVICES & SUPPLIES ACCOUNTS

ACCOUNT NUMBER	O&M ACCOUNT DESCRIPTION	REQUESTED THIS YEAR	APPROVED LAST YEAR	% CHANGE	DETAIL PAGE #
300-50130	Workers Comp Insurance (Collections)	\$10,500	\$10,500	0%	9
300-53200	Education/Seminars (Collections)	\$1,000	\$1,000	0%	10
300-54100	Fuel & Oil (Collections)	\$4,327	\$6,127	-29%	11
300-54300	Property/Liability Insurance	\$12,000	\$11,500	4%	12
300-56100	Memberships & Subscriptions (Collections)	\$5,630	\$4,922	14%	13
300-56300	Office Supplies (Collections)	\$1,350	\$750	80%	14
300-57100	Permits/Fees (Collections)	\$11,657	\$11,571	1%	15
300-57140	Professional Services (Collections)	\$33,400	\$29,800	12%	16
300-57310	Collection System Maintenance	\$27,350	\$26,550	3%	17
300-57311	Sewer Lift Station Repair & Maintenance	\$33,110	\$33,705	-2%	18
300-57440	Miscellaneous Supplies (Collections)	\$6,943	\$6,843	1%	19
300-58252	Utilities (Collections)	\$25,764	\$24,744	4%	20
300-58301	Vehicle & Equipment Maintenance (Collections)	\$4,750	\$4,650	2%	21
300-86000	Administrative Expenses	\$29,846	\$12,952	130%	22
SERVICES & SUPPLIES SUB-TOTAL:		\$207,628	\$185,614	12%	
TOTAL OPERATING EXPENSES:		\$731,628	\$680,772	7%	

RUNNING SPRINGS WATER DISTRICT WASTEWATER COLLECTION DEPARTMENT FISCAL YEAR 2017/2018 BUDGET

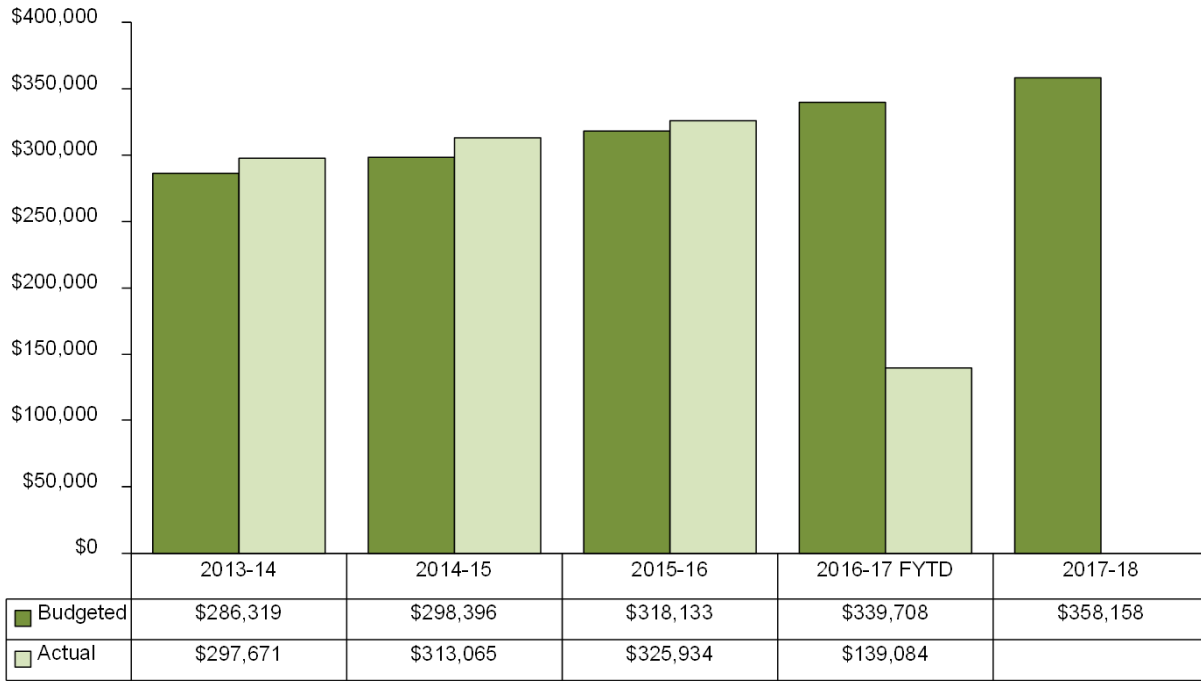
CAPITAL IMPROVEMENT PROJECTS

ACCOUNT NUMBER	CAPITAL IMPROVEMENT ACCOUNT DESCRIPTION	REQUESTED THIS YEAR	APPROVED LAST YEAR	% CHANGE	DETAIL PAGE #
300-13000	Collection Division Inventory	\$2,000	\$2,000	0%	22
300-16100	Collections Facilities - CIP	\$75,000	\$5,000	1400%	22
TOTAL CAPITAL IMPROVEMENTS:		\$77,000	\$7,000	1000%	

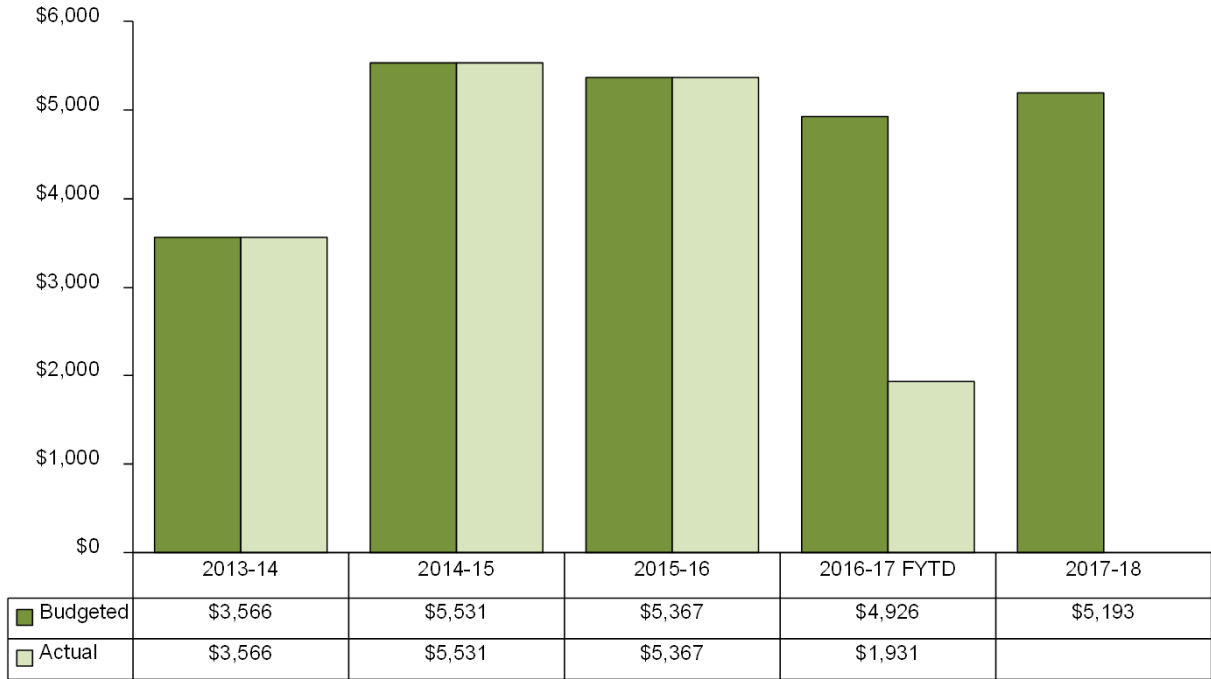
RESTRICTED, DESIGNATED & RESERVE FUNDS

ACCOUNT NUMBER	DESCRIPTION	12/31/16 FUND BALANCES
300-10000	Wastewater Operating Reserve	(\$976,466)
310-10000	Wastewater Capital Improvement Project Reserve	\$434,071
300-10000	Wastewater Infrastructure Repair & Replacement Reserve	\$263,113
320-10000	Wastewater Connection & Capacity Charges	\$119,603
605-10000	Sewer Assessment District No. 5 Construction Fund	\$2,895
607-10000	Sewer Assessment District No. 7 O&M Fund	\$25,053
TOTAL:		(\$131,731)

ACCOUNT NUMBER	DESCRIPTION	BUDGET REQUEST
300-50100	Salaries & Wages (Collections)	\$358,158
SUMMARY OF REQUEST		
Division Supervisor (base salary + 1 certification incentive)		\$127,358
Three Operators (base salary + 6 certification incentives combined)		\$177,133
Collections Division share of Safety/Compliance Operator		\$2,000
On-Call Time (244 nights x 1 hr./night x Avg Overtime Rate)	Average OT Rate	\$10,390
Holidays (8 days x 1.5 hrs./day x Avg OT Rate)	\$42.58	\$511
Emergency Time (67 hrs. x Avg OT Rate)		\$2,853
Weekend Coverage (70 days x 1.5 hrs./day x Avg OT Rate)		\$4,471
3/16 (18.75%) of General Manager Salary		\$33,443
Certification Incentive Pay = \$0.50 per hour for each approved certificate	TOTAL:	<u>\$358,158</u>
Wages include 3.9% Cost of Living Adjustment (2% to offset elimination of EPMC plus 1.9% CPI-W)		
Performance based merit increases where appropriate		



ACCOUNT NUMBER 300-50120	DESCRIPTION Medicare Tax (FICA)	BUDGET REQUEST \$5,193
SUMMARY OF REQUEST		
Federal Requirement for Employees Hired After April 1986 (1.45% OF PAYROLL) *Base, holiday and overtime pay plus Collections Division share of Safety/Compliance		\$5,193



ACCOUNT NUMBER 300-50140	DESCRIPTION Employee Benefits (Collections)	BUDGET REQUEST \$40,160
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SUMMARY OF REQUEST

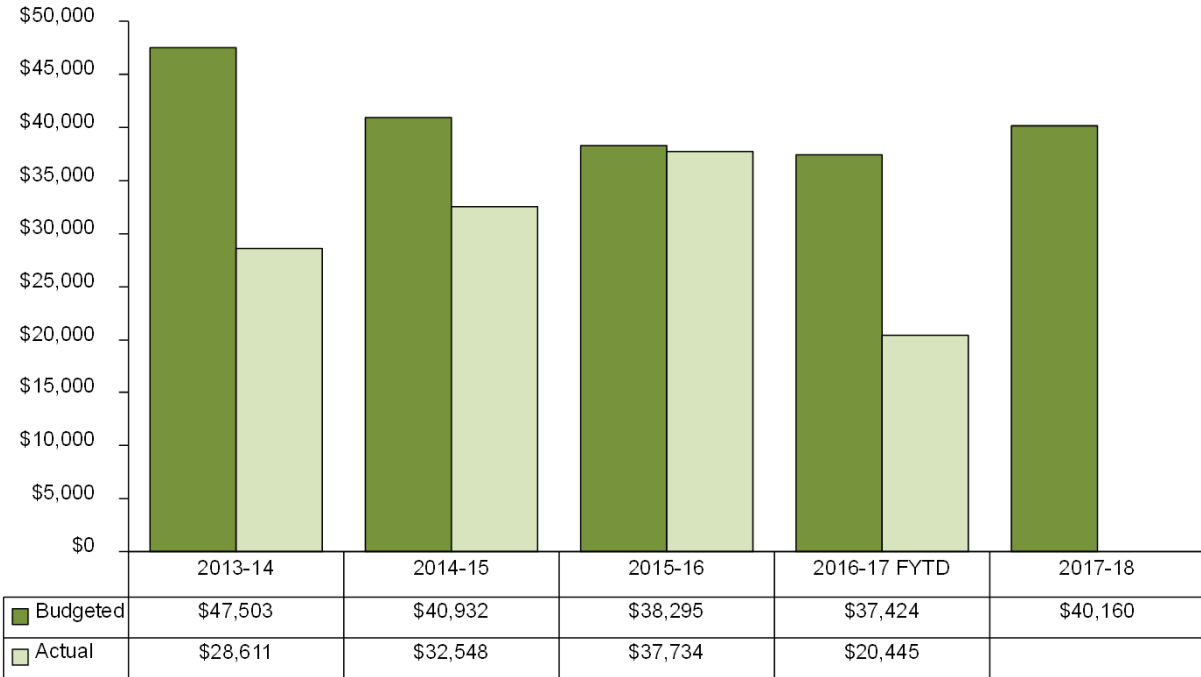
Medical, Dental and Vision ¹	Compensation for Calculating LTD	\$36,500
Long Term Disability ² (0.62%)	\$337,934	\$2,095
Accidental Death and Dismemberment ³ (0.048%)	Compensation for Calculating ADD & Life	\$298
Life Insurance ⁴ (0.204%)	\$621,000	\$1,267
	Total	\$40,160

¹ Maximum Monthly Cap on Medical, Dental and Vision Premiums (5.43% Increase) = \$4,365 x 12 = \$52,380.
 Budgeted amount based on past 3 years actual and a 5.43% increase in the cap which is half of the 10.86% CalPERS Medical Premium increase.
 Prior years deviation in budget to actual due to unused Medical Reimbursement Plan balances.

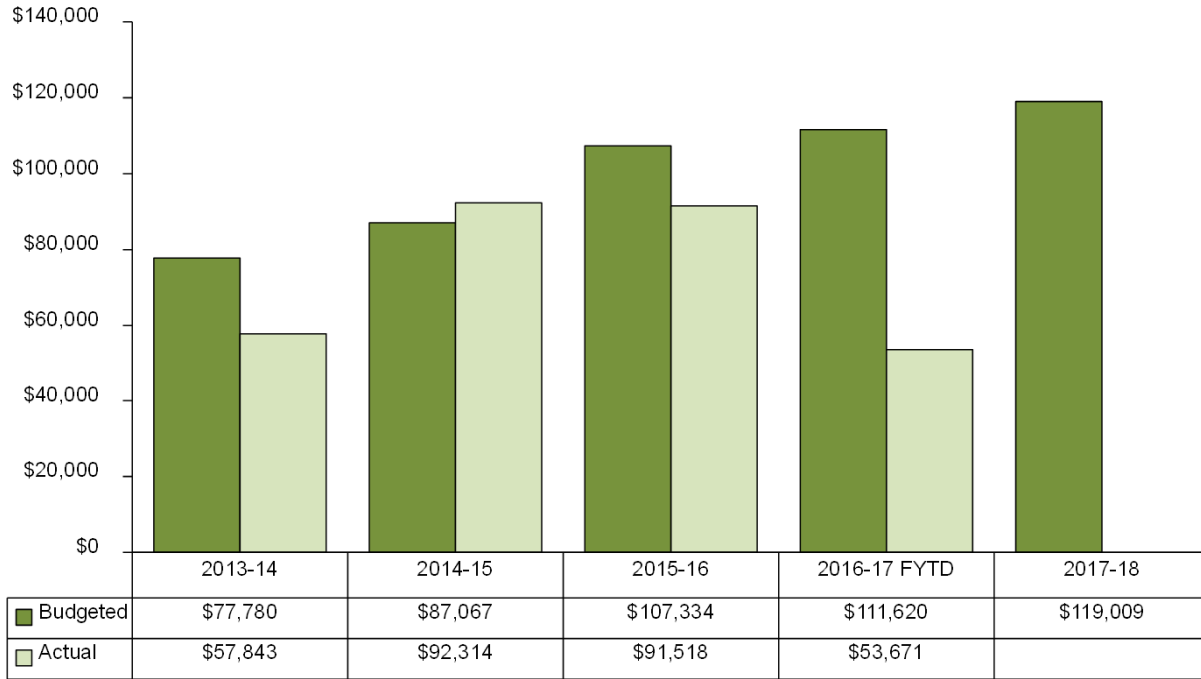
² 0.62% of annual base salaries plus certification incentive pay for Division Supervisor, 3 Operators and 3/16 of General Manager Salary.

³ 0.048% of annual base salaries plus certification incentive pay x 2 + \$25,000, rounded to the nearest thousand up to a max of \$175,000 per employee for Division Supervisor, 3 Operators and 3/16 of General Manager Salary.

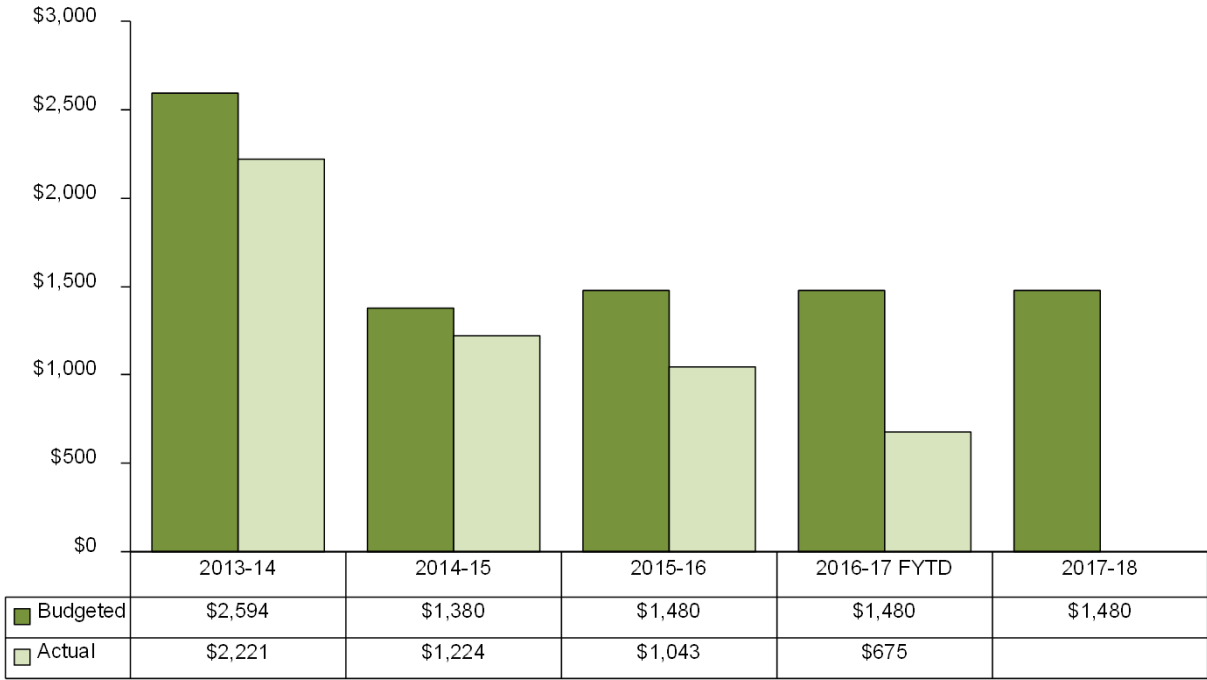
⁴ 0.204% of annual base salaries plus certification incentive pay x 2 + \$25,000, rounded to the nearest thousand up to a max of \$175,000 per employee for Division Supervisor, 3 Operators and 3/16 of General Manager Salary.
 Difference between budgeted and actual in prior years due to unused Medical Reimbursement funds.



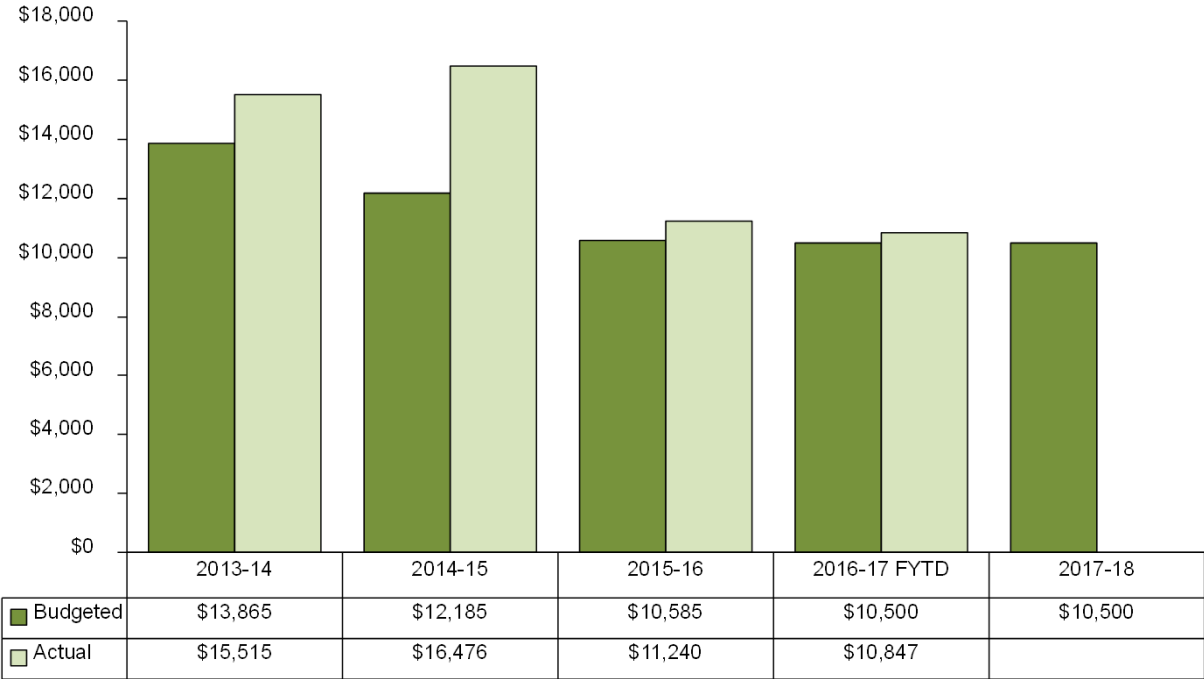
ACCOUNT NUMBER	DESCRIPTION	BUDGET REQUEST
300-50150	CalPERS Retirement (Collections)	\$119,009
SUMMARY OF REQUEST		
Classic Miscellaneous Members ¹	Compensation for Calculating Benefit	
District's Contribution Percentage (11.675% of Salary)	\$340,445	\$39,747
District's Monthly Employer Unfunded Accrued Liability Payment (12 x \$6,018)		\$72,216
Reduced Employer Paid Member Contribution (EPMC) (2% of Salary)		\$6,809
Paying and Reporting the Value of EPMC (0.04% of Salary)		\$136
Survivor Benefit (\$0.93 per employee per pay period)		\$101
¹ Includes:	Total	\$119,009
3/16 (18.75%) of General Manager Salary		
Collection Division's share for Safety / Compliance position's salary (2017-2018: \$8,000/4 = \$2,000)		
Base, Certification and Holiday Portions of Division Supervisor and 3 Operator's Wages		
Deviation from Budget to Actual due to Side Fund Interest Expense Reclassification.		



