

**MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
RAINBOW MUNICIPAL WATER DISTRICT
FEBRUARY 26, 2013**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on February 26, 2013 was called to order by President McManigle at 12:02 p.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 Sanford
Director Brazier

Absent: None

Also Present: Finance Manager Buckley
General Manager Seymour
Executive Assistant/Board Secretary Washburn
Legal Counsel Lemmo
Superintendent Miller
District Engineer Plonka
Superintendent Walker
Utility Worker and REA Representative Heincy
Associate Engineer Rebueno

No members of the public were present before Open Session. Twenty-one members of the public were present for Open Session.

3. **ADDITIONS/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 12:03 p.m.

Time: 12:03 p.m.

5. CLOSED SESSION

- A. Appointment; Employment; Evaluation of Performance – General Manager (Government Code §54957)
- B. Conference with Labor Negotiators (Government Code §54957.6 and §54957)

Agency Designated Representatives

Dave Seymour

Discussions regarding labor negotiations for:

Rainbow Employee Association

Rainbow Association of Supervisor and Confidential Employees

Rainbow Exempt Employees

The meeting reconvened at 1:01 p.m.

6. REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

This item was addressed under Item #8 herein.

Time Certain: 1:00 p.m.

7. PLEDGE OF ALLEGIANCE

8. REPEAT REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

Legal Counsel reported the Board considered and approved a memo to exempt employees concerning retiree health benefits vesting schedules and the Board's memo confirms that the District intends to honor pre-2013 vesting schedules.

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

President McManigle noted there were no changes to the agenda.

10. 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).

James Davis addressed the Board as he referenced the minutes of the RMWD January 22, 2013 meeting including all discussions involving Maggie and Tom Tiehen. He noted the Beck Reservoir residents have concerns regarding RMWD's eventual plans for the property immediately adjacent to the reservoir. He suggested the Board was blatantly ignoring those concerns. He asked for assurances from the Board that its activities will not reduce their property values. He pointed out anyone selling their home must have full disclosure and should he sell his home he may have to disclose he lives next to a "chemical treatment plant" which could impact his property sale for which he said the District would be directly responsible. He

(*) - Asterisk indicates a report is attached.

asked the Board if they have a reserve fund for legal fees including theirs when they prevail. He pointed out the valuation might exceed \$200,000 for each of the affected neighbors; therefore, they would be willing to spend a great deal of money to prevent this project. He concluded with telling the Board they were not the enemy and they hoped the District would not be either.

David George introduced himself to the Board as the individual hired to serve as the media director by some of the larger homeowners that will be affected by the proposed plant. He asked for clarification as to why RMWD decided to place the plant directly in a residential neighborhood. He mentioned they have been in contact with Superintendent Bill Horn's office, media contacts with Kimberly Hunt, Steve Turkell of The Turkell Files, as well as some other media outside the area that could see the Directors as a water board that was out of touch with the neighbors. He reiterated the question why the board was electing to do this project. He announced they would do community protests as well as other things that will make everybody's life more difficult. He stated now would be the time for the District to be a good neighbor and to make a decision that would get RMWD some really good press as opposed to getting lawyers and the media involved.

Patrice Bryant Akers introduced herself as the General Manager for Tiehen Farms and announced she will be taking notes and recording this meeting.

Tom Tiehen declined to speak.

Maggie Tiehen pointed out the grand crew of support present today was very serious. She declared this was never going to happen in their neighborhood. She pointed out the individuals present represent \$14M-\$15M worth of homes and land sites; therefore, RMWD was looking at being sued by everyone present from their neighborhood. She reiterated they were deadly serious and they were not going to allow a treatment plant in the middle of their homes in their residential neighborhood with RMWD not coming to them to get their approval to purchase the land.

Frank Grady noted this was his first time at the District due to the fact he was new to the Bonsall area. He expressed concern regarding the high water rates and what could be done as far as discounts for senior citizens. He also inquired as to how a ratepayer could become a member of the RMWD Board of Directors.

