

**MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
RAINBOW MUNICIPAL WATER DISTRICT
SEPTEMBER 23, 2008**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on September 23, 2008 was called to order by President Petty at 5:12 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. President Petty presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

Present: Director Griffiths
Director Lucy
Director McManigle
President Petty
Director Walson

Absent: None

Also Present: Finance Manager Buckley
District Engineer Lee
General Manager Seymour
Operations and Maintenance Manager Sneed
Board Secretary Washburn
Legal Counsel Moser
Legal Counsel Osugi

Seventeen members of the public were present.

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

Director Walson suggested moving Item #10 up on the agenda in order to discuss how to conduct the meeting process. He also recommended discussion Item #11 since the parties involved were present.

President Petty recommended deferring Item #12 to Staff so they can come back to the next meeting with that they recommend for the Pump Station. It was confirmed this would be a re-evaluation.

Action:

Moved by Director Griffiths that Item #12 not be deferred. No second.

Action:

(*) - Asterisk indicates a report is attached.

Moved by President Petty to defer Item #12 to Staff for further study and recommendation at the next Board meeting. Seconded by Director McManigle.

After consideration, the motion CARRIED by the following vote:

AYES: Director Lucy, Director McManigle, President Petty and Director Walson.
NOES: Director Griffiths.
ABSTAINED: None.
ABSENT: None.

***5. APPROVAL OF MINUTES**

A. August 26, 2008 - Regular Board Meeting

Action:

Moved by Director McManigle to approve the minutes. Seconded by Director Lucy.

After consideration, the motion CARRIED by the following vote:

AYES: Director Griffiths, Director Lucy, Director McManigle, President Petty and Director Walson.
NOES: None.
ABSTAINED: None.
ABSENT: None.

**6. 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).**

Bud Swanson commented on the presentation he circulated at the August 26th Board meeting regarding the Vallecitos Pump Station. President Petty pointed out the presentation was made a part of the August 26th Minutes. Mr. Swanson addressed the Ratepayer's Recommendation portion of the presentation to the RMWD Engineering Department, Mr. Seymour, and remaining District Staff. He expressed concern regarding the costs involved with a new station when the pump station was now functional.

Jack Wireman mentioned how he joined Mr. Swanson in the analysis of Pump Station 3 and noted his appreciation of the responses they have received to their requests from RMWD Staff. He asked how he and Mr. Swanson could interface with Staff during the study process now that the project has been deferred to Staff. President Petty noted the request would be left to the General Manager. Mr. Wireman stated it was his hopes to have something submitted to RMWD in the very near future to assist the Board in making an informed decision to get it cleaned up and behind them.

Helene Brazier provided a copy of and read aloud her "remarks for the open comment period of RMWD regular meeting, September 23, 2008" (a copy has been attached hereto and made part of the minutes). Director Griffiths offered an explanation regarding the contractor matter

(*) - Asterisk indicates a report is attached.

mentioned in the first comment. President Petty stated he would have Mr. Seymour look into the per diem reimbursement matter mentioned in the second comment.

Mr. Brannon expressed concern regarding ratepayers coming in to meet with the General Manager to discuss and give their input on projects that have been discussed at length at both Committee and Board levels. He mentioned this would subvert the Committee process. He said he would be willing to attend those meetings and represent the other side of the story since the projects were reviewed in depth and the Committee recommendations were not made lightly.

Mr. Wireman pointed out Freedom of Speech still reigns in the United States and how he felt Mr. Brannon was prohibiting the ratepayers from coming in to speak with Mr. Seymour. Mr. Brannon replied he, too, was a ratepayer that pays the tab and how a process is in place to follow.

Discussion went to Item #10.

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

- A. Budget and Finance Committee**
 - 1. August 7, 2008 Minutes

Mr. Pearce stated the Committee report was as reported in the minutes included in the current Board packet. He noted the Committee had considered, reviewed and discussed several different alternative methods of enhancing revenue for RMWD beginning in January 2009 which resulted in seven recommendations submitted to the Board as the Committee's recommendations. He recognized there was some opposition to rate increases or enhanced revenue increases; however, the Committee worked 2-3 months on the matter and concluded that the recommendations made were the most fair and reasonable under the current circumstances and near term foreseen circumstances.

