

**MINUTES OF THE REGULAR BOARD MEETING  
OF THE BOARD OF DIRECTORS OF THE  
RAINBOW MUNICIPAL WATER DISTRICT  
JANUARY 24, 2012**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on January 24, 2012 was called to order by President Walson at 12:02 p.m. p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. President Walson presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

**Present:** Director Griffiths  
Director McManigle  
President Walson  
Director Sanford

**Absent:** Director Lucy

**Also Present:** Finance Manager Buckley  
Human Resources Manager Bush  
District Engineer Lee  
General Manager Seymour  
Operations and Maintenance Manager Sneed  
Board Secretary Washburn  
Customer Service Manager Atilano  
Superintendent Miller  
Superintendent Maccarrone  
Superintendent Walker  
Associate Engineer Plonka  
Legal Counsel Lemmo

One member of the public was present before Open Session. Four members of the public were present for Open Session.

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

President Walson requested moving Item #5 to after Item #11. He also proposed deferring Item #18 until next month when a full Board is present.

Discussion went to Item #6.

## 5. ANNIVERSARY ACKNOWLEDGEMENTS

Juan Atilano (10 Years)

Mr. Seymour talked about Mr. Atilano starting at RMWD as a janitor and how he has worked his way up through basically every job RMWD has to offer during his ten years with the District and was recently promoted to Customer Service Manager. He congratulated Mr. Atilano and presented him with a plaque and check.

Discussion went to Item #12.

## 6. 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).

Ms. Brazier commented on Item #7B. She said it was her understanding the General Manager Performance Evaluation was up for review by the Board. She stated she had no intention of trying to interfere in the process; however, for the Directors who were not at RMWD in the years before Mr. Seymour came, she felt some comments from a long time observer are in order. She explained RMWD was not in those days an “employee friendly” workplace and how not a month went by without the loss of at one employee. She pointed out employees would be hired on at RMWD, find out the working conditions were radical and, after going to school long enough to earn a credential which would help them get them a job elsewhere, they would leave. She stated no real effort was made to develop a stable workforce. She noted employees were treated as unimportant and easily replaceable. She mentioned recruiting, hiring, and training new employees at the rate RMWD was losing them was costly in time, money, and effectiveness. She stated institutional memory and familiarity for the system were being lost. She pointed out the attitude toward workforce is developed from the top down and how the atmosphere around RMWD has done a 180 degree turn since Mr. Seymour’s arrival. She noted the turnover has all but stopped and employment anniversaries for five years or more are increasing which was good for the District. She said workers who are appreciated and not looking to leave are more productive and this was a factor she felt should be considered in any evaluation. She thanked the Board for their time and attention.

Director McManigle excused himself from Board Room during discussion of Item #7A due to a potential conflict of interest.

Discussion went to Item #7.

Time: 12:06 p.m.

## 7. CLOSED SESSION

- A. Conference with Legal Counsel–Anticipated Litigation  
Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9:  
Jason Giessow, Personal Injury, Morrison Property Mitigation Project in Fallbrook
- B. Appointment; Employment; Evaluation of Performance – General Manager (Government Code §54957)

The meeting reconvened at 1:05 p.m.

## 8. REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

(\*) - Asterisk indicates a report is attached.

There was no reportable action.

Time Certain: 1:00 p.m.

**9. REPEAT REPORT ON POTENTIAL ACTION FROM CLOSED SESSION**

There were no reportable action.

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

This was addressed under Item #4 herein.

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

There were no comments.

Discussion went to Item #5

**\*12. APPROVAL OF MINUTES**

**A. December 6, 2011 - Regular Board Meeting**

Director McManigle referenced Page #12A-9 when he pointed out the word “until” needed to be added before “the Board”.

President Walson referenced Page #12A-13 when he pointed out the word “pay” should be “pave”.

**Action:**

**Moved by Director McManigle to approve the minutes as revised. Seconded by Director Sanford.**

**After consideration, the motion CARRIED by the following vote:**

**AYES:** Director Griffiths, Director McManigle, President Walson and Director Sanford.

**NOES:** None.

**ABSTAINED:** None.

**ABSENT:** Director Lucy.

Discussion went to Item #13.

