

**MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
RAINBOW MUNICIPAL WATER DISTRICT
JULY 28, 2015**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on July 28, 2015 was called to order by President Sanford at 1:03 p.m. p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. President Sanford presiding. Excursions

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

Present: Director Walker
Director Sanford
Director Brazier
Director Griffiths
Director Lucy

Absent: General Manager Kennedy

Also Present: Executive Assistant/Board Secretary Washburn
Legal Counsel Moser
Finance Manager Thomas
Operations Manager Atilano
Engineering Manager Kirkpatrick
Superintendent Zuniga
Superintendent Walker

Seven members of the public were present.

4. **ADDITIONS/AMENDMENTS TO THE AGENDA (Government Code §54954.2)**

Action:

Moved by Director Brazier to add the CSDA item to the agenda. Seconded by Director Griffiths.

After consideration, the motion CARRIED by the following vote:

AYES: Directors Brazier, Griffiths, Lucy, Sanford, and Walker.
NOES: None.
ABSTAINED: None.
ABSENT: None.

Discussion went to Item #9A.

**5. ORAL/WRITTEN COMMUNICATIONS FROM THE PUBLIC
OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD REGARDING
ITEMS NOT ON THIS AGENDA (Government Code § 54954.2).**

Mr. Long stated although he lives in Fallbrook, he has a friend that lives in RMWD's Division 3 whose property has been secured for all water leaks. He said although all kinds of work has been done on this property, after monitoring the water use it appears someone may be stealing the water. He wanted to know what recourse would be available to address such theft, especially when they are losing approximately 7,000 gallons of water. He pointed out how they have spent over \$14,000 repairing the leaks on the property and have it secured to where there were no readings on the meter; however, occasionally they find the meter running and showing 7,000 gallons of water use. Mr. Long explained leak detectors have been out to the property, but were unable to find anything. He said it was also brought to the attention of RMWD at which time they were told it was their responsibility to secure the property which has been done; however, the water loss continues.

Mr. Atilano agreed to have staff run a meter test. He will get the information from Mr. Long.

***6. APPROVAL OF MINUTES**

A. June 23, 2015 – Regular Board Meeting

Action:

Moved by Director Brazier to approve the minutes of the June 23, 2015, July 1, 2015, and July 2, 2015 meetings. Seconded by Director Walker.

After consideration, the motion CARRIED by the following vote:

AYES: Directors Brazier, Griffiths, Lucy, Sanford, and Walker.
NOES: None.
ABSTAINED: None.
ABSENT: None.

7. BOARD OF DIRECTORS' COMMENTS/REPORTS

A. President's Report (Director Sanford)

B. Representative Report (Appointed Representative)

1. SDCWA

Mrs. Kirkpatrick referenced the SDCWA Business Plan copies provided noting this was something developed from their Strategic Plan.

Discussion went to Item #7B4.

2. CSDA

President Sanford mentioned CSDA entertains nominations for General Manager of Year annually. He said since RMWD was asked to submit a nomination if the Board chooses to do so. He stated after speaking with Director Walker, he personally feels Mr. Kennedy would be an ideal candidate if the Board agrees.

(*) - Asterisk indicates a report is attached.

Legal Counsel recommended this matter be added to the agenda as an action item due to the nominations have to be submitted by August 6, 2015 and the Board does not have a meeting scheduled between now and the due date.

Discussion returned to Item #4.

Discussion returned from Item #9A.

Mrs. Kirkpatrick announced the Special District Leadership Foundation awarded RMWD the Transparency Certificate of Excellence. She commended both the Board and staff for meeting the long list of standards and requirements (ethical training, information to the public on the website, public outreach, etc.) in order to receive this award. She mentioned the presented Certificate of Recognition was given by Assemblymember Marie Waldron.

President Sanford pointed out this was not a matter of simply filling out a form, but rather a pretty extensive process that lasted approximately six months that included procedures being evaluated by third parties independent of RMWD. He explained once these steps were taken, CSDA reviewed the information again in order to determine whether or not the certificate should be awarded.

