

**MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
RAINBOW MUNICIPAL WATER DISTRICT
OCTOBER 22, 2013**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on October 22, 2013 was called to order by President McManigle at 11:01 a.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. President McManigle presiding.

2. **ROLL CALL:**

Present: Director Griffiths
Director Lucy
Director McManigle
Director Brazier

Absent: Director Sanford

Also Present: General Manager Brady
Assistant General Manager Buckley
Executive Assistant/Board Secretary Washburn
Legal Counsel Moser
Superintendent Walker

One member of the public was present before Closed Session.

Discussion went to Item #6.

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

This item was addressed under Item #11 herein.

4. **ORAL/Written COMMUNICATIONS FROM THE PUBLIC
OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD REGARDING
CLOSED SESSION AGENDA ITEMS (Government Code § 54954.2).**

There were no comments.

5. **ANNIVERSARY ACKNOWLEDGEMENT**

A. Kirsten Plonka (5 Years)

Dr. Brady acknowledged Kirsten Plonka's fifth year with the district where she started as an Associate Engineer. He said although she was unable to be present today, he would be presenting her with a plaque and check in recognition of her tenure.

Discussion went to Item #9.

(*) - Asterisk indicates a report is attached.

Time Certain: 11:00 a.m.

6. EMPLOYEE MEETING WITH BOARD OF DIRECTORS

President McManigle pointed out Dr. Brady had decided to not be present for this portion of the Board meeting in case there were comments directly involving him. He said if and when this type of commentary is concluded, he wanted Dr. Brady to rejoin the meeting to hear any comments that he may be able to act upon.

Thomas Sjuneson introduced himself as the appointed employee spokesperson. He said having Dr. Brady present may provide for answers to some of the employee questions.

President McManigle asked if anyone had any comments they would like to make prior to asking Dr. Brady to rejoin the meeting.

Justin Demary, another appointed employee spokesperson, commented on when the decision was made that Dr. Brady would take over managing RMWD without first separating from FPUD's employment. He expressed concern that for the amount of money RMWD was paying for a part time general manager, a full time general manager could be hired for slightly more money. He inquired as to why the anticipated salary negotiations for the general manager did not take place when the JPA was formed which could have in turn saved both agencies money. He asked should Dr. Brady decide to leave would the district be faced with paying \$400,000 for a new general manager.

Director Griffiths said it was his understanding the general manager's salary would not increase, but his current salary would be split 50/50 between RMWD and FPUD; therefore bringing a savings to both districts. Director Brazier pointed out how FPUD voted on October 21, 2013 to increase Dr. Brady's base salary by \$1,000 per month and COLA by 2% of which RMWD will pay half.

Mr. Demary recalled Dr. Brady reporting at a RMWD all hands meeting his salary would be approximately \$365,000. He noted if divided in half, RMWD was paying \$175,000 for a part time general manager when it could have one full time for just a little more money.

Director Lucy stated it was his understanding RMWD was not bound by FPUD's decision regarding Dr. Brady's salary increase. He said he interpreted the agreement to mean the general manager salary would remain the same with a possible slight increase due to the additional responsibilities; however, any increase would be negotiated by both Boards.

Mr. Buckley clarified RMWD was currently saving \$130,000 per year toward Dr. Brady's salary and how Mr. Seymour's salary and benefits totaled \$330,000.

Director Griffiths said it was his understanding both agencies would save money by paying 50% of the cost for a general manager as opposed to paying for two; however, he did not know the general manager salary would be arbitrarily increased without notifying RMWD.

Director Brazier asked for clarification as to whether the \$130,000 being paid by RMWD included benefits. Mr. Buckley confirmed both the salary amounts he provided were both all inclusive and that RMWD was in fact not paying more than it was before for a general manager.

Director Lucy reiterated it was his understanding that FPUD could not give (the general manager) a raise without RMWD having some say. President McManigle disagreed in that it would be FPUD's sole decision, not RMWD's or the NCJPA's.

(*) - Asterisk indicates a report is attached.

An employee asked whether or not it was true Dr. Brady and Assistant General Manager Bebee were making all the changes and decisions without consulting with RMWD and what the Board thought about this. Director Lucy said it was his understanding departmental all hands meetings were being held at both district to brainstorm ideas. Another employee stated although engineering was holding departmental meetings, the discussions are focused on what was already being done as opposed to brainstorming and that it did appear to be a bit one-sided toward FPUD. President McManigle said these were things Dr. Brady should be made aware of; therefore, he would like to invite Dr. Brady to rejoin the meeting. There were no objections.

Director Lucy restated it was his understanding meetings were being held in every department to figure out which was the best idea from which to move forward to make things work. An employee stated although meetings are held, the decisions are already made and implemented by FPUD toward RMWD.

An employee provided an example of how a Standard Operating Procedure (SOP) was drawn up by FPUD to integrate sewer standby between the two agencies which was then forwarded to RMWD catching supervisors by surprise. He noted the proposed SOP even dictated the pay without prior discussions involving RMWD supervisors.

Dr. Brady rejoined the meeting at 11:16 a.m.

President McManigle explained to Dr. Brady there was concern procedures were being designed and developed by FPUD and then handed down to RMWD. Dr. Brady talked in terms of safety noting that both Mrs. Bush and Mr. Ragsdale have been developing standardized procedures for both organizations. He said he would look into whether or not RMWD had input in what procedures were being developed.