Don Maclean mentioned he came to RMWD a few years ago when the District was displaying the plans to build the Pala Mesa Tanks and how at that time he was told by RMWD staff Beck Reservoir was going to be replaced at a later date with additional water tanks. He said there was no mention at that time there was going to a UV treatment plant at that location. He talked about how the District website indicates RMWD was building a wastewater treatment plant. Director Lucy explained to Mr. Maclean he had misinformation and this was not true. President McManigle clarified it would be a water treatment plant and noted RMWD was not currently proposing one either. Mr. Maclean asked whether or not RMWD was proposing an UV treatment facility. President McManigle stated it was in the future plans; however, it was not currently being discussed. Mr. Maclean asked exactly what RMWD was doing at the site in question. Mr. Seymour stated nothing and noted the property was purchased at a good price in the event RMWD does decide to do something in the future; however, the District does not have any firm plans for anything right now.

Mr. Maclean asked for clarification there were two tank pads built at Pala Mesa. Mr. Seymour confirmed this was correct. Mr. Maclean pointed out Pala Mesa was the backup site for Beck Reservoir until the State said the reservoirs had to be covered. President McManigle explained if the State had not stepped to tell RMWD to cover the reservoirs, none of this would have happened. Mr. Seymour pointed out Pala Mesa was the initial primary reservoir before Beck Reservoir. President McManigle pointed out the Pala Mesa tank had enough water for the district for one day and Beck Reservoir has enough water for fourteen days in the event of an emergency. Mr. Maclean asked if RMWD was mandated to cover the reservoirs and what were the plans for Beck Reservoir. President McManigle explained RMWD was mandated to cover or treat the water coming out of Beck. Mr. Seymour pointed out Beck was currently out of service. Mr. Maclean inquired as to whether the proposed treatment was an ultra-violet treatment plant. President McManigle reiterated the District was not proposing anything right now. Mr. Seymour reiterated UV was only one of the options. Mr. Maclean said 17% of RMWD's pipelines have outlived their usefulness and suggested if the District was changing its facilities and putting more demand on those pipes he was concerned as a ratepayer. Mr. Seymour stated the District was not doing this.

Director Lucy explained Beck was a jewel and potential tremendous asset to the community to have this reservoir in the event of an emergency. Mr. Maclean stated nobody was objecting to the reservoir, it was the treatment facility was the issue. Director Lucy pointed out the problem was the water in Beck had to be taken care of. It was confirmed Mr. Maclean knows how a treatment plant works due to the fact he has built one.

Daniel Villalba stated he was new to the area. He asked if this proposed facility was going to be a water treatment plant for the existing waters in the reservoir and if so how would the UV processed water be stored. Mr. Seymour clarified the water would be processed as it goes out to the consumer. Mr. Villalba asked about costs involved for fourteen more days of water. Mr. Seymour explained the District was not planning on doing anything right now; therefore, there were no means of providing the information being requested. Mr. Villalba inquired as to how existing facilities would be handled should a plant be built. President McManigle stressed they do not know due to the fact there was no plan. Mr. Villalba suggested the neighbors who live in close vicinity to the subject property should be brought into any discussions and plans. President McManigle stated there would be a community outreach program for the community whenever there is proposed future development. Mr. Villalba claimed discussions on this project have been done behind closed doors. Mr. Seymour suggested Mr. Villalba has been misled in this regard.

Maureen Rhyne thanked all the members of the audience for attending. She asked if any one of the three will guarantee that once RMWD was "consumed" by FPUD, they will not put a recycle sewer distribution plant in Beck Reservoir.

Joe Beyer introduced himself as a twenty-two year resident. He complimented the RMWD monthly newsletter and district communications was outstanding. He urged the Board to address any staff reductions by attrition only should the JPA go through. He encouraged the Board to maintain a proper balance between residential and agricultural users as a means to protect the rural Bonsall and Fallbrook communities. He concluded by thanking the Board and expressed his appreciation for the difficult job they do.

Jill Ouellette asked whether or not a vote has been taken to merge with FPUD. Director Sanford clarified there was no proposal to merge with FPUD, but rather a Joint Powers Authority. Ms. Ouellette asked for confirmation that right now RMWD has no plans to build a treatment facility up at Beck Reservoir. Director Sanford stated this was correct. She stated she was told by someone at RMWD there was nothing that will stop FPUD from creating a wastewater facility at the subject site. The Board noted this was completely inaccurate. President McManigle clarified if there was a sewer facility at the subject site, sewage would have to be pumped up the hill to be treated; therefore, she has been misled. Ms. Ouellette referred to the RMWD website when she inquired about information missing from that was there three weeks ago. She also noted the website referenced a contract securing an additional 500,000 gallons per day in the expansion portion of the project. Mr. Seymour explained this was a project completed several years ago that increased capacity at the Oceanside Treatment Plant. He also noted there was no plan for a wastewater treatment plant. Director Lucy reiterated there have been no decisions made for the property at Beck Reservoir.