Ms. Washburn added the Special District Leadership Foundation award would be presented at the September CSDA conference.

Discussion went to Item #7B1.

3. LAFCO

President Sanford reported the action taken at the July 6, 2015 LAFCO meeting was to delay everything until September 14, 2015. He mentioned one of the items requested was that a financial analysis be conducted on the cost savings that have been discussed over the past year and a half. He noted both RMWD and FPUD will be submitting their independent analyses to LAFCO. He pointed out once the information has been submitted, RMWD will be able to review FPUD's submittal and vice versa and both agencies will be able to comment on the other agency's submittals.

Director Griffiths inquired as to who would be conducting the independent analysis. President Sanford explained he was unsure of what LAFCO and FPUD would be doing; however, RMWD has hired a consultant to conduct its independent analysis.

4. San Luis Rey Watershed Council

Director Walker reported that at the July 27, 2015 meeting, there was a presentation on the summary of runoff regulations from the Regional Water Quality Control Board. He also noted it was also presented how the drought has impacted farming throughout the county and that discussions took place regarding groundwater management. He mentioned a meeting would be organized in early August within the San Luis Rey Watershed. He renewed the call for an agricultural representative to serve on this council's board.

Discussion went to Item #7B5.

5. Santa Margarita Watershed Council

(*) - Asterisk indicates a report is attached.

President Sanford reported there was nothing urgent developing as far as the Santa Margarita Watershed Council is concerned.

Discussion went to Item #7C.

C. Meeting, Workshop, Committee, Seminar, Etc. Reports by Directors (AB1234)

Director Walker reported there was a discussion on the tiered rate structure at the Council of Water Utilities meeting.

President Sanford reported some Board Members and a number of staff members participated in the North San Diego Economic Development Council Water Summit. He noted the amount of information that came out of this meeting was very interesting and powerful. Director Brazier asked if RMWD could get some help with RMWD's recycling ideas. President Sanford answered this was very possible.

Discussion went to Item #7D.

D. Directors Comments

Director Griffiths expressed concern RMWD's response to the runoff requirements was not strong enough. He also suggested the Board Members has too short of time to really analyze the meeting agendas.

Director Brazier commented on the Bonsall Chamber of Commerce meeting held at the Bonsall Community Center. She stated the meeting was poorly attended, but it was a great meeting with excellent presentations from both SDCWA and Mr. Kennedy respectively. She noted RMWD was very well represented at this meeting. She mentioned she had made a suggestion to the Bonsall Chamber of Commerce meeting coordinator that these meetings should be better publicized. It was confirmed RMWD was still a member of the Bonsall Chamber of Commerce.

President Sanford acknowledged Mrs. Kirkpatrick's promotion to Engineering Manager.

Discussion went to Item #9.

***8. COMMITTEE REPORTS (Approved Minutes have been attached for reference only.)**

A. Budget and Finance Committee
1. June 9, 2015 Minutes

Mr. Stitle said there was nothing more to report than that provided in the minutes.

B. Communications Committee

Director Brazier reported the Communications Committee did not meet in July.

(*) - Asterisk indicates a report is attached.

C. Engineering Committee

Mrs. Kirkpatrick reported the committee discussed three items that are reflected on this agenda as well as approved the recommendation to appoint three new members.

BOARD ACTION ITEMS

9. DISCUSSION AND POSSIBLE ACTION REGARDING COMMITTEE APPOINTMENTS AND CHANGES

Mr. Stitle reported Ms. Moss was a realtor and her appointment would be an excellent addition to the Budget and Finance Committee.

Director Lucy inquired as to the removal of Mr. Strapac and Ms. Rhyne from the Engineering Committee. Ms. Washburn explained Mr. Strapac's work schedule did not permit him to attend and Ms. Rhyne volunteered to resign from the committee should there be other interested volunteers.

Director Walker said he was excited about the proposed new Engineering Committee members due to the fact they bring a wealth of engineering knowledge which would be very valuable to RMWD.