### 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 Walson)**

##### **1. SDCWA**

President Walson provided handouts to the Board and audience demonstrating the breakdown of the San Diego County Water Authority's proposed rate increase projections. Discussion ensued regarding Metropolitan Water District's past and proposed rates.

President Walson talked about the status of the Bay Delta situation.

President Walson provided an update on the pending Metropolitan Water District lawsuits.

#### **B. Representative Report (Appointed Representative)**

##### **1. CSDA**

There was no report given.

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

##### **1. How to be an Effective Board Member Training January 12, 2012 (Directors Sanford and McManigle)**

Director McManigle reported on the "How to be an Effective Board Member" ethics workshop he and Director Sanford attended in January. Mr. Seymour pointed out RMWD saved approximately \$3,000 in SDRMA insurance costs. Director Sanford agreed with Director McManigle's comments.

Both Directors Sanford and McManigle highly recommended this course for other directors.

#### **D. Directors Comments**

Director McManigle announced the State was considering adding a fee for the agricultural waiver which was discussed at the Mission Resources recent meeting.

Director Griffiths said although the letter he had forwarded to the local newspaper was not published, he would read it aloud for everyone at this meeting. He read:

"There must be a Santa Claus: At the Rainbow MWD directors meeting on Dec. 6, 2011, the attempt to circumvent the need for voter approval to borrow sums over \$1,000,000 was defeated. Just like the defeated Prop A, the idea will not die so we must be vigilant against the lust to borrow borrow borrow and spend spend spend of our elected and non elected government officials.

On a related matter, in July 2005 as a newly elected director working on the budget, I made a rough check on the capability of Lift Pumping Station No. 2 and determined that we did not have to allocate \$1,000,000 to the station that year, and in fact it was still working comfortably six years later with only minor maintenance and a repair for bad installation workmanship. On September

(\*) - Asterisk indicates a report is attached.

2008, a full three years after the budget decision, Mr. Brian Lee the Rainbow District Engineer, made a formal complaint to the Board of Registration of Professional Engineers that I, being a Mechanical Engineer, had practiced Civil Engineering at Lift Station No. 2. This of course was politically motivated and confirmed by the fact that Mr. Rua Petty, President of the Rainbow Board of Directors distributed to all present, copies of Lee's complaint at the Rainbow Director's meeting on May 25, 2010. The documents were confidential to the Board of Registration at that time (I didn't have a copy) and Lee complained as a private citizen. The final decision of the Board of Registration of Professional Engineers is case dismissed.

There must be a Grinch too: I was unable to stop the building of a new Lift Station No. 2 possibly due to the effect of the complaint. Ah well, what is about a million and a half dollars of voter's money compared with the pride we can have in a new sewage pump station? Jack Griffiths, Division 2, RMWD."

He followed up by stating he has asked to visit Lift Station 2; however, he was encountering difficulties to get approval to do so. He said he will take this matter up with the Board of Directors at the next meeting.

Director Sanford asked for the purpose of the letter written by Director Griffiths. Director Griffiths stated the purpose of the letter was that the confidential papers were put out to the public by Mr. Lee and Mr. Petty and he wanted it known the case was dismissed by the Registration of Professional Engineers. He said the information was put out on May 25, 2010 when it was still confidential by Mr. Petty. Mr. Seymour stated for the record Mr. Lee did not release any confidential information to the media. Director Griffiths stated it was noted the information was noted to have been distributed in the minutes. Mr. Seymour clarified Director Griffiths has not asked to visit Lift Station No. 2, but wants to go into the wet well for which Director Griffiths does not meet the qualifications to enter confined space. He pointed out this was not a District decision, but that of OSHA which had the documentation readily available for those interested. Director Griffiths told Mr. Seymour he was wrong.

Mr. Seymour stressed Director Griffiths was making false statements and slandering District employees. Director Griffiths stated he was not slandering anyone; however, the only place the information could have come from was the Board of Registration or Mr. Lee. Mr. Seymour that does not mean Mr. Lee released it.

Discussion went to Item #14.