Dr. Brady pointed out the RMWD Board has not even made a decision regarding Beck Reservoir. He said if the Joint Powers Authority goes through he would presumably be managing both agencies; however, this Board remains in place managing and making decisions for the RMWD facilities. He added no engineer would put the kind of facility everyone was referring to an elevated location. President McManigle said a sewer treatment facility would never be built at Beck Reservoir site because it does not make sense to pump sewage up hill.

Larry Carlstrom introduced himself as Chairman of the RMWD Budget and Finance Committee as well as he suggested banning the words "treatment plant" and only refer to "sewer treatment plants" and "drinking water treatment plants" to assist in avoiding any confusion.

A member of the public recognized it would be cost prohibitive to put a recycled water treatment facility at Beck Reservoir.

A member of the public inquired as to what was currently happening on Vern Drive. Mr. Seymour explained RMWD had to isolate that reservoir and in order to do so a 5' section of pipe had to be dug up and have some flanges welded on to it.

Jay Work thanked the Board for their time and the fact finding discussion. He inquired as to why the District purchased the land without a plan or possibility of something planned. Mr. Work asked how concerned citizens can find out what the District plans are and when those plans will be implemented. President McManigle suggested attending RMWD's monthly Board meetings. Mr. Work asked the Board to better communicate what was happening with this property. Director Lucy reminded Mr. Work there would be District outreach meetings. Mr. Work stressed RMWD bought a piece of land without expressing to any of the residents what could possibly be built on it. President McManigle explained how the EPA had come up with a statement that every water source in the United States has to be covered or the water coming out of those must be treated. He pointed out RMWD has four reservoirs of which three have been addressed with a feasibility study conducted on Beck which is the largest one. He noted covering Beck would be about the same as treating it for the first twenty years at which time the cover would have to be replaced thereby increasing costs. He said if RMWD was going to do anything with the water in Beck it would have to be taken off line to meet the Department of Health standards; therefore, a tank was built to carry the district over. He explained it was decided if Beck's dam needed any updating RMWD would abandon it; however, the Department of Dam Safety looked at it and reported it to be fine. He mentioned water from Metropolitan Water District was untreated and at a discount; however, it has to be treated which could be done cheaper by RMWD and at a lower cost to the ratepayers than it would cost to purchase treated water which would have to be

stored under a covered reservoir. He stated this was why RMWD was in between which direction to take with one of its best assets (a 240 million gallon reservoir) or should it be abandoned. He concluded with pointing out if RMWD utilizes Beck the water coming out of it must be treated and if its treated by RMWD, it will save the ratepayers a great deal of money. Discussion ensued regarding footprints of other UV treatment plants. President McManigle recommended ratepayers tour FPUD's Red Mountain Reservoir to which Dr. Brady agreed to host.

President McManigle added the property was only available due to the fact it was burned out during the Rice Canyon fire with burnt trees that have since been cleared by RMWD upon purchasing it. Mrs. Tiehen asked why the Board did not come to the neighbors to tell them RMWD was going to purchase the land. She claimed the property was owned by Lewis Land Trust, not RMWD, according to her attorney.

Discussion ensued regarding what types of studies would need to be conducted on the land.

Mrs. Tiehen declared if RMWD moves to get a permit, it will face a class action lawsuit. She said this was the last time the Board will see the residents and lawyers will be present in their place.

President McManigle noted the Board was responsible for looking out for all their ratepayers.

Director Griffiths excused himself from the meeting at 1:49 p.m.

11. ANNIVERSARY ACKNOWLEDGEMENT

A. Chuck Faust (5 Years)

Mr. Seymour noted Mr. Faust was on the Construction Crew and was now working in valve maintenance department. He congratulated Mr. Faust, presented him with a check and plaque as he thanked him for his service at RMWD.

B. Scott Terrell (5 Years)

Mr. Seymour pointed out Mr. Terrell was on the RMWD construction crew and has received multiple certifications. He presented Mr. Terrell with a plaque and check as he thanked him for his five years of service.