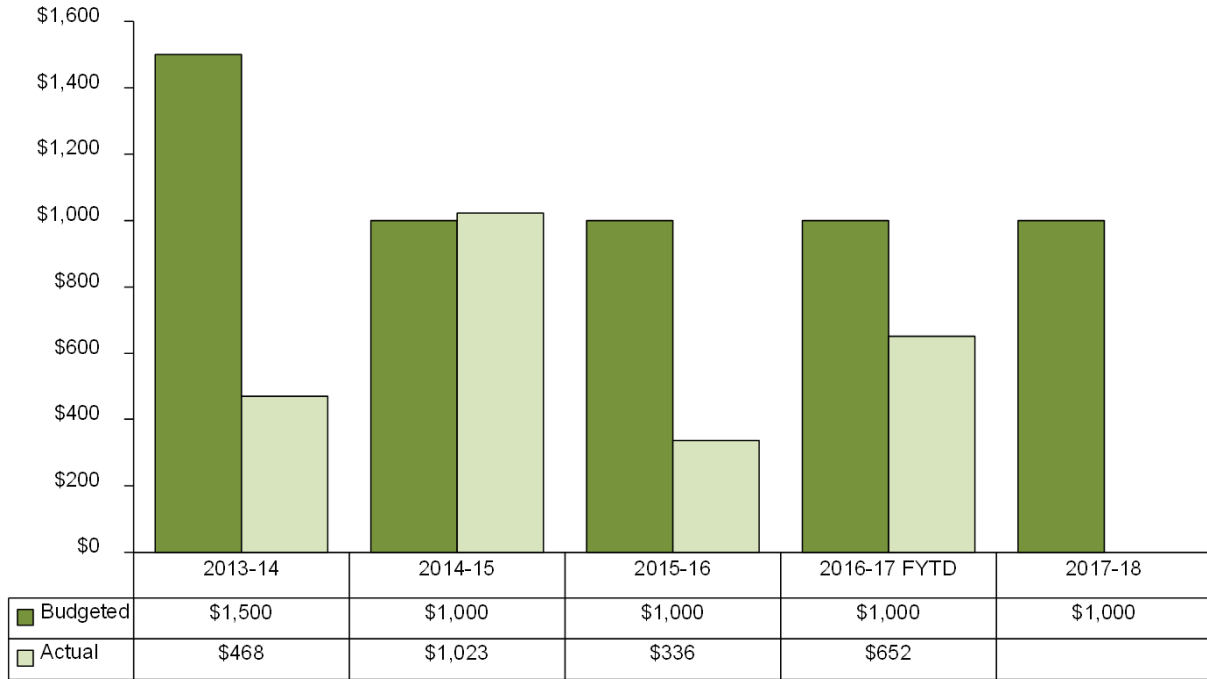
ACCOUNT NUMBER 300-50160	DESCRIPTION Uniform Allowance	BUDGET REQUEST \$1,480
SUMMARY OF REQUEST		
Uniform Allowance (4 employees x \$250 annually)		\$1,000
District Shirts (5 T-shirts per employee x \$20/shirt x 4 employees)		\$400
District Hats (4 baseball caps w/ RSWD logo x \$20/cap)		\$80
	Total	\$1,480



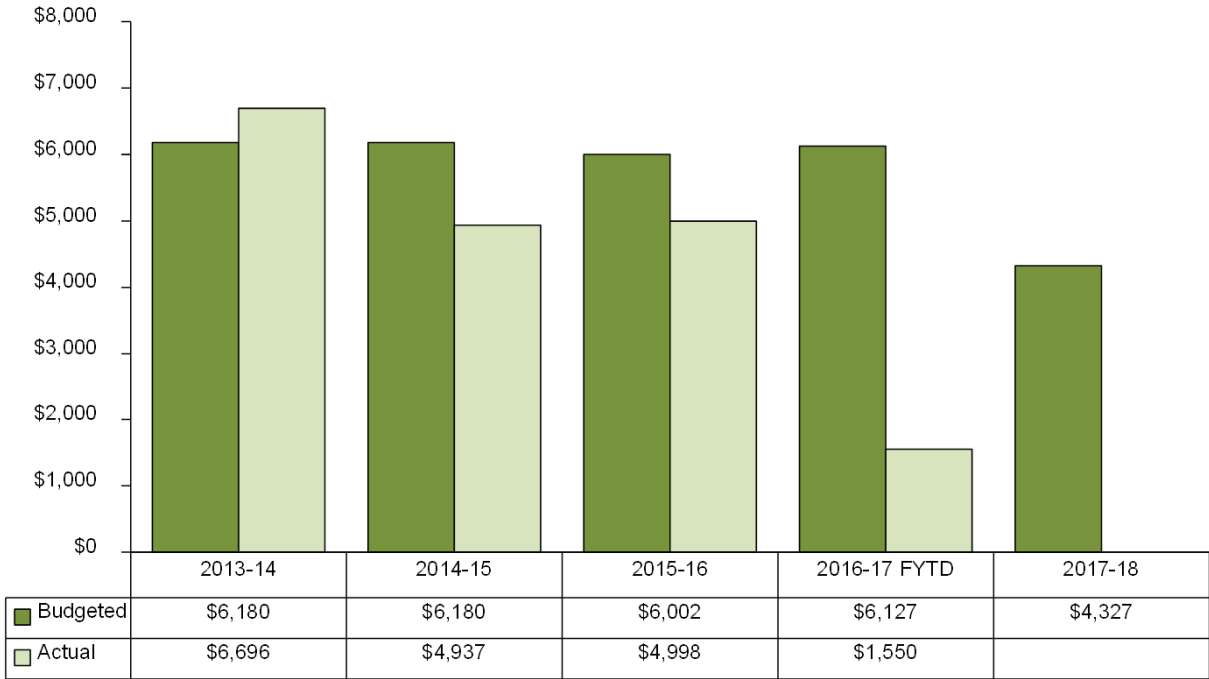
ACCOUNT NUMBER 300-50130	DESCRIPTION Workers Comp Insurance (Collections)	BUDGET REQUEST \$10,500
SUMMARY OF REQUEST		
Collection Division's Share of Workers Compensation Insurance		\$10,500



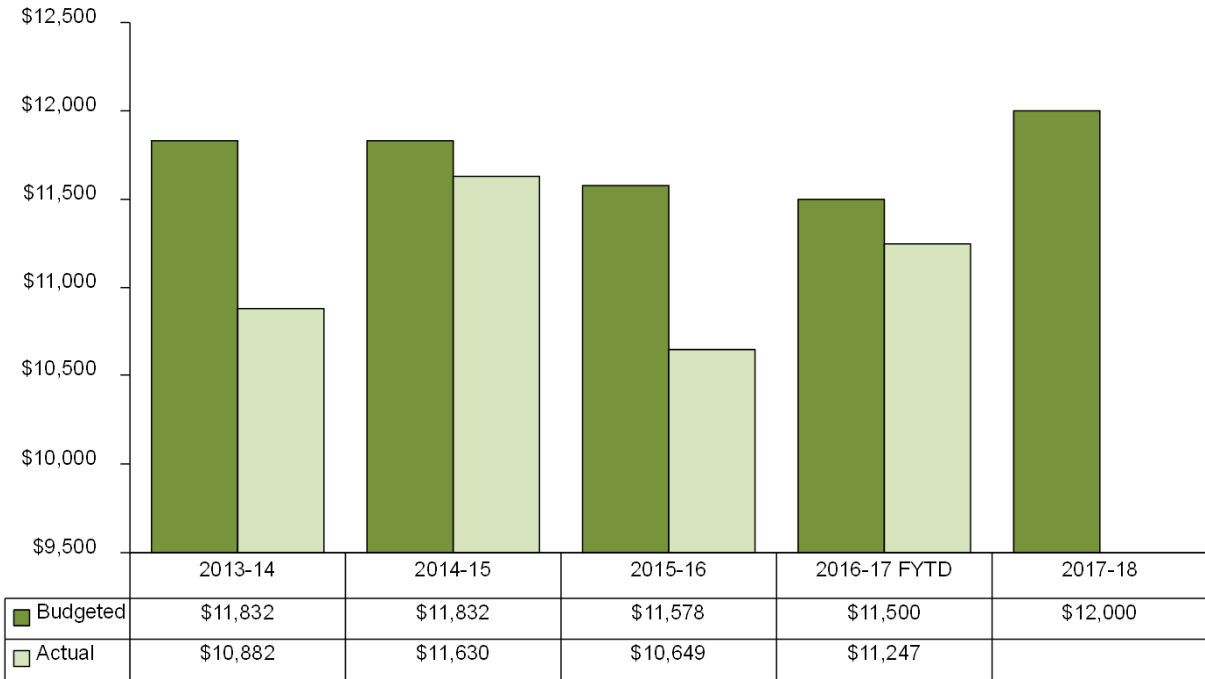
ACCOUNT NUMBER 300-53200	DESCRIPTION Education/Seminars (Collections)	BUDGET REQUEST \$1,000
SUMMARY OF REQUEST		
Collection System Classes, OSHA Training, Education & Seminars		\$500
Reimbursement for use of personal vehicles for education and seminars		\$100
Meals, Travel & Lodging		\$300
Special District Registration (Board Meetings)		\$100
	Total	\$1,000



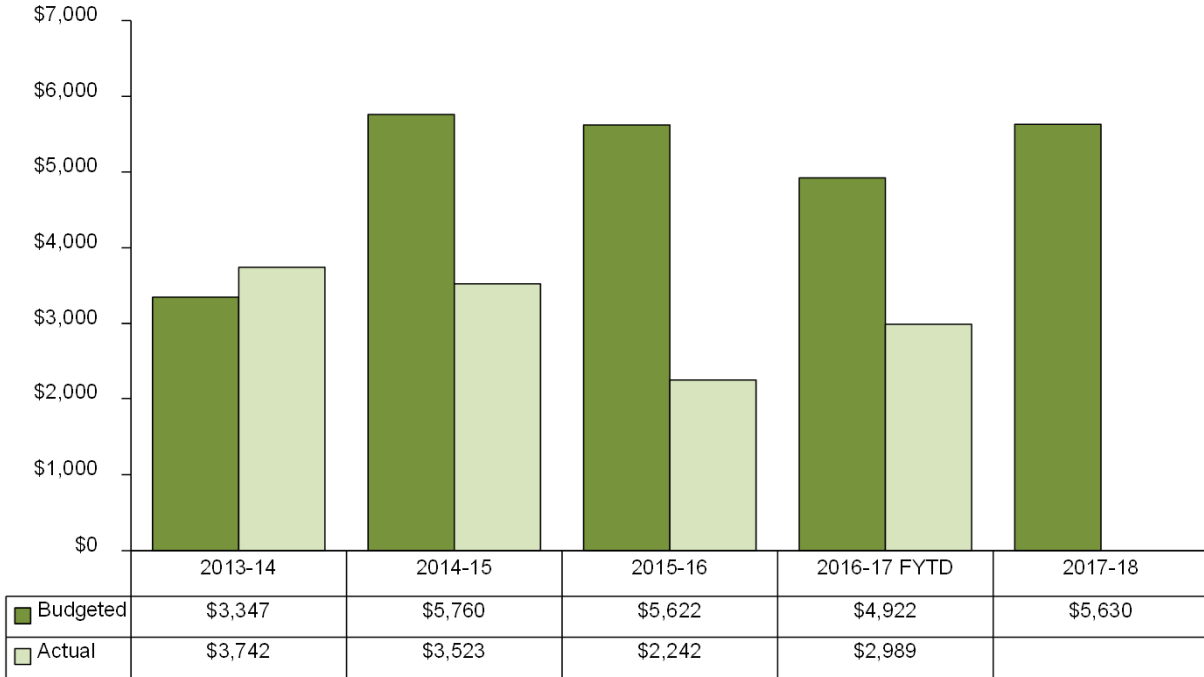
ACCOUNT NUMBER 300-54100	DESCRIPTION Fuel & Oil (Collections)	BUDGET REQUEST \$4,327
SUMMARY OF REQUEST		
Collections vehicles, lift station generators and division support vehicle/equipment Fuel & Maintenance.		
Gasoline 1200 gallons @ \$3.00/gallon		\$3,600
Diesel Fuel - 75 gallon @ \$3.00/gallon		\$225
Oil Changes		\$250
Gear Lube/Grease		\$50
Anti-Freeze		\$50
Waste Oil Pickup: Collections Division pays 25% of cost		\$152
	Total	\$4,327



ACCOUNT NUMBER 300-54300	DESCRIPTION Property/Liability Insurance	BUDGET REQUEST \$12,000
SUMMARY OF REQUEST		
Current Wastewater Collection Department's Share		\$12,000



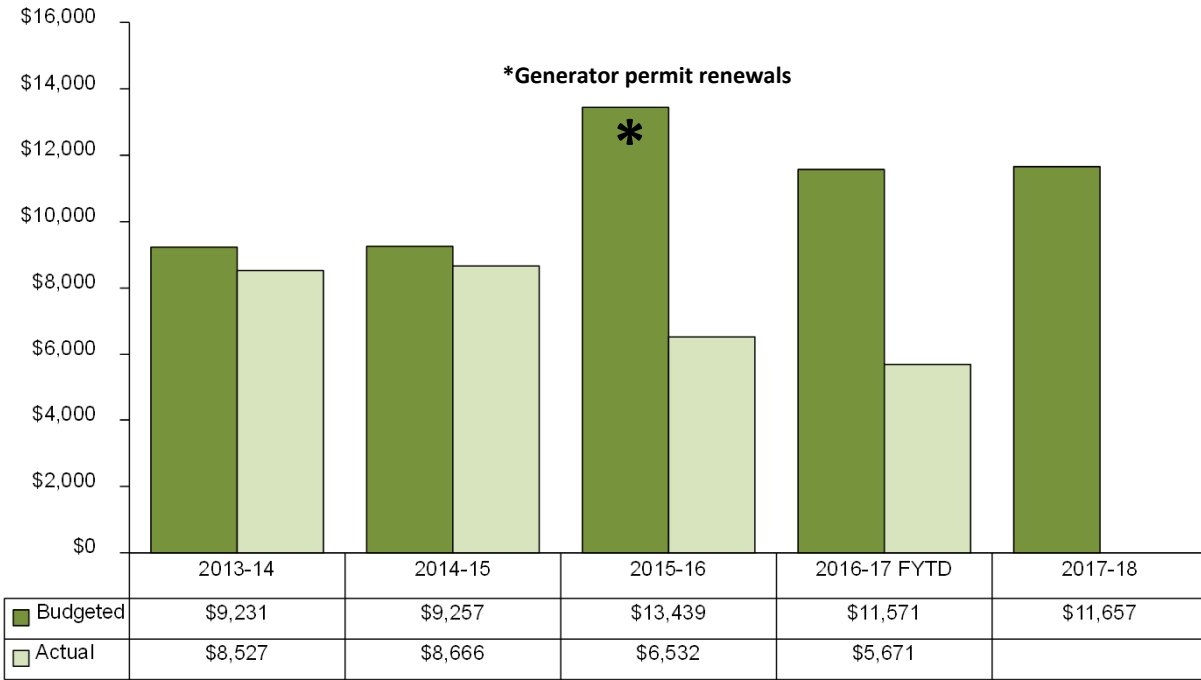
ACCOUNT NUMBER	DESCRIPTION	BUDGET REQUEST
300-56100	Memberships & Subscriptions (Collections)	\$5,630
SUMMARY OF REQUEST		
California Water Environment Association Memberships (CWEA)		\$2,315
Association of San Bernardino County Special Districts		\$40
California Special District's Association (CSDA)		\$1,297
Log-Me-In Pro (remote access to SCADA)		\$50
Wonderware SCADA software annual support (shared with Water 50% of \$880)		\$440
Top Health & Performance Newsletters (Employee Wellness)		\$65
WIN 911 SCADA Alarm annual support (shared with Water 50% of \$753)		\$377
Gym Memberships (\$250 x 4.1875)		\$1,047
	Total	\$5,630



ACCOUNT NUMBER 300-56300	DESCRIPTION Office Supplies (Collections)	BUDGET REQUEST \$1,350
SUMMARY OF REQUEST		
Miscellaneous cleaning and office supplies:		
Anti-bacterial hand cleaner, glass cleaner, pens, pencils, computer paper,		\$400
Operators Work station printer, printer ink cartridges, etc.		\$500
Wastewater Collection Division share of postage		\$200
Wastewater Collections Division share of letterhead stationary, envelopes, business cards, and special printings, and public outreach materials		\$250
	Total	\$1,350



ACCOUNT NUMBER	DESCRIPTION	BUDGET REQUEST
300-57100	Permits/Fees (Collections)	\$11,657
SUMMARY OF REQUEST		
South Coast Air Quality Management District (SCAQMD) Including a COLA 2.0% increase:		
Stand-by Generator permits @ Lift Stations (+ 50% of 2 portable gens. & 16.67% of complex gen./ fuel tanks)		\$4,393
San Bernardino County annual road cut permit & road cuts (\$150/2 + 3 road cuts at \$445 each)		\$1,635
State Regional Water Quality Control Board Waste Discharge Requirements (WDR) Permit		\$2,088
San Bernardino County Certified Unified Program Agency (CUPA) - Bioxide storage at Harris Property		\$443
Lift Station generator CUPA permits (5 generators at \$506 each, lift station 6 is natural gas and lift station 2 is .90 acct)		\$2,530
Waste oil generator permit 1/3 of main office (main office includes complex generator, fuel tanks and waste oil)		\$568
	Total	\$11,657

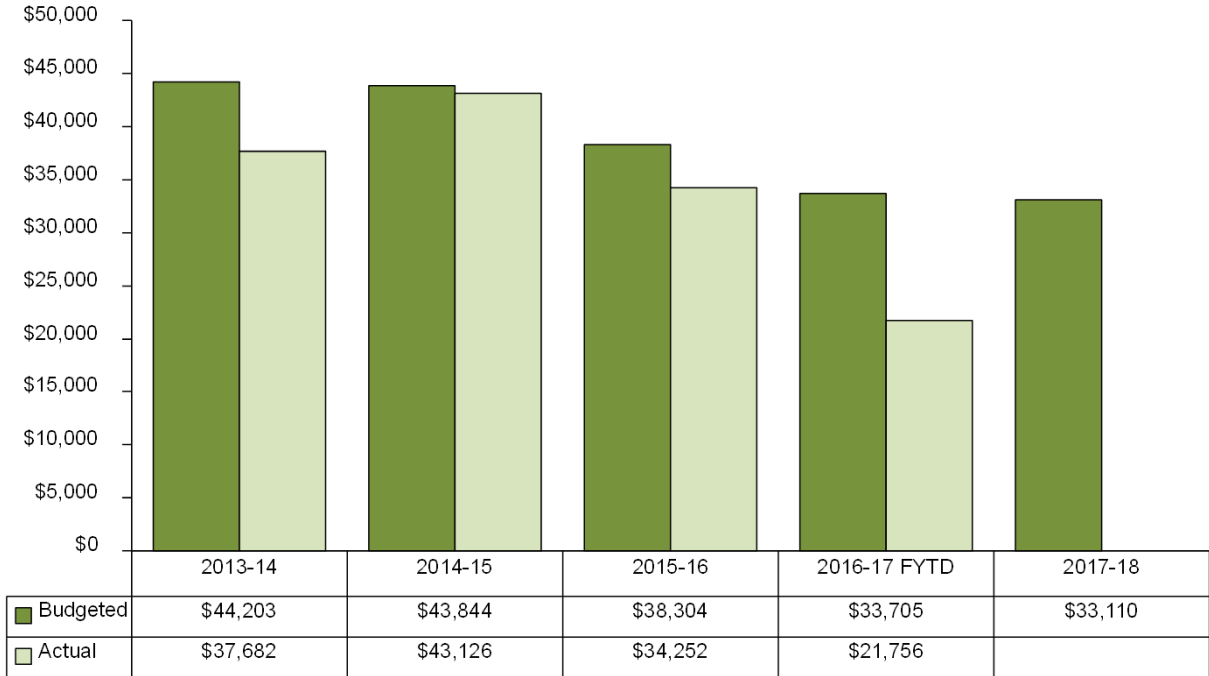


ACCOUNT NUMBER 300-57140	DESCRIPTION Professional Services (Collections)	BUDGET REQUEST \$33,400
SUMMARY OF REQUEST		
Accounting Services		\$10,000
After Hours Telephone Answering Service		\$200
Exterminator for Collections Building		\$200
Financial Auditing Services		\$4,000
Information Technology (IT) Computer Support		\$6,000
Legal Counsel		\$10,000
Payroll Processing		\$1,500
Tyler/Incode Accounting Software Support		\$1,500
	Total	\$33,400

