

**MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
RAINBOW MUNICIPAL WATER DISTRICT
SEPTEMBER 16, 2015**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on September 16, 2015 was called to order by President Sanford at 12:05 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. President Sanford presiding.

2. **ROLL CALL**

Present: Director Walker
Director Sanford
Director Brazier
Director Griffiths

Absent: Director Lucy

Also Present: General Manager Kennedy
Executive Assistant/Board Secretary Washburn
Legal Counsel Ochoa
Finance Manager Thomas
Operations Manager Atilano
Engineering Manager Kirkpatrick
Human Resources Manager Bush
Superintendent Maccarrone
Superintendent Zuniga
Superintendent Walker

No members of the public were present before for Open Session. Seven members of the public were present for Open Session.

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

There were no changes to the agenda.

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 public comments.

The meeting adjourned to Closed Session at 12:06 p.m.

(*) - Asterisk indicates a report is attached.

5. CLOSED SESSION

- A. Appointment; Employment; Evaluation of Performance – General Manager (Government Code §54957)
- B. *Conference with Legal Counsel - Anticipated Litigation (Government Code 54956.9(d)(4))*
 - *One potential matter*

6. REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

This item was covered under Item #8 herein.

The meeting reconvened at 1:03 p.m.

Time Certain: 1:00 p.m.

7. PLEDGE OF ALLEGIANCE

8. REPEAT REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

Legal Counsel reported there was no reportable action.

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

This was addressed under Item #3 herein.

Discussion went to Item #11.

10. ACKNOWLEDGEMENTS AND RECOGNITIONS

- A. Tammy Rakusan (5 Years)

Mr. Kennedy announced Tammy Rakusan has been with RMWD for five years. He noted Mrs. Rakusan was hired as a Customer Service Representative I and has since been promoted to Accountant Specialist I. He personally thanked Mrs. Rakusan for all of her hard work over the last several months with the Springbrook software changes. He noted Mrs. Rakusan does her job with conviction and loyalty. He thanked Mrs. Rakusan and presented her with a check and plaque in recognition of her service.

Discussion went to Item #12.

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

Mick Ratican congratulated the Board for the fine job they did at LAFCO. He especially thanked Mr. Kennedy for his presentation and providing good answers to all the questions. He noted all answers provided by RMWD were very professional. He cautioned although we think the matter of consolidation is over for at least two years, he did not want RMWD to trust the State Water Board who will be given a great deal of authority should the drought situation continue. He noted that authority could very well be the authority to get rid of water districts not cooperating with them, including mergers. He explained although there's a report out there about RMWD

(*) - Asterisk indicates a report is attached.

with fake information and full of prejudice, RMWD needs to protect itself by not only cooperating with the State Water Board, but also by document everything being done at RMWD.

Discussion returned to Item #10.

***12. APPROVAL OF MINUTES**

- A. August 25, 2015 - Regular Board Meeting
- B. September 2, 2015 – Special Board Meeting

Action:

Moved by Director Griffiths to approve both the August 25, 2015 and September 2, 2015 minutes as written. Seconded by Director Brazier.

After consideration, the motion CARRIED by the following vote:

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

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 announced this was a very happy day in that RMWD prevailed on Monday at the LAFCO hearing with a 5-3 vote to keep RMWD as an independent agency which he hoped would be the case for many years to come.

B. Representative Report (Appointed Representative)

1. SDCWA

Mr. Kennedy reported SDCWA will not meet for two weeks; however, at the last meeting there was a great deal of work on the behalf of several agencies to prepare to deal with the State Board. He noted there was only one significant item to be addressed at the next SDCWA meeting which is a contract for approximately \$4M to construct and start testing ocean intake for the next desalination plant.

2. CSDA

Mr. Kennedy reported he and President Sanford would be attending the CSDA Conference next week at which time they will be presented with the Transparency Certificate for RMWD.

(*) - Asterisk indicates a report is attached.

3. LAFCO

There was no report given.

4. San Luis Rey Watershed Council

Director Walker noted the Council will be meeting on Monday, September 28th.

Mr. Kennedy mentioned the County was spearheading an effort to set up the groundwater sustainability agencies for San Luis Rey at which time the Council may be asked to be a participant as a stakeholder. He pointed out something will need to be set up by 2017; therefore, RMWD will be working with the different water districts along the river as well as the tribes. Discussion ensued.