- B. Communications Committee**
 - 1. August 4, 2008 Minutes

Mr. O'Leary reported the Committee reviewed the proposed internet site including the anticipation that it would be up in the next month or so. He also mentioned the Committee was still working on something for the RMWD 55th Anniversary.

Director Walson asked for clarification of the website status. Mr. O'Leary explained the prototype was ready. It was confirmed the prototype was sent out to Committee and Board Members for review, comments, and input. Discussion ensued. It was noted the Board Secretary would forward the prototype out again to the Committee and Board Members.

- C. Engineering Committee**
 - 1. August 5, 2008 Minutes

Mr. Brannon reported the Committee held a lengthy discussion on the Roberts' Rules of Orders. He noted they discussed the possible re-review of the Vallecitos Pump Station due to conclusions made at the August Board meeting; however, the vote to reconsider the project died for lack of interest from the Committee Members.

(*) - Asterisk indicates a report is attached.

President Petty commented on the Infiltration and Inflow matter and how it appeared RMWD was in pretty good shape based on the tapes recently shown to the Board. Discussion ensued regarding the timeframe for the completed final analysis.

8. RATEPAYER BRIEFING ON RATE STRUCTURE PRESENTATION

President Petty noted this was the Board's first look at the proposed rate structure.

Mr. Seymour gave a presentation on the proposal from the District Staff as well as the Budget and Finance Committee for new water/sewer rates and charges to become effective as of January 1, 2009. He noted the Board of Directors will hold a Public Hearing on October 28th at 11:00 a.m. and that the presentation today was merely a briefing without Board action.

Discussion ensued regarding the Water Rate Increase for Domestic users, including penalties, and possible baseline rates for the average ratepayer's water supply.

A Public Member inquired as to the cost of covering the reservoirs. Discussion ensued. Mr. Wireman requested the opportunity to review the financial analysis pertaining to the treatment or covering of the reservoirs. Mr. Seymour pointed out that how to address Beck Reservoir was still undecided.

Discussion ensued regarding the Pardee project and capacity fees.

Mr. Swanson asked whether or not the proposed increased rates were tied to the Capital Improvement Program. Mr. Seymour answered that all of RMWD's revenue is tied to the Capital Improvement Program. Mr. Swanson questioned RMWD implementing a rate increase based on projected costs when the budget has already been funded through July 2009. Mr. Seymour explained that RMWD was already working on projects that would take money from the current budget; therefore, if the rates are not increased the District would run out of money if it waited another year and a half to raise the rates. He also noted that should RMWD wait to increase rates, it would be at a higher rate than that currently proposed. Mr. Swanson questioned why RMWD would attach its revenue enhancements to the MWD and SDCWA rate increases rather than waiting until July. Mr. Seymour explained that there would not be a good time to increase rates when MWD and SDCWA are continually increasing their rates. Director Walson talked about the budget planning process which resulted in RMWD coming up short. Discussion ensued regarding the \$4mm collected previously for capital improvement projects.

Mr. Swanson recommended increasing the parcel tax. Mr. Seymour pointed out that increasing taxes a dollar or two would not meet RMWD's needs. He also stated that the amount set up in the water fund in the past was no longer enough to address the reservoir issues.

It was noted there was an approved three year Capital Improvement Plan in place with the reservoirs being the top priority

Discussion ensued regarding the money allocated for the Vallecitos Pump Station. Mr. Seymour explained that should the money be reduced to \$100,000, that money would be used for other work to be done by RMWD, but it would not eliminate the need for a rate increase.

Legal Counsel suggested that should a large number of people show up for the public hearing in October that RMWD could set up a speaker system for overflow to other parts of the building

during the public hearing in October. He also mentioned that RMWD could part of the public hearing and then adjourn the meeting to another location on the same evening or continue the meeting until another date within five days which does not require noticing.

Legal Counsel explained that the parcel tax could not be extended or increased and would only be by a two-thirds vote of the public due to Proposition 218.

A Public Member inquired about the proposed RMWD O&M Charge information provided in the presentation. It was noted RMWD had not kept up with the real costs. It was confirmed that meter charges were not covered by the recent increases implemented. Discussion ensued regarding meter ratios.

Mr. Thompson expressed concern that he would be hit with a rate increase to pay for the reservoir covers when he receives his water from a tank. Mr. Seymour explained that the water that goes into the tank may come from the reservoirs. Discussion followed regarding Pumping Charges.