Action:

Moved by Director Brazier to approve Option 1 - Approve proposed appointments to the respective committees as well as the removal of Steve Strapac and Maureen Rhyne from the Engineering Committee. Seconded by Director Lucy.

After consideration, the motion CARRIED by the following vote:

AYES: Directors Brazier, Griffiths, Lucy, Sanford, and Walker
NOES: None
ABSTAINED: None
ABSENT: None

Discussion went to Item #10.

9A. DISCUSSION AND POSSIBLE ACTION TO SUBMIT A NOMINATION FOR GENERAL MANAGER OF THE YEAR TO CSDA

Director Brazier stated she believed submitting a nomination for Mr. Kennedy for General Manager of the Year was an excellent idea. She said she thinks Mr. Kennedy would be an excellent candidate for coming in as he did to a district without a leader and take it on only to bring RMWD as far as he has already by going ahead with business as usual was highly commendable.

President Sanford agreed with Director Brazier. He stated Mr. Kennedy gave up a very secure position at which he was well-compensated and highly respected to jump in and take this on without hesitation was admirable as well as gutsy.

(*) - Asterisk indicates a report is attached.

President Sanford pointed out an application needed to be completed as well as a narrative for this nomination. He mentioned nominations are solicited state-wide and the winners will most likely be recognized at the CSDA meeting in September. He noted this nomination was pretty prestigious for any general manager to accomplish.

Director Griffiths pointed out Mr. Kennedy jumped in and kept the District stable which is quite a feat and RMWD could not have expected any more. Director Brazier added, Mr. Kennedy not only jumped in and kept it stable, he has the District going forward with strategic planning, rate examination and structuring, and getting Springbook on board; thereby, taking the momentum and changed it notwithstanding what RMWD was facing with the takeover.

Director Brazier asked about the mechanics in getting this achieved. Legal Counsel recommended the Board delegate one person or a committee to prepare and submit the application. He noted the delegate could receive input from the other Directors, but would serve as the decision maker. Director Lucy suggested Director Brazier write the statement with input from the Directors.

Director Walker asked that the Master Plan be included. Director Lucy suggested mentioning grooming staff was a great trait for any general manager as well as taking a fresh look at the District's CIP projects i.e., Beck Reservoir before spending large amounts of money. President Sanford noted Mr. Kennedy has also updated RMWD's Administrative Codes.

Legal Counsel confirmed the ad hoc committee could receive comments as long as one person is designated as the person authorized to submit the application.

Action:

Moved by Director Walker to appoint Director Brazier as the coordinator of the nomination for the General Manager of the Year Award for CSDA and authorize Director Brazier to submit the application with input from the Board of Directors. Seconded by Director Lucy.

After consideration, the motion CARRIED by the following vote:

AYES: Directors Brazier, Griffiths, Lucy, Sanford, and Walker

NO: None

ABSTAIN: None

ABSENT: None

Discussion went to Item #7B2.

10. DISCUSSION AND POSSIBLE ACTION TO AWARD A PROFESSIONAL SERVICES CONTRACT TO DESIGN THE GIRD TO MONSERATE HILL WATERLINE

Mrs. Kirkpatrick explained the Gird to Monserate Hill waterline was included in the CIP list and how this was to design a pipeline and have a condition exception on the existing pipeline. She stated this would also produce bid documents for construction of the pipeline. She noted the pipeline goes from Gird to Monserate Hill which was currently only be fed by one pipeline due to the fact the waterline broke in the Live Oak Creek River several years ago.

Director Griffiths asked if the Board was advised about staff going out for a Request for Proposals. Mrs. Kirkpatrick explained the Board approves the CIP list and budget in which

(*) - Asterisk indicates a report is attached.

projects are listed. Director Griffiths stated he did not remember this project at all and claimed this was not included in the 2015-2016 CIP budget. Mrs. Kirkpatrick pointed out where this item was listed in the 2014-2015 CIP list and was a part of the budget approved at the last Board meeting. She confirmed for President Sanford that this project was included in the recently approved budget. She also offered to provide him with a copy of the current CIP list.