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

- A. Budget and Finance Committee
  - 1. November 3, 2011 Minutes

Mr. Carlstrom stated the presentation he was going to give later in this meeting was an update to the five year forecast.

- B. Communications Committee

Mr. Seymour reported there was no meeting due to lack of a quorum. It was noted the committee was not discussing modifying Ordinance 95-1 due to the fact the Board decided not

(\*) - Asterisk indicates a report is attached.

to move forward in that direction at this time. Discussion ensued regarding the current status of the State Revolving Fund Loan as well as possibly getting something on the ballot for voter approval.

Director Griffiths cautioned RMWD may be facing a lawsuit based on a conversation he had with one of the writers of the original Ordinance 95-1 and the spirit behind its intention.

**C. Engineering Committee**

**1. November 1, 2011 Minutes**

Mr. Lee reported the committee met in early January where the primary discussion was focused on the RMWD Water Policy, especially the meter size requirements. Discussion ensued regarding the fire sprinkler requirements.

Discussion went to Item #15.

**INFORMATION ITEMS**

**\*15. PRESENTATION ON 5-YEAR FINANCIAL FORECAST AND 10-YEAR CASH FLOW BY BUDGET AND FINANCE COMMITTEE**

Mr. Carlstrom provided a brief history of the forecasts provided to everyone present at this meeting. He talked about some of the updates that have been made since the last review of the forecast. Discussion ensued.

Director Sanford inquired as to whether the numbers provided for 2010-2011 were actual numbers or estimates. It was noted they were the numbers budgeted at that time (basically estimates) due to the fact the budget was not approved until June 2011.

Mr. Carlstrom referred to Page 3 for the current actual numbers. Director Sanford asked whether or not RMWD was \$4M short. Discussion ensued.

Director Sanford explained the importance of having the actual numbers for the prior year and then forecast for the future in order to make better informed decisions. Mr. Carlstrom noted the budget process takes place once a year from which the forecasts are derived.

President Walson requested a column be included of the actual numbers from 2010/2011. Mr. Buckley agreed to include this information.

Mr. Carlstrom continued to explain the numbers provided on Page 3 of the spreadsheet forecasts including the meter surcharge and shifting out some of the CIP projects. He explained the reconciliation in order to understand how the bottom line numbers in the forecasts were reached.

President Walson asked which years were included in the forecast. Mr. Carlstrom stated 2012-2016. It was noted the numbers in the forecasts were projections.

Mr. Seymour pointed out the purpose of bringing this to the Board was to show RMWD was in better financial shape than it was initially. Discussion ensued.

Mr. Ames one of the partners at Passrelle LLC addressed the Board. He said it may be a timely opportunity to help the District to give them something that may be a little more accurate. He

(\* ) - Asterisk indicates a report is attached.

stated it was his belief the Board's timing of the meters being purchased was aggressive. He pointed out there were delays in the project that appear to be working together well now; however, it has been a year delay. He noted the market was not great; therefore, they have pushed back their estimates to start construction anywhere from one to two years. He stated realistically the Board was looking at receiving its first revenue from their project in 2014. He said although they have every intention of coming to RMWD, but he felt the District's schedule was a little aggressive. Mr. Carlstrom explained why he did not believe RMWD's schedule was too aggressive due to the fact they have taken into account the projects are moving slower than anticipated.

Mr. Ames stated he was not comfortable with sharing with RMWD the development's stumbling blocks at this time but would rather address their progress at RMWD's committee levels first.

Mr. Lee provided a brief synopsis of the history of the matter of meter sizes. He explained how Passerelle came to RMWD staff and basically said they felt the one-inch meter was too large and asked what it would take to get a smaller meter. He stated staff went back to Passerelle and asked them to prove this to be true. He stated after working with Passerelle's engineers who had prepared a multiple of reports that did eventually prove it to a point where staff was comfortable in going to the engineering committee and working through those issues. Mr. Ames confirmed when looking at the actual water usage of 5/8 inch meter over serves the homes by almost 40%. Discussion ensued regarding the properties to be built by Passerelle.

Discussion ensued regarding the current status of the developments.