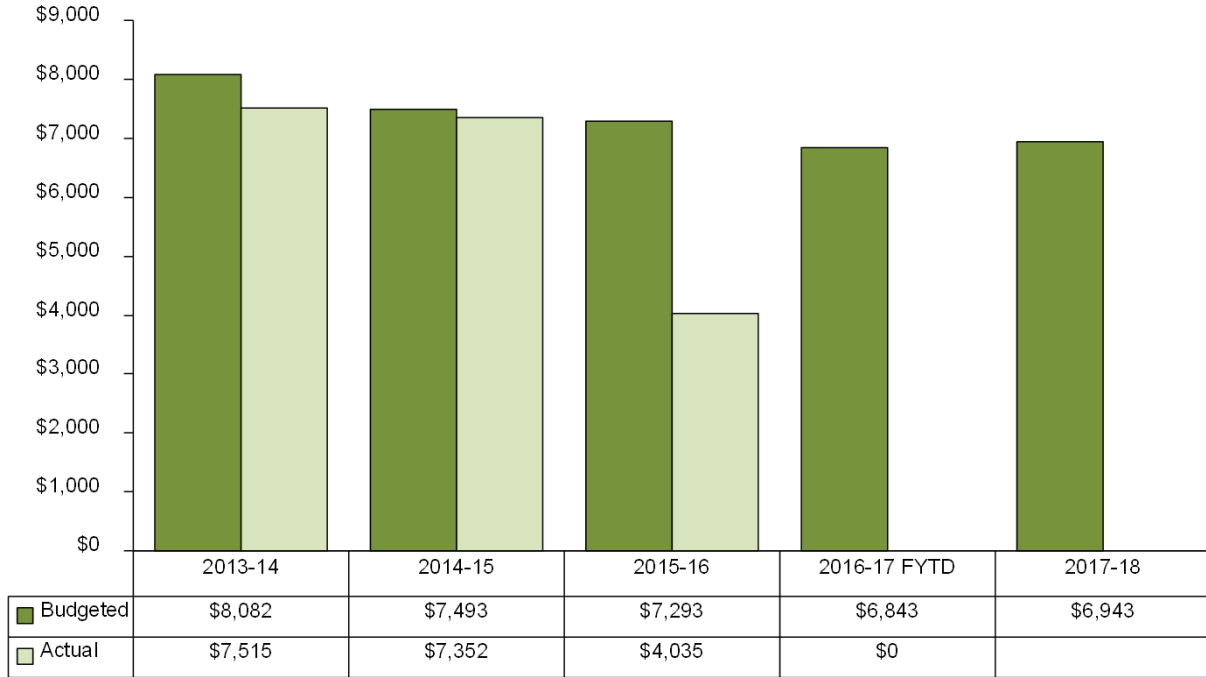
ACCOUNT NUMBER 300-57310	DESCRIPTION Collection System Maintenance	BUDGET REQUEST \$27,350
SUMMARY OF REQUEST		
Snow plow damage, manhole cover replacement, concrete/asphalt repair and sewer main repair		\$12,800
Collections building maintenance (replace toilet and sink, replace office and shop lighting)		\$4,000
Underground Service Alert (USA/Digalert)		\$50
Miscellaneous emergency and collections system repairs		\$10,500
Video inspection and line cleaning utilizing AD #7 O&M funds (Refer to CIP)		
	Total	\$27,350



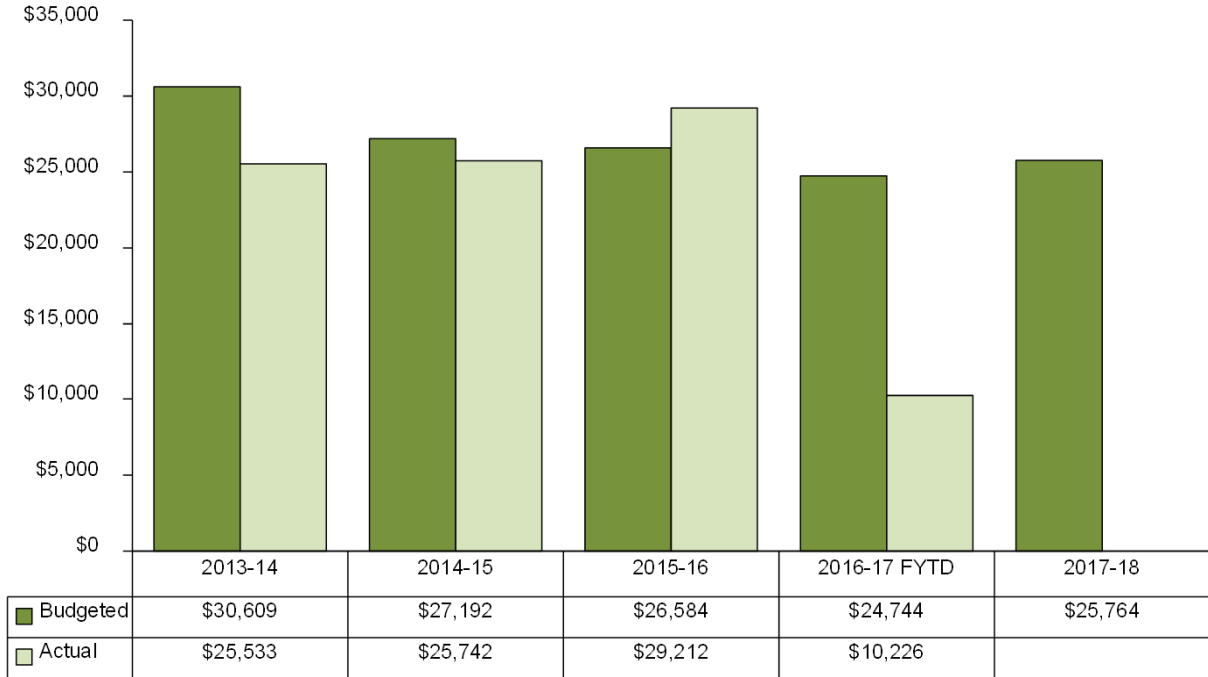
ACCOUNT NUMBER	DESCRIPTION	BUDGET REQUEST
300-57311	Sewer Lift Station Repair & Maintenance	\$33,110
SUMMARY OF REQUEST		
Backflow Device Testing at Lift Station Nos. 1, 2, 3, 4, 5, 6, 7, 8 & 9 (9 x \$40)		\$360
Generator Maintenance at Lift Stations (batteries and general maintenance/repairs)		\$3,000
Emergency Repairs of pumps, motors, control panels, fuses, relays, etc.)		\$6,500
Bioxide for Lift Station Nos. 1, 4, 5, 7, 8, & 9 (1,500 gallons @ \$2.25)		\$3,375
Bioxide System Pali Mountain Camp (3,500 gallons @ \$2.25)		\$7,875
Wet Well Cleaning and Vacuuming (2 times a year)		\$4,000
Miscellaneous Lift Station Repairs and Maintenance		\$4,000
General Asphalt Repair (1,000 square feet @ \$4.00/ square foot)		\$4,000
	Total	\$33,110



ACCOUNT NUMBER	DESCRIPTION	BUDGET REQUEST
300-57440	Miscellaneous Supplies (Collections)	\$6,943
SUMMARY OF REQUEST		
Collection building supplies		\$700
Collection System Maintenance (hole entry tools & line cleaning tools)		\$2,500
Misc. hand tools		\$300
Rain gear		\$500
Radiation Detection Badges (4 badges x \$15.20 x 4 times per year)		\$243
Work & Latex Gloves, Safety Glasses & Hearing Protection		\$600
Steel Toed Safety Boots		\$400
Jumpsuits, Cold Weather Operations & District Jackets		\$350
Safety equipment & supplies (8 Lift Stations)		\$750
Confined Space Entry Gas-Tech Calibration and Sensor Replacement		\$600
	Total	\$6,943



ACCOUNT NUMBER 300-58252	DESCRIPTION Utilities (Collections)	BUDGET REQUEST \$25,764
SUMMARY OF REQUEST		
SCE Electricity Charges at Lift Stations and Collection Division facilities (6.0% increase) (\$1,506 / month)		\$18,072
SoCal Gas Charges at Lift Stations and Collection Division facilities (\$130 / mo. average x 12 mos.)		\$1,560
Verizon Land Lines at Sewer Lift Stations (\$300/mo. x 12 mos.)		\$3,600
Charter Phone and Internet at Collections Building (\$178/mo. x 12 mos.)		\$2,136
On-Call Cell Phone (\$3/mo. x 12 mos.)		\$36
Supervisor Cell Phone Allowance (\$30/mo. x 12 mos.)		\$360
	Total	\$25,764



ACCOUNT NUMBER 300-58301	DESCRIPTION Vehicle & Equipment Maintenance (Collections)	BUDGET REQUEST \$4,750
SUMMARY OF REQUEST		
General maintenance and repairs		\$2,000
Tires (4 @ \$200)		\$800
Snow chains		\$600
Plow maintenance (new side rams and misc. on plow)		\$800
4 Mobile Radios (Trucks/Tractors)		\$50
Tool Replacement (Tips, Nozzles, Blades)		\$500
	Total	\$4,750



ACCOUNT NUMBER	DESCRIPTION	BUDGET REQUEST
300-86000	Administrative Expenses	\$29,496

SUMMARY OF REQUEST

Administration Services (4% of Operating Budget Excluding Depreciation)		\$29,496
Payroll, Accounts Payable/Receivable		
Board of Directors Administration & Compensation		
Benefits Administration		
Planning & Budget Administration		
Audit & Financial Statement Administration		
Investment & Fund Balance Management		
Human Resources/Personnel		
Medical Reimbursement & Health/Life/Disability Insurance Administration		
Property/Liability Insurance, Workers Compensation Administration & Loss Control Coordination		
Public Information & Outreach, Community Relations, Employee Recognition		

ACCOUNT NUMBER	DESCRIPTION	BUDGET REQUEST
300-53100	Depreciation Expense	\$228,516

SUMMARY OF REQUEST

Depreciation expense for Wastewater Collection Division		\$228,516
Operating expenses for enterprise funds include the cost of depreciation on capital assets. Depreciation expense was not included in the District's budget until the 2014/2015 fiscal year per the District's Cash Reserve Policy and advice from Financial Advisors and Consultants. The minimum annual allocation amount for the Capital Improvement Fund for each division or department should equal the amount of annual budgeted depreciation specific to that division or department plus 10% for cost increases. This represents the total annual contribution that should be made to this fund, not the minimum balance. This will allow funds to build over time and eventually replace the existing facilities. Not adequately budgeting for depreciation could eventually have the effect of eroding the organization's net assets.		

ACCOUNT NUMBER	DESCRIPTION	BUDGET REQUEST
300-13000	Collection Division Inventory	\$2,000

SUMMARY OF REQUEST

Repair Clamps, Pipe, Couplings, Manhole Frames and Covers, etc. for system repairs		\$2,000
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ACCOUNT NUMBER	DESCRIPTION	BUDGET REQUEST
300-16100	Collections Facilities - CIP	\$75,000

SUMMARY OF REQUEST

Capital Improvement Projects in order of priority:	Deferred	FY 2017/2018
1) Annual Line Cleaning & Video Inspection (AD #7)		\$25,000
2) Point Repairs (In-House) 10 per year at \$500 each		\$5,000
3) Hilltop Blvd Downtown Pipeline Sliplining Project (432 ft of 8")		\$45,000
4) Seal Coat Sewer Manholes (5 per year at \$1,500 each)	\$7,500	
5) Point Repairs Using Liner (5 per year at \$1,500 each)	\$7,500	
6) Purchase New Sewer Manhole Lids (20 per year at \$400 each)	\$8,000	
7) Seal Coat Wet Well at Sewer Lift Station No. 8	\$8,500	
8) Upgrade SCADA Screens at Sewer Lift Station Nos. 7, 8 & 9	\$15,000	
9) Upgrade Control Panels at Sewer Lift Station Nos. 7, 8 & 9	\$21,000	
10) Replace Generator at Sewer Lift Station No. 7	\$60,000	
11) Wagon Wheel Easement E-W Repair Between MH's 108 & 109	\$100,000	
12) Increase 120 ft of Mainline from 10 inch to 15 inch on School Trunk Line MH 52-51	\$20,000	
13) Repave Road to Sewer Lift Station No. 5 (\$12,000 per year for 3 years)	\$36,000	
14) Annual Updates to Sewer Atlas Maps (\$1,500 per year)	\$1,500	
15) Purchase New Sewer Bypass Equipment	\$15,000	
16) Replace Portable Air Compressor & Jackhammer	\$25,000	
17) Replace Unit 69 With Full Size Pump Service Truck With Crane	\$70,000	
18) Vehicle & Equipment Storage Building at Harris Property	\$30,000	
19) Purchase New Backhoe Tractor Shared Cost 50%	\$60,000	
20) Purchase Trailer to Mount Old Sewer Lift Station No. 3 Generator to Make it Portable (FY 2016/2017)	\$4,000	
Total Deferred	\$489,000	
	Total	\$75,000

ACCOUNT NUMBER	DESCRIPTION	BUDGET REQUEST
12697	SLS CWSRF Loan Payment	\$170,000

SUMMARY OF REQUEST

Annual debt service payments for \$2,800,000, 1.9% interest rate, 20 year loan for SLS 1, 2 and 3 Improvements with the first debt service payment due one year after completion of construction.	Total	\$170,000
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RUNNING SPRINGS WATER DISTRICT

DIVISION SUPERVISORS

2017-18 HOURLY WAGE SCHEDULE

Exempt Positions

CLASSIFICATION		STEP					
		A	B	C	D	E	F
DIVISION SUPERVISOR							
SUPERVISOR 3	Hourly	\$52.55	\$55.19	\$57.95	\$60.73	\$63.77	\$67.09
	Monthly	\$9,109	\$9,566	\$10,045	\$10,527	\$11,053	\$11,629
	Annual	\$109,304	\$114,795	\$120,536	\$126,318	\$132,642	\$139,547
SUPERVISOR 2	Hourly	\$39.22	\$41.18	\$43.23	\$45.39	\$47.67	\$50.05
	Monthly	\$6,798	\$7,138	\$7,493	\$7,868	\$8,263	\$8,675
	Annual	\$81,578	\$85,654	\$89,918	\$94,411	\$99,154	\$104,104
SUPERVISOR 1	Hourly	\$29.12	\$30.58	\$32.12	\$33.88	\$35.58	\$37.35
	Monthly	\$5,047	\$5,301	\$5,567	\$5,873	\$6,167	\$6,474
	Annual	\$60,570	\$63,606	\$66,810	\$70,470	\$74,006	\$77,688
Cost of Living Adjustment (COLA):		3.90%	(2% to offset elimination of EPMC plus 1.9% CPI-W)				
Collections Division Supervisor (1 CI)		\$127,358					

RUNNING SPRINGS WATER DISTRICT						
COLLECTION DIVISION						
2017-18 HOURLY WAGE SCHEDULE						
Non-Exempt Positions						
CLASSIFICATION*		STEP				
		A	B	C	D	E
OPERATOR 3	Hourly	\$29.95	\$30.70	\$31.47	\$32.26	\$33.07
(Grade 3 Collection System Maintenance & PM Grade 1)	Monthly	\$5,191	\$5,321	\$5,455	\$5,592	\$5,732
	Annual	\$62,296	\$63,856	\$65,458	\$67,101	\$68,786
OPERATOR 2	Hourly	\$26.49	\$27.15	\$27.83	\$28.52	\$29.23
(Grade 2 Collection System Maintenance & PM Grade 1)	Monthly	\$4,592	\$4,706	\$4,824	\$4,943	\$5,067
	Annual	\$55,099	\$56,472	\$57,886	\$59,322	\$60,798
OPERATOR 1	Hourly	\$23.41	\$23.99	\$24.59	\$25.20	\$25.83
(Grade 1 Collection System Maintenance & PM Grade 1)	Monthly	\$4,058	\$4,158	\$4,262	\$4,368	\$4,477
	Annual	\$48,693	\$49,899	\$51,147	\$52,416	\$53,726
OPERATOR IN TRAINING	Hourly	\$20.06	\$20.56	\$21.07	\$21.59	\$22.13
(Entry Level / No Certification Required)	Monthly	\$3,477	\$3,564	\$3,652	\$3,742	\$3,836
	Annual	\$41,725	\$42,765	\$43,826	\$44,907	\$46,030
Cost of Living Adjustment (COLA):	3.90%	(2% to offset elimination of EPMC plus 1.9% CPI-W)				
Operator 2 (2 CI's)	\$57,179					
Operator 2 (3 CI's)	\$59,592					
Operator 2 (1 CI's)	\$60,362					

Wastewater Collection Vehicle & Equipment Replacement Schedule					
Vehicle Description	Year	Mileage / Hours	Use Status	Planned Retirement Date	Estimated Cost of Replacement
Air Compressor Collection Div.	1985	1230 Hrs. meter o.s.	Limited	2018-19 Now 32 years old	\$25,000
Coll. Dump Truck (Unit # 62)	1995	121,252 Miles	Limited	2019-20 Now 22 years old	\$75,000
Coll. Div. Utility (Unit # 70)	2003	61,549 Miles	Daily	2019-20 Now 14 years old	\$30,000
Coll.Div.Hydro Tow (Unit # 75)	2007	15,591 Miles	1 - 2 times / week	2022-23 Now 10 years old	\$50,000
Coll. Div. Utility (Unit # 77)	2007	43,035 Miles	Daily	2020-21 Now 10 years old	\$30,000
Collections Building Generator	2008	47.4	Limited	2020-21 Now 9 years old	\$5,000
Hydro Collection Div.	2010	94.5	Limited	2030-31 Now 7 years old	\$50,000
Coll. Div. Utility (Unit # 84)	2011	20,645 Miles	Daily	2021-22 Now 6 years old	\$30,000

Collections Division 5-Year CIP Plan

Description	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	DEFERRED PROJECTS	TOTAL PROJECT COST
Collection System Improvements - I&I Reduction							
Annual line cleaning and video inspection (FY17/18 AD7)	\$ 25,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000		\$ 145,000
Seal coat sewer manholes 5 per year at \$1,500 each		\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500		\$ 30,000
Point repairs utilizing pipe liner 5 per year at \$1,500 each		\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500		\$ 30,000
Point repairs (in house) 10 per year at \$500 each O&M	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000		\$ 25,000
Purchase new sewer manhole lids 20 per year at \$400 each		\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000		\$ 32,000
Collection System - I&I Improvements Subtotal	\$ 30,000	\$ 58,000	\$ 58,000	\$ 58,000	\$ 58,000	\$ -	\$ 262,000
Pump Stations							
Seal coat wet well at Sewer Lift Stations No. 8		\$ 8,500					\$ 8,500
Upgrade SCADA Screens at Sewer Lift Stations Nos. 7, 8 & 9			\$ 15,000				\$ 15,000
Upgrade control panels at Sewer Lift Stations Nos. 7, 8 & 9			\$ 21,000				\$ 21,000
Replace Generator at Sewer Lift Station No. 7		\$ 60,000					\$ 60,000
Pump Stations Subtotal	\$ -	\$ 68,500	\$ 36,000	\$ -	\$ -	\$ -	\$ 104,500
Pipeline Rehab & Replacement							
Hilltop Blvd. Downtown Pipeline Rehab (432-ft of 8-inch)	\$ 45,000						\$ 45,000
Wagon Wheel Easement E-W between MH's 108 and 109		\$ 100,000					\$ 100,000
Increase 120' of mainline from 10" to 15" on school trunk MH 52-51				\$ 20,000			\$ 20,000
Pipeline Rehab & Replacement Subtotal	\$ 45,000	\$ 100,000	\$ -	\$ 20,000	\$ -	\$ -	\$ 165,000
Other Wastewater System Improvements							
Repave Road to Sewer Lift Stations No. 5		\$ 12,000	\$ 12,000	\$ 12,000			\$ 36,000
Annual updates to sewer maps		\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500		\$ 6,000
Purchase new bypass pump equipment		\$ 15,000					\$ 15,000
Replace portable air compressor and jackhammer		\$ 25,000					\$ 25,000
Replace Unit 69 with full size pump service truck with crane			\$ 70,000				\$ 70,000
Vehicle and equipment storage building at Harris Property				\$ 30,000			\$ 30,000
Purchase new backhoe tractor shared cost 50%			\$ 60,000				\$ 60,000
Other Wastewater System Improvements Subtotal	\$ -	\$ 53,500	\$ 143,500	\$ 43,500	\$ 1,500	\$ -	\$ 242,000
Collections Division Improvements Subtotal	\$ 75,000	\$ 280,000	\$ 237,500	\$ 121,500	\$ 59,500	\$ -	\$ 773,500

RUNNING SPRINGS WATER DISTRICT

MEMORANDUM

DATE: February 15, 2017

TO: Board of Directors

FROM: Trevor Miller, Wastewater Treatment Division Supervisor
Ryan Gross, General Manager

THROUGH: Finance Committee

SUBJECT: DRAFT FISCAL YEAR 2017/18 WASTEWATER TREATMENT DEPARTMENT BUDGET

RECOMMENDED BOARD ACTION

This is an information item only.