Mrs. Kirkpatrick explained the process of putting out Request for Proposals which involves staff going out for Request for Proposals and once those proposals are received by RMWD and are evaluated, they are brought to the Board for approval.

President Sanford stated if a project is in the budget approved by the Board of Directors, even though it was not called out to the Board specifically, then that puts it within the purview of the next step which was to solicit for Requests for Proposals.

Director Griffiths reiterated his concern that this project was not in the budget. Mrs. Kirkpatrick explained in order for a project to be included in the District's CIP list, it is evaluated by multiple people including the Engineering Committee. Director Griffiths said he wanted to see a justification for this project.

Director Walker pointed out this project was the fifth item listed on the CIP sheet.

Ms. Thomas pointed out the CIP list provided today was for the prior fiscal year that ended June 30, 2015. She offered to provide the Board with the new fiscal year CIP list that was included in the budget.

Director Griffiths said he wanted to make sure this project could not be delayed another year before moving forward. Mrs. Kirkpatrick explained pipelines should be replaced when they are broken and this particular one has been broken for several years. Director Lucy pointed out this item has been on the CIP list for years.

Director Griffiths stated he wanted to know what has changed that this project that has been delayed for eleven years cannot be put off for another year. Mrs. Kirkpatrick said the difference is she was in charge now and she knows it needs to be done. Director Griffiths said the trouble he has with her is that he has a tremendous respect for chemical engineers; therefore, she has him at a disadvantage. He reiterated he still wants to know if this large sum of money need to be spent this year or can it be delayed for another year.

Mr. Atilano said from an operational point of view is that this broken pipeline has created a hazard due to the fact water was being pushed through a single pipeline which was in turn creating another problem. He noted although it has gone without repair for several years, it has created several other leaks on this single line that have had to be addressed throughout all those years.

Director Griffiths asked if he could be done next year. Director Walker said it sounded as though it could be disastrous if it broke. Director Lucy stressed how this project has been discussed and pushed off for several years due to other priorities; however, as other priorities have been completed, this pipeline was moved up on the list. It was noted the Engineering Committee discussed this project pretty thoroughly and it was recommended that staff proceed with getting it repaired.

Director Griffiths complained the minutes from the Engineering Committee were not available for him to review. Ms. Washburn pointed out the draft minutes from this meeting were in his envelope; however, they have not been approved by the committee as of yet.

Director Brazier pointed out the Engineering Committee does not want to wait until too late to fix this pipe and have to fix messes after they occur. Director Griffiths repeated his idea that if the Board needs to vote on a \$1M project, they should have the information in front of them. President Sanford clarified the Board was not voting on a \$1M item, but rather on \$227,000.

Action:

Moved by Director Lucy to approve Option 1 – Authorize General Manager to enter into negotiations with PSOMAS and execute a professional services contract for a price not-to-exceed \$227,726. Seconded by Director Brazier.

After consideration, the motion CARRIED by the following vote:

AYES: Directors Brazier, Lucy, Sanford, and Walker
NOES: Director Griffiths
ABSTAINED: None
ABSENT: None

Discussion went to Item #11.

***11. DISCUSSION AND POSSIBLE ACTION REGARDING EXECUTION OF A JOINT USE AGREEMENT (JUA) WITH THE COUNTY OF SAN DIEGO FOR TM 5498-1**

Director Griffiths asked if anyone was able to read the information provided due to the small print. Mrs. Kirkpatrick said she read the material.

Mrs. Kirkpatrick explained this was a request for a Joint Use Agreement with the County of San Diego for 95 lots located in Bonsall. She stated the County requires Joint Use Agreements between agencies when these agencies have easements within their County easement.

Director Griffiths asked if RMWD would be put in second position. Mrs. Kirkpatrick confirmed RMWD would not be put in second place. She also explained this road would be granted a county road with the development final map. She noted Joint Use Agreement language is that whoever needs to do the relocation pays for the costs of relocation.

Action:

Moved by Director Brazier to approve Option 1 – Authorize the General Manager to execute a Joint Use Agreement with the County of San Diego for TM 5498-1. Seconded by Director Lucy.

