

**BIG BEAR AREA REGIONAL WASTEWATER AGENCY**  
**Special Meeting**  
**September 27, 2007**

**1. Call to Order**

A special meeting of the Governing Board of the Big Bear Area Regional Wastewater Agency was held on Thursday, September 27, 2007 at 9:00 a.m. at 121 Palomino Drive, Big Bear City, California.

**Governing Board Members present:** John Day, Dr. Don Eads, Liz Harris, Rick Herrick, and Rick Ollila

**Governing Board Members absent:** None

**Other present:** Michael Karp and Darrel Mulvihill, City of Big Bear Lake, and Brian Charles, The Grizzly.

**Staff present:** Nancy Laughlin, Finance Manager; Joe Hanford, Plant Superintendent, and Steven C. Schindler, General Manager.

**2. Pledge of Allegiance**

Chair Harris called the meeting to order at 9:00 a.m. with Director Ollila leading the Pledge of Allegiance.

**3. Discussion of Rainy Day Fund Policy**

Mr. Schindler introduced the background of the Rainy Day Fund Policy and indicated that there is no actual rule or guidelines to follow pertaining to Fund Policies and it is the ultimate decision of the Governing Board.

After discussion and questions posed by the Governing Board it was determined that no changes be made to the current Rainy Day Fund Policy. Therefore no action is required.

**4. Discussion of Capital and Replacement Fund Policy**

Mr. Schindler provided the background of the Capital and Replacement Fund Policy and indicated that this policy is planning for the future of Capital and Replacement of the Agency's infrastructure and equipment. It is the Governing Board's decision on how to actually plan, when to begin collecting, pay-as-you-go or debt issuance.

Chair Harris indicated that it is the goal of the Governing Board not to increase rates, although we must be prudent in the long-run, do not want to encounter a collision course, how are we going to achieve and the implication for the strategic planning for the Agency. Chair Harris indicated that the strategic plan is a goal and future Boards could change any policy.

Director Ollila indicated he had conducted some research on Capital and Replacement Fund policies and they are intended for future improvement and replacements for actual improvements for the next five-year period. Structures and infrastructure are not normally included in the Fund policy, as maintaining of structures and infrastructure will aid in longer life then set forth by the depreciation schedules and standards of the accounting board. Director Ollila suggested that the Governing Board fund for only equipment for the five-year period.

Director Herrick agreed to fund 100% of the proposed five-year strategic plan only and review annually to ensure the five-years is a rolling threshold for the Capital and Replacement Fund. Director Herrick also questioned if the Agency considered paying down debt to build the Capital and Replacement Fund. Ms. Laughlin indicated that at this time with the current Capital and Replacement Fund threshold excess cash had not been available, the threshold amount of the Fund had not been met since the original approval of the Capital and Replacement Fund.

Mr. Schindler indicated the Governing Board will need to develop the policy and with the current suggestions brought forward the asset list or inventory would not be required.

Chair Harris recommended that annually during the Budget Workshop the Strategic Planning Committee and the Governing Board review the proposed Capital Projects. Chair Harris asked if maintenance of the infrastructure and structures extended the life of the asset. Mr. Hanford indicated that video inspection of specific section of pipes are done annually and repaired as needed, this will extend the life of the pipe. Director Ollila indicated that the Agency does have a maintenance budget and the pipes are repaired annually to extend the life of the pipes, therefore current policy allows for double funding.

Chair Harris asked how to determine the threshold for the Capital and Replacement Fund; she suggested that only the five-year portion of the proposed Capital Projects be the threshold for the Fund. This would allow a realistic goal to reach for the Capital and Replacement Fund.

Director Ollila indicated that the peaks for large projects would begin to fund five-years out and the Governing Board could defer the Capital Projects if necessary and if justifiable.

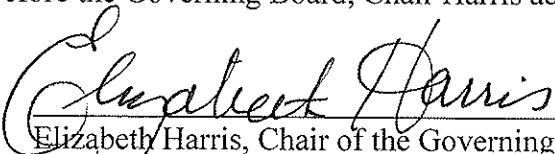
After discussion, Chair Harris asked that a revised policy be presented to the Strategic Planning Committee and the Governing Board based on 100% of the actual five-year proposed Capital and Replacement Projects during the October 2007 special meeting for discussion and possible action. The special meeting is scheduled for October 24, 2007 at 10:00 a.m. and the regular meeting will begin at normal time at 4:30 p.m.

## **5. Public Forum**

Mr. Michael Karp commented that he had learned a lot pertaining to Reserve Funds.

## **6. Adjournment**

With no further business to come before the Governing Board, Chair Harris adjourned the meeting at 10:11 a.m.

  
Elizabeth Harris, Chair of the Governing Board  
of the Big Bear Area Regional Wastewater Agency