***12. APPROVAL OF MINUTES**

A. January 22, 2013 - Regular Board Meeting

Action:

Moved by Director Sanford to approve the minutes as submitted. Seconded by Director Brazier.

After consideration, the motion CARRIED by the following vote:

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

Discussion went to Item #15.

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 McManigle)

President McManigle spoke of free water evaluations offered by Mission Resources.

B. Representative Report (Appointed Representative)

1. SDCWA

Director Sanford reported the desalination unit in Carlsbad has been approved and successfully funded through the sale of bonds. He mentioned MWD was looking into restoring the delta, protecting the smelt, and ensuring Southern California will have water in the event of a major earthquake all of which will cost billions of dollars.

2. CSDA

President McManigle reported on the meeting held on February 21st where it was mentioned a small group of overseers will be visiting smaller agencies like RMWD and making reports to the public about what the agencies are doing. He noted a recent report showed RMWD's director benefits were second lowest out of thirteen with FPUD being the lowest.

3. LAFCO

Director Sanford said there was nothing to report.

4. San Luis Rey Watershed Council

Director Brazier reported on the past two meetings with the first meeting focused on the upcoming Gregory Canyon presentation and how at the second meeting it was decided the Council would send a letter to the Corps of Engineers expressing their concerns and raising questions about how to address those concerns. She provided comment forms for anyone interested in making comments on Gregory Canyon.

5. Santa Margarita Watershed Council

Director Sanford said there was nothing to report.

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

(*) - Asterisk indicates a report is attached.

D. Directors Comments

Director Brazier commented on Mr. Lee leaving the district and gave an overview of his many accomplishments while employed at RMWD. She noted he was the advisor of the Engineering Committee and how during the course of his stay at RMWD reservoirs were covered, Pala Mesa tank was constructed, both of which put RMWD in compliance for the first time in decades with CDPHS. She noted he was instrumental in overhauling RMWD's sewer policy, recalculating EDU's which provided RMWD with capacity to serve new development which will generate income, negotiating win-win contracts, as well as guiding a study foreseeing water availability in RMWD's area. She concluded by stating these were all worthy things and contributed to the well-being of this district and Mr. Lee should be commended for those accomplishments.

Director Griffiths suggested RMWD increase the Director per diems over the next two years in order to promote younger individuals to serve on the Board of Directors. Legal Counsel noted per diem amounts may be increased; however, they are limited.

Discussion went to Item #14.

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

A. Budget and Finance Committee

1. December 4, 2012 Minutes
2. January 10, 2013 Minutes

Mr. Carlstrom reported on the February committee meeting including his suggestion there be a rotation of the Budget and Finance Committee Chairperson. He congratulated Mrs. Plonka on her new position as District Engineer. He noted the committee will be putting together an ongoing working project to follow RMWD's financials. He mentioned the committee had looked at future objectives and urged members of the public to attend the committee meetings over the next several months to get a better understanding of what is taking place at RMWD financially.

Mr. Carlstrom commented on the positive impact the three public volunteer committees have had, especially in providing the public with a full understanding of the happenings at and challenges being faced by RMWD. He congratulated the Board on doing a great job.

Director Brazier said as an observer, it has been the functioning of this committee that has streamlined and made the budget process comprehensible. It was confirmed RMWD was currently under budget.

Director Lucy pointed out there were two new members on the committee.

B. Communications Committee

1. December 10, 2012 Minutes
2. January 7, 2013 Minutes

Mr. O'Leary reminded everyone the RMWD communications are provided by volunteers at the best of their ability. He also reported the last committee meeting was focused on upcoming newsletter and "Communicator" articles.

C. Engineering Committee

1. November 6, 2012 Minutes

Mrs. Plonka reported the committee reviewed the CIP which is a list of capital improvement projects requiring repairs and/or replacements. She noted the committee voted to keep Ms. Brazier as the Board representing committee member and that the Alternative Water Source report was completed which she agreed to present to the Board in the near future.

Discussion went to Item #16.