President McManigle said the concerns were not just related to safety and solicited employees for additional examples. Mr. Sjuneson provided another example as forklift training where RMWD employees were told by a FPUD employee the policies RMWD was accustomed to would no longer be necessary. He mentioned one scenario would be RMWD requiring hard hats being worn when operating forklifts; another would be some RMWD employees with Class A driver's licenses with a Tanker Endorsement being told that they are due for an assessment conducted by someone who does not have the same licensing.

Another employee clarified Mr. Ragsdale was going to qualify any RMWD employees to operate the wastewater vehicle when some RMWD employees already have the Tanker Endorsement for more than ten years. He added Mr. Ragsdale was saying the vehicle cannot be operated by employees unless they are qualified through him. Dr. Brady reiterated he knows Mrs. Bush and Mr. Ragsdale have been developing a comprehensive program to meet state and federal regulations from which he anticipates seeing changes on both sides. He said he would need to know more about the particular instances provided and how a combined program going forward operates. President McManigle questioned whether Mr. Ragsdale was calling the shots as to the compliance of RMWD employees and that such employees have to go through him to get approval. Dr. Brady confirmed this would be the case due to the fact the managers that report to him are instructed by him how to put things together and they in return comply. He noted in this case Mr. Ragsdale has taken the lead in this area based on his extensive resume in terms of safety programs and his level of expertise. He added Mr. Stacy was cross training in wastewater environmental compliance at FPUD. He pointed out it was never contemplated every technical detail at the districts would be kept completely separate while trying to run the two agencies.

An employee recalled being specifically told that if the districts merge, all FPUD's Standard Operating Procedures would be adopted and asked if this was true. Dr. Brady said he did not doubt the reported occurrences happened, but he would expect there will be some things being done by one district that will be adopted by the other district. President McManigle expressed concern that this did not sound like this was the case and it seemed as though everything from one district would be adopted and applied to the other district. Dr. Brady stated this was simply not true.

Two employees explained with having only so many RMWD employees (as opposed to all) certified on the forklift has caused some conflicts with district jobs due to the fact those that are certified are having to be pulled with other jobs when something needs to be moved. They pointed out prior to the recent forklift training any crew member could all provide assistance, but now that certifications are limited to one person from each crew this was no longer possible. Another employee stated staff was told this was to save money; however, now time was being spent searching for someone to operate the forklift. Dr. Brady said he would get with those managing the field employees to see who made the ultimate decision on how many forklift certifications are to be held at RMWD.

Mr. Sjuneson apologized if there was redundancy in the questions as he read a question about how much money RMWD was actually saving and whether or not this was just based on employees that have left and retired from the district or positions that remain open. Mr. Buckley stated RMWD was saving significant money due to JPA activities including retirements and resignations. He noted should the consolidation not take place it will need to be determined if those that have left will be replaced. He explained when a vacancy has come available, the responsibilities were assumed by existing personnel who in turn received wage increases for such; however, these increases were used to offset the savings. He also pointed out the savings reflected for utility workers will disappear when individuals are hired for these positions within the next month.

Mr. Sjuneson asked an employee question regarding why Mr. Sneed was being employed again and whether the job went out for bid for the agricultural monitoring group project or was it the "old boys" game again. Dr. Brady explained the Board has decided and instructed staff to implement an agricultural monitoring program for approximately 300 agriculture customers. He stated due to the fact RMWD does not have the staffing to implement this program he has hired Mr. Sneed to be the project manager to put together the implementation with the understanding others may need to be contracted to assist with the initialization of the program. He noted the agricultural monitoring group activity was completely separate from RMWD's day-to-day activities. It was confirmed RMWD did search for someone else to assist with this project; however, no one responded to the request.

Mr. Demary referred to the tracking sheets showing RMWD saving approximately \$500,000 and FPUD roughly \$65,000 as he asked why RMWD was showing all the savings and not FPUD. Dr. Brady answered FPUD numbers were much smaller due to the fact FPUD did not lose the executive level positions like RMWD. Director Griffiths stated by taking advantage of the leasing program the gross savings will continue even in the JPA. Mr. Demary reiterated how the tracking sheet only shows RMWD as saving all the money and that should the merge not take place, RMWD's day-to-day operations would survive with the hiring of a general manager. Director Lucy stated it was his understanding the FPUD savings would start showing in the next six months. Dr. Brady clarified he was the one who had made that comment based on looking forward at trends and possible retirements; however, if the district is in the same relevant position this time next year as a JPA, the savings will start evening out. He added the savings will fluctuate as the two districts pay as they go on construction-related improvements.

Mrs. Rhyne shared her initial concern was with RMWD paying for the construction at FPUD for RMWD's engineering and customer service relocations; however, now she understands FPUD's financial department would be coming to RMWD where office space was readily available. She stated she may be wrong, but it seemed to her these plans were constructed in anticipation by the general managers before any JPA discussions began. She also expressed concern with Mr. Sneed appeared to be "double dipping" from RMWD by retiring and then being rehired by RMWD. Director Lucy clarified it is not unusual for businesses to rehire their retirees to assist with special projects. Dr. Brady pointed out rules have changed regarding contracting retired employees in that they cannot be brought back in less than six months from retirement and it must be at a wage no more than what they were making at the time of retirement.