Director Walson solicited for public suggestions on the material presented or not presented in order to assist what should be provided at the October hearing. A Public Member recommended having an expense budget available.

It was confirmed that any questions or comments can be provided to the General Manager before the meeting or brought up during the Public Hearing.

9. **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. CONSIDERATION AND POSSIBLE ACTION ON A REQUEST FROM MR. WHITSON, SERVICE ADDRESS 3956 LORITA LANE, TO INSTALL A REMOTE METER**

This item was pulled from the Consent Calendar for discussion purposes.

***B. DISCUSSION AND POSSIBLE ACTION ON CHANGE OF ADDRESS AT APN 105-650-54**

***C. DISCUSSION AND POSSIBLE ACTION TO APPROVE TRANSFERRING FUNDS FROM INSURANCE RESERVE ACCOUNT TO GENERAL ACCOUNT FOR THE PURPOSE OF PAYING INSURANCE CLAIM**

This item was pulled from the Consent Calendar for discussion purposes.

It was decided to pull Items #9A and #9C from the Consent Calendar for discussion purposes.

Action:

Moved by Director McManigle to approve all three items on the Consent Calendar. There was no second.

(*) - Asterisk indicates a report is attached.

Action:

Moved by Director McManigle to approve Item #9B. Seconded by President Petty.

After consideration, the motion CARRIED by the following vote:

AYES: Director Griffiths, Director Lucy, Director McManigle, President Petty and Director Walson.
NOES: None.
ABSTAINED: None.
ABSENT: None.

Discussion went to Item #9A under Board Action Items.

BOARD ACTION ITEMS

***9A. CONSIDERATION AND POSSIBLE ACTION ON A REQUEST FROM MR. WHITSON, SERVICE ADDRESS 3956 LORITA LANE, TO INSTALL A REMOTE METER**

(This item was pulled from the Consent Calendar for discussion purposes.)

Mr. Lee explained that due to the fact this was a waiver from District policy, it required Board approval.

Discussion ensued regarding the acreage and possible division of the property. Mr. Whitson explained why it would be impossible to divide the lot.

Action:

Moved by Director McManigle to grant a waiver. Seconded by Director Lucy.

After consideration, the motion CARRIED by the following vote:

AYES: Director Griffiths, Director Lucy, Director McManigle, President Petty and Director Walson.
NOES: None.
ABSTAINED: None.
ABSENT: None.

***9C. DISCUSSION AND POSSIBLE ACTION TO APPROVE TRANSFERRING FUNDS FROM INSURANCE RESERVE ACCOUNT TO GENERAL ACCOUNT FOR THE PURPOSE OF PAYING INSURANCE CLAIM**

(This item was pulled from the Consent Calendar for discussion purposes.)

(*) - Asterisk indicates a report is attached.

Mr. Seymour explained that since the District's easement runs through a creek and there was no vehicle access, RMWD was granted approval from the property owner for a District vehicle to utilize his Arizona crossing bridge. He continued to note that due to some of the work required utilizing a tree cutting contractor and much larger truck than anticipated. He stated RMWD directed the contractor to utilize the bridge and as a result the bridge collapsed. He mentioned the insurance company was contacted; however, since RMWD did not have authority to direct the contractor to utilize the bridge, the Board decided to pay the claim.

Legal Counsel noted this item was for a budget transfer only.

Mr. Seymour pointed out there was a lesson to be learned; however, RMWD does have a great deal of pipeline that are difficult to access without crossing private property.

Mr. Sneed clarified it was Operations that gave the authorization.

Action:

Moved by Director Griffiths to approve the transfer. Seconded by Director Lucy.

After consideration, the motion CARRIED by the following vote:

AYES: Director Griffiths, Director Lucy, Director McManigle, President Petty and Director Walson.
NOES: None.
ABSTAINED: None.
ABSENT: None.

President Petty called for a break at 7:09 p.m.

The meeting convened at 7:15 p.m.

Discussion went to Item #13.

***10. CONSIDERATION AND POSSIBLE ACTION TO APPROVE ORDINANCE 08-10 AMENDING AND UPDATING THE ADMINISTRATIVE CODE SECTION 3.03.030 – CONDUCT OF MEETINGS (REQUESTED BY: DIRECTOR WALSON)**

Director Walson expressed concern that inappropriate comments were made at recent meetings between people within the District. He suggested implementing a Board policy that deals with decorum at meetings. He read aloud the proposed changes.

