

**MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
RAINBOW MUNICIPAL WATER DISTRICT
MARCH 24, 2015**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on March 24, 2015 was called to order by President Sanford at 12:02 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. President Sanford presiding.

2. **ROLL CALL**

Present: Director Lucy
Director Walker
Director Sanford
Director Brazier
Director Griffiths (*Arrived at 12:10 p.m.*)

Absent: None

Also Present: General Manager Kennedy
Executive Assistant/Board Secretary Washburn
Legal Counsel Ochoa
Finance Manager Thomas
Operations Manager Atilano
Acting District Engineer Kirkpatrick
Superintendent Maccarrone
Superintendent Zuniga
Superintendent Walker

No members of the public were present for Closed Session. Three members of the public were present for Open Session.

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

There were none.

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.

The meeting adjourned to closed session at 12:04 p.m.

(*) - Asterisk indicates a report is attached.

5. CLOSED SESSION

- A. Conference with Legal Counsel-Anticipated Litigation (Government Code §54956.9(d)(2))
 - 1 Potential Case
- B. Conference with Legal Counsel-Anticipated Litigation (Government Code §54956.9(d)(4))
 - 2 Potential Cases

6. REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

The meeting reconvened at 1:01 p.m.

Time Certain: 1:00 p.m.

7. PLEDGE OF ALLEGIANCE

8. REPEAT REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

Legal Counsel reported a government code claim that was submitted by Twin Development LLC was denied by a unanimous vote.

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

There were none.

10. ACKNOWLEDGEMENTS AND RECOGNITIONS

- A. Marc Walker (10 Years)

Mr. Kennedy recognized Marc Walker for his ten years of service at RMWD. He noted Mr. Walker is a superintendent for the Water Operations Department and has a D5 Distribution Certification and T3 Water Certification. He presented Mr. Walker with a check and plaque in recognition of his service.

11. 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).

There were no public comments.

***12. APPROVAL OF MINUTES**

- A. February 24, 2015 - Regular Board Meeting

Action:

Moved by Director Brazier to approve the minutes. 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

***13. 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 Sanford)

President Sanford reported the LAFCO matter of RMWD and FPUD continues. He noted there was a recent newspaper article regarding an action being taken by an organization known as MALDEF. He stated for the record that RMWD as a District and the RMWD Board of Directors have had nothing to do with the actions being taken by MALDEF. He said a copy of the letter sent to FPUD was received by RMWD, but the District and Board has in no way participated in any kind of encouragement of their actions.

President Sanford explained the LAFCO process continues and it is not anticipated a resolve will happen for possibly another eight months to a year.

B. Representative Report (Appointed Representative)

1. SDCWA

Mr. Kennedy talked about his decision to include a memo in the Board packet each month for the Board's reference. He reported the discounted agricultural rate has been extended indefinitely and how it will take special Board action for this to be eliminated.

Mr. Kennedy reported on the fiscal sustainability, pump storage, and the Bay Delta matters respectively.

President Sanford encouraged future RMWD Board Members to appoint the then present general manager as their SDCWA representative due to the fact that position is so much more involved with the activities taking place at both agencies.

Director Walker asked about the pump storage matter and if the benefits would be distributed in some equitable way throughout the SDCWA members. Mr. Kennedy stated any offsetting of costs will be distributed.

Discussion ensued.

2. CSDA

Mr. Kennedy talked about the CSDA District Transparency Certificate of Excellence and the steps being taken for RMWD to be recognized for its high level of transparency.

(*) - Asterisk indicates a report is attached.

3. LAFCO

No report was given.

4. San Luis Rey Watershed Council

Director Walker reported on the March 23, 2015 meeting noting the Council needs to fill two seats on the Board; one environmental and the other agricultural. He said it would be worth mentioned since it was pointed RMWD has a large percentage of agriculture.

Director Walker said he mentioned to the Council that RMWD was undertaking a ground water study and had currently awarded a contract for a Master Plan. He noted there will be a meeting in April at which time the Council will review a list of priority issues.