An employee asked Dr. Brady how he foresees the standards and procedures comingling together or eventual consolidation of the two agencies that have two separate operating philosophies. He also inquired as to the matter of sewer standby being unsettling. Dr. Brady explained how he is the one that sometimes comes up with ideas that he passes on to senior staff to put together information from which final decisions can be made; however, these processes are only fact finding, not decisions. He said he needs to do a better job of making it very clear that when looking at different areas of operation, looking for ideas is exactly what is being done. He noted cross training was a beneficial means of going about these processes.

Director Lucy asked if the implications were true in that things relating to SOP's were coming down from FPUD without any sharing of ideas with RMWD. An employee explained with the matter of sewer standby being followed with the forklift training has made it concerning RMWD would be adopting all FPUD's policies and procedures when the two districts are totally different operationally.

Mr. Demary read a comment regarding whether or not the Board of Directors were aware that by becoming a new district both agencies would no longer be at 2.5% at 55 formula with CalPERS, but rather fall under the new 2% @ 62 regulations. He stated this will hurt the employees and that the only way around this would be if one district takes over the other. He asked whether or not this was true. Dr. Brady shared what he told the FPUD employees was that the one thing he would not be a part of is putting two groups together where everyone including him would lose what they have worked for under PERS classic. He noted this was exactly what he and staff discussed at a meeting with LAFCO at which time they were told there are several ways where the two agencies can be put together so that it is iron clad and not a new agency. He stated one of those options would be reorganization. Mr. Demary asked if RMWD's Board President would have to lay down the gavel and declare there was no longer a RMWD Board. The conversation was deferred to Legal Counsel.

Legal Counsel explained there were several options available in the LAFCO process as to how things turn out as well as in terms of how it works with the Board. He provided an example of how the current ten board members would be reduced to nine or eight with reduction in members over time. He also explained with both RMWD and FPUD having different laws under which they operated, both should be looked at in order to make a determination as to which one is the better organization to go with. He noted reorganization would not be a takeover because the decision about what happens to the boards in terms of governance is made jointly in a consensual fashion. He clarified the name of an agency can change without necessarily changing the law under which it operates.

Director Lucy asked Legal Counsel if there was a negative impact to the employees. Legal Counsel stated one part of LAFCO's mission is to look at the fate of employees as well as what would have the least impact on personnel. He said the matter of CalPERS would be one of the factors in not wanting to just dissolve two districts and create a third. Mr. Demary acknowledged what was being said from a legal standpoint; however, he was concerned the RMWD Board would be laying down the gavel. President McManigle clarified both Boards have to vote on whether or not to merge and reassured staff he did not see anyone on RMWD's Board allowing this to happen.

Director Griffiths explained why it was previously determined to follow the laws under which FPUD falls. An employee asked why the Board would want to be anything other than a municipality. President McManigle explained this was due to the magnitude of variable powers available to a public utility that is not available to a municipality.

Dr. Brady stated Human Resources at both agencies have contacted CalPERS and, although it is not in writing, it appears CalPERS also agrees reorganization may not be necessary due to the fact if two existing CalPERS organizations with "classic PERS" standings merge it will not be considered a new agency. He said one of the prime matters would be protecting all the employees' retirement rights.

Mr. Sjuneson read a comment asking if FPUD was really trying to save money when they are holding so many luncheons and employee appreciation functions when RMWD has cut pretty much all of these out of its budget and employees pay for their own potluck and holiday events. President McManigle stated this was something RMWD has decided to do to remain close to austerity and FPUD may not have elected to do the same.

An employee inquired as to how RMWD employees keep looking like they are "in the trunk" from the training just received. He asked why RMWD was not getting the abundance of information that should be available two years into consolidation discussions. President McManigle said he felt assured the general manager and Legal Counsel was bringing everything possible to the table to make this happen as seamless as possible while continuing to look out for the employees as much as he and the other Board Members were looking out for the ratepayers. He said he certainly does not want any disgruntled employees, especially when that is what makes the organization work. He said as long as everyone can get through this with a feeling of equality, then the Board will take steps one at a time as it proceeds.

Director Lucy expressed how impressed he was with the employee comment dated September 2013 regarding the accounting department remaining at RMWD and how it was informative to the Board. Dr. Brady said he would pass along Director Lucy's compliments.

The employees said they would like to have another meeting like this with the Board.

Mr. Sjuneson said he would get the remaining comments rewritten and into the suggestion box. He concluded by suggesting the employees receive some type of written response to the individual comments made from the Board. President McManigle assured the Board does not discuss these comments nor under any circumstances gets together and talk about employee comments unless they are on the agenda or in a meeting like this. Ms. Washburn explained the comments are collected from the suggestion boxes for each meeting and then placed in the agenda packet for Board discussion at their meetings. She noted although every detail is not included in the minutes, these minutes are available on the website for everyone to access once they are approved by the Board usually at their next meeting the following month. She stated if anyone would like to hear the responses sooner they can request a copy of the audio recording

of any meeting for their reference. Dr. Brady added these comments will also be briefly addressed at the employee all hands meetings and if at that time anyone has more questions or needs additional clarification, this would be the time to do so as well as give him feedback.

The meeting adjourned to Closed Session at 12:08 p.m.

Time Certain: 12:00 p.m.

7. CLOSED SESSION

- A.** Conference with Legal Counsel–Potential Litigation (Government Code §54956.9(d)(2))
 - 1 Matter

8. REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

This item was addressed under Item #10 herein.

The meeting reconvened at 1:01 p.m.

Discussion went to Item #10.

Time Certain: 1:00 p.m.

