

**MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
RAINBOW MUNICIPAL WATER DISTRICT
AUGUST 28, 2012**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on August 28, 2012 was called to order by President McManigle at 12:32 p.m. p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. President McManigle presiding.

2. **ROLL CALL:**

Present: Director Griffiths
Director Lucy
Director McManigle
Director Sanford
Director Brazier

Absent: None

Also Present: Finance Manager Buckley
Human Resources & Safety Manager Bush
Assistant General Manager/District Engineer Lee
General Manager Seymour
Executive Assistant/Board Secretary Washburn
Legal Counsel Lemmo
Water Operations & Customer Service Manager Atilano
Superintendent Maccarrone
Superintendent Miller
Associate Engineer Plonka
Superintendent Walker

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

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

There were none.

Discussion went to Item #5.

4. **ANNIVERSARY ACKNOWLEDGEMENTS**

A. Chris Waite (5 Years)

Mr. Atilano mentioned Mr. Waite joined RMWD in 2007 and is current a Utility Worker II in the Meter Services Department where he is responsible for meter repairs, installations, and readings. He pointed out Mr. Waite currently tests meters as well as has received both the D2 and Backflow Cross Connection Certificates.

(*) - Asterisk indicates a report is attached.

Mr. Seymour added Mr. Waite was one of the most consistently pleasant people he has met as he presented Mr. Waite with a plaque and check for his five years of service.

Director Lucy stressed how important the meter readers are to RMWD and expressed his appreciation for their work.

Discussion went to Item #11.

**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.

The meeting adjourned to Closed Session at 12:33 p.m.

Time: 12:33 p.m.

6. 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

7. REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

The meeting reconvened at 12:51 p.m.

President McManigle stated there was nothing to report.

President McManigle called for a break at 12:51 p.m.

The meeting reconvened at 1:02 p.m.

Discussion went to Item #8

Time Certain: 1:00 p.m.

8. PLEDGE OF ALLEGIANCE

9. REPEAT REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

Legal Counsel stated there was no reportable action.

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

Mr. Seymour requested Item #4 be addressed at this time.

Discussion went to Item #4.

(*) - Asterisk indicates a report is attached.

**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 #12.

Joe Byer introduced himself as a resident with RMWD for 22 years and have followed the district closely over the years. He stated the Dave Seymour team has done a wonderful job overall. He said the monthly newsletter was fantastic and keeping the public well-informed.

Mr. Byer commented on the potential merger stating although he thinks it is an outstanding idea, but it needed to be done with some compassion. He pointed out it was not in the self-interest of the RMWD and FPUD maybe to merge due to the fact a lot of people are allegedly going to lose their jobs which in turns means how can someone work wholeheartedly when you are working yourself out of a job. He urged the Board to make sure that when this happens (and hopefully it does happen) that the people on board need move on elsewhere, their position is not filled or people retire. He said RMWD was not going to save big bucks by firing everybody nor does he believe the consumers want to see this, but rather a compassionate phase in over years.

Mr. Byer gave tremendous credit to both the RMWD and FPUD Boards for studying this matter so thoroughly. He stated the two agencies were leading the way for many other local public entities. He again complimented the RMWD monthly newsletter and encouraged everyone to read it. He concluded by stressing to the Board if RMWD does do the merger, to do so with some compassion to the current employees by letting the reduction go through attrition.

President McManigle pointed out there was an open meeting on September 11, 2012 at 4:00 p.m. at the Bonsall Community Center where both the FPUD and RMWD Boards will be present with someone from LAFCO running the meeting. He noted both RMWD and FPUD general managers have met with LAFCO and how LAFCO has stated a merger will not be done without compassion for the employees of both agencies.

Director Griffiths said the Board was very concerned about staff. He said he wanted to see both agencies' organization charts with solid statements as to when employees would be expected to leave RMWD at the September 11, 2012 meeting. He noted if this cannot be done, then he will be very suspicious as to whether or not this portion of the merger will not be done well. Director Griffiths pointed out the public may not get to vote on the consolidation decision. Mr. Byer stated he and Director Griffiths disagreed with compassion for staff. He said the people studying what positions are going to go may discover although the District may not save as much money quicker, they do not want to let go of people that should not be let go.