REASON FOR RECOMMENDATION

This is an information item only.

BACKGROUND INFORMATION

On February 1, 2017 the Finance Committee met to review the draft version of the Fiscal Year 2017/18 Wastewater Treatment Division Budget.

Staff is providing the attached draft version of the budget for review by the Board of Directors. The input received from the Finance Committee has been incorporated into the attached updated version of the draft budget. The Wastewater Treatment Division Budget will remain in draft form until all division budgets are reviewed by the Finance Committee and the full Board of Directors. The final budgets would then be recommended for approval by the full Board in May or June. The reason for this is that we have not received final budget numbers for certain expenses and as these numbers come in we will be able to refine the draft budgets to reflect more accurate estimates of revenue and expenses.

The actual Fiscal Year to Date (FYTD) numbers in the bar charts are as of December 31, 2016 or through two quarters (50%) of the current fiscal year ending 2017.

ATTACHMENTS

Attachment 1 – Draft Fiscal Year 2017/2018 Wastewater Treatment Division Budget



Wastewater Treatment Division

Fiscal Year 2017/2018

Draft Budget

February 15, 2017

Board of Directors Review

Table of Contents

Wastewater Treatment Division

Department Vision

Core Functions & FY 2017/2018 Goals & Objectives

Budgeted Operating Expense Details

Employee Classifications

Vehicle & Equipment Replacement Schedule

Five Year Capital Improvement Project Plan

Wastewater Collection and Treatment Service Vision: The Running Springs Wastewater Division will provide extraordinary wastewater collection service for the Running Springs area and wastewater transmission and treatment service for the Running Springs, Arrowbear, and Green Valley Lake areas that protects the environment, complies with regulatory requirements, satisfies the needs of our customers, and provides beneficial uses for our reclaimed water.

Wastewater Treatment Division Core Functions & FY 2017/2018 Goals & Objectives

Core Functions	Fiscal Year 2017/2018 Goals & Objectives
Operations & Maintenance Administration	
<ul style="list-style-type: none"> • Manage treatment plant & disposal facilities • Maintain compliance with Santa Ana Regional Water Quality Control Board (SARWQCB) Waste Discharge Requirements (WDR) • Maintain United States Forest Service (USFS) Special Use Permit (SUP) • Train staff on new processes & procedures • Review & implement staff recommended process & procedure changes • Reporting to regulatory agencies 	<ul style="list-style-type: none"> • Implement changes identified by continued process evaluation
Repair & Maintenance	
<ul style="list-style-type: none"> • Preventative maintenance • Perform necessary repairs revealed by routine / preventative maintenance • Respond to equipment / machinery failures 	<ul style="list-style-type: none"> • Influent Flow Meter Upgrade • Upgrade SCADA System • Replace Fine Bubble Aeration System in MBR 2 • Perform Annual MBR take down & mechanical inspection
Wastewater Treatment Plant	
<ul style="list-style-type: none"> • O&M of 1MGD MBR plant • Perform process control laboratory analysis • Manage disposal of 648 wet tons per year of biosolids • Continue to evaluate treatment processes to maintain an efficient operation • Respond to after hour emergencies & equipment failures • Complying with unfunded mandates from regulatory agencies 	<ul style="list-style-type: none"> • Continue to evaluate effluent reuse options • Complete upgrade to headworks
Treated Wastewater Disposal Facilities	
<ul style="list-style-type: none"> • O&M of 1.58 miles of outfall pipeline • O&M of 18 acre disposal site • O&M of 13 percolation ponds 	<ul style="list-style-type: none"> • Grade roads & scarify ponds to maintain access & pond performance • Complete repairs to spray irrigation telemetry

**Wastewater Treatment Division Core Functions & FY 2017/2018 Goals & Objectives
(continued)**

Core Functions	Fiscal Year 2017/2018 Goals & Objectives
SCADA System	
<ul style="list-style-type: none"> • O&M of Supervisory Control & Data Acquisition (SCADA) system to provide remote monitoring & operation of treatment plant processes & disposal facilities • Log, analyze & archive operational data • Continued improvement of process automation 	<ul style="list-style-type: none"> • Evaluate SCADA system • Upgrade SCADA based on the continuing treatment process evaluation
Safety, Training & Certifications	
<ul style="list-style-type: none"> • Maintain required certifications • Emergency operations training • Safety training 	<ul style="list-style-type: none"> • Provide opportunities for training & classes to maintain District approved certifications • Provide monthly, bi-annual & annual training for emergency response & preventative maintenance • Provide safety training at least weekly to minimize injuries & to ensure a safe work environment • Work closely with District Compliance Safety Officer to improve Safety Program



Wastewater Treatment Division
Fiscal Year 2017/2018 Budget
Revenue & Expense Details

RUNNING SPRINGS WATER DISTRICT WASTEWATER TREATMENT DEPARTMENT FISCAL YEAR 2017/2018 BUDGET

REVENUE AND EXPENSE SUMMARY

	Budgeted 2017-2018	Budgeted 2016-2017
<u>OPERATING REVENUES:</u>		
Residential Base Service Charges (2,884 EDUs x \$41.58 / month x 12 mos.)	\$1,439,001	\$1,335,074
Residential Sewer System Usage Charge (13.6 MCF x \$0.0447 x 15%)	\$91,188	\$86,904
Commercial Base Service Charges (59 EDU's. x \$41.58 / month x 12 mos.)	\$29,439	\$27,513
Commercial Sewer System Usage Charge (0.57 MCF x \$0.0447 x 33.3%)	\$8,485	\$8,086
Arrowbear Fixed O&M Reimbursement (19% of Fixed O&M Costs + SLS #2)	\$127,151	\$104,286
Arrowbear Variable O&M Reimbursement (13% of Variable O&M Costs + SLS #2)	\$33,571	
CSA 79 Fixed O&M Reimbursement (24% of Fixed O&M Costs + Odor Control)	\$160,611	\$130,367
CSA 79 Variable O&M Reimbursement (13% of Variable O&M Costs + Odor Control)	\$33,066	
Delinquent Charges & Service Fees	\$15,000	\$15,000
SCE Demand Response Program (EnerNOC)	\$0	\$4,450
Outside Sewer Service Agreement Charges	\$17,779	\$17,779
Total Wastewater Operating Revenue:	\$1,955,290	\$1,729,459
Treatment Division 45% of Total Operating Revenue Plus Upstream:	\$1,074,800	\$909,764
<u>OPERATING EXPENSES:</u>		
Operations & Maintenance (Fixed)	\$669,214	\$558,069
Operations & Maintenance (Variable)	\$264,745	\$249,673
Capital Replacement (Refer to Page 25 & FY 17/18 Depreciation Schedule)	\$342,950	\$207,500
Total Operating Expenses:	\$1,276,909	\$1,015,242
NET OPERATING INCOME:	(\$202,108)	(\$105,479)
<u>NON-OPERATING REVENUE:</u>		
Property Taxes	\$0	\$0
Assessments - Sewer Service Availability Charges	\$7,000	\$7,000
Connection/Capacity Fees & Charges	\$5,646	\$5,646
Sewer Hot Taps & Septic Waste Dumping	\$1,500	\$1,500
Interest Income	\$3,500	\$3,500
Arrowbear Proportionate Share of Capital Improvements (19%)	\$18,525	\$29,925
CSA 79 Proportionate Share of Capital Improvements (24%)	\$23,400	\$42,188
Leachate Load Revenue	\$10,000	\$15,000
Total Non-Operating Revenue:	\$69,571	\$104,759
<u>NON-OPERATING EXPENSES:</u>		
Interest Expense	\$0	\$6,489
Total Non-Operating Expenses:	\$0	\$6,489
CHANGE IN NET POSITION:	(\$132,537)	(\$7,210)
<u>TOTAL WASTEWATER REVENUES:</u>		
	\$1,144,371	\$1,014,522
<u>TOTAL WASTEWATER EXPENSES:</u>		
	\$1,276,909	\$1,021,732
NET INCOME:	(\$132,537)	(\$7,210)
<u>CASH CONSIDERATIONS:</u>		
Net Income	(\$132,537)	-\$7,210
Capital Replacement (Depreciation Expense)	\$342,950	\$207,500
2001 WPCP Project Loan Principal Payment	\$0	(\$91,410)
Capital Projects & Fixed Assets	(\$97,500)	(\$225,000)
CHANGE IN CASH BALANCE:	\$112,913	(\$116,120)

RUNNING SPRINGS WATER DISTRICT WASTEWATER TREATMENT DEPARTMENT FISCAL YEAR 2017/2018 BUDGET

OPERATION AND MAINTENANCE EXPENSE ACCOUNTS

WAGES & BENEFITS

ACCOUNT NUMBER	O&M ACCOUNT DESCRIPTION	REQUESTED THIS YEAR	APPROVED LAST YEAR	% CHANGE	Fixed (F) Variable (V)	DETAIL PAGE #
350-50100	Salaries & Wages (Treatment)	\$370,809	\$314,212	18%	F	4
350-50120	Medicare Tax (FICA)	\$5,377	\$4,555	18%	F	5
350-50140	Employee Benefits (Treatment)	\$46,261	\$31,414	47%	F	6
350-50150	CalPERS Retirement (Treatment)	\$106,475	\$93,068	14%	F	7
350-50160	Uniform Allowance	\$1,480	\$1,110	33%	F	8
WAGES & BENEFITS SUB-TOTAL:		\$530,403	\$444,359	19%	F	

SERVICES & SUPPLIES ACCOUNTS

ACCOUNT NUMBER	O&M ACCOUNT DESCRIPTION	REQUESTED THIS YEAR	APPROVED LAST YEAR	% CHANGE	Fixed (F) Variable (V)	DETAIL PAGE #
350-50130	Workers Comp Insurance (Treatment)	\$11,835	\$11,835	0%	F	9
350-53200	Education/Seminars (Treatment)	\$1,500	\$1,500	0%	F	10
350-53300	Effluent Disposal Site Maintenance	\$9,000	\$9,000	0%	V	11
350-54100	Fuel & Oil (Treatment)	\$4,725	\$4,475	6%	V	12
350-54300	Property/Liability Insurance	\$12,000	\$11,500	4%	F	13
350-56100	Memberships & Subscriptions (Treatment)	\$4,659	\$4,481	4%	F	14
350-57100	Permits/Fees (Treatment)	\$32,475	\$31,654	3%	F	15
350-57140	Professional Services (Treatment)	\$33,100	\$29,800	11%	F	16
350-57310	SLS #2 & Interceptor Pipeline Maintenance	\$10,353	\$4,525	129%	V	17
350-57314	Treatment Plant Maintenance	\$50,500	\$51,700	-2%	V	18
350-57430	Biosolids Handling & Disposal	\$57,200	\$53,020	8%	V	19
350-57440	Miscellaneous Supplies (Treatment)	\$6,193	\$5,943	4%	V	20
350-57444	Office Supplies (Treatment)	\$5,950	\$5,950	0%	F	21
350-58251	Utilities (Joint Use Facilities)	\$108,924	\$103,368	5%	V	22
350-58301	Vehicle & Equipment Maintenance (Treatment)	\$7,950	\$7,950	0%	V	23
350-59200	Wastewater Testing & Analysis	\$9,900	\$9,692	2%	V	24
350-86000	Administrative Expenses	\$37,292	\$16,990	119%	F	25
SERVICES & SUPPLIES SUB-TOTAL:		\$403,556	\$363,383	11%	F (%)	72%
TOTAL OPERATING EXPENSES:		\$933,958	\$807,742	16%	V (%)	28%

RUNNING SPRINGS WATER DISTRICT WASTEWATER TREATMENT DEPARTMENT FISCAL YEAR 2017/2018 BUDGET

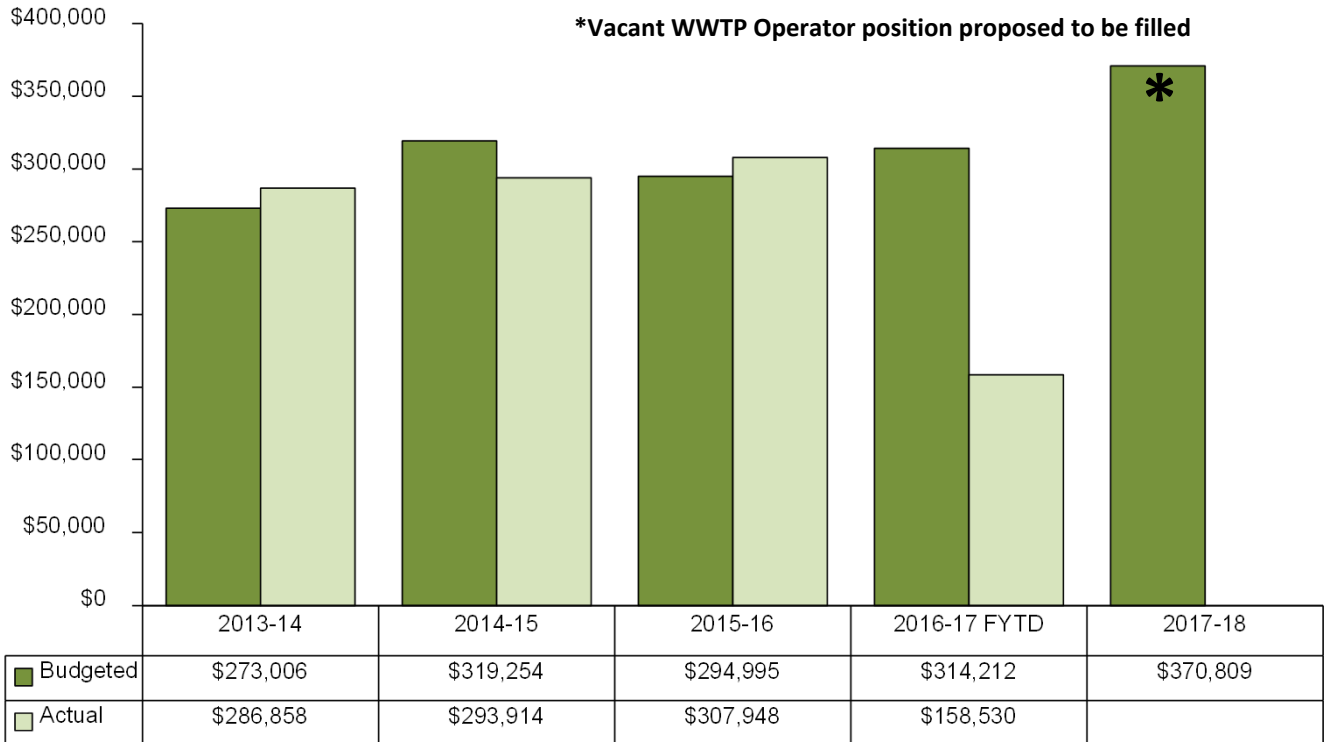
CAPITAL IMPROVEMENT PROJECTS

ACCOUNT NUMBER	CAPITAL IMPROVEMENT ACCOUNT DESCRIPTION	REQUESTED THIS YEAR	APPROVED LAST YEAR	% CHANGE	DETAIL PAGE #
350-16100	Treatment Facilities - CIP	\$97,500	\$219,000	-55%	25
TOTAL CAPITAL IMPROVEMENTS:		\$97,500	\$219,000	-55%	

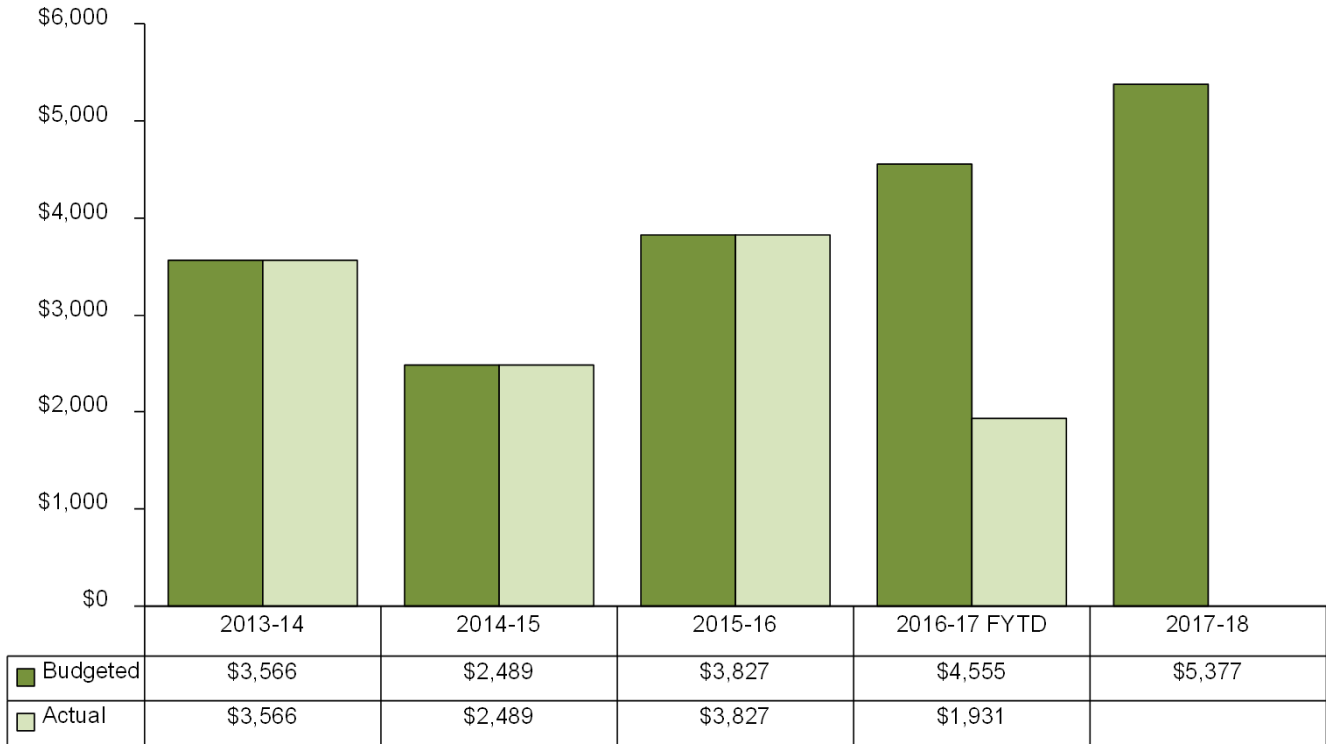
RESTRICTED, DESIGNATED & RESERVE FUNDS

ACCOUNT NUMBER	DESCRIPTION	12/31/16 FUND BALANCES
350-10000	Wastewater Operating Reserve	(\$976,466)
310-10000	Wastewater Capital Improvement Project Reserve	\$434,071
300-10000	Wastewater Infrastructure Repair & Replacement Reserve	\$263,113
320-10000	Wastewater Connection & Capacity Charges	\$119,603
605-10000	Sewer Assessment District No. 5 Construction Fund	\$2,895
607-10000	Sewer Assessment District No. 7 O&M Fund	\$25,053
TOTAL:		(\$131,731)

ACCOUNT NUMBER 350-50100	DESCRIPTION Salaries & Wages (Treatment)	BUDGET REQUEST \$370,809
SUMMARY OF REQUEST		
Division Supervisor (base salary + 6 certification incentives)		\$138,882
3 Treatment Plant Operators (base salary + 11 certification incentives)		\$179,920
Treatment Division share of Safety/Compliance position		\$2,000
On-Call Time (244 nights x 1 hr./night x Avg OT Rate)	Average OT Rate	\$10,553
Holidays (13 days x 1.5 hrs./day x Avg OT Rate)	\$43.25	\$843
Emergency Time (67 hrs. x Avg OT Rate)		\$2,898
Weekend Coverage (35 days x 1.5 hrs./day x Avg OT Rate)		\$2,271
3/16 (18.75%) of General Manager Salary		\$33,443
Certification Incentive Pay = \$0.50 per hour for each approved certificate	TOTAL:	<u>\$370,809</u>
Wages include 3.9% Cost of Living Adjustment (2% to offset elimination of EPMC plus 1.9% CPI-W)		
Performance based merit increases where appropriate		



ACCOUNT NUMBER 350-50120	DESCRIPTION Medicare Tax (FICA)	BUDGET REQUEST \$5,377
SUMMARY OF REQUEST		
Federal Requirement for Employees Hired After April 1986 (1.45% OF PAYROLL) *Base, holiday and overtime pay plus Tollections Division share of Safety/Compliance		\$5,377