It was noted the projects were less "pie in the sky" now due to the fact they were approved and were definitely going forward.

Mr. Carlstrom explained the Forecast Variations provided on Page 6 of his handout. He encouraged the Board to continue updating and looking at the forecasts quarterly as part of the budget process. He briefly explained the ten year forecast he prepared and noted how its sole purpose was to be a tool in making future projections if so desired.

Director Sanford thanked Mr. Carlstrom for all his and the Budget and Finance Committee's hard work.

Discussion went to Item #16.

## **16. BUDGET CALENDAR FISCAL YEAR 2012/2013**

Mr. Buckley explained the calendar was provided to show an outline of who would be involved at what time during the budget process as well as when material will be presented.

Discussion went to Item #17.

## **BOARD ACTION ITEMS**

### **\*17. DISCUSSION AND POSSIBLE ACTION TO CONSIDER EXECUTING A MEMORANDUM OF UNDERSTANDING REGARDING POSSIBLE ANNEXATION OF CAMPUS PARK WEST**

Mr. Lee talked about the discussion that took place at the last RMWD Board Meeting involving the possible annexation of Campus Park West into the District boundaries.

(\*) - Asterisk indicates a report is attached.

Mr. Lee pointed out although the numbers may change at the County level, they will most likely hardly impact the number of EDU's. He stated based on the information he has provided, he was requesting the Board to authorize signature of the Memorandum of Understanding ("MOU") that will be signed by both parties. He said the MOU was essentially a declaration by both parties (Pappas Investments and Rainbow Municipal Water District) that they are working together to figure out whether or not the annexation would be good for both RMWD as well as Campus Park West.

President Walson expressed concern the MOU appeared to be one-sided due to fact he did not see anything in the document that includes terms and conditions that RMWD was imposing on Pappas Investments. Mr. Lee stated the MOU was a public declaration stating Pappas Development and RMWD work together to develop those terms and conditions.

Mr. Seymour pointed out the Board directed Staff to move forward with discussions with Pappas and the MOU was to memorialized that by preparing this document that states there was a commitment to study to development, but the RMWD Board was under no obligation. President Walson claimed the MOU was premature based on the fact there were no terms and conditions spelled out within it. Mr. Seymour and Mr. Lee clarified this was exactly what they wanted to develop once the MOU is signed.

Director Griffiths suggested leaving the MOU alone until it is determined what was going to be done first.

Director Sanford pointed out the MOU gives staff permission to proceed with discussions regarding the development of Campus Park West without obligating the District to anything.

Mr. Seymour added all the MOU was to make sure everybody (the RMWD Board, Pappas, and the community) understands neither party was committing to anything. He pointed out all the MOU states is that RMWD will study the project, but the District will not commit to anything until the information has been brought to the Board for their review and approval. He stated although RMWD does not need the MOU, not having it in writing that the District is not committing to doing anything does not prevent the other party from claiming the District said it would complete the study and provide services to the property.

**Action:**

***Moved by Director Sanford to direct staff to proceed or enter into discussion with Pappas with the understanding on both parties that there is no obligation, no implied or expressed obligations on either party other than to enter into discussions to determine the terms and conditions moving forward. Seconded by Director Griffiths.***

***After consideration, the motion CARRIED by the following vote:***

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

President Walson asked the Pappas Investment representative if he had any issues with the motion. The representative responded he did not due to the fact this was exactly what the MOU reflects.

The Pappas representative said it was up to them as the developer to explore all options until there is a commitment between Pappas and some entity. He said they wanted to start the process to explore the options and see the mutual benefits they as the developer and RMWD could devise from them annexing into the District and being served by the District. He noted they did not perceive this MOU to be committal in any way, especially when there was a disclaimer it could be terminated by RMWD at any time.

President Walson stated the Board would more than likely support the process once they see the terms and conditions.

Mr. Lee agreed to provide an update at every Board meeting.

Discussion ensued regarding the issues associated with the development. The Pappas representative noted the main issue with the commercial part of the development was not with the Fallbrook Planning Group. He pointed out the commercial portion of the project reflects what the Board of Supervisors adopted.