Time Certain: 1:00 p.m. Public Hearing

***15. PUBLIC HEARING FOR THE PURPOSE OF SOLICITING PUBLIC INPUT REGARDING PROPOSED INCREASE IN WATER RATES OR SERVICE CHARGES IN COMPLIANCE WITH ARTICLE XIII D, SECTION 6(A) OF THE CALIFORNIA CONSTITUTION. DISTRICT STAFF AND THE FINANCE COMMITTEE HAVE RECOMMENDED SPECIFIC INCREASES IN WATER RATES AND RELATED CHARGES. THE DISTRICT BOARD OF DIRECTORS WILL CONSIDER ADOPTION OF THOSE RATES AND CHARGES AFTER RECEIVING PUBLIC INPUT AT THE PUBLIC HEARING**

President McManigle opened the Public Hearing at 1:52 p.m.

Mr. Seymour noted the proposed increases raises RMWD's commodity component of the rates \$.03 per unit for all but the lifeline rate which would stay at the current rate. He pointed out there was a moderate increase in the fixed O&M costs that ranges from \$1.29 per month for 5/8" meter to a little over \$27.00 per month for 6" meters. He explained the proposal was to eliminate the reservoir upgrade fee due to receipt of the State Revolving Fund Loans which will reduce the average bill by approximately \$14.79 per month depending upon meter sizes. He noted staff and the Budget and Finance Committee was recommending RMWD defer any increase in the sewer rates.

Director Griffiths rejoined the meeting at 1:53 p.m.

A public member noted he has been a ratepayer for thirteen years as he referenced the rate changes made between August 2010 and August 2012. He inquired as to whether or not there was some type of break in rates that could be given to those customers with financial hardships and strongly urged the Board to take matters like this into consideration.

A public member stated although he was new to the area and he understands the rationale behind rate changes; however, he urged the Board to give customers on a fixed income some type of break in the water rates and make water bills a little easier on ratepayers. Discussion ensued regarding how the Board has been looking at ways to cut costs and keep the rates as low as possible.

A public member residing on Avo Hill Road asked RMWD to help maintain the roads in the area that the residents pay for when RMWD trucks damage them. It was noted Avo Hill cannot handle the equipment; therefore, RMWD has to get access through Wild Acres.

Omar Beck inquired as to whether the Board was doing anything regarding MWD's rates. President McManigle stated SDCWA was suing MWD over this matter.

A ratepayer commented on water becoming expensive and how it impacts the growers. Another ratepayer complimented RMWD on the detail provided on the bills; however, he would like to see a line item for infrastructure.

Director Brazier was pleased to see someone acknowledge it costs RMWD to get water to the ratepayers.

President McManigle closed the Public Hearing at 2:17 p.m.

Discussion went to Item #13.

***16. CONSENT CALENDAR**

(The consent calendar items are matters voted on together by a single motion unless separate action is requested by a Board member, staff or member of the audience.)

A. ADOPT RESOLUTION 13-01 FIXING THE TIME AND PLACE OF HEARING AND MEETING ON PROPOSED WATER AVAILABILITY CHARGES FOR IMPROVEMENT DISTRICT NO. 1

B. ADOPT RESOLUTION 13-02 ESTABLISHING CHECK SIGNING RESPONSIBILITIES

Action:

Moved by Director Sanford to accept the consent calendar items. Seconded by Director Lucy.

After consideration, the motion CARRIED by the following vote:

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

NOES: None.

ABSTAINED: None.

ABSENT: None.

President McManigle called for a break at 2:49 p.m.

The meeting reconvened at 3:00 p.m.

Discussion went to Item #17.

BOARD ACTION ITEMS

***17. APPROVAL OF ORDINANCE 13-03 TO ADJUST RMWD WATER AND SEWER RATES**

Action:

Moved by Director Lucy that the Board accept staff recommendation that Ordinance 13-03 and Appendix A with no increase to monthly sewer charges and with an effective date of July 1, 2013. Seconded by Director Sanford.

(*) - Asterisk indicates a report is attached.

After consideration, the motion CARRIED by the following vote:

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

Mr. Buckley pointed out both the Finance Committee and staff was making this recommendation that the O&M charge only increase a small amount, the reservoir charges be reduced or eliminated due to receipt of the State Revolving Fund Loan, and sewer charges not increase due to the City of Oceanside reducing their rates significantly. He pointed out the last increase to the RMWD commodity rate was in 2009.

Discussion ensued regarding publishing this information explaining it to the ratepayers including how the State Revolving Fund Loans allows RMWD to keep rates down.

Discussion went to Item #18.