ACCOUNT NUMBER 350-50140	DESCRIPTION Employee Benefits (Treatment)	BUDGET REQUEST \$46,261
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SUMMARY OF REQUEST

Medical, Dental and Vision ¹	Compensation for Calculating LTD	\$42,500
Long Term Disability ² (0.62%)	\$352,245	\$2,184
Accidental Death and Dismemberment ³ (0.048%)	Compensation for Calculating ADD & Life	\$300
Life Insurance ⁴ (0.204%)	\$626,000	\$1,277
	Total	\$46,261

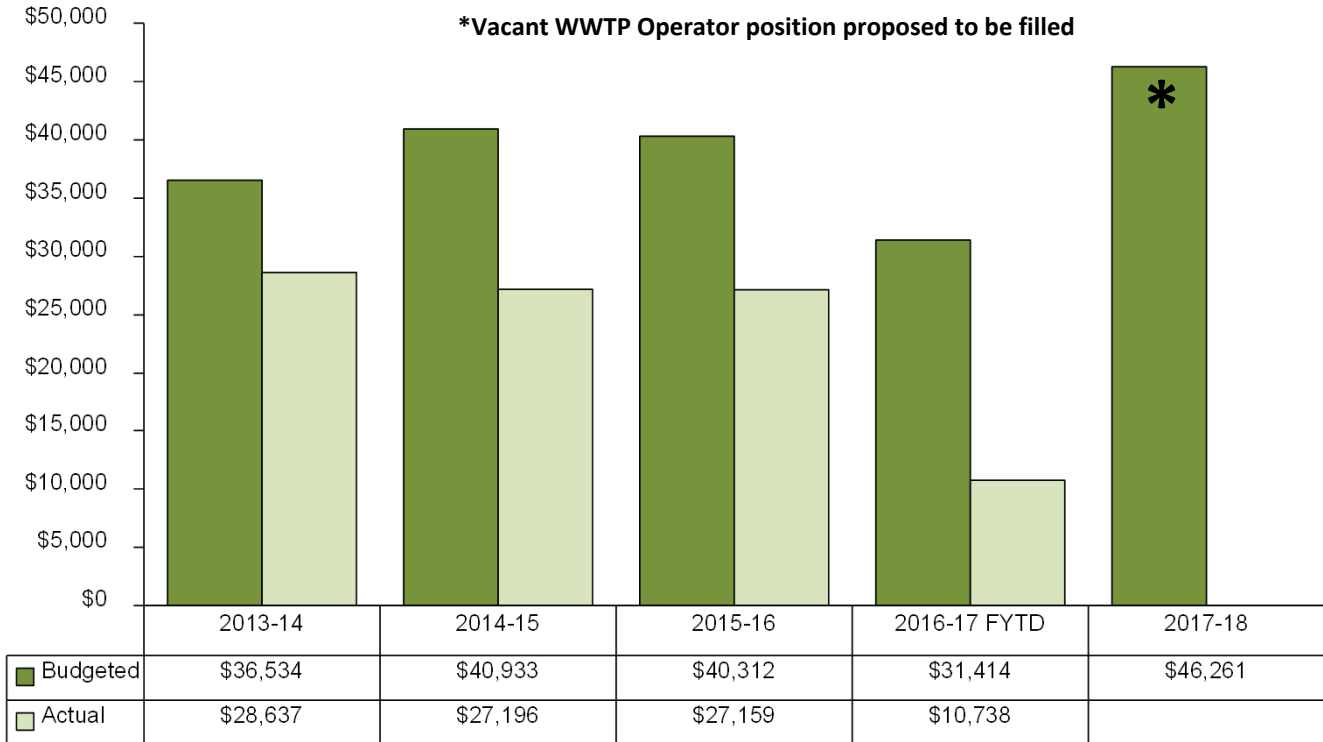
¹ Maximum Monthly Cap on Medical, Dental and Vision Premiums = \$4,867 x 12 = \$58,404.
 Budgeted amount based on past 3 years actual and a 5.43% increase in the cap which is half of the 10.86% CalPERS Medical Premium increase.
 Prior years deviation in budget to actual due to unused Medical Reimbursement Plan balances.

² 0.62% of annual base salaries plus certification incentive pay for Division Supervisor, 3 Operators and 3/16 of General Manager's Salary.

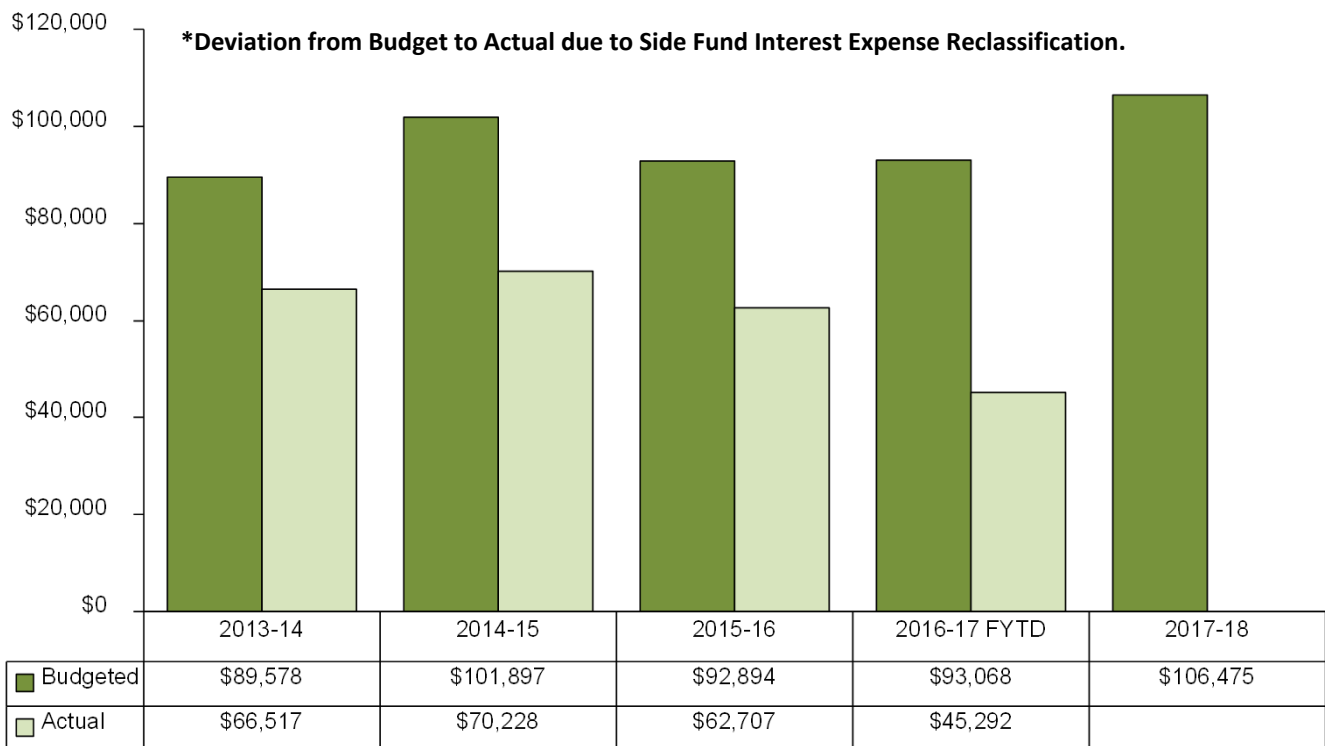
³ 0.048% of annual base salaries plus certification incentive pay x 2 + \$25,000, rounded to the nearest thousand up to a max of \$175,000 per employee for Division Supervisor, 3 Operators and and 3/16 of General Manager Salary.

⁴ 0.204% of annual base salaries plus certification incentive pay x 2 + \$25,000, rounded to the nearest thousand up to a max of \$175,000 per employee for Division Supervisor, 3 Operators and 3/16 of General Manager Salary.

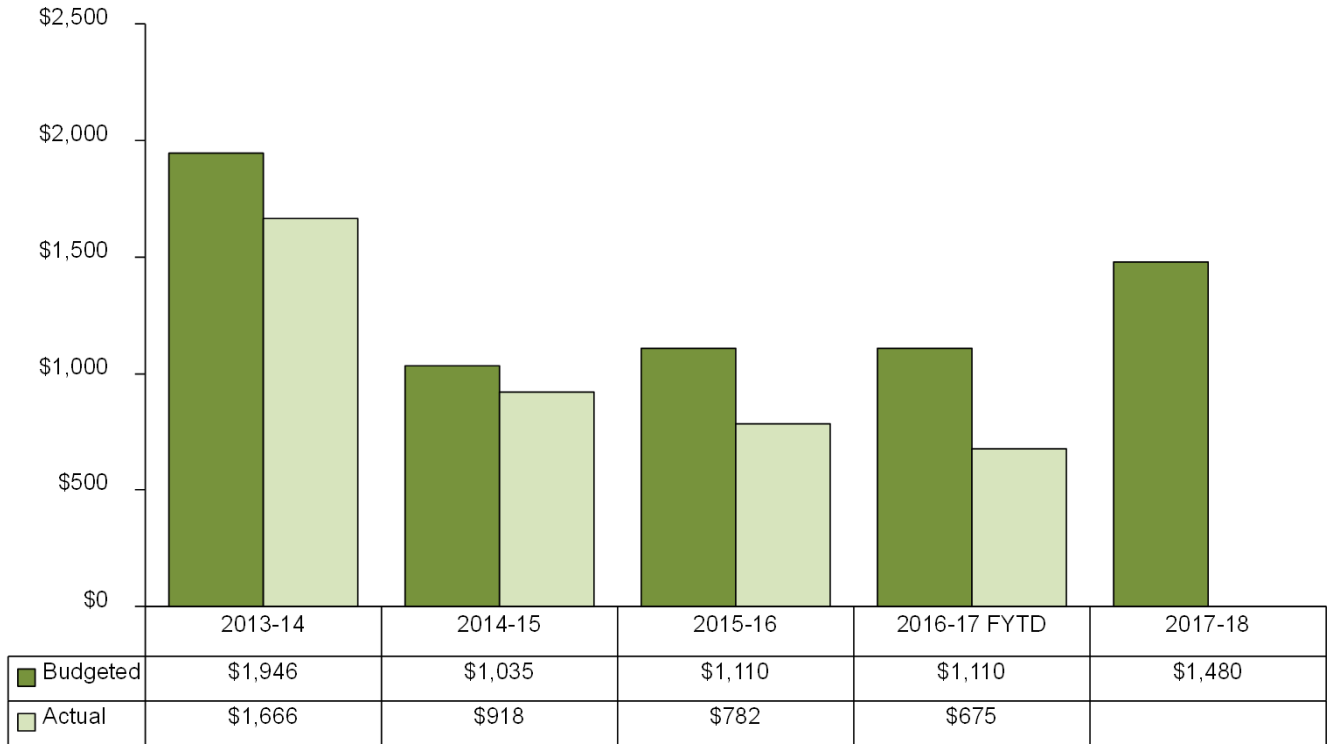
Difference between budgeted and actual in prior years due to unused Medical Reimbursement funds.



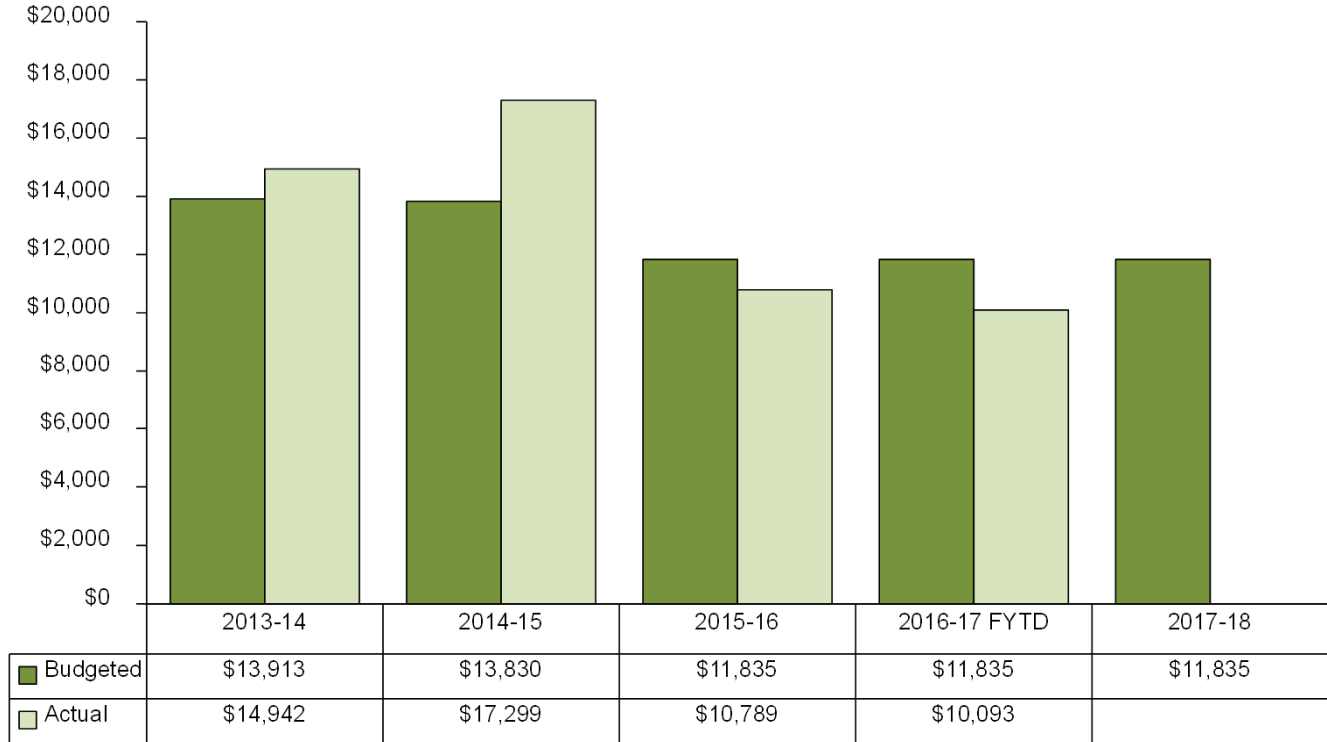
ACCOUNT NUMBER 350-50150	DESCRIPTION CalPERS Retirement (Treatment)	BUDGET REQUEST \$106,475
SUMMARY OF REQUEST		
Classic Miscellaneous Members ¹	Compensation for Calculating Benefit \$355,088	
District's Contribution Percentage (11.675% of Salary)		\$41,457
District's Monthly Employer Unfunded Accrued Liability Payment (12 x \$4,581)		\$54,972
Reduced Employer Paid Member Contribution (EPMC) (2% of Salary)		\$7,102
Paying and Reporting the Value of EPMC (0.04% of Salary)		\$142
Survivor Benefit (\$0.93 per employee per pay period)		\$77
New Miscellaneous Members District's PEPRAs Contribution Percentage (6.533% of Salary)		\$2,726
¹ Includes:	Total	\$106,475
3/16 (18.75%) of General Manager Salary		
Treatment Division's Share for Safety/Compliance Position's Wages (2017-2018: \$8,000/4 = \$2,000)		
Base, Certification and Holiday Portions of Division Supervisor and 3 Operator's Wages		
*Deviation from Budget to Actual due to Side Fund Interest Expense Reclassification.		



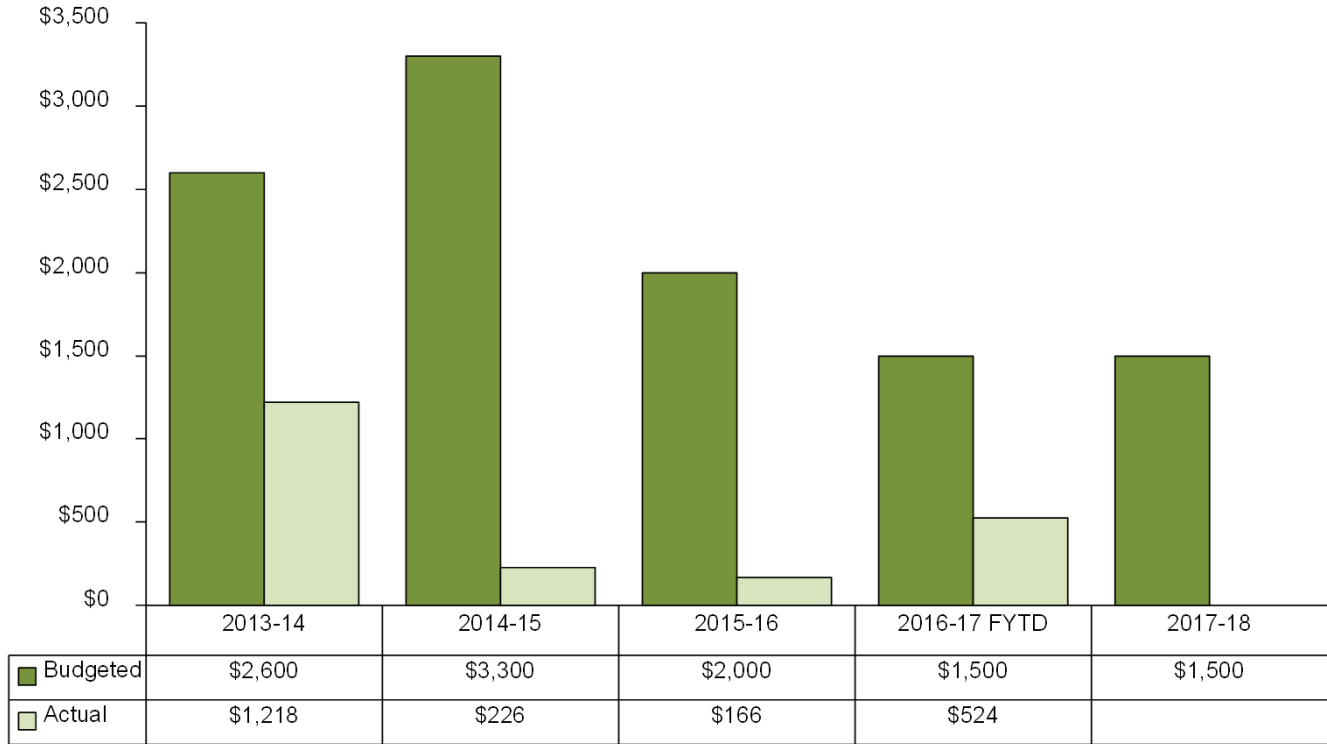
ACCOUNT NUMBER 350-50160	DESCRIPTION Uniform Allowance	BUDGET REQUEST \$1,480
SUMMARY OF REQUEST		
Uniform Allowance (4 employees x \$250 annually)		\$1,000
District Shirts (5 T-shirts per employee x \$20/shirt x 4 employees)		\$400
District Hats (4 baseball caps w/ RSWD logo x \$20/cap)		\$80
	Total	\$1,480



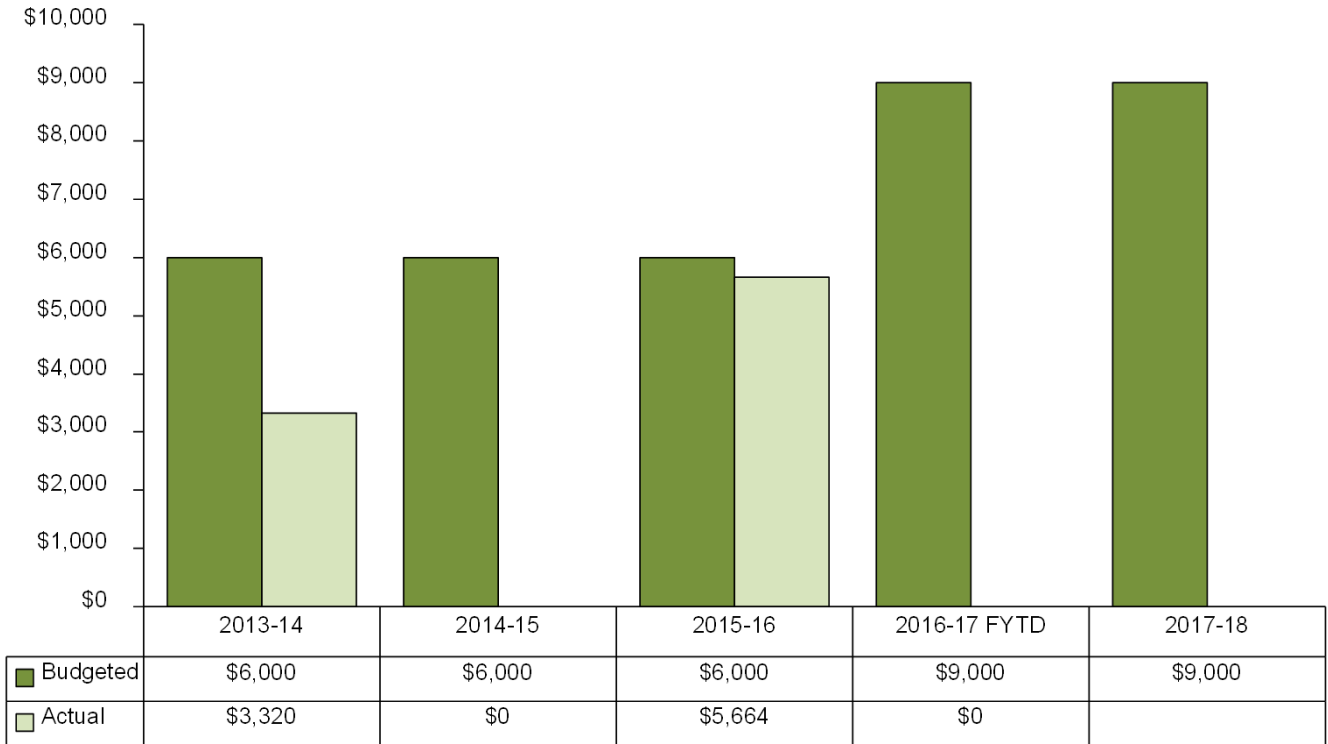
ACCOUNT NUMBER 350-50130	DESCRIPTION Workers Comp Insurance (Treatment)	BUDGET REQUEST \$11,835
SUMMARY OF REQUEST		
Treatment Division's share of Workers Compensation Insurance		\$11,835



