

**MINUTES OF THE ENGINEERING COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
JULY 3, 2012**

1. **CALL TO ORDER** – The Engineering Committee Meeting of the Rainbow Municipal Water District on July 3, 2012 was called to order by Chairperson Saxon at 3:02 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. Chairperson Saxon, presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

Present: Member Brazier
Member Fekete
Member Taufer
Member Saxon
Member Strapac
Member Rhyne
Member Prince

Absent: Alternate Roth

Also Present: Assistant General Manager/District Engineer Lee, Customer Service Manager Atilano, Associate Engineer Plonka and Assistant Rubio

There was one public member present Mr. David Bieber from Geocon.

4. **PUBLIC COMMENT RELATING TO ITEMS NOT ON THE AGENDA**

Mr. Lee announced Sherry Rebueno was now a Registered Engineer.

Mr. Lee said the District hired two internship positions for the summer through a temporary hiring agency.

Mr. Lee mentioned Mr. Seymour was recovering well from his Surgery.

Mr. Lee provided the following CIP updates:

- Morro Reservoir shall be up and running by the end of June 2012.
- Lift Station #2 was fully functional and would soon be turned over to the Operations Department.
- Pala Mesa Tank the Board approved a change order for Connection 7 to take care of various issues with the pipelines.

- Beck Reservoir was issued an Operating Certificate from Division of Safety of Dams. He said this certificate allows the District to continue operating Beck Reservoir as a drinking water reservoir.

COMMITTEE ACTION ITEMS

***5. APPROVAL OF MINUTES**

- A.** April 3, 2012
- B.** June 5, 2012

Mr. Strapac pointed out a typo in the April 3, 2012 Minutes on Page 2, Paragraph 3, replace the word reclaim with reclaimed.

Action:

Moved by Member Rhyne to approve the Minutes for April 3, 2012 as amended and the June 5, 2012 Minutes as written. Seconded by Member Strapac.

After consideration, the motion CARRIED by the following vote:

AYES: Member Brazier, Member Fekete, Member Taufer, Member Saxon, Member Strapac and Member Rhyne. Member Prince - June 5, 2012 Minutes.
NOES: None.
ABSTAINED: Member Prince - April 3, 2012 Minutes.
ABSENT: Alternate Roth.

6. DISCUSSION AND POSSIBLE ACTION ON POTENTIAL CONSOLIDATIONS OF RMWD AND FPUD

Ms. Brazier requested Item 6 be moved after Item 7.

Mr. Lee said the intent of this Item was to collect a list of questions regarding the consolidation and return with answers within an appropriate time. He pointed out there were no decisions being made for the consolidation at this time. He said currently there was a lot of data and information being collected. He mentioned there was a Special Budget and Finance Committee Meeting last week addressing how RMWD could merge with FPUD and maintain separate budgets. He said public consultants provided a presentation regarding how to merge and still achieve divisional accounting. He mentioned copies of the presentation were available.

Ms. Brazier said the example the consultants provided regarding the consolidation of Rancho California Water (RCWD) and Santa Rosa Water (SRWD) Districts was different from the potential consolidation of RMWD and FPUD. She pointed out the issues facing RCWD and SRWD were not fraught with the same issues of the potential RMWD and FPUD consolidation because they were under the same ownership and board of directors prior to their merger. She said even though their number of staff was reduced they admitted to outsourcing positions which provided an artificial lower number.

Mr. Lee said the concerns he had with the presentation was the main focus on establishing separate budgets when there were so many other issues associated with the potential consolidation which were not addressed. He said currently the general assumption was if the consolidation were to happen it would reduce staff. He said a study to prove the reduction of staff would be feasible and the resulting consequences have not been conducted. He said prior to making any decisions a staffing level report would have to be conducted showing the Districts could function with 103 staff members. He mentioned if the Districts could operate with 103 staff members the potential savings would be \$2.6M a year, which was solely based on staff reductions. He said the General Manager has assured staff the reductions would be done by attrition or possibly golden handshakes. Discussion ensued.