5. Santa Margarita Watershed Council

No report given.

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

There were no reports given.

D. Directors Comments

Director Griffiths stressed the importance for a RMWD staff member to get money from the Proposition 1A funds now. Mr. Kennedy noted there was a process to follow. It was suggested this be on the next agenda for discussion.

Director Lucy also suggested RMWD explain the breakdown of the fees on the water bill. Mr. Kennedy pointed out this will also be something addressed with the finance software change.

Director Lucy announced he completed his AB1234 Ethics Training.

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

A. Budget and Finance Committee

1. February 5, 2015 Minutes

Mr. Stitle reported the committee was waiting for the report from Raftelis on the rate setting study. He also noted the committee was interested in the ground water study.

B. Communications Committee

1. February 2, 2015 Minutes

Mr. O'Leary reported the committee met on March 2, 2015 and were updated on various issues taking place at RMWD.

(*) - Asterisk indicates a report is attached.

C. Engineering Committee
1. February 4, 2015 Minutes

Mrs. Kirkpatrick reported the committee on March 4, 2015 and how Kurt Saxon unfortunately resigned from the committee due to time constraints; however, Harry Stitle has decided to join the committee.

Mrs. Kirkpatrick noted discussions took place regarding potential developments as well as updating engineering fees which have not been evaluated since 2005. Discussion followed.

Director Griffiths inquired about Beck Reservoir and if there was a Board policy change. Mr. Kennedy confirmed there has not.

Director Griffiths asked for the wastewater outfall capacity. Mrs. Kirkpatrick explained the outfall project has been in the works for quite some time and was under design to be upsized to accommodate RMWD's flow. Director Griffiths wanted to know the present capacity of the line. Mr. Kennedy stated the line surcharges during wet weather. Discussion ensued.

BOARD ACTION ITEMS

***15. DISCUSSION AND POSSIBLE ACTION ACCEPTING THE AUDIT REPORT FOR FISCAL YEAR ENDING JUNE 30, 2014**

Ms. Thomas introduced Brenda Hunt, CPA Audit Manager from Hosaka Rotherham & Co., who assisted her with the audit process.

Ms. Hunt talked about the audit process that took place in August 2014 and completed in October 2014. She reviewed the audit reports provided as handouts to the Board.

Ms. Hunt confirmed the report covered everything for fiscal year ending June 30, 2014. She noted there were no deficiencies found, no findings, and no suggestions for improvements.

Director Lucy noted how pleased he was the manner in which the report was presented. He expressed the need to have this report provided to members of the Budget and Finance Committee. Mr. Stitle confirmed the committee did review the audit report.

Director Griffiths inquired as to why this report was just being discussed today. Ms. Thomas explained the Board was provided with copies of the audit soon after RMWD staff received it; however, SDRMA is now requiring the audit be approved by the Board of Directors which will be the practice from this point forward.

President Sanford asked if it should be noted that as of April 2014 RMWD was no longer affiliated with the JPA. He wanted to know if it necessary to report this as a matter of record. It was confirmed RMWD not participating in the JPA be mentioned in the 2015 audit report.

Director Walker inquired as to whether RMWD receives an audit report annually and if it is unqualified every time. Mr. Kennedy noted the District receives annual audit reports. Ms. Hunt noted this report and others in the past have been unqualified which is the preferred outcome.

Mr. Kennedy pointed out an important of the Water Code is that the Board of Directors hire the auditor and has the option of looking at other firms if so desired. He noted some agencies do change auditors to avoid getting too comfortable and to allow for better transparency.

(*) - Asterisk indicates a report is attached.

Action:

Moved by Director Lucy to approve and accept the June 30, 2014 audit report as submitted by Hosaka Rotherham & Co. Seconded by Director Brazier.