Director Griffiths asked whether or not Legal Counsel had input in the MOU. Mr. Lee stated the draft MOU was passed on to Legal Counsel for review and the response was there were no changes.

Legal Counsel pointed out this MOU outlines the two parties are going to meet and discuss the possible mutual benefits from the project and there was nothing about these discussions. He noted it was not uncommon for developers to like some sort of documentation such of these for multiple purposes.

*Discussion went to Item #19.*

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

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

**\*19. RECEIVE AND FILE INFORMATION ITEMS FOR NOVEMBER AND DECEMBER 2011**

**A. General Manager Comments**

1. Meetings, Conferences and Seminar Calendar

(\*) - Asterisk indicates a report is attached.

**B. Operations & Maintenance Manager Comments**

1. Construction and Maintenance Report
2. Valve Maintenance Report
3. Garage/Shop Repair
4. Water Operations Report
5. Electrical/Telemetry Report
6. Project Management Report
7. Wastewater Report
8. Safety Report

**C. District Engineer Comments**

1. Engineering Report

**D. Customer Service Manager Comments**

1. Field Customer Service Report
2. Meters Report
3. Water Quality Report
4. Cross Connection Control Program Report

**E. Human Resource Manager Comments**

1. Changes in Personnel
2. Organizational Chart

**Action:**

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

***After consideration, the motion CARRIED by the following vote:***

**AYES:** Director Griffiths, Director McManigle, President Walson and Director Sanford.

**NOES:** None.

**ABSTAINED:** None.

**ABSENT:** Director Lucy.

Mr. Seymour reported Chuck Sneed has announced his retirement from RMWD will be on March 31, 2012<sup>t</sup> which marks his 32<sup>nd</sup> year in the water industry.

Director McManigle mentioned a conversation he had with an RMWD employee he ran into out in the field and how he was told the ITRON meters will read real time. Mr. Atilano explained the employee was referring to the new 100W's. It was noted 62% of the District was on radio reads at this point.

Director Griffiths asked whether or not there could be a reduction in staff due to it taking less time to read meters. Mr. Seymour stated those staff members are taking on other duties.

President Walson made several inquiries on Item #19B.

Discussion ensued regarding the current status of Lift Station 2.

President Walson made an inquiry on Item #19D1 and 48-hour notices. Mr. Atilano stated the numbers were higher than normal due to the holidays and this month was not looking as bad as the last month.

(\*) - Asterisk indicates a report is attached.

Discussion went to Item #20.

**\*20. RECEIVE AND FILE FINANCIAL STATEMENTS AND INFORMATION FOR NOVEMBER AND DECEMBER 2011**

**A. Finance Manager Comments**

1. Interim Financial Statement
2. Monthly Investment Report
3. Visa Breakdown
4. Directors' Expense
5. Check Register
6. Water Purchases & Sales Summary
7. Statistical Summary
8. Cost Recovery of Repairs to District Property Caused by the General Public
9. Metropolitan IAWP Reduction Programs
10. San Diego County Water Authority SAWR Reduction Program
11. RMWD Domestic Reduction Program
12. Projected CIP Cash Flow Report
13. RMWD Sewer Equivalent Dwelling Units (EDU's) Status

**Action:**

***Moved by Director McManigle to receive and file financial statements and information.  
Seconded by Director Sanford.***

***After consideration, the motion CARRIED by the following vote:***

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

Director Griffiths requested general services for Legal Counsel be spelled out in the billing breakdown.

Director Griffiths made several inquiries on Item #20A5.

President Walson made inquiries on Item #20A5.

Discussion ensued regarding Item #20A13.

Discussion went to Item #21.

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

It was noted Item #18 from this meeting and Director Griffiths visiting Lift Station 2 should be on the next meeting agenda.

*Discussion went to Item #22.*

**22. ADJOURNMENT - To Tuesday, February 28, 2012 at 1:00 p.m.**

*The meeting was adjourned with a motion made by President Walson a regular meeting on February 28, 2012 at 1:00 p.m.*

The meeting was adjourned at 3:33 p.m.

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**Dennis Sanford, Board Vice President**

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**Dawn M. Washburn, Board Secretary**