9. PLEDGE OF ALLEGIANCE

President McManigle led the Pledge of Allegiance and requested a second roll call for Open Session.

SECOND ROLL CALL FOR OPEN SESSION:

Present: Director Griffiths
Director Lucy
Director McManigle
Director Sanford (via teleconference)
Director Brazier

Absent: None

Also Present: General Manager Brady
Assistant General Manager Buckley
Executive Assistant/Board Secretary Washburn
Legal Counsel Moser
Superintendent Walker
Superintendent Maccarrone
Crew Leader Diaz
FPUD Assistant General Manager Bebee

Five members of the public were present for Open Session.

Discussion went to Item #11.

(*) - Asterisk indicates a report is attached.

10. REPEAT REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

Legal Counsel reported there no action to report out of Closed Session.

Discussion went to Item #5.

11. REPEAT ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA (Government Code §54954.2)

President McManigle reported there were no changes to the agenda.

Discussion went to Item #12.

12. 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).

Gregg Rödne Kirkpatrick, a RMWD customer, expressed concern with learning today that it was being considered to move the district's customer service department to the FPUD offices. He noted he comes to this office monthly and that it would take him longer to get to the other office, especially when there is more traffic at times he would be able to get there with his work schedule. He also stressed how important the reminder calls are to him and that they would be eliminated with the relocation. He said on behalf of him and numerous other local customers he urged that the office not be moved to East Mission Road location as it would be detrimental.

Discussion went to Item #14 (it was noted the numbering of agenda items unintentionally eliminated an Item #13).

14. FALLBROOK COMMUNITY PLANNING GROUP I-15 CORRIDOR PROJECT UPDATE BY JACK WOOD

President McManigle mentioned how he and Dr. Brady invited Mr. Wood to come to RMWD to share on the I-15 corridor project after hearing his presentation two weeks prior.

Mr. Wood briefed the audience on his background including being an elected official on the Community Planning Board for the past ten years and a volunteer sheriff. He talked about the I-15 corridor project ideas that have been considered over the past several years and how it takes public forums such as this meeting to get information out accurately.

Mr. Wood provided copies of a map encompassing all the properties along I-15 that he will be talking about today as he proceeded with his presentation. He noted the first people who really came in were Passarelle, Pappas, Pardee, and Palomar College which have since been transitioned. He talked about Horse Creek Ridge (formerly Passarelle) that was purchased by D.R. Horton who already has their grading plans approved to develop a vast majority of the land along I-15 in phases with 750 dwelling units which will be served by RMWD for both sewer and water. He pointed out Passarelle sold off 81 acres to Palomar Community College as well as 100 EDU's.

(*) - Asterisk indicates a report is attached.

Mr. Wood spoke on the Meadowwood project which is 844 units consisting of both residential and multi-family. He said although he was unsure what stage this project was in, the project has been approved by the Board of Supervisors along with their sewage treatment plant to be located at the far end at the end of Highway 76. He confirmed the treatment plant was in fact approved in the location specified.

Mr. Wood pointed out the area of wetlands which would remain open space and undeveloped but maintained by the Home Owner's Association connected with each of these projects.

Mr. Wood continued to speak on the Campus Park West project which belonged to the family-owned company, Pappas, who owns shopping centers throughout California. He pointed out the draft EIR has been completed as of September 23, 2013 with a final draft coming back to the Planning Group for a second look. He stated for the record what was being proposed was a little over 500,000 square feet of retail commercial, 120,000 of light industrial, and 283 multi-family units which will border the wetland area. He noted Pappas was considering proposing a convenient store and gas station for the 18 acres they own on the south side of Highway 76.

Mr. Wood stated there was a total of 1,877 proposed dwelling units for all three residential projects. He explained there would also be a second story on some of the proposed commercial properties with 35 living residences above the retail space.

President McManigle asked about the total acreage of the D.R. Horton property. Mr. Wood answered it was probably about 200 acres; however, he would need to check his notes to confirm.

Director Lucy expressed his concern with the sewage pump station being approved by the County without going through more hoops. Mr. Wood said he was at the Board of Supervisors meeting when it was approved; however, there was an issue that he raised regarding Pardee having homes built directly across the street from the plant. He noted the Board of Supervisors agreed that this would not be a good idea to have homes so close and in turn took 32 units away from Pardee to make sure the homes were set back from the plant. Director Lucy inquired as to whether the dwelling units proposed above the plant would be the ones affected. Mr. Wood confirmed these would be the units and the ponds would be right in this area. He also noted Pappas was aware of the plant's location.

Director Griffiths mentioned how he checked with the Health Services who told him there would be well over 1,000 parts per million dissolved solids which would not be acceptable to the Avocado Commission. He stressed any recycled water would not be useful for anything due to it being too salty. He expressed concern with the recycled water being placed in settling ponds located near the Lake Rancho Viejo development. He suggested it be proposed the waste be pumped to Oceanside in order to avoid the possibility of the nasty things that could transpire with a treatment plant. He suggested it was a lousy system and it was unfortunate the people located in the development near the pump could not be protected from it. Mr. Wood said he could not talk to the technical aspect of the project, but after having worked on this project for ten years he was personally dismayed RMWD did not cooperate with Pardee to annex their portion of the property which would have eliminated Valley Center MWD from coming in giving them a letter of intent for water supply as well as the sewage treatment plant which they will operate. He said the plant could have been eliminated if different actions been taken by RMWD. He stated he was surprised that from a planning point he did not see the practicality of not going in the direction he just indicated. He emphasized this was solely his opinion and not that of the Planning Group. Legal Counsel confirmed the Board Members should not be commenting on any such agreements.

