

**MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
RAINBOW MUNICIPAL WATER DISTRICT
MARCH 23, 2010**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on March 23, 2010 was called to order by President Petty at 12:00 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
Human Resources Manager Bush
District Engineer Lee
General Manager Seymour
Operations and Maintenance Manager Sneed
Board Secretary Washburn
Legal Counsel Lemmo

There were no members of the public present before Open Session. Ten members of the public were present for Open Session.

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

Director Griffiths requested Item #17 to be postponed until the next Board meeting to allow time for him and the Engineering Committee an opportunity to discuss it further. There was no objection to postponing the item.

5. **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.

Time: 12:02 p.m.

6. CLOSED SESSION

At any time during the session, the Board of Directors Meeting may adjourn to Closed Session to consider litigation or to discuss with legal counsel matters within the attorney client privilege.

A. Conference with Legal Counsel–Existing Litigation (Government Code §54956.9(a))

- Engineering Systems Inc./MIOX/Dudek & Associates

B. Conference with Legal Counsel-Real Property Negotiations (Government Code §54956.8)

- 30465 & 30516 Old River Road, Bonsall, CA

Negotiators: Dave Seymour, General Manager
Brian Lee, District Engineer

The meeting reconvened at 12:59 p.m.

7. REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

President Petty reported Legal Counsel was provided with additional direction on the MIOX situation and received a report on the real property negotiations. He said the no action to report.

Time Certain: 1:00 p.m.

8. REPEAT REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

This item was addressed under Item #7 herein.

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

President Petty repeated the amendment to the agenda addressed under Item #4 herein.

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).

Ms. Brazier mentioned how she has received several comments from friends and acquaintances regarding the RMWD monthly newsletter. She reported they were happy it was no longer on color paper, how they found the article regarding agriculture and domestic users in the area to be educational, interesting, and informative.

Discussion returned to Item #10.

Mr. Ruben Abrego addressed the Board regarding a home in foreclosure that was originally built with a well that has since been drying up. He stressed how the home cannot be sold without a water meter. President Petty suggested a formal request be submitted to the Board for an agenda item in April so the Board may take action which they cannot do at this time. Mr. Abrego expressed concern the house was in foreclosure and the bank wanted an immediate decision as to whether or not the house was wanted. He also asked if he were willing to pay all meter and offset costs like Ms. Muirhead, would he have a chance of being granted a meter. President Petty replied there was a possibility he would be granted the meter; however, he could not commit due to the fact it had to be put on an agenda for Board consideration and action.

(*) - Asterisk indicates a report is attached.

Discussion went to Item #16.

11. ANNIVERSARY ACKNOWLEDGEMENT – MARC WALKER (5 YEARS)

Mr. Seymour mentioned how Marc Walker comes from a family of water member industry employees. He mentioned Marc started out at RMWD as a utility worker and since promoted several times over his five year tenure. Mr. Seymour pointed out he was currently the Water Operations Manager and has received many high-level certificates. Mr. Seymour thanked Marc for keeping water in RMWD’s distribution system and running his crew and presented him with a plaque and check for his service and tenure.

***12. APPROVAL OF MINUTES**

A. February 23, 2010 - Regular Board Meeting

Director McManigle noted on Page 12A-4 it his comment should read “FPUD” was considering starting a monitoring fund.

Helene Brazier noted on Page 12A-3, the last line of her comment should read “let them do” their job.

Action:

Moved by Director Walson to approve the minutes as revised. 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.

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 Petty)

1. SDCWA

President Petty reported his has been recently appointed as Chair of the Small Business Cooperative Committee which recently received an award as a public agency for helping small businesses. He also noted at the upcoming SDCWA Board meeting, the Administrative Finance Committee will be taking on recommendations concerning the Special Agricultural Water Rate Program with SDCWA.

Discussion ensued regarding the potential rate increases SDCWA was considering to implement as well as what was driving these proposed increases.

(*) - Asterisk indicates a report is attached.

2. CSDA

There were no reports given.

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

Director McManigle reported on the Mission Resource Conservation District meeting he recently attended. He mentioned they had purchased a scanner that had an incredible map of the area which he thought may assist RMWD.

C. Directors Comments

There were no Director comments.