Action:

Moved by Director Walson to approve Ordinance 08-10 Amending and Updating the Administration Code Section 3.03.030 – Conduct of Meetings. Seconded by Director Lucy.

After consideration, the motion FAILED by the following vote:

(*) - Asterisk indicates a report is attached.

AYES: Director Walson.
NOES: Director Griffiths, Director Lucy, Director McManigle and President Petty.
ABSTAINED: None.
ABSENT: None.

Discussion ensued regarding this being covered under the Roberts Rules of Order.

Helene Brazier referenced Page 10-2 line 2 and noted the language was or punctuation was not clear and should be revised.

Mr. Wireman mentioned how the second paragraph was unconstitutional and violated the First Amendment Freedom of Speech. He provided examples of similar matters have resulted in court hearings. He reiterated that the second paragraph may be a Constitutional problem although the Director's intentions were good. Mr. Thompson commented on the same Freedom of Speech concerns and reiterated the second paragraph was a First Amendment issue.

Director Walson disagreed stating that the proposed changes have nothing to do with the First Amendment, but rather depicts how the Board will debate items being discussed. He noted the first three sentences came directly from the Roberts Rules of Order.

Mr. Swanson commended Director Walson for trying to implement common sense and decency at the meetings; however, the language may be a problem. He also commended President Petty for the manner in which he holds the RMWD meetings. He added; however, that he was present to defend all his fellow ratepayers and their rights to speak out. He read how comments are sometimes fundamental in the process and how officials must be prepared to take the flack.

Legal Counsel noted the Brown Act expressly forbids policies that aim at keeping anyone from criticizing public officials during public meetings. He pointed out the second paragraph goes too far especially when it is pertinent that things said in the course and scope of public Board meeting are actually privileged (even if defamatory) as long as they are pertinent to the proceedings. He noted the first paragraph was fine; however, the second paragraph was a policy that the Brown Act does not allow the Board to adopt.

Director Walson asked if there was anything the Board could implement to assist in conducting meetings without getting involved in insults and other such behaviors. Mr. Seymour said it was his impression that the proposed changes were to limit the conduct of the Board, not the public.

Director Griffiths added input to the First Amendment concerns and noted his agreement with Legal Counsel's comments.

Legal Counsel addressed Director Walson's question regarding meeting conduct. He explained the Board has the right to clear the room and not allow disruptive conduct during a meeting, but it would be difficult to differentiate insults from strong opinions. He mentioned the Board could have something aspirational, but not regulatory in this area.

Director Walson suggested RMWD ask Legal Counsel to draft something on this matter. Director McManigle pointed out there were enough guidelines already in place and how nothing is done when someone violates those guidelines anyways.

Director Walson called for the question.

Action:

Moved by President Petty to approve the approval of the proposed first paragraph. Seconded by Director Griffiths.

After consideration, the motion FAILED by the following vote:

AYES: President Petty.
NOES: Director Griffiths, Director Lucy and Director McManigle.
ABSTAINED: Director Walson.
ABSENT: None.

Mr. Wireman noted his support of the motion.

Director McManigle inquired as to what would be different by changing the Ordinance when he already follows the proposed practices.

President Petty called for the question.

Discussion went to Item #11.

***11. CONSIDERATION AND POSSIBLE ACTION FOR THE BOARD OF DIRECTORS TO APPROVE THE SALE OF AN EQUIVALENT DWELLING UNIT (EDU) TO ARCADIO AND SILVIA ESTANISLAO (CARRIED OVER FROM THE AUGUST 26TH BOARD MEETING)**

Mr. Estanislao noted that everything the Board requested has been provided.

Action:

Moved by Director McManigle to approve the sale of an Equivalent Dwelling Unit (EDU) to Arcadio and Silvia Estanislao. Seconded by President Petty.

After consideration, the motion CARRIED by the following vote:

AYES: Director Lucy, Director McManigle and President Petty.
NOES: None.
ABSTAINED: Director Griffiths and Director Walson.
ABSENT: None.

Director McManigle stated he felt the owner has provided the necessary information to make an informed decision.

It was confirmed the license was from the senior engineer of the engineering firm working on this project.

Mr. Seymour briefly described the information provided by the Estanislao's. He mentioned that RMWD does not currently have a requirement in place; however, Staff was working on putting together new procedures for future requests such as this.