President McManigle thanked Mr. Wood for the presentation on behalf of the Board of Directors.

Discussion went to Item #15.

***15. APPROVAL OF MINUTES**

A. September 24, 2013 - Regular Board Meeting

It was noted the Board would be approving the revised set of minutes provided to them prior to the meeting date and at the meeting.

Action:

Moved by Director Lucy to approve the minutes as revised. Seconded by Director Brazier.

After consideration, the motion CARRIED by the following a roll call vote:

AYES: Director Griffiths, Director Lucy, Director McManigle, Director Sanford and Director Brazier.

NOES: None.

ABSTAINED: None.

ABSENT: None.

President McManigle confirmed the Board would be approving the newly revised draft minutes provided to them prior to the meeting.

Director Lucy clarified that his comment on Page #15A-7 did not mean he the Board was incorrect but that he disagreed.

Discussion went to Item #16.

16. BOARD OF DIRECTORS' COMMENTS/REPORTS

Directors' comments are comments by Directors concerning District business, which may be of interest to the Board. This is placed on the agenda to enable individual Board members to convey information to the Board and to the public. There is to be no discussion or action taken by the Board of Directors unless the item is noticed as part of the meeting agenda.

A. President's Report (Director McManigle)

President McManigle commented on the Change Management class he attended at FPUD and how he found it to be very well-presented, interactive, and informative. He mentioned an event where the Coastal Commission would be setting up test beds to determine the best technology available. Mr. Bebee clarified this was a part of the Poseidon project.

(*) - Asterisk indicates a report is attached.

B. Representative Report (Appointed Representative)

1. SDCWA

Director Sanford deferred to Dr. Brady. Dr. Brady reported SDCWA continues to be concentrated on the Bay Delta Conservation Plan and how they are advocating for a comprehensive approach. He noted the EIR was expected to be decided by the end of this year; however, it was now scheduled to be done in March or April. He stated a joint meeting in a workshop setting will be held with SDCWA, RMWD, and FPUD in order to inform the two boards on all the issues whether it be environmental or economic.

2. CSDA

No report given.

3. LAFCO

Director Sanford said he had nothing to report.

Director Brazier expressed concern employees knew more about the LAFCO process than she as a Director. She suggested LAFCO attend a RMWD board meeting so that questions can be answered prior to getting to the more serious stages of considering any type of merger. Dr. Brady stated he would have a report from his meeting with LAFCO at the next NCJPA meeting. Director Lucy recommended Director Sanford attend the meetings Dr. Brady has with LAFCO.

4. San Luis Rey Watershed Council

Director Brazier stated the meeting would be the following week.

5. Santa Margarita Watershed Council

Director Sanford had nothing to report.

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

No reports given.

D. Directors Comments

Director Lucy said he thought it was intended to make sure someone was staffed at the RMWD offices indefinitely to assist customers as well as remain a convenience to the ratepayers. Mr. Rödne Kirkpatrick reiterated his earlier comments. Dr. Brady clarified there was no talk of eliminating the reminder messages. President McManigle mentioned the phone systems and bill drop locations were being explored. Director Lucy reiterated that although it was staff decision, he would like for a very qualified staff member to remain at the RMWD offices to provide customer service for many years to come.

Director Brazier mentioned how when she visited RMWD on a recent Friday in late afternoon, she was unable to access someone to assist her with water operations questions. She said she was concerned about female employees being left at the district offices alone. She also talked about the decision made at the FPUD Board meeting Monday to increase the general manager salary of which RMWD expected to pay half.

(*) - Asterisk indicates a report is attached.

Discussion went to Item #17.

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

A. Budget and Finance Committee

Mr. Ross provided and reviewed handouts from the last committee meeting where the members came up with a recommendation for the Board to consider consisting of four elements: 1) recognition of a capital improvement issues related to sewer; 2) impact fees to developers for improvements to the outfall line for Lift Station 1, the lift station for Horse Creek Ranch, and increasing the line size on Route 76; 3) that the payments and financing of assets for existing ratepayers be aligned with the useful life of those actual assets; and 4) holding a Special Board meeting with the Budget and Finance Committee in December. He stated the committee plans on having actual numbers and some thoughts on these issues they would like to discuss possibly presenting at a joint meeting. He concluded by pointing out 2,200-2,300 customers that would paying approximately \$25 million in costs over the next 3-4 years.

Director Brazier pointed out there was some discussion at the last committee meeting regarding loans and how there may be some misunderstandings among some regarding the reach of Ordinance 95-1 in that it does not permit RMWD to borrow money. She noted the Ordinance contains a provision preventing the Board from making alterations to it without going out to a vote by the ratepayers.

Director Griffiths stated the Ordinance does not prevent the district from presenting good projects to the ratepayers. Mr. Carlstrom noted this was discussed at length by the committee.

Legal Counsel added even with Ordinance 95-1, it does not preclude RMWD from doing an assessment districts or community facilities districts which both have public participation.

Discussion ensued.

B. Communications Committee

It was noted the October Communications Committee meeting was cancelled.

C. Engineering Committee

There was no report given.

Discussion went to Item #17A.