After consideration, the motion CARRIED by the following vote:

AYES: Directors Brazier, Griffiths, Lucy, Sanford, and Walker
NOES: None
ABSTAINED: None
ABSENT: None

(*) - Asterisk indicates a report is attached.

Discussion went to Item #12.

***12. DISCUSSION AND POSSIBLE ACTION REGARDING EXECUTION OF FIRST AMENDMENT TO WATER SERVICE MEMORANDUM OF UNDERSTANDING AND AMENDED AND RESTATED SEWER SERVICE AGREEMENT BETWEEN RAINBOW MUNICIPAL WATER DISTRICT, PASSERELLE AND D.R. HORTON**

Mrs. Kirkpatrick noted this agreement goes back to 1987 when Hewlett Packard campus was planning to develop this area and how it has since been passed down to Rottman, and then to D.R. Horton and Passerelle. She explained with RMWD executed the first agreement with Passerelle, it was the beginning stages of the project they were the owner of all properties. She stated Passerelle has now sold part of the property to D.R. Horton and other part to Palomar College. She pointed out she was suggesting RMWD amend the existing agreements to reflect any revisions to both agreements as well as add any obligations that Passerelle gave to D.R. Horton and any changes to the projects such as realignments.

Mrs. Kirkpatrick mentioned Kurt Hubbell, a D.R. Horton representative, was present to answer any questions.

Director Lucy asked if this was consistent with how RMWD has treated other developer agreements in the past. Mrs. Kirkpatrick explained the difference between this contract and others RMWD has addressed in the past.

Mrs. Kirkpatrick confirmed this has nothing to do with Rice Canyon.

Legal Counsel Moser confirmed he looked through the packet of materials presented which appears to be consistent. Mrs. Kirkpatrick pointed out Legal Counsel Ochoa assisted with preparing the amended agreements.

Director Walker gave his approval of these amendments.

Director Griffiths asked Mrs. Kirkpatrick if she read and approved these amended agreements. Mrs. Kirkpatrick confirmed this was true. Director Griffiths stated he would then vote in favor of this item.

Action:

Moved by Director Brazier to approve Option 1-Authorize the General Manager to execute First Amendment to Water Service Memorandum of Understanding and Amended and Restated Sewer Service Agreement with Passerelle and D.R. Horton. Seconded by Director Walker.

After consideration, the motion CARRIED by the following vote:

AYES:	Directors Brazier, Griffiths, Lucy, Sanford, and Walker
NOES:	None
ABSTAINED:	None
ABSENT:	None

Discussion went to Item #13.

13. DISCUSSION AND POSSIBLE ACTION TO CHANGE SEPTEMBER 22, 2015 REGULAR BOARD MEETING DATE TO SEPTEMBER 16, 2015

President Sanford explained the reason for this change was due to the fact RMWD would be receiving another award similar to the one presented earlier at the CSDA meeting being held in Monterey in September on RMWD's regularly scheduled Board meeting date. He said in light of the award, he and Mr. Kennedy would be attending this conference; therefore, a request was being made to change the Tuesday, September 22, 2015 meeting date to Wednesday, September 16, 2015.

Action:

Moved by Director Brazier to approve Option 1-Approve changing the September 2015 scheduled Regular Board meeting date to Wednesday, September 16, 2015. Seconded by Director Lucy.

After consideration, the motion CARRIED by the following vote:

AYES: Directors Brazier, Griffiths, Lucy, Sanford, and Walker
NOES: None
ABSTAINED: None
ABSENT: None

Discussion went to Item #14.

14. DISCUSSION AND POSSIBLE ACTION REGARDING MATTERS RELATED TO THE FPUD REORGANIZATION AND DISSOLUTION APPLICATION TO LAFCO

A. Ad Hoc Committee Update

Director Brazier reported the committee continues to work.

Discussion ensued regarding the buttons handed out at LAFCO's July 6th public hearing.

President Sanford announced RMWD would be holding two more community meetings; one at the Rainbow Valley Grande on September 1st and the other at the Bonsall Community Center on September 2nd. He noted both meetings would be held from 6:00-8:00 p.m.