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

A. Budget and Finance Committee

1. February 4, 2010 Minutes

Mr. Fagan reported on the March 4, 2010 meeting where the main topic of discussion was the recommendation to raise the water rates. He noted after much discussion an ad hoc committee consisting of him, Mr. Seymour, and Mr. Buckley met in order to come up with a recommendation for the Board's consideration. He noted this item will be discussed in this meeting under Item #20 and how he concurred with the staff recommendation presented. He mentioned the next Budget and Finance Committee meeting will be held on April 8th. He concluding by suggesting the May committee meeting be a combined meeting with the Board.

Mr. Buckley stated the Board would have a draft copy of the budget available after the committee meets on April 8th.

B. Communications Committee

1. February 1, 2010 Minutes

Mrs. Mathes reported on the March 1, 2010 committee meeting. She noted Mr. Seymour's detailed presentation on the current projects as well as other discussions that took place at the meeting including press releases, reservoir funding issues, and the possibility of publishing a quarterly newsletter. Discussion ensued regarding the proposed quarterly newsletter.

President Petty recommended publishing employee anniversaries in the local newspaper.

C. Engineering Committee

Ms. Brazier mentioned at its March 2nd meeting, Director Walson submitted his letter of resignation immediately following roll call and left the meeting at which time the committee's quorum was lost. She noted informal discussions were held on the agenda items listed; however, the next meeting will be held on April 6th.

Mr. Seymour announced RMWD sent Mr. Fekete of the Engineering Committee who had hip replacement surgery flowers on behalf of the Board who in turn sent a thank you note to let everyone know he was on the road to recovery and hoped to be back soon.

BOARD ACTION ITEMS

***15. DISCUSSION AND POSSIBLE ACTION TO AUTHORIZE ISSUANCE OF A WATER METER FOR RODDEL/MUIRHEAD RESIDENCE**

Ms. Muirhead stated how when she purchased her property approximately twenty-three years ago, she was promised a water meter but decided not to purchase one due to the fact she was not ready to build at that time.

Mr. Seymour explained once SDCWA went to Level 2 of the Drought Ordinance, it required RWMD to implement the ban on any temporary or permanent meters unless it met one of the three conditions outlined in the staff report. He mentioned under the third condition, RMWD could allow Ms. Roddel a meter under the Drought Response Level 2 if she agreed to pay the evaporation offset; however, it would depend on what rate the Board decides to set for those offset fees in addition to the normal meter connection charges.

President Petty pointed out RMWD was in a Drought Stage 2 which prohibits granting any new meters. He noted a couple exceptions to those rules has been made by RMWD; however, those organizations or individuals have shown a direct offset for the water use and also they have had to pay substantially higher costs to receive the offset. Director Lucy inquired as to whether or not this same offer was made to Ms. Muirhead. Mr. Seymour said it had not due to the fact that any offer would have to be approved by the Board.

Ms. Muirhead confirmed she was building one house for her and her husband.

Director Griffiths inquired as to the urgency of this matter. Ms. Muirhead stressed due to her age it was urgent that the building start now. President Petty stated at this point he was not inclined to grant a meter at this time, but encouraged Ms. Muirhead to review the exact procedure and policy with Mr. Seymour in order to determine the terms are something she can agree upon.

Ms. Brazier pointed out the next agenda item was a request from a developer to purchase twelve new meters; therefore, why would twelve be considered and not just one. President Petty said it would be considered if Ms. Muirhead could meet the same obligations as the other customers.

Mr. Seymour suggested the Board of Directors grant approval for the meter with the stipulation Ms. Muirland agrees to meet the offset requirements.

(*) - Asterisk indicates a report is attached.

Director Walson recommended Ms. Muirhead go to the County to start the building permit process which may take up to a year to complete at which time the drought conditions may be different. Ms. Muirhead pointed out she cannot start building without water. President Petty explained the District will issue Ms. Muirhead a Water Availability Letter that will assist her start the building permit process.

Director Walson and President Petty agreed with the concept of staff reserving one meter for Ms. Muirhead so that when she completes the permit process and it is time for her to get her meter, it will be available after the Board grants it at one of their public meetings.

Mr. Seymour asked for clarification from the Board that they were giving staff permission to issue a Water Availability Letters since they were not allowed to do so without Board permission.

Action:

Moved by President Petty to authorize staff to issue Ms. Muirhead a Water Availability Letter. Seconded by Director Griffiths.

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 #10.