BOARD ACTION ITEMS

17A. STATUS UPDATE WITH DISCUSSION AND POSSIBLE ACTION REGARDING IMPLEMENTATION OF A MONITORING GROUP

Dr. Brady recalled the Board voted in September to instruct staff to implement a monitoring group program. He noted how since that time RMWD learned 255 of its customers received letters from the Regional Water Quality Control Board indicating they had until November 1st to let the Regional Board staff know which monitoring group they were going to join or if they were

(*) - Asterisk indicates a report is attached.

going to implement an individual program. He pointed out the letter stated at that time RMWD was not an approved monitoring group; however, he and Mr. Sneed, who was hired to help with managing this project, went to the Regional Board to discuss the matter and they in turn agreed to stand down on the letter as long as RMWD was making progress on completing its Notice of Intent submitted in March 2013. He mentioned Mr. Sneed was currently researching the most efficient means of develop this information.

Mr. Sneed talked about how he has spoken with approximately seventy members of the monitoring group so far and how they are generally okay with the information Dr. Brady just shared regarding the Regional Water Quality Control Board, but still concerned with the November 1st deadline as well as the estimated costs presented in a recent letter from Engineering. He stated the customers felt better having someone also in the program to speak with them.

Mr. Sneed explained some of the steps that have taken place in the last week including the RFP put out by engineering being due November 5th, getting information on RMWD's website, removing the initial Agricultural Monitoring Group application from the website, determining the fees expected to be paid to the Regional Board, finding information for property inspections on the UC Cooperative Extension (UCEE) website that may help with offsetting the overall costs, as well as information on best management practices. He also noted the UCEE was also providing the two-hour required water classes for free at this time which he will be attending on October 24th.

Director Griffiths asked if the required classes would be available online. Mr. Sneed will find out if the class currently available online qualifies.

Mr. Sneed suggested RMWD be competitive with The Farm Bureau costs or customers may not stay in the RMWD program. He noted The Farm Bureau is currently charging \$250 per acre with a cap of \$1,250 and a \$200 annual fee; however, a customer told Mr. Sneed the Farm Bureau fees would be \$10-\$30 per acre with the \$210 membership. He said he has thoughts on how this can be done, but he will need to discuss that with Dr. Brady first.

Mr. Sneed explained he told the customers they would be provided with some sort of updated information on a regular basis with the first being an automated message before November 1st, a link to the self-inspection, as well as best management practices.

Dr. Brady made mention of the welcomed news received from the Regional Board that it may be that biological testing would be done once a year in the summer and the chemical/physical monitoring would be once during the rainy season. He pointed out research was being conducted on other monitoring groups as to their ideas which may be better. Mr. Sneed said he would be talking to someone in the San Mateo Monitoring Group regarding their processes.

Director Griffiths inquired as to whether RMWD's current sampling company could provide assistance. Mr. Sneed stated he has not looked into this as of yet.

President McManigle asked about outreach to other communities. Dr. Brady stated any person located anywhere within the County can join any group they choose; however, the official outreach would not take place until RMWD's Notice of Intent is complete. President McManigle suggested contacting the general managers at each of the local agencies as a means of getting the word out. Dr. Brady agreed; however, he would like more specificity before overselling the group.

Director Griffiths suggested the tasks involved can be done rather inexpensively.

President McManigle inquired as to whether anyone found the paperwork from 2010 recognizing RMWD as a monitoring group. Dr. Brady said according to the Regional Board there was no such paperwork.

Legal Counsel explained one of the issues with running a monitoring program has to do with ensuring the District is not directly liable for a program that is really designed to help property owners discharge their regulatory obligations to the Regional Board since it is not district responsibility to do this. He stated RMWD does have an existing non-profit corporation; however, a better mechanism would be to create a Limited Liability Company (LLC). He noted the LLC was primarily simple to setup, there is no annual tax reporting, the District is insulated from liability, a contract can be entered into with the District to provide the services to make the monitoring program go, and those signed up for the program can be covered by the LLC. He added expenses that are incurred for the program will be business expenses as opposed to charitable contributions; therefore, it would be easier administratively to set up a LLC with much more flexibility than a non-profit corporation.

Director Lucy said he was glad to hear potential liabilities were being addressed for the sake of the ratepayers. Legal Counsel stated he did not think this was a high liability enterprise, but the District should have a structure to protect itself from liabilities.

Director Brazier said although she supports the idea of RMWD having its own monitoring group, she was concerned with staff trying to talk the Board out of it instead of pushing forward. She pointed out it was the duty of the Board to make policy and the duty of the staff to implement such and how it appears the District has lost ground and time with the ratepayers being needlessly alarmed by the letter that could have been converted. She said now that RMWD was heading in this direction, the Board can count on staff to support the Board policy. Director Griffiths agreed in that staff did give push back.

Dr. Brady stated it was his professional opinion and that of his staff to bring what they thought was appropriate information for the Board's consideration. He said staff respects the fact the Board disagreed with the information provided; however, everyone seemed to be on the same page now.

No action taken.

Discussion went to Item #18.

18. DISCUSSION AND POSSIBLE ACTION REGARDING RMWD ENGINEERING STAFFING LEVELS (REQUESTED BY: DIRECTOR BRAZIER)

Dr. Brady referred to the handout provided including information provided by Mr. Lee approximately one year ago. He explained changes in the Engineering Department staffing over the past several months. He also talked about the projected staff workloads.