***18. DISCUSSION AND POSSIBLE ACTION TO ADOPT ORDINANCE 13-02 AMENDING AND UPDATING RMWD ADMINISTRATIVE CODE CHAPTER 5.02 – PURCHASING**

Mr. Buckley said most of the changes were housekeeping; however, the minimum petty cash limit was increased to \$50 from \$20.

Action:

Moved by Director Brazier to adopt Ordinance 13-02 amendment and updating RMWD administrative code. Seconded by Director Lucy.

After consideration, the motion carried by the following vote:

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

Director Griffiths referenced Section 5.02.110 as requested the motion be amended to include the Board be advised when a Request for Proposal is given out. Director Brazier decided not to amend the original motion.

Discussion went to Item #19.

***19. DISCUSSION AND POSSIBLE ACTION REGARDING NORTH COUNTY JOINT POWERS AUTHORITY JOINT EXERCISE OF POWER AGREEMENT**

Mr. Seymour pointed out he had previously emailed redlined copies of the JPA agreement that included the changes from the joint meeting.

(*) - Asterisk indicates a report is attached.

Action:

Moved by Director Lucy the Board approves the JPA document to form the North County Joint Powers Authority. Seconded by Director Sanford.

After consideration, the motion carried by the following vote:

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

Director Brazier stated her and Director Griffiths do not agree on things very often; however, regarding this matter they do agree in that the public should have been involved as well as there could have or should have been some sort of trial to see if this work. She said she was philosophically opposed to the JPA which would be her preference to consolidation. She noted she was opposed to the fact that the process for this JPA has lacked information that was necessary on which to base this decision. She expressed concern the Board has been given a sales job for a year, not been given facts, and questions asked repeatedly have been ignored. She stressed she has quibbles with the way this has been run including the lack of openness and she would like to address her concerns.

Director Sanford disagreed with Director Brazier in that this matter has been discussed at great lengths. Discussion ensued regarding the bases on which the JPA agreement was prepared.

Director Brazier stated forming a JPA was going to be costly. Director Sanford explained the JPA agreement put things into a guideline so action can be taken on some things.

Director Lucy disagreed with Director Brazier in that the Board has been trying to get her to ask questions. She clarified she asked when the promised studies were going to come out and was told by Mr. Seymour there were not going to be any more. She stated there were no specifics presented on which to comment. She recalled Director Sanford's statement several months ago that there would not be a coronation which was true due to the fact it had already been done. It was noted it still had not been decided who would be the Executive Director because that would be up to the JPA Board of Directors.

Director Brazier expressed concern the JPA Board has been set up containing a majority of both member agency boards. She explained if the JPA decides something, a majority of the individual agency Boards have already made a decision; therefore, there was no freedom of discussion. She recommended a five-member board would allow for the fact that there was not a majority of both boards on the JPA. She claimed this was built-in fail safe for the JPA to get things their way in that power does not go from the bottom up in any bureaucracies. She reiterated by having a five-member Board would be better because there would not be a majority of each member agency on that Board deciding something to be filtered down to the individual agencies for decisions. Director Sanford explained Director Brazier was assuming the JPA has the power to bind each respective agency which they do not. Director Brazier agreed; however, if a majority of that agency's voting members on the JPA Board, what would be the odds that those members will not come back to their boards and have a majority vote at their respective agencies. Director Sanford did not disagree; however, the JPA Board does not have the power or authority to bind FPUD or RMWD in that they are still separate entities. Director Brazier questioned the purpose of the JPA if this was the case. Director Sanford said it was to lease employees to each other.

Discussion ensued regarding whether or not there was a huge bureaucracy.

Mr. Carlstrom agreed with Director Brazier's comments in regards to having a majority of both agency boards on the JPA board could be problematic especially in the event when a majority of one of the agency boards votes in the positive for something at the JPA level they will automatically have a majority vote at the individual agency level.

Director Griffiths explained why he thought it would be better ethically and financially to go out for a public vote. Director Sanford noted it would cost \$85K to do so. Discussion followed.

Director Lucy noted this was an opportunity to take one year to look at efficiencies in manpower and operations after which time they can separate if it does not work out. He pointed out this was not being done on the rank-in-file staff members and was a very sound program.