***16. DISCUSSION AND POSSIBLE ACTION ON K. HOVNANIAN AT LAKE RANCHO VIEJO REQUEST TO PURCHASE WATER METERS**

Mr. Lee explained this was relatively the same issue as before where the Board had previously twice authorized to sell a block of meters to K. Hovnanian on the understanding that K. Hovnanian pays evaporation offset costs per meter which they have done. He mentioned K. Hovnanian has purchased thirty-two meters under the evaporation offset program and were requesting an additional twelve 1" meters at this time. He talked about the numbers RMWD has been utilizing basically state there is enough evaporation for approximately seventeen meters and thirty-five meters provided by the covering of both the North and Northside Reservoirs respectively.

Mr. Lee noted due to the size of Northside reservoir versus North Reservoir, the evaporation offset costs per meter from Northside Reservoir is calculated to be approximately \$1,000-\$1,100 less than initially calculated. He explained due to this fact, K. Hovnanian has requested the evaporation offset cost be reduced from \$13,265 per meter they have paid for the original thirty-three meters be reduced to \$12,132 for the next twelve additional 1" meters.

Director Walson explained how the last time a meter request came before the Board, he reviewed the offset costs and presented the Board information showing the basis on which those offset costs were determined was incorrect and the actual cost was much higher. He expressed concern that should the Board go forward with the pitched offset costs, the Board may be acting like typical politicians where money was the driving consideration. He concluded by stating the offered price for the water meters does not cover the offset.

Director Griffiths pointed out the Board has granted the meter purchases on the concept; however, if the calculation of the concept is incorrect, then the Board needs to look at the figures more closely.

President Petty recalled the Board reviewed and felt they could support the analysis prepared by Staff and moved forward with it. He asked Mr. Lee if he had an opportunity to look at Director Walson's calculations. Mr. Lee stated standpoint was he and Director Walson had a difference of opinion. He noted a professional memo calculating the evaporation offset costs was prepared, analyzed, reviewed, and supported by staff.

Director Walson reiterated the last time this item was discussed he provided all the information supporting his calculations. He noted his calculations included all the costs associated with the reservoir covers which were not included in K. Hovnanian's calculations.

Director Griffiths recommended the Board ask staff to conduct a side-by-side comparison of their items with Director Walson's and bring the results back to the next Board meeting. Directors McManigle and Lucy supported this idea.

K. Hovnanian's engineer stressed how this topic was addressed in October 2009 and now it was March and it appears the opportunity has not been taken to really dig into the issue and now they were being tabled for another thirty days. He urged the Board to reconsider due to the fact the developers could not afford to wait another thirty days. He offered a suggestion that would keep the community going which would allow the Board enough time to reevaluate the information.

Director McManigle took exception to the idea of this developer come back to the District every couple of months renegotiating numbers. The developer recommended the Board come up with a number with which they are comfortable. Discussion ensued.

Director Griffiths suggested the Engineering Committee be given the opportunity to review the numbers at the April 6, 2010 meeting after which time the Board could possibly hold a Special Board meeting regarding this matter.

Director Lucy asked the developer if they would be willing to pay Director Walson's numbers today which was three times the proposed amount. The developer declined, but asked for a copy of Director Walson's numbers so they have the opportunity to assist with validating the information.

Action:

Moved by Director Griffiths to table this matter until Staff reviews the numbers provided by Director Walson to both Staff, K. Hovnanian, and the Engineering Committee at which time a recommendation would be made and possibly a special meeting held to assist K. Hovnanian with their needs. 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.

Ms. Brazier spoke on behalf of the Engineering Committee noting they already had a full agenda which was budget related and time-sensitive for their next meeting. President Petty acknowledged Ms. Brazier's concern.

Director Lucy advised Ms. Muirhead the outcome of this comparison may change the cost of the meters and suggested she be kept apprised of the results.

President Petty reiterated he felt comfortable with the Staff recommendation and that it could be supported. He said it was not a question of who was right or wrong, but if there was a question with the methodology, it should come back to the Board.

President Petty mentioned, in light of their full agenda, he was asking the Engineering Committee to accommodate the Board on this issue. Director Griffiths recommended the Engineering Committee extend their meeting due to the fact their whole purpose was to support the Directors.

Discussion went to Item #18.

***17. DISCUSSION AND POSSIBLE ACTION TO ISSUE AN RFP FOR A PUMP BOOSTING SYSTEM BETWEEN MORRO RESERVOIR AND BECK RESERVOIR (DIRECTOR GRIFFITHS)**

This item was postponed until the next meeting per Item #4 herein.