Dr. Brady said he was disinclined to adding more licensed engineers to staff, but would prefer adding inspectors and technicians. Mr. Bebee explained the ratio would be the number of facilities an agency versus the number of licensed engineers.

(*) - Asterisk indicates a report is attached.

Director Lucy asked if the list of projects would be manageable with the combined engineering staff of RMWD and FPUD. Mr. Bebee said it would be manageable. Director Lucy asked if more staffing was necessary in order to be fair to RMWD's portion of this deal. It was noted Dr. Brady was the fourth engineer on staff. Director Lucy asked Mr. Bebee to convince the Board the listed projects would be manageable due to the fact it looks so imposing.

Director Brazier pointed out the study provided derived from the Engineering Committee's concern well over one year ago and how the committee became concerned about getting all the work done. She stated when a study was conducted and information provided the committee members were told they were not allowed to use this information as a basis for making recommendations to the Board. She talked about how the study was buried and the next thing the committee knew was in spite of supporting and encouraging the study, they were told an engineer would be cut for JPA in order to save money. She noted this was very concerning to the committee, especially with the imposing list of things to do. She pointed out since that time the Engineering Committee have observed there has been a slowing or stop on some projects mostly due to engineering man hours. She reported this has caused a horrendous level of frustration on the committee in that maybe RMWD "shot themselves in the foot" for being happy about saving an engineering position but work cannot get done which may incur fines. She stressed her concern that RMWD take care of business and how without infrastructure to serve customers with water and take care of their sewer needs the district was nothing. She said stress levels was apparent among RMWD's engineers and how she wonders if RMWD put too much of a workload on these individuals in the interest of saving money.

Dr. Brady thanked Director Brazier for bringing this matter up for discussion. He explained some of the legitimate ways this matter can be addressed. He reiterated he was not opposed with bringing in more people if deemed necessary. Director Brazier stated she was very worried about the workload on RMWD's staff, especially in negotiating with developers in that RMWD's construction rules and laws must be enforced and the District cannot rely on other agency staff members to be familiar with these. She said although she appreciates Mr. Bebee's expertise in some areas, RMWD may be outsourcing smaller projects for a top price.

Mr. Bebee offered to work with Mrs. Plonka to put together a short term and long term plan to figure out the best approach for engineering projects. He explained how his expertise was only sought when necessary and how other FPUD staff members help with smaller projects. He pointed out FPUD was in an opposite position than RMWD in that engineering projects have slowed down and staff had to make some transitions. He mentioned how FPUD has adopted RMWD's standards as a basis for how they work on engineering projects. He reiterated he would like to put together a short term and long term plan in order to avoid hiring individuals that may not be useful a few years down the road.

Director Brazier agreed with Mr. Bebee; however, she did not want it stated RMWD would absolutely not hire people when it may be necessary. She asked for an open and honest review of RMWD's needs and assessing the workload to make sure all needs are met.

Dr. Brady suggested a combined list of both districts' project be presented to both the RMWD and FPUD Board Members. Mr. Bebee noted he was not under the direction from Dr. Brady that no matter what there will be no people added to staff. Director Brazier explained her concern was not for just inspectors and the assistance level but is there a need for an additional engineer to handle RMWD's projects when it does not appear it will slow up in the future. Mr. Bebee assured her RMWD was not being short sighted by not considering this possibility.

Discussion ensued regarding balanced staffing and outsourcing.

Director Lucy mentioned the Budget and Finance Committee forgot to suggest they would like to propose holding a Special Board meeting called in December. Director Sanford said he did hear about the request which he thought was a good idea. He confirmed he would be available.

Director Sanford disconnected from the teleconference call at 2:36 p.m.

Discussion went to Item #19.

***19. DISCUSSION AND POSSIBLE ACTION REGARDING RMWD AND FPUD JPA/CONSOLIDATION**

Dr. Brady addressed the employee comments submitted for Board consideration noting he was not thinking past moving customer service at this time. He said he would follow up on the matter of the female employees being left alone at isolated areas at the District.

Director Brazier expressed concern that things put into the category of savings achieved through JPA. She pointed out how the work created by the vacating of the last three positions at RMWD has been absorbed; therefore, the savings was more a RMWD budgetary savings created by living an austerity program for several years opposed to savings created by JPA. Mr. Buckley agreed this was a good argument; however, it was understood when these positions were not filled it was due to functionally consolidating and that should the consolidation not happen positions would be filled as deemed necessary. Director Brazier asked if there was a true savings at this time due to the JPA. Mr. Buckley stated he believed RMWD was saving now.

Director Griffiths said because the JPA was in place, RMWD could take a risk of not replacing individuals at this time.

Mr. Buckley stated although this was arguable, there was a solid savings. Director Brazier expressed concern ratepayers were being given a false impression that RMWD was saving \$500,000 per year; however, it was mostly due because other RMWD employees were doing the work.

Dr. Brady acknowledged Director Brazier's point to be valid and that it was his hope it would even out at some point.

Director Brazier said she found a number of the employee comments to be valid in that it causes everyone to wonder whether RMWD was just a "passenger on the train" or whether it has any input the direction to reach the final destination. She voiced her concerns that, much like the employees, the Board was being informed after decisions are made. She questioned how much input and influence the Board will have on behalf of RMWD. She echoed Director Griffiths' request that a draft organizational chart be put together in order to allow the Board to see if there would be anyone available to speak up on behalf of RMWD upon the departure of Mr. Buckley. She stated although it was not personal, but she did vote against the JPA and having one person in charge all around in that it would seemed impossible for one person to advocate for both sides equally. She stressed how she would like to have a spokesperson for RMWD somewhere in this process.