5. Santa Margarita Watershed Council

President Sanford reported there was no meeting.

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

Director Walker reported on the September 15, 2015 Council of Water Utilities meeting.

D. Directors Comments

Director Brazier echoed Mr. Ratican's earlier comments. She said it was her thought that through this recent experience with LAFCO, RMWD has learned to watch its back more carefully. President Sanford echoed Director Brazier's comment as well as noted the importance for RMWD to be present at various meetings involving other agencies and making the District's voice heard.

Director Walker stated although he was not able to speak at the LAFCO meeting, he wanted to share something to the effect that as a new board member he came on with his eyes wide open. He said he has considered himself a "Fallbrookian" for 19 years and had not made up his mind about the two agencies merging. He stated although he was leaning toward a consolidation, when he saw what was happening with the disinformation, what LAFCO was doing, and what some people at FPUD were doing, it made him angry. He stated he realized that whatever theoretical savings they were talking about could be erased and added to an order of magnitude in terms of losses with the discord, disharmony, and dysfunction that was taking place. He said the great deal of damage done to these communities was shameful and reprehensible. He suggested as RMWD moves forward, the District needs to be, as the Bible says, "innocent as a dove but wise as a serpent".

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

A. Budget and Finance Committee

Mr. Stitle said there was nothing to report. He noted there will be a second meeting with Raftelis after which the Board will be provided with detailed information to discuss at the October 27, 2015 Board meeting. Mr. Kennedy pointed out the first public hearing would be on October 27, 2015 and that a Special Board meeting would most likely need to be called sometime in December.

(*) - Asterisk indicates a report is attached.

B. Communications Committee

It was reported the Communications Committee did not meet due to the LAFCO public hearing being held on the same date.

C. Engineering Committee

1. August 5, 2015 Minutes

Mrs. Kirkpatrick mentioned Caltrans will be switching Highway 76 traffic starting on October 5, 2015 as well as paving at night starting October 28, 2015.

BOARD ACTION ITEMS

***15. CONSIDER REVIEW OF FIRST PHASE OF MASTER PLAN, APPROVE A PROJECT TO CONTINUE DEVELOPMENT OF A LOCAL WATER RECLAMATION PLANT AND RECYCLED WATER DISTRIBUTION SYSTEM, AND APPROPRIATE \$200,000 FROM CAPITAL RESERVES FOR ADDITIONAL DETAILED ENGINEERING STUDIES**

Mr. Kennedy introduced Mark Elliot from Atkins who will review the study they conducted as well as seek the Board's input. He said although the Board has not taken action on this matter before, today staff will recommend the Board take certain action to direct staff move forward with the project or provide other direction. He stated it was important to note when looking at the different numbers presented by Atkins, keep in mind these are master plan level concepts with very large error bars due to there not being enough detailed information available to narrow the numbers down.

Mr. Kennedy pointed out after looking at this project at this level, it may be deemed not cost effective and unnecessary to continue exploration. He explained there was a "do nothing" option where RMWD would continue sending wastewater to Oceanside as well as other alternatives for the Board to consider. He stressed should RMWD try to do something differently later, it will cost a great deal more money. He said he would walk the Board through some of the policy questions involved.

Mr. Elliot thanked the RMWD staff that worked with him on the study and followed with the presentation. He talked about the three options available as well as the estimated costs associated with each. He concluded with noting the conclusion at this point is they believe they have a project that will be beneficial in terms of producing local water supply that appears will break even compared to what is being done today. He stated the value of being able to produce local water in conditions like today is significant. He pointed out the District also has an opportunity with the development coming in creating a big source of revenue which may be able to go towards a project like the one proposed.

Mr. Kennedy talked about the value of the water.

Director Griffiths expressed concern with the quality of the water that will be received and why he thought it may not be usable. He stressed he would rather save Beck Reservoir. Mr. Kennedy cleared up any misunderstanding regarding pumping the water. Discussion ensued.

Mr. Elliott confirmed some of the costs presented include treatment of some portion of the recycled water in order to get it to the right blend for agricultural use.

Director Griffiths reiterated he wanted RMWD to leave Beck Reservoir alone. Mr. Kennedy explained why leaving Beck Reservoir alone may not be the best option including the fact that RMWD has adequate storage above and beyond what is needed without Beck Reservoir.