***18. APPOINTMENT OF BOARD OFFICERS AND REPRESENTATIVES**

Action:

Moved by Director Lucy to keep the current appointment of Officers and Representatives in place. Seconded by Director McManigle.

After consideration, the motion CARRIED by the following vote:

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

Director Walson expressed concern RWMD should have more than one director appointed to SDCWA in order to be more involved and effective. He proposed Director McManigle for such appointment.

(*) - Asterisk indicates a report is attached.

President Petty explained the makeup of SDCWA and how he has a much greater understanding of how things work due to the relationships he has made since his appointment as RMWD's representative.

Director Griffiths stated he, much like Director Walson, was uneasy with having too much authority placed in one person. He said although he acknowledges the time President Petty has invested in familiarizing himself with SDCWA, he felt his holding both President of RMWD's Board and SDCWA representative was placing too much authority in one individual. He recommended President Petty consider taking the position of Vice President at RMWD.

19. DISCUSSION AND POSSIBLE ACTION REGARDING CALIFORNIA DEPARTMENT OF PUBLIC HEALTH (CDPH) COMPLIANCE ORDER FOR NONCOMPLIANCE NO. 05-14-100-0XX

Mr. Seymour mentioned it has been discussed over the past couple months that CDPH has been planning on sending RMWD another Compliance Order for Noncompliance which he received shortly after the agenda packet was prepared. He noted RMWD has been recognized for the progress made at North and Northside; however, they are requiring RMWD to provide a treatment plant for the Beck and Morro, provide a reservoir floating cover system for Beck and Morro, replace Beck or Morro with reservoirs meeting their standards, or take the reservoirs out of service. He mentioned there were a series of deadlines associated with the Compliance Order which appear to all fall into the scheduling RMWD has previously anticipated for the work at Morro and construction of the Pala tanks for Beck at which time CDPH would have RMWD take Beck out of service. He noted it will be at that time RMWD would have to do without Beck Reservoir until it is addressed by the District. He concluded by stating RMWD has until July 31, 2012 for the Pala Tanks and January 31, 2012 for the Morro Reservoir projects to be completed respectively. He pointed out these will be tight timeframes particularly for the Pala Tanks projects due to the fact it will be a huge construction project on which the District cannot afford any hiccups.

President Petty asked how RMWD's financial situation will be impacted should the District meet this Compliance Order. Mr. Seymour explained if RMWD had implemented the approximate \$16 surcharge for three years that would have taken care of everything financially with the exception of Beck Reservoir. He stated RMWD will need some sort of meter surcharge or rate adjustment to cover some of the costs or it can be short-term borrowed out of the sewer fund as already approved by the Board. He pointed out how budget-wise, to get the Compliance work done, RMWD can squeeze by with a possible small increase; however, it will leave RMWD with no money and no funding mechanism for Beck Reservoir. President Petty reconfirmed that in order to meet this Compliance Order, RMWD will need to deplete the District's CIP funds and borrow from the sewer fund unless the Board comes up with an alternative. Mr. Seymour confirmed.

Mr. Carlstrom pointed out there would be no funding source to payback the sewer fund as well.

It was noted Mr. Seymour helped with extending the deadlines by negotiating another year with CDPH. Mr. Seymour stated now that RMWD told CDPH what we think we can do CDPH will be holding RMWD to its word. President Petty thanked Mr. Seymour for negotiating another year extension on the deadlines.

It was confirmed the Morro Reservoir was still in service and providing water to its customers.

Mr. Seymour pointed out where Beck Reservoir was included in the Compliance Order. Discussion ensued regarding the shortage of storage issues facing RMWD.

Discussion ensued regarding no matter what happens at Beck Reservoir, RMWD must have a tank at Pala Mesa.

Discussion continued.

It was confirmed RMWD will be responding to CDPH notifying them of RMWD's intent to meet the Compliance Order requirements.

Action:

Moved by President Petty that RMWD will make every effort to comply with the Compliance Order as a District. 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.

***20. DISCUSSION AND POSSIBLE ACTION REGARDING RECONSIDERATION OF FUNDING OPTIONS FOR CONSTRUCTION PROJECTS NECESSARY TO ATTAIN COMPLIANCE WITH LONG TERM 2 ENHANCED SURFACE WATER TREATMENT RULE (RESERVOIR PROJECTS) (REQUESTED BY: DIRECTOR LUCY)**

Director Lucy explained why he, the Budget and Finance Committee, and staff would like to delay this matter for a later agenda.