President McManigle pointed out the RMWD Board has the right to set specifics and guidelines as to what they would like to see pursued.

(*) - Asterisk indicates a report is attached.

Dr. Brady pointed out The Village News article was misquoted. He said although he respects the Board may think he was bringing things in unfairly; however, he was not. Director Brazier agreed the accuracy of The Village News has always been questionable.

No action taken.

Discussion went to Item #20.

***20. RECEIVE AND FILE INFORMATION ITEMS FOR SEPTEMBER 2013**

A. General Manager Comments

1. Meetings, Conferences and Seminar Calendar
2. North County Joint Powers Authority Report (NCJPA)
3. Update on Customer Service Transition Plan

B. Construction & Maintenance Comments

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

C. Engineering & Wastewater Comments

1. Engineering Report
2. Wastewater Report

D. Customer Service & Water Operations Comments

1. Water Operations Report
2. Electrical/Telemetry Report
3. Water Quality Report
4. Field Customer Service Report
5. Meters Report
6. Cross Connection Control Program Report

E. Human Resource & Safety Comments

1. Changes in Personnel
2. Organizational Chart
3. Safety Report

Action:

Moved by Director Brazier to receive and file information items. Seconded by Director Lucy.

After consideration, the motion CARRIED by the following vote:

AYES: Director Griffiths, Director Lucy, Director McManigle and Director Brazier.

NOES: None.

ABSTAINED: None.

ABSENT: Director Sanford.

Dr. Brady pointed out how FPUD employees feel he is meeting more often with RMWD employees than them. He said he really does believe he is an advocate for both.

Dr. Brady spoke on his performance review due from FPUD on July 1st which was conducted last month. He reported this month the Board decided to ratify a salary increase that amounts to approximately 5.5% that would be split between FPUD and RMWD. He noted there was also a 2% adjustment for CalPERS he lost when employees started paying for their own contributions because this was not in his contract. He confirmed this was his first salary increase since taking all three responsibilities. Director Lucy asked if the FPUD Board had decided to increase the salary by a significant amount of money, would RMWD be responsible for paying half of whatever was awarded. Dr. Brady said theoretically this might be the case; however, the FPUD Board was very concerned about this increase impacting RMWD. He noted his salary now was at the base salary Mr. Seymour was paid by RMWD before he retired. President McManigle disagreed with RMWD being responsible to pay for half a salary awarded by another organization. Director Lucy agreed that this was something that RMWD should have had some vote in the decision to increase the salary.

Dr. Brady mentioned his recent meeting with Mrs. Tiehen regarding the Beck Reservoir property matter and how it appeared she may be willing to work with RMWD in some type of neighborhood advisory setting which he promised to implement.

Dr. Brady reported the customer service relocation was postponed a few weeks.

Mr. Bebee gave a brief update on the Beck Reservoir project. He stated there would be interviews conducted next week with selection anticipated to be completed for the next Board meeting at which time staff will make a recommendation for Board consideration. He also mentioned staff would also have a recommendation at the next meeting to select a consultant to work on the San Luis Rey project.

Director Griffiths requested peak data flow information on Beck Reservoir as well as for the determination of the size of the Pala Mesa Tank from Mr. Bebee.

Discussion ensued regarding what happened to the MIOX equipment.

Director Griffiths requested "directed" be changed to "advised" on the Meetings, Conferences, and Seminar Calendar.

Discussion went to Item #21.

***21. RECEIVE AND FILE FINANCIAL STATEMENTS AND INFORMATION FOR SEPTEMBER 2013**

A. Finance Manager Comments

1. Monthly Investment Report
2. Directors' Expense
3. Check Register
4. Office Petty Cash
5. Water Purchases & Sales Summary
6. Statistical Summary
7. Projected CIP Cash Flow Report
8. RMWD Sewer Equivalent Dwelling Units (EDU's) Status

(*) - Asterisk indicates a report is attached.

Action:

***Moved by Director Brazier to receive and file financial statements and information.
Seconded by Director Lucy.***

After consideration, the motion CARRIED by the following vote:

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

Mr. Buckley said some of the information was not available in time for the agenda packet cutoff; however, it was provided in the handouts today. He noted the last page in the handouts included a change to the NCJPA expenses to include the time and money spent with RMWD staff attending meetings and working on NJCPA planning projects. He explained this was to give exposure in that although the money would have been spent anyways by the same staff; however, it was diverted to another activity which in turn actually reduces the savings shown on the bottom line. He confirmed it was a paper cost as opposed to being marginal or additional costs. He noted FPUD was doing the same on their report.

Dr. Brady referenced Page #20E3 as he pointed out 60% of the field employees were certified on the forklift. He said he would still look into the employee concerns.

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

Discussion ensued regarding holding a Joint Board and Budget and Finance Committee meeting in December to discuss funding the Caltrans project.

It was noted Beck Reservoir and the Water Resources Study would be on the next agenda.

23. ADJOURNMENT - To Tuesday, November 19, 2013 at 1:00 p.m.

The meeting was adjourned with a motion made by Director Brazier and seconded by Director Lucy to a regular meeting on November 19, 2013 at 1:00 p.m.

The meeting was adjourned at 3:32 p.m.

George McManigle, Board President

Dawn M. Washburn, Board Secretary