ACCOUNT NUMBER 350-53200	DESCRIPTION Education/Seminars (Treatment)	BUDGET REQUEST \$1,500
SUMMARY OF REQUEST		
Wastewater Treatment Classes, OSHA Training, Meetings, Education & Seminars	TOTAL	\$1,500 \$1,500



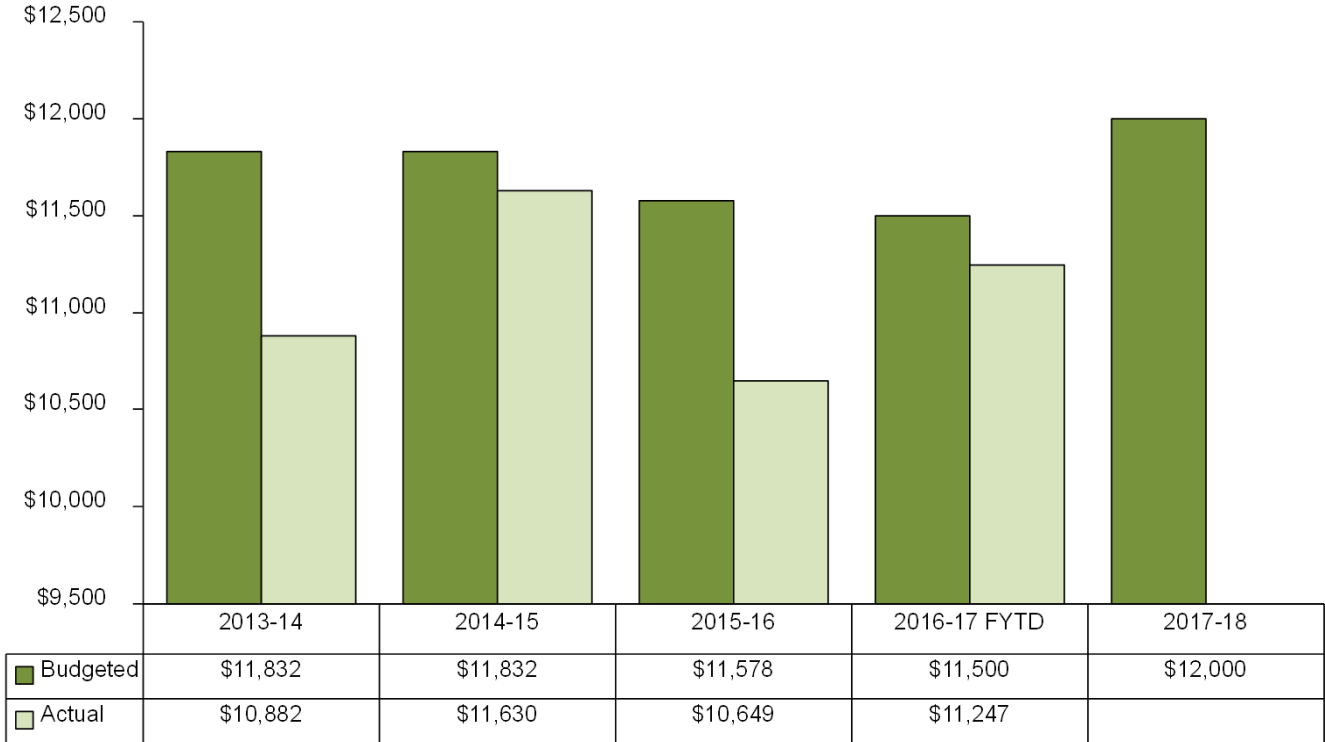
ACCOUNT NUMBER 350-53300	DESCRIPTION Effluent Disposal Site Maintenance	BUDGET REQUEST \$9,000
SUMMARY OF REQUEST		
Scarify disposal ponds as needed for routine maintenance		\$4,500
Repair disposal pond dikes & access roads		\$4,500
	Total	\$9,000



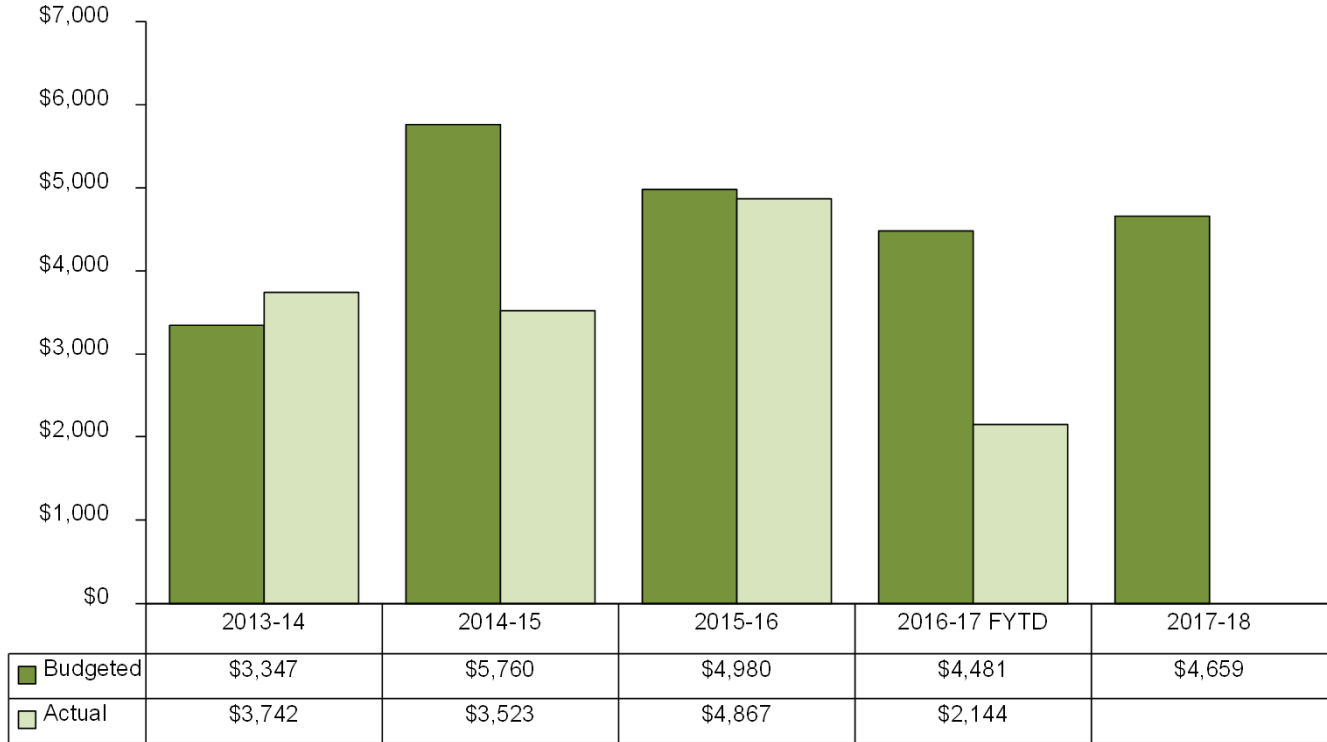
ACCOUNT NUMBER 350-54100	DESCRIPTION Fuel & Oil (Treatment)	BUDGET REQUEST \$4,725
SUMMARY OF REQUEST		
Six Vehicles for Plant Operations:		
Gasoline 500 gallons @ \$3.00/gallon		\$1,500
Oil Changes		\$575
Transmission Fluid		\$100
Gear Lube/Grease		\$100
Anti-Freeze		\$200
Diesel / Plant Standby Generator - 750 Gallons @ \$3.00/Gal		\$2,250
	Total	\$4,725



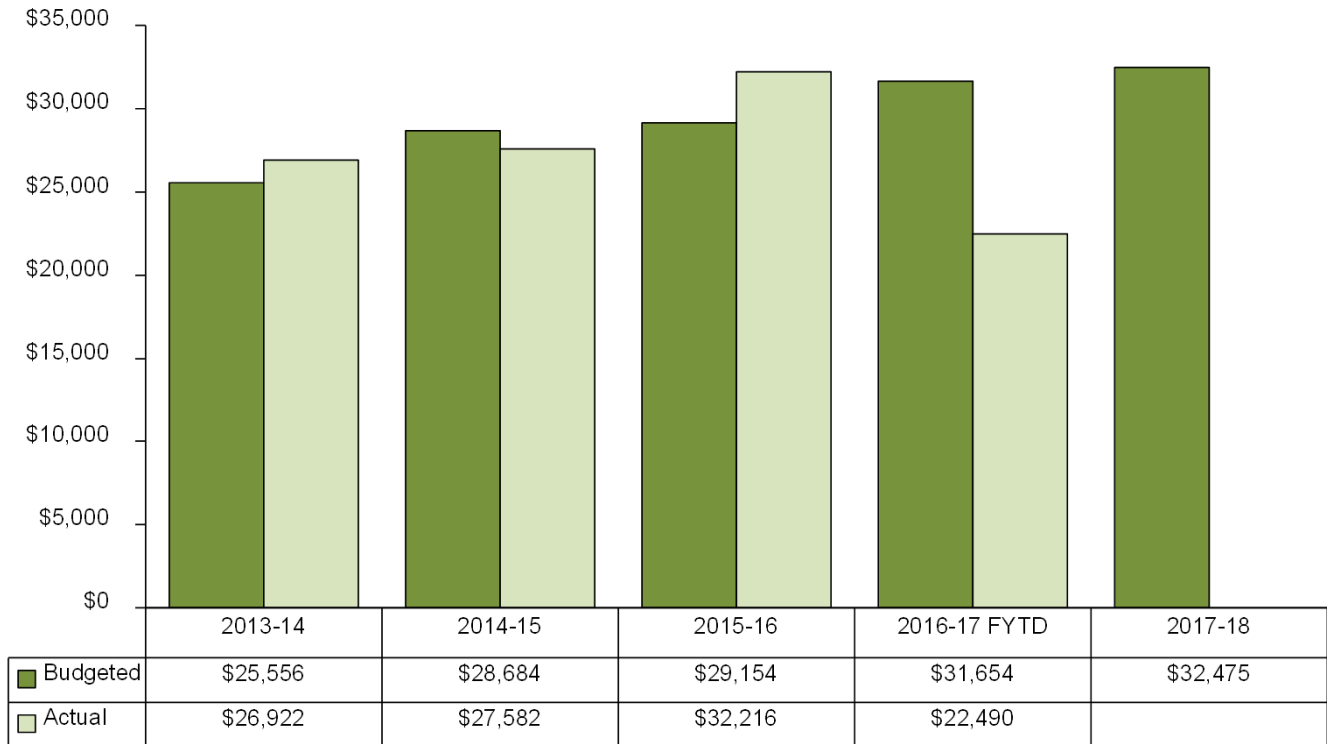
ACCOUNT NUMBER 350-54300	DESCRIPTION Property/Liability Insurance	BUDGET REQUEST \$12,000
SUMMARY OF REQUEST		
Current Wastewater Treatment Department's Share		\$12,000



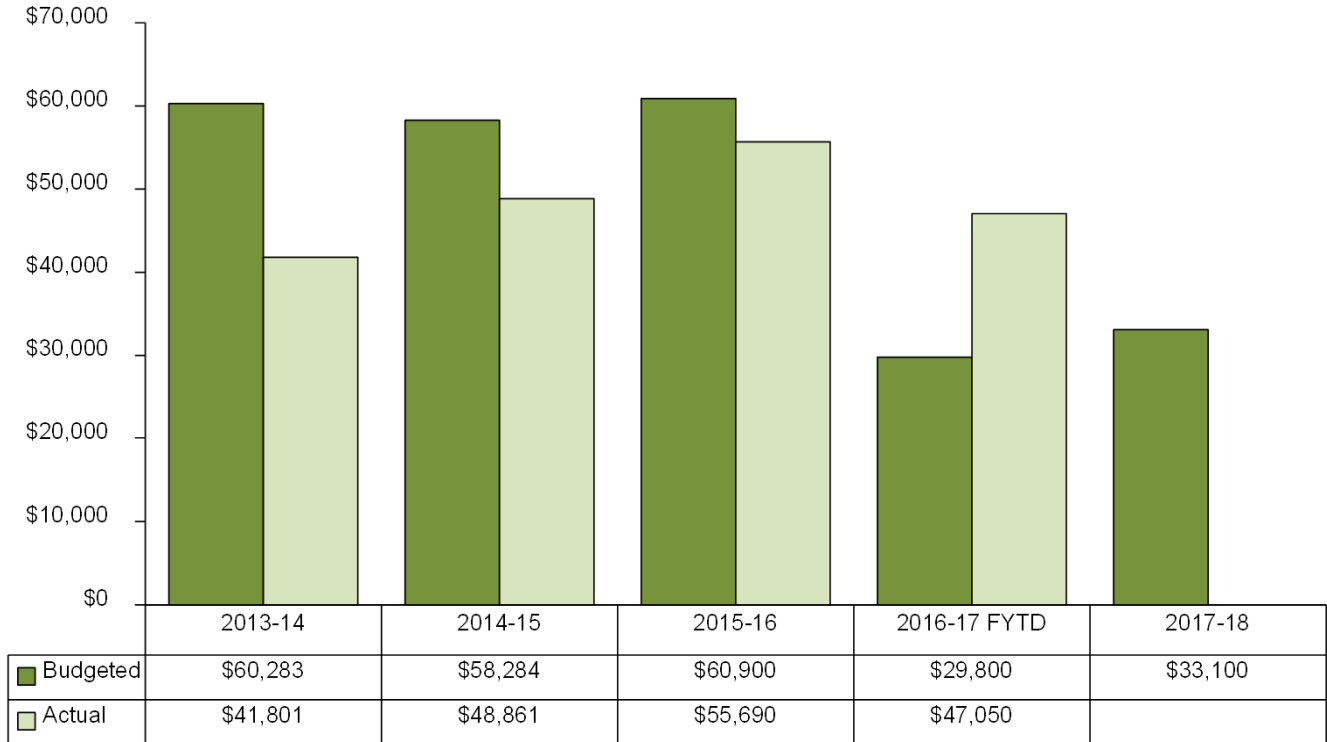
ACCOUNT NUMBER 350-56100	DESCRIPTION Memberships & Subscriptions (Treatment)	BUDGET REQUEST \$4,659
SUMMARY OF REQUEST		
California Water Environment Association Memberships (CWEA) and Certificates		\$1,500
Association of San Bernardino County Special Districts		\$40
California Special District's Association (CSDA)		\$1,297
Log-Me-In Pro (remote access to SCADA)		\$110
Top Health & Performance Newsletters (Employee Wellness)		\$65
State of California Wastewater Certifications		\$600
Gym Memberships (\$250 x 4.1875)		\$1,047
	Total	\$4,659



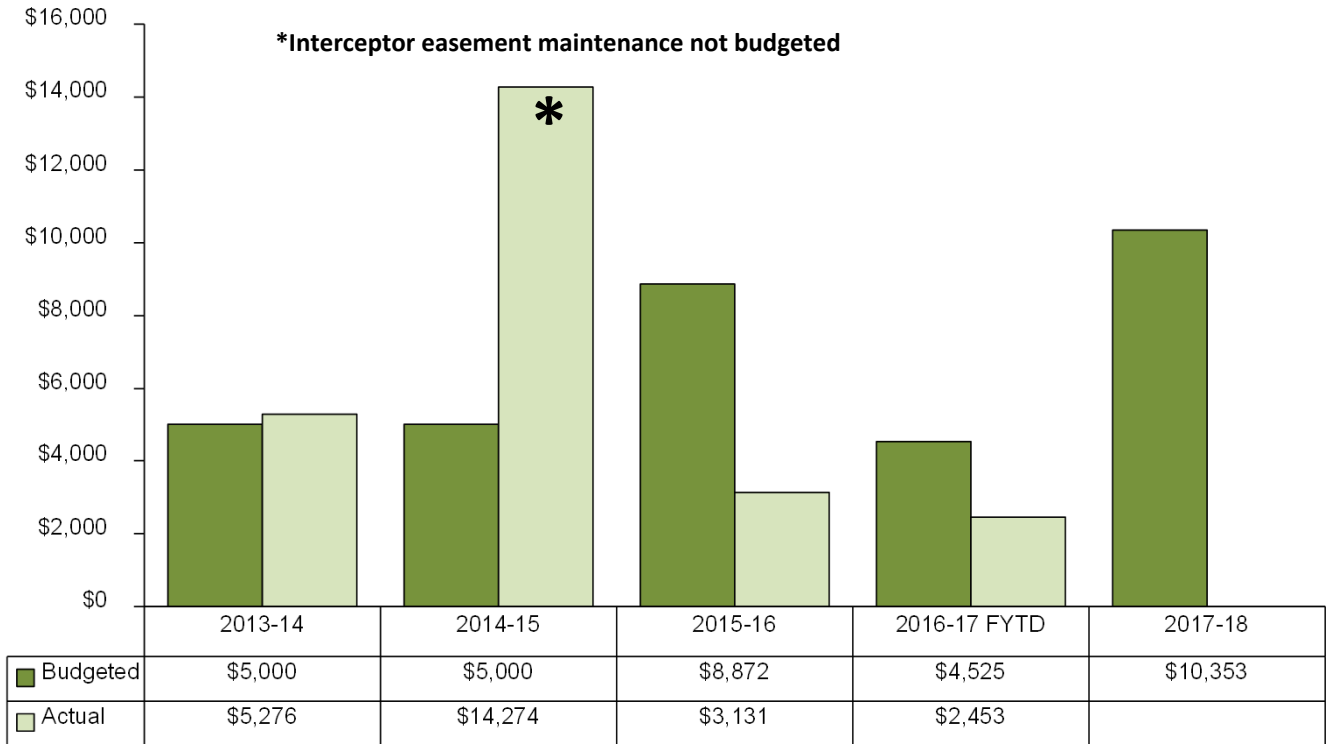
ACCOUNT NUMBER	DESCRIPTION	BUDGET REQUEST
350-57100	Permits/Fees (Treatment)	\$32,475
SUMMARY OF REQUEST		
South Coast Air Quality Management District (AQMD) Fees for Stand-by Generators @ Lift Station No. 2 & WWTP		\$2,174
Santa Ana Regional Water Quality Control Board Treatment Plant Process Permit		\$18,000
United States Forest Service (USFS) Special Use Permit for Disposal Ponds, Outfall Line & Spray Irrigation		\$5,000
San Bernardino County Fire Department CUPA fees for Above Ground Fuel Storage tanks @ Lift Station 2 & WWTP		\$1,665
Local Agency Formation Commission (LAFCO) Annual Fees		\$3,333
AQMD Above Ground Fuel Storage Tank Testing		\$200
San Bernardino County Assessors Data (\$256/3 depts. + \$54/3 depts.)		\$103
AQMD Order		\$2,000
	Total	\$32,475