Discussion went to Item #15.

***15. RECEIVE AND FILE INFORMATION ITEMS FOR JUNE 2015**

A. General Manager Comments

1. Meetings, Conferences and Seminar Calendar

B. Communications

1. Ratepayer Letters

C. Construction & Maintenance Comments

1. Construction and Maintenance Report
2. Valve Maintenance Report
3. Garage/Shop Repair

D. Water Operations Comments

1. Water Operations Report

(*) - Asterisk indicates a report is attached.

- 2. Electrical/Telemetry Report
- E. Wastewater Comments**
 - 1. Wastewater Report
- F. Operations Comments**
 - 1. Water Quality Report
 - 2. Cross Connection Control Program Report
- G. Engineering Comments**
 - 1. Engineering Report
- H. Customer Service**
 - 1. Field Customer Service Report
 - 2. Meters Report
- I. Human Resource & Safety Comments**
 - 1. Safety Report
 - 2. Changes in Personnel
 - 3. Organizational Chart

Action:

Moved by Director Brazier to receive and file the information items for June 2015. Seconded by Director Walker.

After consideration, the motion CARRIED by the following vote:

AYES: Directors Brazier, Griffiths, Lucy, Sanford, and Walker
NOES: None
ABSTAINED: None
ABSENT: None

Mrs. Kirkpatrick gave a Highway 76 project update presentation per Director Lucy's request.

Discussion went to Item #16.

***16. RECEIVE AND FILE FINANCIAL STATEMENTS AND INFORMATION FOR JUNE 2015**

- A. Finance Manager Comments**
 - 1. Interim Financial Statement
 - 2. Monthly Investment Report
 - 3. Visa Breakdown
 - 4. Directors' Expense
 - 5. Check Register
 - 6. Office Petty Cash
 - 7. Water Usage Report
 - 8. Projected CIP Cash Flow Report
 - 9. RMWD Sewer Equivalent Dwelling Units (EDU's) Status

Director Walker excused himself from the meeting at 2:16 p.m.

Ms. Thomas reported there were some very positive comments from most of the public members she has met with regarding the TSAWR matter regarding the policies approved by the Board at their last meeting.

(*) - Asterisk indicates a report is attached.

Director Lucy commended Ms. Thomas and Mr. Kennedy for their work on the excellent communications and solutions on the TSAWR matter. He mentioned Ms. Thomas has received more compliments, praises, and thanks for anything she has done during his many years on the Board. He also complimented Mr. Kennedy for his great communications skills especially in the newsletter and making it easier to understand.

Director Brazier complimented RMWD's staff in assisting the public and how she had heard FPUD has commented they may need to hire more people to assist their customers.

Discussion ensued regarding RMWD's financials.

President Sanford asked if RMWD was being more efficient in collecting recapturing some revenue losses. Ms. Thomas explained procedural and policy changes that have been made within her department to assist with revenue recovery, assist with timely customer payments, and bankruptcies.

Discussion ensued regarding the budget call centers.

Ms. Thomas mentioned the audit would be conducted the week of September 21, 2015. She also provided an update on the Springbrook changes.

Action:

Moved by Director Brazier to receive and file financial statements and information for June 2015. Seconded by Director Walker.

After consideration, the motion CARRIED by the following vote:

AYES:	Directors Brazier, Griffiths, Lucy, and Sanford.
NOES:	None
ABSTAINED:	None
ABSENT:	Director Walker

17. LIST OF SUGGESTED AGENDA ITEMS FOR THE NEXT REGULAR BOARD MEETING

It was noted Item #14 would be a continued item for the next agenda.

(*) - Asterisk indicates a report is attached.

18. ADJOURNMENT - To Tuesday, August 25, 2015 at 1:00 p.m.

The meeting was adjourned with a motion made by Director Brazier to a regular meeting on August 25, 2015 at 1:00 p.m.

The meeting was adjourned at 2:29 p.m.

Dennis Sanford, Board President

Dawn M. Washburn, Board Secretary