Director Brazier said she believed there was difference in philosophies in regard to attrition of personnel and employees, especially when FPUD was currently hiring when RMWD was short four staff members. She stated it appeared the attrition will all come from RMWD. President McManigle disagreed with Director Brazier noting the JPA was an agreement to lease employees and should it be determined RMWD has to hire people it has every power to do so. He also claimed Directors Brazier and Griffiths only wanted to get into minutia.

Mr. Clyde, member of the Budget and Finance Committee, said he was present as an individual today and noted his background includes experience with numerous mergers and acquisitions with not one of them reaching this stage without proforma financial statements and organizational charts. He said it may be different with government, but in the corporate world something temporary would have been formed to determine if it would work financially and if it would not it would simply dissolve. He said he would not even commit to the agreement presented, but rather certain goals of putting together financial information first. He said although it may be minutia at this point, there was so much built on losing a general manager and a few other key management positions. He anticipated Mr. Brady would be asking for more money for taking on more responsibility and may in turn need to hire assistants to help handle those responsibilities both of which would take away from the proposed savings. He suggested RMWD was operating on a wish and a prayer at this point with no sound documentation that he can see and encouraged the Board not to vote favorable for this today but to defer it until the proper financial substantiation by doing proforma work on financials for all three organizations.

Mr. Carlstrom noted the JPA was an opportunity to do what Mr. Clyde was describing; however, it may not be possible to get this information ahead of time. He said he would favor the JPA producing financial documents as long as RMWD's and FPUD's respective boards stay in control of their own destiny. He then referred to Director Brazier's comments regarding the make-up of the JPA Board and recommended keeping the total members at five not seven.

Mr. Clyde clarified he was not against the JPA or consolidation but was just against moving forward with the information currently available.

Director Griffiths suggested the first step should be a mutual cooperation agreement and reiterated his opinion it was unethical to not go out for a vote of the people.

Director Lucy asked Director Brazier if she were one of the three on the JPA Board would that provide her comfort. He pointed out she could look out for RMWD as well as the JPA over the next year. She said she still has numerous concerns.

Mr. Seymour commented on some of the expressed concerns including should the JPA not work out it can be dissolved by both boards within the first year and how all five board members from either agency can express their opinions at JPA board meetings due to the fact the meetings will be posted as special meetings.

Director Brazier addressed some of her concerns with the JPA document. She referenced Page 1 where it states “the parties have determined that it is in the best interest of the communities which they serve” when she pointed out there was no evidence it was determined. Director Sanford explained this point would take effect upon acceptance of this document. Director Brazier stated she was not going to waste time going through the document point-by-point because there was no point to it due the fact the Board was going to vote for the JPA.

President McManigle asked for clarification that no matter what Director Brazier was not going to vote for the JPA. Director Brazier clarified under the current circumstances this was true; however, she was not saying there are no circumstances under which she could not vote for the JPA just as she has mentioned repeatedly to be financial, staffing, and governance. Discussion followed.

Director Griffiths stated he did not see why they would go forward before getting financials.

Director Brazier noted if they had gone out and sought somebody unconnected with FPUD or RMWD to head the JPA it would have provided assurances to all in that there would be a neutral managing party she could have supported it. She noted her reasons were partly optics and history, but not personal. Director Sanford said this was decision for the JPA Board to make and something he thought they probably should examine and not assume Mr. Brady would necessarily going to be the executive director. It was noted the agreement stated he would be the initial executive director which Director Sanford state makes sense in the overall situation but also could be changed in the future.

President McManigle stated it was a procedure in order for RMWD to benefit their ratepayers and even if it did not go on to consolidation at the end of one year it was at least worth trying.

Discussion went to Item #20.

20. DISCUSSION AND POSSIBLE ACTION REGARDING APPOINTMENT OF DIRECTORS TO THE NORTH COUNTY JOINT POWERS AUTHORITY

Action:

Moved by Director Lucy to appoint Directors McManigle, Brazier and Sanford as Members of the NCJPA Board. Seconded by Director Sanford.

President McManigle declined his nomination to the JPA Board of Directors due to the fact he did not want it to look like it was predetermined in any way.

Director Lucy amended his original motion.

Action:

(*) - Asterisk indicates a report is attached.

Moved by Director Lucy to appoint Directors Brazier, Sanford and Lucy to serve as the NCJPA Board Members with Director Griffiths as the alternate. Seconded by Director Sanford.