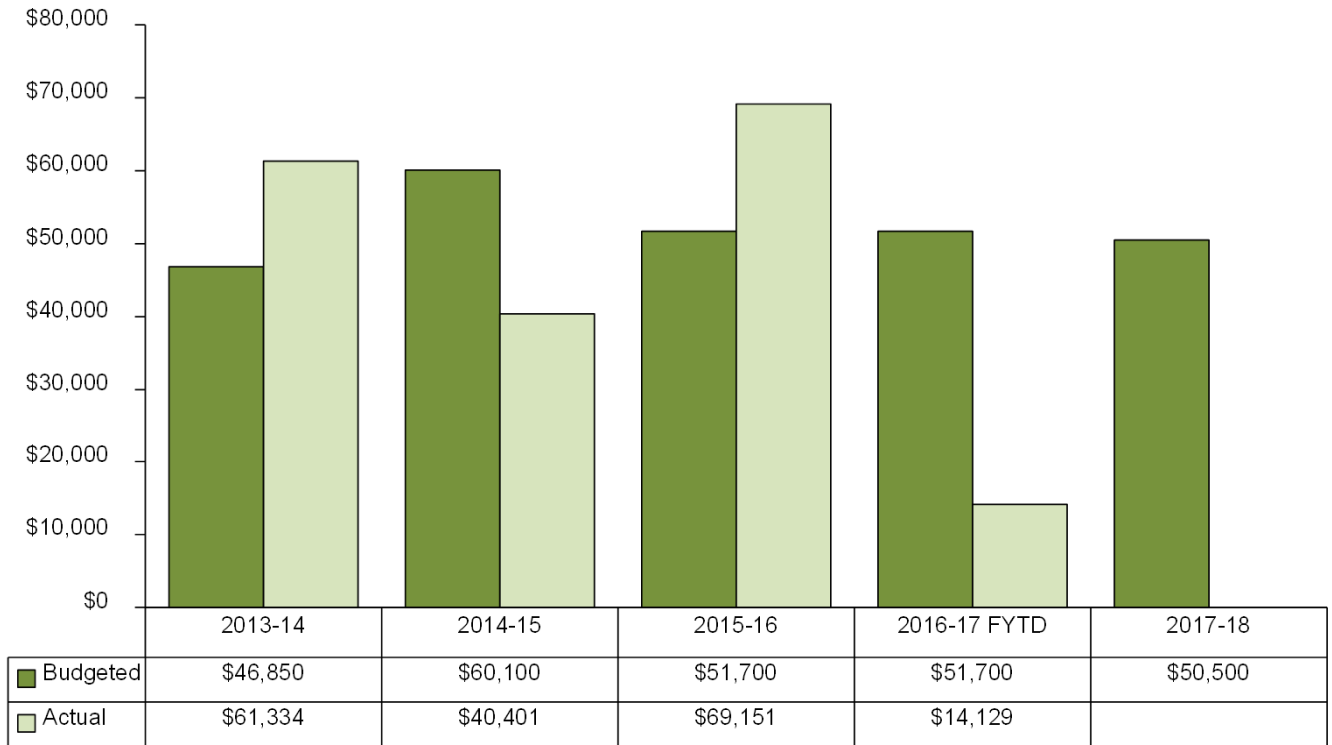
ACCOUNT NUMBER 350-57140	DESCRIPTION Professional Services (Treatment)	BUDGET REQUEST \$33,100
SUMMARY OF REQUEST		
Accounting Services		\$10,000
After Hours Telephone Answering Service		\$200
Exterminator for Treatment Plant		\$400
Financial Auditing Services		\$4,000
Information Technology (IT) & Computer Technical Support		\$6,000
Legal Counsel		\$10,000
Payroll Processing		\$1,000
General Ledger, Accounting & Utility Billing Software Support		\$1,500
	Total:	\$33,100



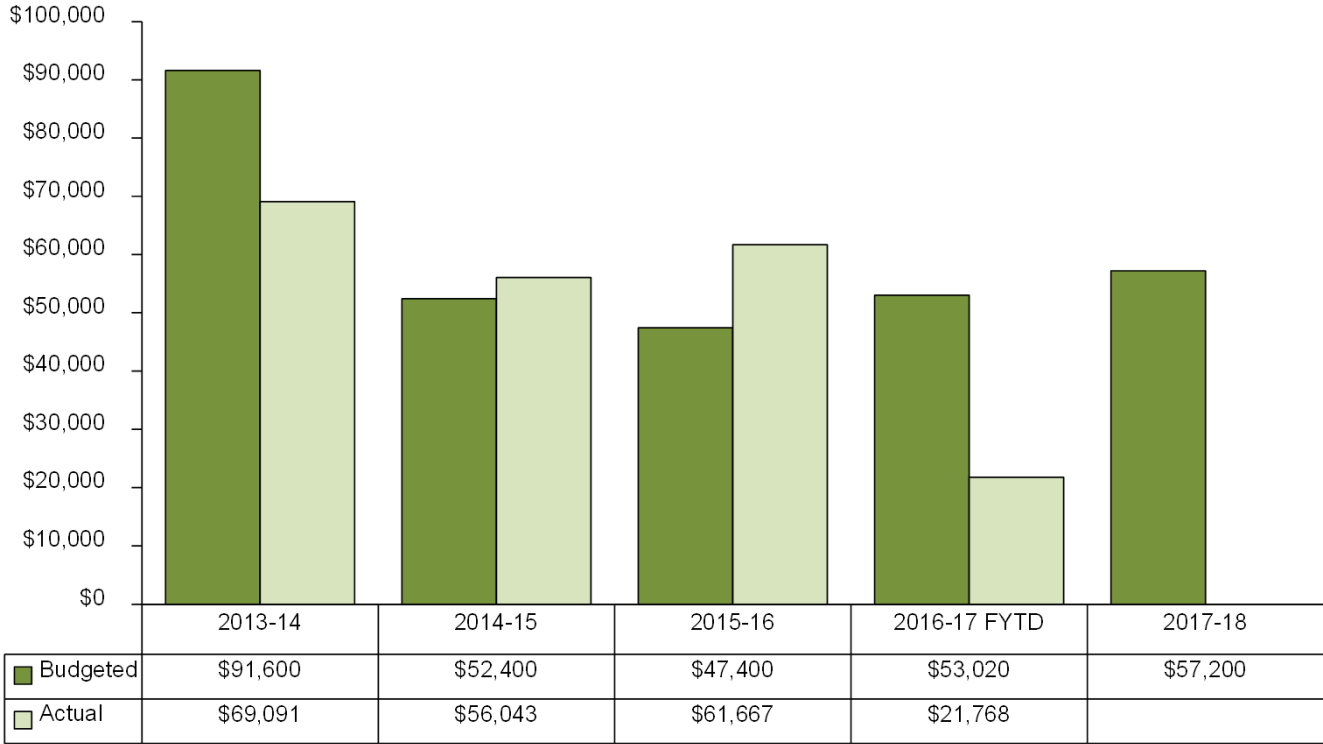
ACCOUNT NUMBER 350-57310	DESCRIPTION SLS #2 & Interceptor Pipeline Maintenance	BUDGET REQUEST \$10,353
SUMMARY OF REQUEST		
Sewer Interceptor Pipeline Maintenance (CSA 79 & Arrowbear)		\$1,500
Sewer Lift Station No. 2 Bioxide Usage (600 gallons @ \$2.25) (Arrowbear Only)		\$1,350
CSA 79 Bioxide Usage (2,890 gallons @ \$2.25) (CSA 79 Only)		\$6,503
Miscellaneous Sewer Lift Station No. 2 Repairs and Maintenance (Arrowbear Only)		\$1,000
	Total	\$10,353



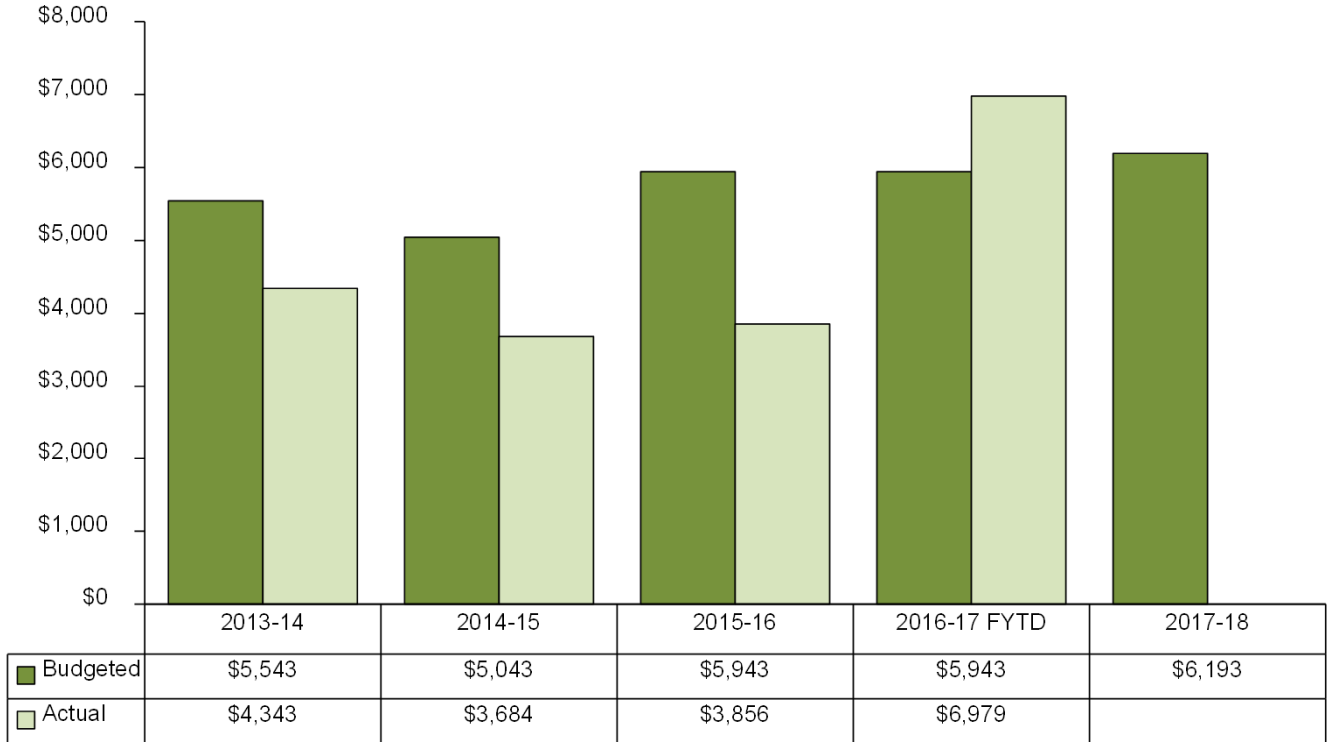
ACCOUNT NUMBER	DESCRIPTION	BUDGET REQUEST
350-57314	Treatment Plant Maintenance	\$50,500
SUMMARY OF REQUEST		
Building Maintenance		\$5,000
New heaters for sludge building		\$7,000
Generator Repair & Maintenance:		
Filters, Hoses, Electrical Repair Parts, Controls, etc.		\$1,000
Miscellaneous Generator Repairs		\$1,000
Process Equipment Repair & Maintenance:		
Motor Control Center (MCC) Panel (Fuses, Relays, Starters)		\$6,500
Membrane Bioreactor (MBR) take down and cleaning		\$7,000
MPE Polymer (Cold Weather/High Flows Only)		\$6,000
MBR Chemical Cleaning (Performed Once A Month)		\$5,000
Miscellaneous Repairs		\$10,000
Recharge fire extinguishers		\$500
Plant Lab Equipment Repair & Maintenance:		
Turbidity meter, Ovens, Balance, etc.		\$1,500
	Total	\$50,500



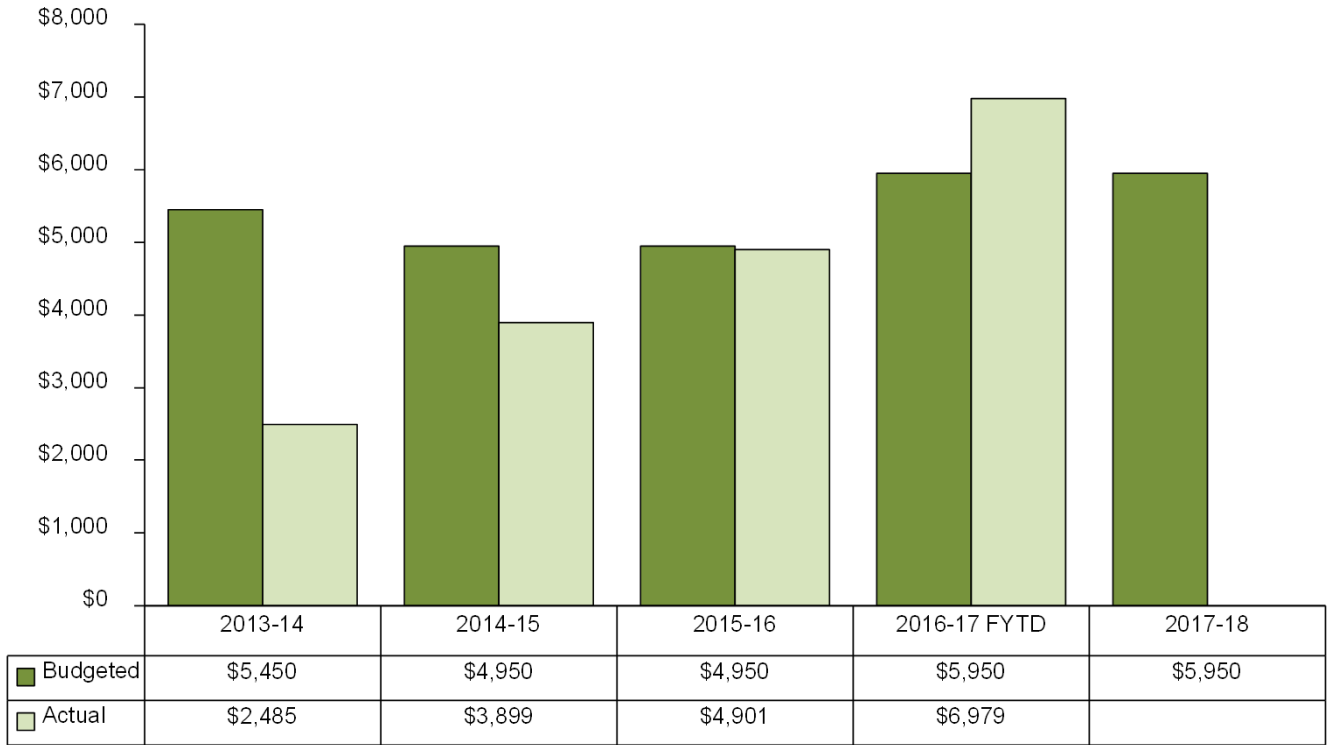
ACCOUNT NUMBER 350-57430	DESCRIPTION Biosolids Handling & Disposal	BUDGET REQUEST \$57,200
SUMMARY OF REQUEST		
Solids feed pump rebuild parts		\$5,000
Polymer for Biosolids De-Watering		\$12,000
Dewatered Biosolids Disposal (22 loads per year @ \$2000 per load)		\$44,000
Dewatered Biosolids Sampling Required by Disposal Facility (\$600 per sample x 2 sample)		\$1,200
	Total	\$57,200



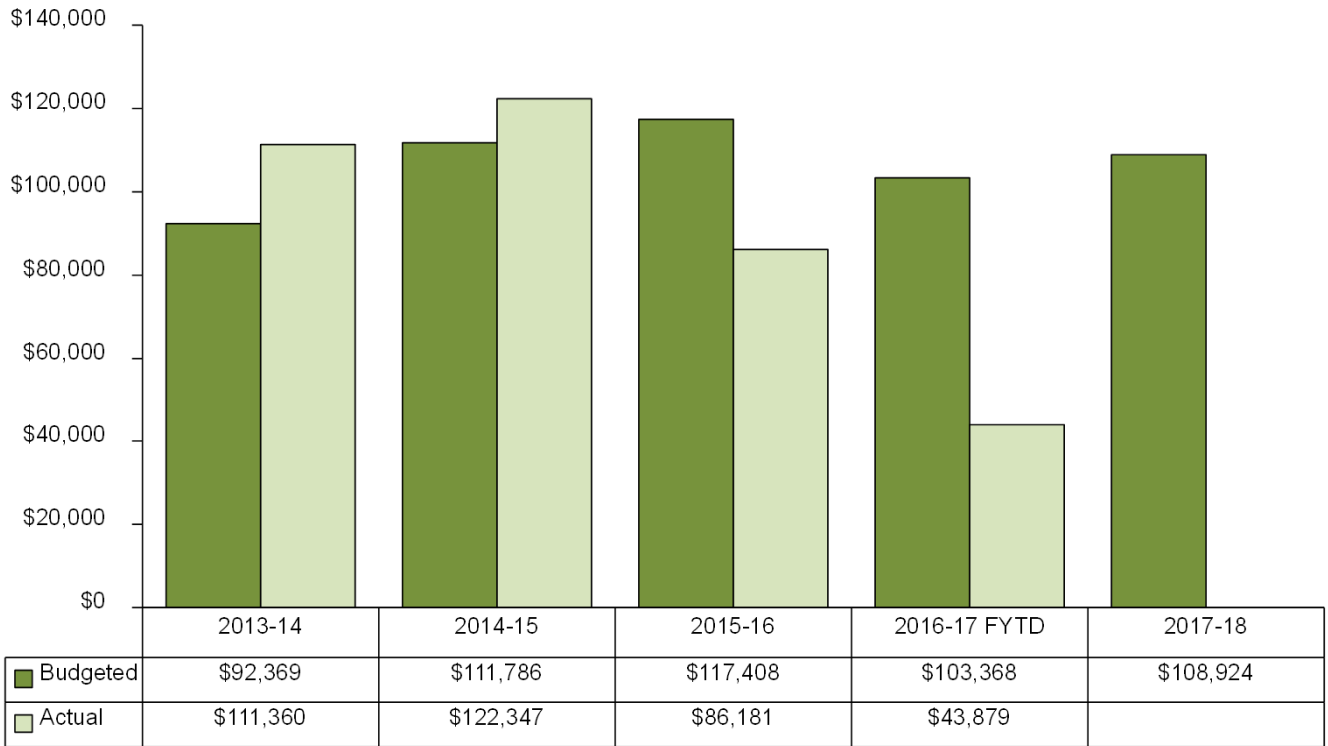
ACCOUNT NUMBER 350-57440	DESCRIPTION Miscellaneous Supplies (Treatment)	BUDGET REQUEST \$6,193
SUMMARY OF REQUEST		
Treatment Plant, Solids Handling, Lift Station No. 2 & Spray Irrigation		\$2,000
Rain Gear & Boots (Foul Weather/Raw Sewage)		\$500
Gloves, Safety Glasses & Hearing Protection		\$500
Steel Toed Safety Boots		\$450
Radiation Detection Badges (4 badges @ \$15.20 x 4 times per year)		\$243
Confined Space Entry Gas-Tech Calibration and Sensor Replacement		\$1,500
Safety Equipment / Supplies (Plant & 1 Lift Station)		\$1,000
	Total	\$6,193



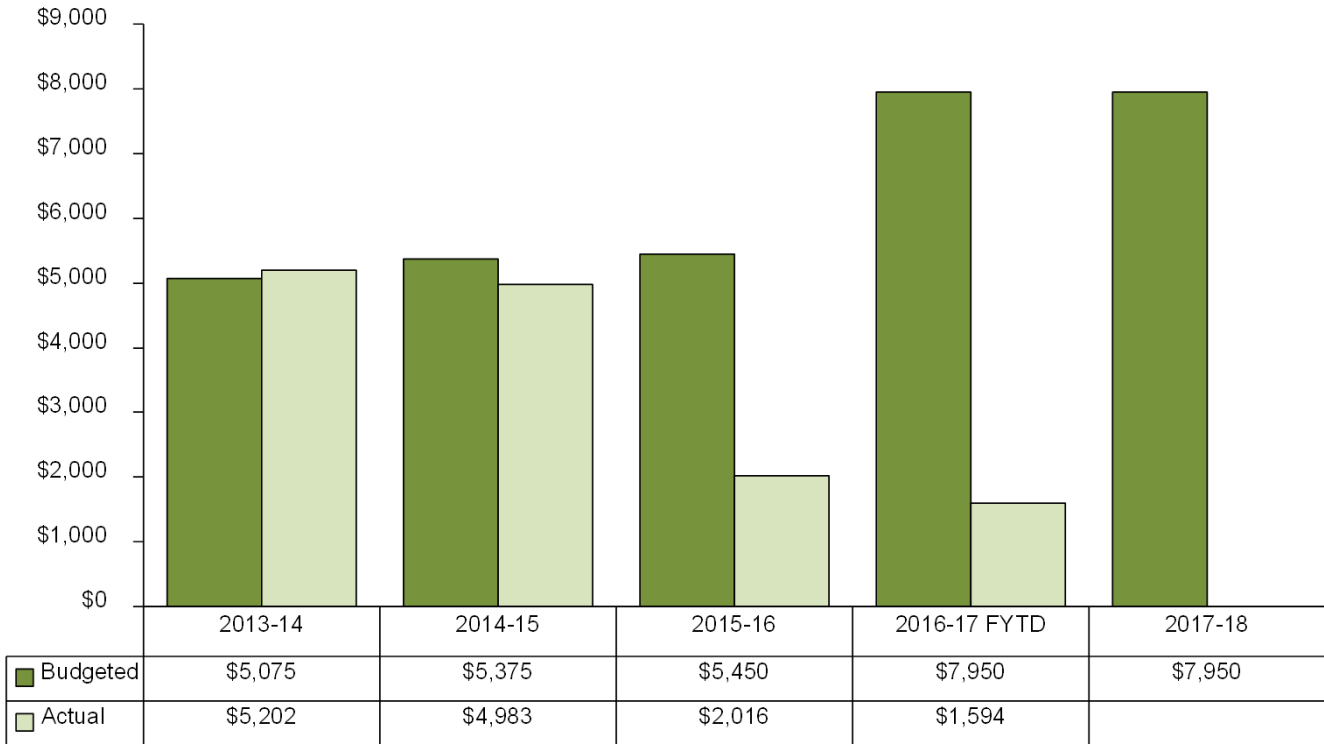
ACCOUNT NUMBER 350-57444	DESCRIPTION Office Supplies (Treatment)	BUDGET REQUEST \$5,950
SUMMARY OF REQUEST		
Miscellaneous cleaning and office supplies:		
Anti-bacterial hand cleaner, glass cleaner, pens, pencils, computer paper, drinking water, printer ink cartridges, new printer.		\$5,500
Wastewater Treatment Division share of postage		\$200
Wastewater Collections Division share of letterhead stationary, envelopes, business cards, and special printings, and public outreach materials		\$250
	Total	\$5,950