Mr. Elliott pointed out that part of the water master plan was looking at reliability as well as the value and benefit of storage. He said there was no question RMWD has a tremendous amount of storage. He stressed the importance of being able to get water to the domestic customers in the event of a major catastrophe.

Director Brazier clarified the comment made that FPUD sends all their water down to the ocean. She said this was a result of bad planning; whereas, RMWD has the opportunity to plan a distribution system right from the start. Mr. Kennedy pointed out Beck Reservoir can be utilized for storing water during the rainy season and use that water later on as demands pick up.

Director Griffiths said although he likes the report presented, he still wants Beck Reservoir left alone.

Mr. Kennedy reiterated the report was preliminary and how staff was asking the Board to consider and take action on the following items related to this project:

1. Determine that the development of a local water reclamation plant and recycled water system has the potential to provide a drought proof local supply of water for RMWD ratepayers.
2. Determine that the development of a local water reclamation plant and recycled water system is potentially feasible, but that additional information is needed.
3. Determine that should additional studies demonstrate the feasibility of a water reclamation plant and recycled water system, it is the Board's intention to pursue the construction of the facilities necessary to operate such a system.
4. Determine that all work on the Beck Reservoir UV Project be stopped and the project be put on indefinite hold until the final decision on the development of a recycled water system is reached.
5. Authorize the General Manager and Engineering Manager to develop a Request for Proposal for additional engineering services necessary to bring the project through to the completion of a Pre-Design Report
6. Authorize the General Manager and Engineering Manager to begin the process of preparing environmental review documents required under the California Environmental Quality Act.
7. Authorize the General Manager and Engineering Manager to apply for Planning Grants and other grants that are available for water reclamation projects from State and Federal Sources.
8. Appropriate \$200,000 from the Master Planning Project for the cost of the development of the Pre-Design Report.

Director Griffiths suggested building another reservoir as well as having the new development look after those customers situated along the I-15 corridor. He claimed the value of Beck Reservoir was being destroyed. President Sanford pointed out this was not the time for this particular conversation due to the fact right now the Board was considering whether or not they want to further explore with the proposal being presented to them.

Action:

Moved by Director Brazier the Board approve Policy Items #1-8 as outlined on Pages #15-2 and #15-3 of the agenda packet. Seconded by Director Walker.

After consideration, the motion CARRIED by the following vote:

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

Director Griffiths noted his opposition to Items #3, 4, 5, 6, and 8. He explained the reasons behind his opposition.

***16. DISCUSSION AND POSSIBLE ACTION TO APPROVE RESOLUTION NO. 15-15 AUTHORIZING THE GENERAL MANAGER TO APPLY FOR THE WATER RECYCLING PLANNING GRANT**

Mr. Kennedy pointed out this was a specific resolution that allows RMWD to apply for the planning grant.

Director Griffiths expressed his concerns regarding this matter.

Action:

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

After consideration, the motion CARRIED by the following vote:

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

***17. DISCUSSION AND POSSIBLE ACTION TO APPROVE RESOLUTION NO. 15-13-A RESOLUTION OF THE BOARD OF DIRECTORS OF RAINBOW MUNICIPAL WATER DISTRICT ESTABLISHING CLASSIFICATIONS AND MONTHLY RATES OF PAY FOR DISTRICT EMPLOYEES EFFECTIVE JULY 3, 2015 THROUGH JUNE 30, 2016**

Director Brazier asked for this item to be tabled until the next regular Board meeting at which time she can raise her questions.

Action:

Moved by Director Brazier to defer this item until the next regular board meeting. Seconded by Director Walker.

(*) - Asterisk indicates a report is attached.

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

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

17A. DISCUSSION AND POSSIBLE ACTION REGARDING THE APPOINTMENT; EMPLOYMENT, EVALUATION OF PERFORMANCE: GENERAL MANAGER

President Sanford announced the Board reviewed Mr. Kennedy's performance and compensation at the August Board meeting. He noted the Board will consider honoring the provisional contract which states the salary increase should be in accordance the local cost of living increase of 2% (an approximately \$4,000 annual increase).

Legal Counsel clarified any salary increase would be effective August 28, 2015.