Mr. Seymour explained he did not want to go to the public with one rate increase and then another one three months later and so on. He explained he and Staff felt it may be better to wait until everyone knows what the budget is before making any final increase decisions.

Discussion followed.

Mr. Carlstrom reminded the Board the three year plan recommended to them would take care of everything including the preliminary study for Beck Reservoir and the second three year plan would take care of Beck Reservoir. He explained since no one was comfortable with doing one large rate increase for six years without first having the studies completed, the Committee changed the plan to three years. Director Walson said he believed the fallacy of these concepts was that the second three years to take care of Beck may cost double the first that of the first three years. Mr. Carlstrom explained it was not a fallacy but rather the decisions made by the District. Director Walson said his argument has always been that Beck Reservoir must be addressed by RMWD and it cannot afford any more delays.

Discussion ensued regarding the funding options that have been previously discussed and considered regarding Beck Reservoir.

Mr. Seymour pointed out the initial increase to complete all the projects would be a large increase that no one was comfortable with implementing; therefore, steps were taken to come up with a means of raising the necessary funds without fiercely impacting the customers.

Director Griffiths suggested putting a bond on the ballot. Director Lucy stressed in order to put a bond on the ballot it must provide complete information and be precise. Discussion ensued.

Director Walson confirmed the two issues to resolve were to decide what to do at Beck (UV or cover) and find out the condition of the dam. Mr. Lee said he could tell the Board right now the dam was not up to current standards and it needed to be figured out exactly what needed to be done to bring it dam up to compliance.

Director Griffiths expressed concern he could not find what changes have been made in the last couple of years. Mr. Seymour pointed out the changes have taken place over closer to thirty years. Mr. Lee noted some of the changes have been brought about by several earthquakes and other events that took place over the years. Discussion followed.

No action taken.

***21. DISCUSSION AND POSSIBLE ACTION TO APPROVE RESOLUTION NO. 10-06 - A RESOLUTION OF THE BOARD OF DIRECTORS OF THE RAINBOW MUNICIPAL WATER DISTRICT AUTHORIZING AN INTERFUND LOAN FROM THE WASTEWATER CIP FUND**

Mr. Seymour pointed out the Board authorized declaring Line Q-3 an emergency and gave Staff authorization to proceed up to \$500,000. The noted the original preliminary estimates for the line replacement range about \$1.6M-\$1.9M; however, the final amount remains unknown due to the fact a design contract was just recently rewarded. He pointed out money could be borrowed for this because it was an emergency repair, but there was no way of knowing how long it would take to borrow the money, Staff would rather not be delayed in this process; therefore, a request was being made for Board authorization to borrow money from the sewer fund only if necessary.

Discussion ensued.

Action:

Moved by Director Lucy to approve Staff Recommendation - Staff to pursue other funding sources that would negate the need to borrow money from the sewer CIP; however, staff recommends the Board approve Resolution No. 10-06 in case the loan is needed to meet short-term cash flow requirements. 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.

22. DISCUSSION AND POSSIBLE ACTION REGARDING ALLOCATION OF WATER TO CUSTOMERS (REQUESTED BY: DIRECTOR LUCY)

Director Lucy stressed RMWD may see as much as 20% of the agricultural acreage disappear over the next year; therefore, he thought it may be proactive to look at the allocation policy in order not to restrict certain groups of users in order to keep it fair. He volunteered to assist staff with researching this matter. Discussion ensued.

Action:

Moved by Director Walson to form a sub-group chaired by Director Lucy and whoever he deems may be helpful to investigate coming up with an improved water allocation plan for both domestic and agricultural customers. 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.

Ms. Brazier stated if the Board can come up with a viable program for sharing the water from people going out of business with those that may need it to keep them in business, the domestic customers may see the wisdom of that due to the fact the alternative could be turning viable groves and land into developments which they may not necessarily want to see either. Director Lucy agreed. Discussion followed.

Director Griffiths cautioned agricultural water usage may fluctuate.