Discussion ensued regarding the locations selected to perk test the property. It was noted a large area surrounds the property that is dedicated to the County and prohibited to be touched.

Discussion ensued regarding the size of the pad.

Director Walson inquired about Item F in the letter provided. The Estanislao's representative stated although the property may perk it would not sustain the area. Discussion followed.

Mr. Thompson questioned why this matter was being discussed.

Discussion ensued regarding the owners being told the property would not perk in the initial purchase process as well as there was a sewer connection within 250' of the property.

President Petty called for the question.

Discussion went to Item #7.

12. RECONSIDERATION OF VALLECITOS PUMP STATION PROJECT (REQUESTED BY: DIRECTOR GRIFFITHS)

This item was pulled from the agenda per Item #4 herein.

13. CONSIDERATION AND POSSIBLE ACTION TO RESTORE PUMP NUMBER ONE TO OPERABLE CONDITION (REQUESTED BY: DIRECTOR GRIFFITHS)

Director Griffiths noted this item had to do with Vallecitos. He talked about his conversation with SDG&E. He suggested that for \$15,000 a gas engine could be put back into service at this site to keep RMWD bullet proof in the event of a fire.

Mr. Seymour noted RMWD already has multiple backups to this station as mentioned by Director Griffiths. He explained why he felt the cost may be more and not justifiable when it may or may not provide any extra margin of safety. He also mentioned the other work involved for automated control, the testing involved with APCD, as well as the engine possibly being too old to meet the APCD requirements. He recommended not restoring the pump.

It was noted the engine has served as a backup in earlier years.

Mr. Brannon suggested including the pump station in the re-review of the Vallecitos Pump Station. Discussion followed.

Mr. Swanson offered his observation that the tank near his home only serves 50 customers; therefore, it would not make economical sense to spend money on something that will benefit so few ratepayers. It was noted some of those customers could be utilizing as much water as 1,000 other customers.

Mr. Wireman noted there were substantial arguments made from both sides.

It was determined this matter would be included in the reevaluation of Vallecitos Pump Station.

No action taken.

14. CONSIDERATION AND POSSIBLE ACTION TO AMEND USER ALLOCATIONS FOR INTERIM AGRICULTURAL WATER PROGRAM PARTICIPANTS FOR THE REMAINDER OF 2008

Mr. Seymour gave a presentation on the Interim Agricultural Water Program (IAWP).

Discussion ensued regarding the suggestions made to MWD and the meetings conducted regarding this matter. Mr. Seymour pointed out that the IAWP will be completely phased out (as proposed at this time) over a five year period starting at the end of 2008 through January 1, 2013. He explained the terms and conditions that will apply to opting out of the program.

It was noted it was still undecided whether or not individuals could opt out of MWD's discount plan and remain in SDCWA's discount program.

Discussion ensued regarding SDCWA imposing cutbacks. Mr. Seymour announced this matter was on SDCWA's next meeting agenda.

Mr. Swanson asked if RMWD ever considered opting out of SDCWA and deal directly with MWD. Mr. Thompson provided a brief history of how this idea was addressed in the past. President Petty mentioned the emergency storage plans that are in the works that would benefit RMWD. Discussion followed.

Mr. Seymour pointed out that the proposed opt-out date was January 15, 2009. He added that there would not be any certainty what Municipal and Industrial (M&I) reductions will be by that time.

Mr. Thompson asked what will happen with RMWD when 70% of the water use is lost as agriculture leaves the area. Mr. Seymour stated he was unsure but it was a serious issue.

Mr. Seymour noted that it was Staff's intention to recommend allocating an additional 1,800 acre-feet spread on a pro-rata basis across all IAWP users. He talked about some of the concerns that would need to be taken into consideration before moving forward with this recommendation. Director Walson suggested doing the reallocation on a month-to-month basis. Mr. Seymour explained how making the adjustments would take a considerable amount of time with only two months to complete as well as a lack in resources. Discussion ensued.

Director Lucy expressed concern that it may not be enough water regardless of how attractive the idea may appear. Discussion continued.

No action taken.

***15. DISCUSSION AND POSSIBLE ACTION TO COMPLETE A BALLOT FOR THE 2008 LAFCO SPECIAL DISTRICTS ELECTION**

President Petty recommended Bud Pockington should the Board want to make a selection.

Director Walson recommended Jo McKenzie and Gary Arant for the Advisory Committees.