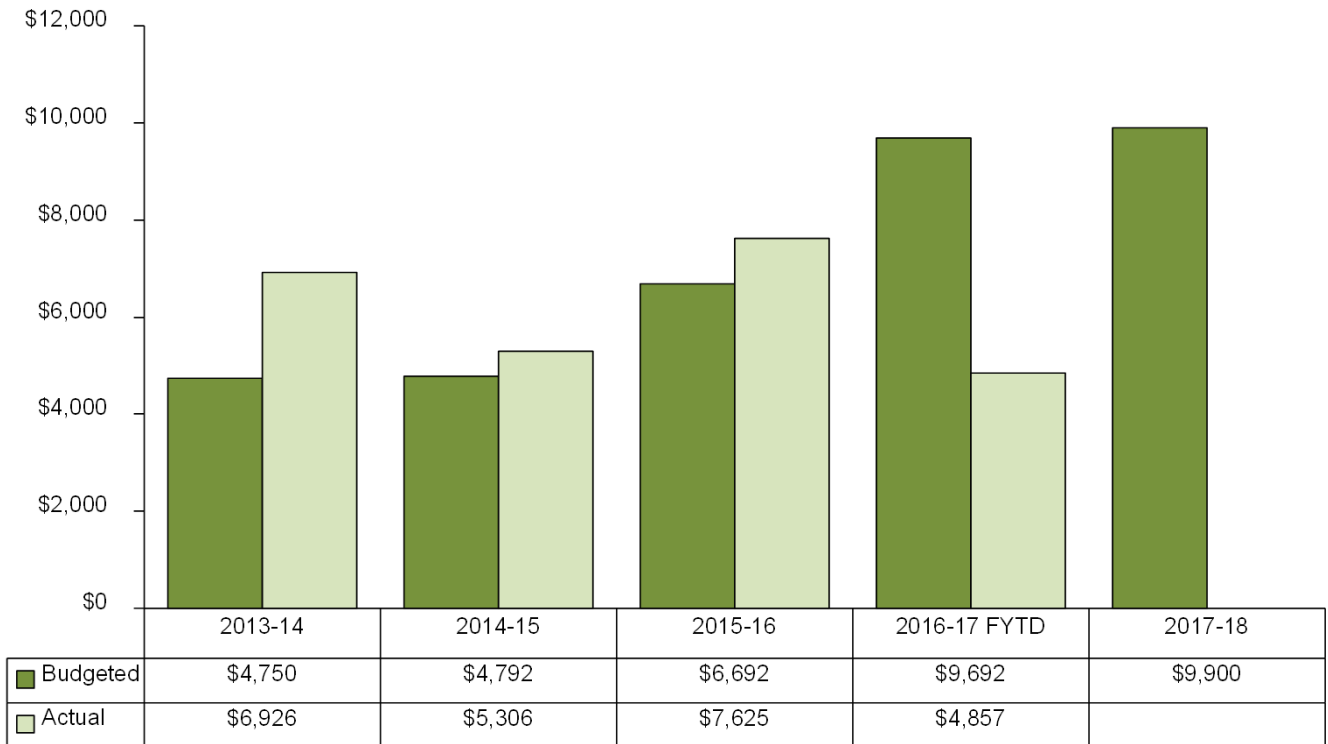
ACCOUNT NUMBER 350-58251	DESCRIPTION Utilities (Joint Use Facilities)	BUDGET REQUEST \$108,924
SUMMARY OF REQUEST		
SCE Electricity Charges at Wastewater Treatment Plant Projected 6% Edison Increase (\$8,268 x 12 months)		\$99,216
SCE Electricity Charges at Sewer Lift Station No. 2 (\$460 x 12 months)		\$5,520
Frontier Land Lines at Treatment Plant (\$120/mo. x 12 mos.)		\$1,440
Frontier Land Line at Sewer Lift Station No. 2 (\$50/mo. x 12 mos.)		\$600
MCI Long Distance at Treatment Plant (\$36/mo. x 12 mos.)		\$432
Supervisor Cell Phone Allowance (\$30/mo. x 12 mos.)		\$360
Auto Dialer at WWTP (\$13/mo. x 12 mos.)		\$156
Verizon On-Call Cell Phone & High Speed Internet (\$100/mo. x 12 mos.)		\$1,200
	Total	\$108,924



ACCOUNT NUMBER 350-58301	DESCRIPTION Vehicle & Equipment Maintenance (Treatment)	BUDGET REQUEST \$7,950
SUMMARY OF REQUEST		
Oil & Air Filters		\$150
Minor Repairs (Brakes, Hoses, Belts, Bulbs, etc.)		\$2,000
Snow Plow Maintenance		\$1,000
Transmission Service		\$250
Chain Repair		\$200
Tires (4 @ 200 each)		\$800
4 Mobile Radios (Trucks/Tractors)		\$50
Maintenance on Bobcat & Loader at Treatment Plant		\$2,000
New tires and wheels for Bobcat		\$1,500
	Total	\$7,950



ACCOUNT NUMBER	DESCRIPTION	BUDGET REQUEST
350-59200	Wastewater Testing & Analysis	\$9,900
SUMMARY OF REQUEST		
Wastewater Treatment Plant Permeate Sampling:		\$5,000
Weekly Water Quality Sampling for Regional Water Quality Control Board		
Biochemical Oxygen Demand (BOD)		
Non Filterable Residue (NFR)		
Total Filterable Residue (TFR)		
Electrical Conductivity (EC)		
Chloride		
Potable Water Sampling:		\$200
Monthly Water Quality Sampling for Regional Water Quality Control Board		
Total Filterable Residue (TFR)		
Chloride		
Supplies for "In House" analysis for process control		\$2,000
Storm Water Sampling		\$1,500
Other Miscellaneous Sampling		\$1,200
	Total	\$9,900



ACCOUNT NUMBER	DESCRIPTION	BUDGET REQUEST
350-86000	Administrative Expenses	\$37,292

SUMMARY OF REQUEST

Administration Services (4% of Operating Budget Excluding Depreciation)		\$37,292
Payroll, Accounts Payable/Receivable		
Board of Directors Administration & Compensation		
Benefits Administration		
Planning & Budget Administration		
Audit & Financial Statement Administration		
Investment & Fund Balance Management		
Human Resources/Personnel		
Medical Reimbursement & Health/Life/Disability Insurance Administration		
Property/Liability Insurance, Workers Compensation Administration & Loss Control Coordination		
Public Information & Outreach, Community Relations, Employee Recognition		

ACCOUNT NUMBER	DESCRIPTION	BUDGET REQUEST
56810	Depreciation Expense	\$342,950

SUMMARY OF REQUEST

Depreciation expense for Wastewater Treatment Division		\$342,950
Operating expenses for enterprise funds include the cost of depreciation on capital assets. Depreciation expense was not included in the District's budget until the 2014/2015 fiscal year per the District's Cash Reserve Policy and advice from Financial Advisors and Consultants. The minimum annual allocation amount for the Capital Replacement Fund for each division or department should equal the amount of annual budgeted depreciation specific to that division or department plus 10% for cost increases. This represents the total annual contribution that should be made to this fund, not the minimum balance. This will allow funds to build over time and eventually replace the existing facilities. Not adequately budgeting for depreciation could eventually have the effect of eroding the organization's net assets.		

ACCOUNT NUMBER	DESCRIPTION	BUDGET REQUEST
350-16100	Treatment Facilities - CIP	\$97,500

SUMMARY OF REQUEST

Request:	Deferred	FY 2016/2017
1) Influent Flow Meter Upgrade		\$40,000
2) Upgrade Treatment SCADA		\$50,000
3) Fine Bubble Aeration System in MBR 2		\$7,500
4) Generator & ATS Replacement	\$150,000	
5) Repair Plant Wash Water System	\$65,000	
6) Unit 67 Replacement	\$35,000	
7) Headworks Replacement	\$450,000	
8) Plant Road Paving (54,000 SF)	\$150,000	
9) Replacement of Disposal Ponds Piping & Valve Structures	\$105,000	
10) Unit 80 Replacement	\$35,000	
11) Backhoe Attachment for Bobcat	\$14,000	
12) Wheel Loader Replacement	\$150,000	
	Total Deferred	Total
	\$1,154,000	\$97,500

RUNNING SPRINGS WATER DISTRICT

DIVISION SUPERVISORS

2017-18 HOURLY WAGE SCHEDULE

Exempt Positions

CLASSIFICATION		STEP					
		A	B	C	D	E	F
DIVISION SUPERVISOR							
SUPERVISOR 3	Hourly	\$52.55	\$55.19	\$57.95	\$60.73	\$63.77	\$67.09
	Monthly	\$9,109	\$9,566	\$10,045	\$10,527	\$11,053	\$11,629
	Annual	\$109,304	\$114,795	\$120,536	\$126,318	\$132,642	\$139,547
SUPERVISOR 2	Hourly	\$39.22	\$41.18	\$43.23	\$45.39	\$47.67	\$50.05
	Monthly	\$6,798	\$7,138	\$7,493	\$7,868	\$8,263	\$8,675
	Annual	\$81,578	\$85,654	\$89,918	\$94,411	\$99,154	\$104,104
SUPERVISOR 1	Hourly	\$29.12	\$30.58	\$32.12	\$33.88	\$35.58	\$37.35
	Monthly	\$5,047	\$5,301	\$5,567	\$5,873	\$6,167	\$6,474
	Annual	\$60,570	\$63,606	\$66,810	\$70,470	\$74,006	\$77,688
Cost of Living Adjustment (COLA):		3.90%	(2% to offset elimination of EPMC plus 1.9% CPI-W)				
Treatment Division Supervisor (6 CI's)	\$138,882						

RUNNING SPRINGS WATER DISTRICT						
TREATMENT DIVISION						
2017-18 HOURLY WAGE SCHEDULE						
Non-Exempt Positions						
CLASSIFICATION*		STEP				
		A	B	C	D	E
OPERATOR 3	Hourly	\$29.95	\$30.70	\$31.47	\$32.26	\$33.11
(Grade 3 WWTP Operator & Grade 1 Collections)	Monthly	\$5,191	\$5,321	\$5,455	\$5,592	\$5,739
	Annual	\$62,296	\$63,856	\$65,458	\$67,101	\$68,869
OPERATOR 2	Hourly	\$26.49	\$27.15	\$27.83	\$28.52	\$29.23
(Grade 2 WWTP Operator & Grade 1 Collections)	Monthly	\$4,592	\$4,706	\$4,824	\$4,943	\$5,067
	Annual	\$55,099	\$56,472	\$57,886	\$59,322	\$60,798
OPERATOR 1	Hourly	\$23.41	\$23.99	\$24.59	\$25.20	\$25.83
(Grade 1 WWTP Operator & Grade 1 Collections)	Monthly	\$4,058	\$4,158	\$4,262	\$4,368	\$4,477
	Annual	\$48,693	\$49,899	\$51,147	\$52,416	\$53,726
OPERATOR IN TRAINING	Hourly	\$20.06	\$20.56	\$21.07	\$21.59	\$22.13
(Entry Level / No Certification Required)	Monthly	\$3,477	\$3,564	\$3,652	\$3,742	\$3,836
	Annual	\$41,725	\$42,765	\$43,826	\$44,907	\$46,030
Cost of Living Adjustment (COLA):	3.90%	(2% to offset elimination of EPMC plus 1.9% CPI-W)				
Operator 3 (6 CI's)	\$75,109					
Operator 2 (5 CI's)	\$63,086					
Operator In Training (Vacant Position to be Filled)	\$41,725					

Wastewater Treatment Vehicle & Equipment Replacement Schedule

Vehicle Description	Year	Mileage / Hours	Use Status	Planned Retirement Date	Estimated Cost of Replacement
Treatment Plant Generator *	1979	911 Hours	Limited	2007-08 Now 38 years old	\$135,000
Plant Plow Truck* (Unit #39)	1990	26,618 Miles	Seasonal/Limited	2005-06 Now 27 years old	\$30,000
John Deere Loader** (Plant)	1992	396 Hours	3 times / week	2012-13 Now 25 years old	\$125,000
Plant Utility* (Unit # 67)	1999	91,672 Miles	Daily	2011-12 now 18 years old	\$25,000
Plant Utility (Unit # 69)	2001	53,205 Miles	Daily	2014-15 Now 16 years old	\$30,000
Sport tract/Utility* (Unit # 78)	2007	18,441 Miles	Daily	2019-20 Now 10 years old	\$30,000
Plant Utility* (Unit # 80)	2008	23,162 Miles	Daily	2018-19 Now 9 years old	\$25,000
Plant Utility* (Unit # 85)	2011	7,876 Miles	Daily	2021-22 Now 6 years old	\$25,000
Bobcat Skid Steer* (Plant)	2014		Daily	2039-40 Now 3 years old	\$75,000

* Shared Cost between Arrowbear, CSA-79 and Running Springs

Treatment Division 5-Year CIP Plan

Description	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	DEFERRED PROJECTS	TOTAL PROJECT COST
Influent Flow Meter Upgrade	\$ 40,000						\$ 40,000
Upgrade Treatment SCADA	\$ 50,000						\$ 50,000
Replacement Fine Bubble Aeration System MBR 2	\$ 7,500						\$ 7,500
Generator & ATS Replacement		\$ 150,000					\$ 150,000
Repair Plant Wash Water System		\$ 65,000					\$ 65,000
Unit 67 Replacement		\$ 35,000					\$ 35,000
Headworks Replacement			\$ 450,000				\$ 450,000
Plant Road Paving (54,000 SF)			\$ 150,000				\$ 150,000
Replacement of Disposal Ponds Piping & Valve Structures			\$ 105,000				\$ 105,000
Unit 80 Replacement			\$ 35,000				\$ 35,000
Backhoe Attachment for Bobcat			\$ 14,000				\$ 14,000
Wheel Loader Replacement				\$ 150,000			\$ 150,000
Treatment Plant Improvements Subtotal	\$ 97,500	\$ 250,000	\$ 754,000	\$ 150,000	\$ -	\$ -	\$ 1,251,500
			Net Cost to RS Rate Payers (68%):				\$ 850,394

RUNNING SPRINGS WATER DISTRICT

MEMORANDUM

DATE: February 15, 2017
TO: Board of Directors
FROM: Ryan Gross, General Manager
SUBJECT: QUARTERLY INVESTMENT REPORT

RECOMMENDED BOARD ACTION

This is an information item only.

REASON FOR RECOMMENDATION

This is an information item only.

BACKGROUND INFORMATION

The District's Policy for Investment of Surplus Funds is set forth in the attached Resolution No. 1-96. In accordance with this policy Attachment 2 contains a copy of the latest Local Agency Investment Fund (LAIF) remittance advice indicating the amount invested and the rate of return. The District's surplus funds are invested in accordance with this policy and the District is able to meet its anticipated expenditure requirements for the next subsequent six months.

FISCAL INFORMATION

This is an information item only.

ATTACHMENTS

Attachment 1 – Resolution No. 1-96
Attachment 2 – LAIF Remittance Advice

RESOLUTION NO. 1-96

**RESOLUTION OF THE BOARD OF DIRECTORS OF
RUNNING SPRINGS WATER DISTRICT SETTING FORTH
A POLICY FOR INVESTMENT OF SURPLUS FUNDS**

WHEREAS, the Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of State-wide concern; and

WHEREAS, the Legislature has directed that the treasurer or chief fiscal officer of each local agency shall annually render to the legislative body of the local agency a statement of investment policy, which the legislative body of the local agency shall consider at a public meeting; and

WHEREAS, the Legislature has also directed that the treasurer or chief fiscal officer of each local agency shall render a quarterly report to the legislative body of each local agency which includes the type of investment, issuer, date of maturity par and dollar amount invested on all securities, investments and monies held by the local agency, a description of any of the local agency's funds, investments, or programs that are under the management of contracted parties, and shall include a statement whether the investment portfolio is in compliance with the local agency's investment policy and a statement denoting the ability of the local agency to meet its expenditure requirements for the next subsequent six months; and

WHEREAS, the Legislature has determined that if a local agency has placed all of its investments in the Local Agency Investment Fund or in Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association, the treasurer or chief fiscal officer may satisfy the above reporting requirements by simply supplying to the governing body and to the auditor of the local agency the most recent statement or statements received by the local agency from these institutions; and

WHEREAS, Government Code Section 16429.1 provides that notwithstanding any other provision of law, a local governmental official, with the consent of the governing body of that agency, having money in its treasury not required for immediate needs, may remit such surplus funds to the State Treasurer for deposit in the Local Agency Investment Fund for the purpose of investment;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Running Springs Water District as follows:

1. It is the policy of the Running Springs Water District to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all statutes governing the investment of Running Springs Water District funds.

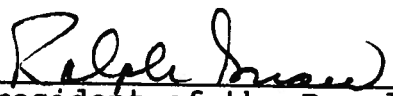
2. This Board of Directors determines that the most feasible and flexible method of implementing this policy, at least expense to the District, is to invest all surplus District funds in the Local Agency Investment Fund of the State of California.

3. Responsibility for deposits into and withdrawals from the Local Agency Investment Fund is hereby delegated to the District's General Manager.

4. At least quarterly, the General Manager will provide the Board of Directors with the most recent copies of statements from the Local Agency Investment Fund indicating amounts invested and rates of return. With each such quarterly report, the General Manager shall also indicate to the Board of Directors whether the District's surplus funds are invested in accordance with this policy, and whether the District is able to meet its anticipated expenditure requirements for the next subsequent six months.

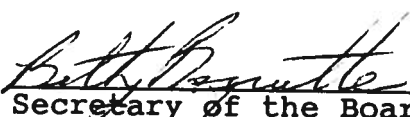
5. This policy shall be reviewed by the Board of Directors at least on an annual basis, and any modifications must be approved by the Board of Directors.

ADOPTED this 21st day of February, 1996.



President of the Board of
Directors of Running Springs
Water District

ATTEST:



Secretary of the Board of
Directors of Running Springs
Water District



BETTY T. YEE

California State Controller

LOCAL AGENCY INVESTMENT FUND
REMITTANCE ADVICE

Agency Name	RUNNING SPRINGS WATER DISTRICT
Account Number	90-36-002

As of 01/13/2017, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 12/31/2016.

Earnings Ratio		.00001851848158529
Interest Rate		0.68%
Dollar Day Total	\$	129,880,874.42
Quarter End Principal Balance	\$	1,921,890.25
Quarterly Interest Earned	\$	2,405.20

RSWD Total Water Production (Acre-Feet)																		
	2013			2014			2015				2016				2017			
	Precipitation (Inches)	(AF)	(gallons)	Precipitation (Inches)	(AF)	(gallons)	Precipitation (Inches)	(AF)	(gallons)	% Reduction from 2013	Precipitation (Inches)	(AF)	(gallons)	% Reduction from 2013	Precipitation (Inches)	(AF)	(gallons)	% Reduction from 2013
January	3.90	44	14,348,960	1.75	30	9,793,223	1.20	31	10,139,995	29%	7.05	31	10,167,367	29%	22.35	30	9,938,312	31%
February	3.60	34	11,222,900	3.75	26	8,419,752	3.00	25	8,175,163	27%	4.10	27	8,927,377	20%	0	0	0	0
March	2.40	33	10,897,679	8.05	30	9,716,033	1.25	31	9,951,542	9%	4.55	26	8,552,646	22%	0	0	0	0
April	0.35	33	10,743,916	2.85	32	10,347,929	0.80	31	10,260,776	4%	5.73	25	8,044,270	25%	0	0	0	0
May	0.90	45	14,601,449	0.30	39	12,750,144	2.60	33	10,735,438	26%	0.88	27	8,849,396	39%	0	0	0	0
June	0.00	45	14,610,203	0.00	51	16,459,883	0.04	37	12,085,249	17%	0.00	41	13,296,489	9%	0	0	0	0
July	0.10	56	18,206,345	0.25	52	17,037,779	3.05	38	12,413,711	32%	0.00	49	15,889,782	13%	0	0	0	0
August	0.00	56	18,170,122	1.00	50	16,305,276	0.00	41	13,211,462	27%	0.00	47	15,454,430	15%	0	0	0	0
September	0.00	52	16,831,647	0.75	45	14,683,509	0.10	37	11,901,106	29%	0.10	41	13,369,869	21%	0	0	0	0
October	2.60	35	11,312,308	1.20	38	12,465,927	2.40	33	10,825,289	4%	1.55	37	12,002,331	-6%	0	0	0	0
November	3.40	30	9,723,378	1.80	40	12,983,932	3.15	27	8,827,761	9%	2.85	29	9,586,472	1%	0	0	0	0
December	1.25	35	11,433,417	13.35	29	9,590,835	2.85	30	9,886,959	14%	11.40	31	10,115,160	12%	0	0	0	0
Total	18.50	497	162,102,324	35.05	462	150,554,222	20.44	394	128,414,451	21%	38.21	412	134,255,589	17%	22.35	30	9,938,312	0