***23. DISCUSSION OF LINE Q3 CROSSING THE SAN LUIS REY RIVER (REQUESTED BY: DIRECTOR WALSON)**

Mr. Seymour mentioned how at the end of the last Board meeting it was requested that should RMWD receive the study on Q-3, it be put on the agenda for Board discussion. He stated the report was received mid-month and the information has been provided to the Board. He mentioned Mr. Lee had sent out RFP's from which a contract was awarded to J.C. Heden who in turn should have something back to the District in the next couple of months.

(*) - Asterisk indicates a report is attached.

Director Walson expressed concern there were five lines crossing the river; however, only three were included in the modeling. Mr. Lee explained the one line still in existence only provides water to a certain isolated area at the southern end of the District and was not a significant water supply.

Discussion followed.

No action taken.

***24. DISCUSSION AND POSSIBLE ACTION REGARDING THE LEASE OF BONSALL RESERVOIR (REQUESTED BY: DIRECTOR WALSON)**

Director Walson mentioned he was told by people residing in the area that the individuals leasing the Bonsall Reservoir are not complying with the agreement in place. He recommended someone from RMWD investigate the matter. Mr. Lee stated the Lessee's are not in compliance.

President Petty suggested once this matter is investigated further, the Board may want to consider not renewing the lease.

Legal Counsel recommended notice be given to the Lessee that the lease will terminate on a specific date and then find out if they are willing to negotiate and enter into a new agreement.

Mr. Lee explained why Bonsall Reservoir was of value to RMWD.

Action:

Moved by President Petty Staff give notice the District will be terminating the lease with the intent of renegotiating a new lease agreement. Seconded by Director Walson.

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.

***25. CALIFORNIA SPECIAL DISTRICTS ASSOCIATION (CSDA) CALL FOR NOMINATIONS SEAT B**

No action taken.

***26. RECEIVE AND FILE INFORMATION ITEMS FOR FEBRUARY 2010**

A. General Manager Comments

1. Meetings, Conferences and Seminar Calendar

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

(*) - Asterisk indicates a report is attached.

6. Meter Services Report
 7. Cross Connection Report
 8. Project Management Report
- C. District Engineer Comments**
1. Engineering Report

Action:

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

After consideration, the motion CARRIED by the following vote:

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

Mr. Sneed announced twelve staff members took different certification level tests last week. He also mentioned a rebate check RMWD received in the amount of \$1,900.

It was noted RMWD was not involved in any lawsuits related to the Rice Canyon fire.

President Petty talked about the work being done Rainbow Heights Tank. He stated for the record that as one of Mr. Seymour's reports mentioned the work being completed has been the direct result of good, proactive decision making by this Board in regards to the pressure stations.

Director Griffiths made inquiries on Item #26B3. Discussion ensued.

Director Lucy inquired about what was happening on Gird Road. Mr. Sneed explained it was line cleaning.

Director Walson made an inquiry on Item #26C1. Mr. Lee replied.

***27. RECEIVE AND FILE FINANCIAL STATEMENTS AND INFORMATION FOR FEBRUARY 2010**

A. Finance Manager Comments

1. Interim Financial Statement
2. Monthly Investment Report
3. Directors' Expense
4. Check Register
5. Water Purchases & Sales Summary
6. Statistical Summary
7. Metropolitan IAWP Reduction Programs
8. Metropolitan SAWR Reduction Program
9. RMWD Domestic Reduction Program
10. Current Capital Improvement Projects

(*) - Asterisk indicates a report is attached.

Action:

**Moved by Director Walson 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, President Petty and Director Walson.
NOES: None.
ABSTAINED: None.
ABSENT: None.

Mr. Buckley noted water sales dropped again due to rainfall; however, the District has been successfully staying under budget.

Director Griffiths asked how the Obama Health Care Plan will impact RMWD. Mr. Buckley stated not much this calendar year and RMWD may even receive credits from SDRMA.

Directors Griffiths and Walson made inquiries on Item #27A4 respectively.

Director Walson noted the heading needed to be changed to 2010 on Item #27A7.

Director Lucy inquired on Item #27A8.

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

It was noted Item #17 herein and the K. Hovnanian meter purchases would be on the next Board meeting agenda.

29. ADJOURNMENT - To Tuesday, April 27, 2010 at 1:00 p.m.

The meeting was adjourned with a motion made by President Petty to a regular meeting on April 27, 2010 at 1:00 p.m.

The meeting was adjourned at 3:43 p.m.

Rua Petty, Board President

Dawn M. Washburn, Board Secretary

(*) - Asterisk indicates a report is attached.