Action:

***Moved by President Petty to support Bud Pockington, Jo McKenzie, and Gary Arant.
Seconded by Director McManigle.***

(*) - Asterisk indicates a report is attached.

After consideration, the motion CARRIED by the following vote:

AYES: Director Griffiths, Director Lucy, Director McManigle, President Petty and Director Walson.
NOES: None.
ABSTAINED: None.
ABSENT: None.

16. CONSIDERATION AND POSSIBLE ACTION TO INSTITUTE A FORMAL AUSTERITY PROGRAM (DIRECTOR GRIFFITHS)

Director Griffiths explained how his concerns derived from projects such as the Vallecitos Pump Station and the District Office Standby Generator. He recommended cutting back on everything possible to keep the ratepayers from having continuous hits via cutbacks and rate increases. He also made mention of the country's economic situation. He suggested implementing a policy that imposes the thorough review of every RMWD expenditure.

Mr. Pearce pointed out that one of the normal General Manager's responsibilities would be to thoroughly review all items prior to spending money. He noted the Budget and Finance Committee was also assisting in both the Finance Department and General Manager with cutbacks and rate increases; therefore, he did not see the need for a formal austerity program. He recommended the Board allow Staff to do their job. He talked about the steps being taken recently that have never before been taken. He said Staff should be given some credit for what they have been doing during the past six months.

Director Griffiths agreed with Mr. Pearce; however, he felt more items should be reviewed more thoroughly, especially projects such as Vallecitos Pump Station. Director Walson inquired as to what the Board would do different by implementing this austerity program. Director Griffiths answered more items in the Capital Improvement Program would be reviewed by the Board. Director Walson pointed out these practices were already taking place.

Mr. Swanson commented on how implementing a formal austerity program would make a statement to Staff as well as to the ratepayers. He urged the Board to take an aggressive step forward to show they are looking to protect the ratepayers. He mentioned his belief that this program would also assist the District in the future should there be a need for additional rate increases. He reiterated his commitment to the Board that should this Board approve this program, he would personally fight for any bonds being sought by RMWD. Director McManigle disagreed with Mr. Swanson due to the fact his statement made it seem as though the Directors and Budget and Finance Committee were not doing their jobs properly.

Action:

Moved by Director McManigle to deny the institution of an austerity program. Seconded by President Petty.

After consideration, the motion CARRIED by the following vote:

AYES: Director Lucy, Director McManigle, President Petty and Director Walson.
NOES: Director Griffiths.
ABSTAINED: None.
ABSENT: None.

(*) - Asterisk indicates a report is attached.

Mr. Wireman pointed out that implementing an austerity program would establish a culture and state of mind. He said it would not mean that the Board was not currently doing their job, but rather set up an atmosphere in the District that makes it more palatable to staff that all expenditures would be thoroughly reviewed. He said he cannot believe the argument that this organization was running close to austerity since no company does.

Director Walson inquired as to what were the details of the austerity program.

Mr. Pearce responded to the comments by noting that RMWD has not lost one employee since the salary increase mentioned was put into effect. He pointed out that RMWD was losing good employees left and right prior to that time which cost the District twice as much money due to inefficiencies and employee turnover. He expressed concern that the proposed austerity program appeared to be another argument for doing nothing. He pointed out that RMWD has been fighting this battle for quite some time and now that RMWD was on track to get things done, the program proponents want to stop everything again thereby putting RMWD into another five-year delay. He concluded by stating if the Board allows RMWD to go down, the customers will lose everything.

Director Walson called for the question.

Mr. Thompson inquired as to how RMWD would be impacted without practicing austerity should the agricultural base be lost. President Petty pointed out it would not matter what RMWD was doing if the agricultural base was lost.

17. 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 Petty)

- 1. SDCWA**

President Petty noted the SDCWA agenda contained an item to address the SDCWA and IAWP cutback. Directors Walson and Griffiths expressed concern that SDCWA may be allowed to implement their own cutbacks.

- 2. CSDA**

President Petty was out of town; therefore, no report was given.

B. Representative Report (Director Griffiths)

- 1. LAFCO**

Director Griffiths reported there was not a meeting in September.

- 2. San Luis Rey Watershed Council**

(*) - Asterisk indicates a report is attached.

Director Griffiths reported San Luis Rey Watershed Council finally had papers on in route to Sacramento to make it a non-profit organization. He mentioned other organizations that offered to financially the Council get going. He also mentioned future matters to be addressed.