President Sanford pointed out the Board wanted to express their appreciation for his hard work and efforts by awarding Mr. Kennedy with a \$20,000 bonus. Director Brazier added she does not believe RMWD would have successful in the LAFCO matter without Mr. Kennedy's leadership.

Director Griffiths noted it was an extraordinary effort to try to run the ordinary system plus the LAFCO matter.

Action:

Moved by Director Brazier the Board apply the contractual raise based on cost of living to Mr. Kennedy's compensation and add a bonus for this extraordinary year of \$20,000. Seconded by Director Walker.

After consideration, the motion CARRIED by the following vote:

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

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

A. Ad Hoc Committee Update

Legal Counsel mentioned this would be the appropriate time to Board to dismantle the ad hoc committee since it has fulfilled its purpose of fighting the LAFCO application which has now concluded.

Action:

Moved by Director Brazier to dismantle the LAFCO ad hoc committee. Seconded by Director Griffiths.

(*) - Asterisk indicates a report is attached.

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

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

Action:

Moved by Director Griffiths that the Board President send a thank you letter on behalf of the RMWD Board of Directors and ratepayers to those LAFCO commissioners that voted to support RMWD. Seconded by Director Walker.

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

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

Mr. Kennedy stated for the record that his observation of the efforts of the ad hoc committee were really effective and one of the reasons RMWD was successful in the LAFCO matter. He said if it was not for this type of teamwork and coordination right down to practicing the presentations, the District would not have been successful. President Sanford stated it is also important to acknowledge whenever there was an ad hoc committee meeting regardless of how frequent, everyone that was a part of the committee were present.

Legal Counsel acknowledged the great work of the consultants. She said without Chris Brown, Tom Shepard, and Matt Warren, it would have been a different battle. She noted they definitely earned their keep and were a great part of the team.

It was noted the ongoing claim RMWD has filed against FPUD as well as the unrecovered costs from FPUD to RMWD for construction costs totaling \$32,000 left over from the JPA should be on the next agenda for Board consideration.

***19. RECEIVE AND FILE INFORMATION ITEMS FOR AUGUST 2015**

- 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. Water Operations Comments**
 - 1. Water Operations Report
 - 2. Electrical/Telemetry Report
- D. Wastewater Comments**
 - 1. Wastewater Report
- E. Operations Comments**
 - 1. Water Quality Report
 - 2. Cross Connection Control Program Report

(*) - Asterisk indicates a report is attached.

- F. Engineering Comments**
 - 1. Engineering Report
- G. Customer Service**
 - 1. Field Customer Service Report
 - 2. Meters Report
- H. Human Resource & Safety Comments**
 - 1. Changes in Personnel and Reporting
 - 2. Organizational Chart
 - 3. Safety Report

Director Griffiths made inquiries on Item #19.

Action:

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

After consideration, the motion CARRIED by the following vote:

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

***20. RECEIVE AND FILE FINANCIAL STATEMENTS AND INFORMATION FOR AUGUST 2015**

- A. Finance Manager Comments**
 - 1. Visa Breakdown
 - 2. Directors' Expense
 - 3. Check Register
 - 4. Water Purchases & Sales Summary
 - 5. Projected CIP Cash Flow Report

Discussion ensued regarding the over the limit fee incurred due to conference attendance.

Ms. Thomas pointed out the error on Page #20A-1 where the charge amounts did not line up correctly on the report.

Action:

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

After consideration, the motion CARRIED by the following vote:

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

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

(*) - Asterisk indicates a report is attached.

It was noted the claim RMWD filed against FPUD as well as the unrecovered costs left over from the JPA for building construction for which RMWD has not yet been reimbursed by FPUD totaling \$32,000 should be addressed at the next Board meeting. It was also noted an update on the Groundwater Sustainability Agency as well as the draft letter and notice of public hearing regarding the rates should be on the next agenda. It was also suggested RMWD consider submitting an application to LAFCO to take over FPUD, and update on the Morro Tank project, and RMWD's displeasure with the services provided by LAFCO during the FPUD application process be on the next agenda for discussion.

22. ADJOURNMENT - To Tuesday, October 27, 2015 at 1:00 p.m.

The meeting was adjourned with a motion made by President Sanford to a regular meeting on October 27, 2015 at 1:00 p.m.

The meeting was adjourned at 2:32 p.m.

Dennis Sanford, Board President

Dawn M. Washburn, Board Secretary