After consideration, the motion CARRIED by the following vote:

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

Discussion went to Item #21.

***21. DISCUSSION AND POSSIBLE ACTION ON APPROVAL OF THE WARNER RANCH WATER SUPPLY ASSESSMENT (WSA)**

Mrs. Plonka explained this item was just a procedural state requirement. Director Lucy made comments and inquiries on the WSA which Mrs. Plonka referred to Mr. Shapori, the development representative.

Mr. Shapori clarified the open land area would be agricultural to be maintained by well water, the water rights would remain with the property, an agreement with Caltrans required a physical improvement to Cole Grade Road, and the pump stations would be paid for by the development. It was noted the word “adequate” was utilized correctly and the turnouts would provide enough water to meet the ultimate demands with 6” lines.

Mrs. Plonka pointed out this was a preliminary report to basically state there was enough water and that the numbers provided were from the most recent Urban Water Management Plan.

Mr. Shapori confirmed Warner Ranch would keep ownership of ground water. Mrs. Plonka noted the savings in acre feet was recognized in RMWD’s Urban Water Management Plan.

Mrs. Plonka agreed to verify the acre feet numbers quoted in the document.

Discussion ensued regarding the three successive dry year scenario provided in the WSA.

Mr. Shapori pointed out they planned to use the ground water for use in the common areas. Discussion followed.

Action:

Moved by Director Brazier to approve the Warner Ranch Water Supply Assessment. Seconded by Director Lucy.

After consideration, the motion CARRIED by the following vote:

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

Discussion went to Item #22.

22. DISCUSSION AND POSSIBLE ACTION TO APPOINT DIRECTOR GRIFFITHS TO THE ENGINEERING COMMITTEE (REQUESTED BY: DIRECTOR GRIFFITHS)

Director Griffiths asked to be allowed to serve on the Engineering Committee. Director Brazier pointed out the committee has approved limiting their directors to one member.

Action:

Moved by Director Griffiths that he be added to the Engineering Committee. There was no second.

The motion died for lack of a second.

Discussion went to Item #23.

***23. RECEIVE AND FILE INFORMATION ITEMS FOR JANUARY 2013**

- A. General Manager Comments**
 - 1. Meetings, Conferences and Seminar Calendar
- 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. Human Resources Department Report
 - 2. Changes in Personnel
 - 3. Organizational Chart
 - 4. Safety Report

(*) - Asterisk indicates a report is attached.

Action:

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

After consideration, the motion carried by the following vote:

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

Mr. Seymour mentioned the majority of managerial staff was absent due to Emergency Response training.

Director Griffiths made inquiries on Item #23B1 and #23B2.

Director Sanford excused himself from the meeting at 4:35 p.m.

Director Griffiths asked questions about Item #23C1. Mr. Miller agreed to provide Director Griffiths with an SOP of things not to do during SDCWA shutdowns. Mrs. Plonka confirmed the Horse Creek Ranch development will break ground this summer.

Director Griffiths made inquiries on Items #23C2, #23D2, #23D3, and #23D5.

Director Griffiths wanted to discuss something Mr. Seymour advised would need to be discussed in Closed Session. President McManigle denied Director Griffiths' request to go into Closed Session.

Discussion went to Item #24.

***24. RECEIVE AND FILE FINANCIAL STATEMENTS AND INFORMATION FOR JANUARY 2013**

A. Finance Manager Comments

1. Visa Breakdown (December 2012 and January 2013)
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

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 pointed out the supplemental information he distributed to everyone.

Director Griffiths made an inquiry on Item #24A1 as well as several inquiries on Item #24A3.

Mr. Seymour cautioned there will be an item in next year's budget in the amount of \$210,000 for two SDCWA shutdowns next year.

Discussion went to Item #25.

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

Director Griffiths requested an agenda item regarding accelerating any work that needs to be done to get Beck Reservoir back in service. It was decided to wait two months.

Discussion went to Item #26.

26. ADJOURNMENT - To Tuesday, March 26, 2013 at 1:00 p.m.

The meeting was adjourned with a motion made by Director Brazier and seconded by Director Griffiths to a regular meeting on March 26, 2013 at 1:00 p.m.

The meeting was adjourned at 5:04 p.m.

George McManigle, Board President

Dawn M. Washburn, Board Secretary