After consideration, the motion CARRIED by the following vote:

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

***16. DISCUSSION AND POSSIBLE ACTION REGARDING CSDA BOARD OF DIRECTORS CALL FOR NOMINATIONS, SEAT A**

Mr. Kennedy pointed out Jo MacKenzie was running for this seat and has submitted a request for support from RMWD.

Action:

Moved by Director Griffiths to support Jo MacKenzie. 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

***17. DISCUSSION AND POSSIBLE APPROVAL OF RESOLUTION NO. 15-10 NOMINATING DENNIS SANFORD AS A CANDIDATE FOR ELECTION TO THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY BOARD OF DIRECTORS**

Action:

Moved by Director Griffiths to approve Resolution No. 15-10. Seconded by Director Brazier.

After consideration, the motion CARRIED by the following vote:

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

(*) - Asterisk indicates a report is attached.

18. DISCUSSION AND POSSIBLE ACTION REGARDING COMMITTEE APPOINTMENTS AND CHANGES

Mr. Kennedy noted this was a combination of changes proposed for all three committees, respectively.

Director Griffiths agreed with the proposed changes, especially staff service as alternate members.

Action:

Moved by Director Griffiths to approve proposed appointments to the respective committees as well as the removal of Don Fagan, changing Bob Lucy to an Alternate, and elevating Peter Hensley to Member on the Budget and Finance 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

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

A. Ad Hoc Committee

Director Brazier noted there was nothing to report at this time. She stated the committee continues to work diligently.

B. Public Relations Consultant Update

It was noted both the public relations and LAFCO consultants continue to work on RMWD's behalf.

C. LAFCO Consultant Update

***20. RECEIVE AND FILE INFORMATION ITEMS FOR FEBRUARY 2015**

A. General Manager Comments

1. Meetings, Conferences and Seminar Calendar
2. Groundwater Study Update
3. Strategic Planning Update

B. Communications

1. SDRMA Reports

C. Construction & Maintenance Comments

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

D. Water Operations Comments

(*) - Asterisk indicates a report is attached.

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

Mr. Kennedy pointed out Item #20B1 shows the credits RMWD receives from the District's liability insurance for participating in certain programs.

Mr. Kennedy mentioned the large break that took place this morning.

Ms. Washburn noted the Budget and Finance Committee has decided to change their meeting date to the second Tuesday of the month from this point forward.

Mr. Kennedy said there will be something brought back to the Board at their next meeting on the strategic planning process. It was noted once a facilitator is contracted, the full Board would become involved; however, in the interim the Board President will assist in the facilitator selection process.

Discussion ensued regarding Item #20C2. Mr. Atilano confirmed RMWD was completely on schedule with the valve maintenance program as of December 2014.

Discussion ensued regarding Beck Reservoir and wastewater outfall project being on the next agenda respectively.

Director Lucy inquired as to how long Mike Adams worked for RMWD. It was noted it was approximately ten years.

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

(*) - Asterisk indicates a report is attached.

***21. RECEIVE AND FILE FINANCIAL STATEMENTS AND INFORMATION FOR NOVEMBER 2014 & FEBRUARY 2015**

A. Finance Manager Comments

1. Interim Financial Statement
2. Monthly Investment Report
3. Visa Breakdown
4. Directors' Expense
5. Check Register (November 2014 and February 2015)
6. Office Petty Cash
7. Water Purchases & Sales Summary
8. Projected CIP Cash Flow Report
9. RMWD Sewer Equivalent Dwelling Units (EDU's) Status

Action:

Moved by Director Brazier to accept the financial statements and information as submitted. 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

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

It was suggested seeking Proposition 1A funds, the strategic planning process, and updates on Beck Reservoir and the outfall project updates be on the next agenda.

23. ADJOURNMENT - To Tuesday, April 28, 2015 at 1:00 a.m.

The meeting was adjourned with a motion made by Director Brazier and seconded by Director Griffiths to a regular meeting on April 28, 2015 at 1:00 p.m.

The meeting was adjourned at 2:31 p.m.

Dennis Sanford, Board President

Dawn M. Washburn, Board Secretary