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

Director Walson inquired about the Highway 76 work being conducted by Caltrans. Mr. Seymour explained there are still some conflicts to be resolved prior to staff being able to plan and provide the Board with an update. Discussion ensued.

Director Lucy noted his appreciation for Mr. Pearce's comments concerning the austerity program and how they were perfectly stated. He noted the Directors were very serious about how money is spent at RMWD and addressing the necessity to change to employee morale. Discussion followed.

President Petty noted that what has been put in place by the Board appeared to be working effectively. He pointed out there was a system in place to re-evaluate something should it go not as planned.

***18. RECEIVE AND FILE FINANCIAL STATEMENTS AND INFORMATION FOR AUGUST 2008**

A. Finance Manager Comments

1. Interim Financial Statement
2. Monthly Investment Report
3. Visa Breakdown
4. Directors' Expense
5. Check Register
6. Office Petty Cash
7. Current Capital Improvement Projects
8. Water Purchases & Sales Summary
9. Statistical Summary
10. Cost Recovery of Repairs to District Property Caused by the General Public
11. Metropolitan IAWP Reduction Program

Action:

Moved by Director Lucy to receive and file financial statements and information for August 2008. Seconded by Director McManigle.

After consideration, the motion CARRIED by the following vote:

AYES: Director Griffiths, Director Lucy, Director McManigle, President Petty and Director Walson.
NOES: None.
ABSTAINED: None.
ABSENT: None.

(*) - Asterisk indicates a report is attached.

Mr. Buckley provided pertinent information relating to the investments listed on Page #18A-2. He noted RMWD currently was in a relatively safe position considering what has been transpiring with the economy.

Discussion ensued regarding legal expenses.

Discussion ensued regarding the current information provided in Item #18A7. Director Walson suggested adding information that will convey the RMWD's progress.

***19. RECEIVE AND FILE INFORMATION ITEMS FOR AUGUST 2008**

A. General Manager Comments

1. Meetings, Conferences and Seminar Calendar
2. SR76 Funding
3. Water Supply Update (M&I)

B. Operations & Maintenance Manager Comments

1. Water Services Report
2. Water Operations Report
3. Valve Maintenance Report
4. Wastewater Services Report
5. Safety and Emergency Planning Report
6. Meter Services Report
7. Cross Connection Report
8. Project Management Report
9. Valve Maintenance Operating Plan

C. District Engineer Comments

1. Engineering Report

D. Human Resource Administrator Comments

1. Changes in Personnel
2. Organizational Chart

Action:

Moved by President Petty to receive and file information items for August 2008. Seconded by Director Walson.

After consideration, the motion CARRIED by the following vote:

AYES: Director Griffiths, Director Lucy, Director McManigle, President Petty and Director Walson.

NOES: None.

ABSTAINED: None.

ABSENT: None.

Mr. Seymour mentioned he would miss the North County Water Group meeting. It was confirmed Directors Petty and Walson would attend the September NCWG meeting.

Mr. Sneed provided a valve maintenance operating plan update. Discussion ensued. Mr. Sneed announced the missing manhole across I-15 was found 4' deeper than expected and has since been raised up. He mentioned all of the manholes across the I-15 have all been located. Discussion ensued regarding RMWD obtaining permits to clear its right-of-way.

(*) - Asterisk indicates a report is attached.

Mr. Sneed proudly announced that the Wastewater Crew met its three-year plan to clean the District's entire sewer system utilizing only RMWD resources. He recognized and commended Ramon Zuniga and his crew for their efforts.

Mr. Lee reported an Associate Engineer will start work at RMWD on October 6, 2008.

Discussion ensued regarding Item #19B8.

Discussion ensued regarding Item #19C. Director Walson requested that additional information be included in the Engineering Report.

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

Director Walson requested the EDU policy be formalized and brought back for Board consideration. Mr. Seymour pointed out this was going to the Engineering Committee first and that should it move quickly, it will be brought back at the October meeting.

21. ADJOURNMENT - To Tuesday, October 28, 2008, at 11:00 a.m.

The meeting was adjourned with a motion made by President Petty to a regular meeting on October 28, 2008 at 11:00 a.m.

The meeting was adjourned at 8:53 p.m.

Rua Petty, Board President

Dawn M. Washburn, Board Secretary