Ms. Rhyne asked if there was infrastructure repairs required would FPUD have priority over RMWD due to their numbers and higher voting power. Mr. Lee responded if the consolidation was in place there would no longer be any division with staff. He pointed out in regards to RMWD of the potential \$2.6M savings, at what cost would those savings benefit the rate payers by consolidating and would it be worth losing the voting power. Ms. Brazier said regarding engineering the committee would probably be eliminated since FPUD does not have an engineering committee; therefore rate payers would not have any input in the engineering process. She asked whether current RMWD projects such as the Alternative Water Source Study continue to go forward or would all their efforts be wasted. She questioned if FPUD had an administrative code with ordinances similar to RMWD's and how they would be merged. Discussion ensued.

Mr. Saxon said he does not see any benefit in the consolidation. Mr. Lee said it could potentially slow down rate increases for about a year and a half. Mr. Saxon said RMWD has improved and accomplished a lot in the last six years and currently has a better opportunity to move forward and does not see any benefit in a merger. Discussion ensued.

Mr. Lee said RMWD's Engineering Department was actively involved with the other water districts. He said each district has its own strengths and they are currently looking for ways to share those strengths. Ms. Brazier said it did not make sense to make an irrevocable decision without first trying it on a trial basis. Mr. Strapac said his concern was currently there are definite negatives with the consolidation and the positives were unknown. Mr. Taufer said the focus should be on the operating costs and savings. He questioned how FPUD and RMWD were going to reduce costs and where the savings would come from. Mr. Lee said the savings would come from reducing the overhead. Mr. Saxon asked how the consolidation would be voted and would the rate payers have a vote. Mr. Lee replied the rate payers would not have a vote but they do have a say by talking to their board representative. Discussion ensued.

Ms. Rhyne asked whether RMWD's Capital Improvement Projects could be compared with FPUD's Capital Improvement Projects in regards to dollar amounts and infrastructure conditions. Mr. Lee responded he and FPUD's District Engineer were currently working through those details. Discussion ensued.

Mr. Saxon said he would like to send the Board of Directors a collective letter from this committee regarding their opinion of the consolidation study. Mr. Lee suggested forming an adhoc committee to prepare a committee statement and bringing it back to the Engineering Committee for a vote prior to presenting it to the Board. He said the Communication Committee and the Engineering Committee have expressed concerns regarding not having enough information regarding the potential consolidation. Discussion ensued.

Action:

Moved by Member Strapac to form an adhoc committee to prepare a communication expressing the committee's opinion regarding the Consolidation Study to present to the Board after the Engineering Committee's review. Seconded by Member Rhyne.

After consideration, the motion CARRIED by the following vote:

AYES: Member Brazier, Member Fekete, Member Taufer, Member Saxon, Member Strapac, Member Rhyne and Member Prince.

NOES: None.

ABSTAINED: None.

ABSENT: Alternate Roth.

Mr. Strapac would lead the adhoc committee and Mr. Saxon and Ms. Rhyne would join the adhoc committee.

7. DISCUSSION AND POSSIBLE ACTION ON ALTERNATIVE WATER SUPPLY STUDY

Mr. Lee said he just received the Alternative Water Source Feasibility Study Progress Report and did not have time to review it prior to this meeting. He introduced Mr. Bieber a subconsultant under J.C. Heden and Associates who has been working on the groundwater aspects of this project and asked to attend this meeting. Mr. Bieber said based on his background research one of his immediate impressions was there was a lot of groundwater in this area available for distribution. He pointed out every creek and wash he saw was full, which shows there was a lot of water coming in. Discussion ensued.

Break at 4:00 p.m.

Returned at 4:03 p.m.

8. DISCUSSION AND POSSIBLE ACTION REGARDING MEMBER ABSENCES AND VACANCIES

Mr. Lee said there were no issues with this agenda item.

9. LIST OF SUGGESTED AGENDA ITEMS FOR THE NEXT SCHEDULED ENGINEERING COMMITTEE MEETING

Mr. Lee suggested the following agenda items for the next Engineering Committee meeting:

- Consolidation Study
- Water Master Plan
- Development Status

10. ADJOURNMENT

Action:

Moved by Member Saxon to adjourn the meeting at 5:15 p.m. Seconded by Member Strapac.

Kurt Saxon, Committee Chairperson

Dawn M. Washburn, Board Secretary