Director Lucy said he appreciates Mr. Byre's comments and noted the Board was very concerned about the employees in this respect. He pointed out this was an item on the agenda and will be discussed more at that time.

Discussion went to Item #13.

(*) - Asterisk indicates a report is attached.

***12. APPROVAL OF MINUTES**

A. July 24, 2012 - Regular Board Meeting

Action:

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

After consideration, the motion CARRIED by the following vote:

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

NOES: None.

ABSTAINED: None.

ABSENT: None.

Ms. Rhyne said she finds the minutes to be confusing concerning the consolidation discussions. She referenced the fourth paragraph on Page 12A-6 where it states “Mr. Seymour says all of the information derived from the completed studies have been provided; however, there were more studies to be completed.” Ms. Rhyne said she understands this to mean all the studies are done, but there are more studies to be completed. She said until more information has been gathered, she advises waiting until conclusions are developed and everyone has been adequately informed to the best of their ability. She stressed how confusing it was to her that the Board has all this information, but it may not be adequate. She questioned how the Board was supposed to make a decision on inadequate information. She also made mention of the suggestions from the RMWD employees. She urged the Board to put themselves in the place of the employees.

President McManigle referenced Page #12A-3 when he pointed out the word “silk” should be “silt”.

Director Griffiths said he would like more information in the minutes when he makes inquiries such as on Items #12A-9, #12A-10, #12A-11, etc.

Discussion returned to Item #11.

13. BOARD OF DIRECTORS’ COMMENTS/REPORTS

Directors’ comments are comments by Directors concerning District business, which may be of interest to the Board. This is placed on the agenda to enable individual Board members to convey information to the Board and to the public. There is to be no discussion or action taken by the Board of Directors unless the item is noticed as part of the meeting agenda.

A. President’s Report (Director McManigle)

President McManigle reported there was a meeting a week prior with State Senator Joel Anderson where members of the ad hoc committee and general managers met with the exception of Director Lucy. He said the meeting was to provide Senator Anderson with an update and let them know what the two agencies were doing and how the matter was being approached. He noted the same thing has been done with Bill Horn and Kevin Jeffries’ office.

(*) - Asterisk indicates a report is attached.

B. Representative Report (Appointed Representative)

1. SDCWA

Director Sanford reported most of the discussion at the recent SDCWA meeting was focused on the desalination process and project which would be discussed later in this meeting as an agenda item.

2. CSDA

There was no report.

3. LAFCO

There was no report.

4. San Luis Rey Watershed Council

Director Brazier reported at the San Luis Rey Council meeting on August 27, 2012, the President was ill and the speaker was unable to attend due to the loss of a family member; therefore, there was not much that could be done. She said there was; however, discussion regarding the Tea Party meeting. She said she had received a couple of telephone calls with one stating it was a good thing she was running unopposed because they would not vote for her due to her involvement in these types of meetings. She noted she explained although she was not involved, the perception by some that RMWD was courting the Tea Party. She pointed out she told the constituent to contact the appropriate offices with their concerns in this regard.

Mr. Seymour noted the ad hoc committee sat around for an hour or more before finally being invited up to make a presentation which had to be rushed due to lack of time. President McManigle pointed out this was the same presentation presented to both the FPUD and RMWD Board, respectively. Mr. Seymour noted there was no political discussion regarding the matter at all. Director Brazier pointed out the concern was whether or not the districts were going to come to every social group and make a presentation.

Director Griffiths asked if there was any chance of receiving some sort of report from the Tea Party meeting. Mr. Seymour stated it was a very rushed presentation and question and answer period lasting less than thirty minutes. He noted there was not enough time for a lengthy meeting and there was little discussion, but he did receive favorable comments after the meeting.

Director Sanford asked if RMWD was invited by the Tea Party to make the presentation. Mr. Seymour said he did not know, but the intention was to give the district's perspective at the suggestion of Milt. Director Sanford clarified it was not something RMWD asked to do. Mr. Seymour verified it was not something RMWD asked to do and it was his understanding it was suggested by people in the Tea Party. Director Brazier asked it was to be understood that this would be future practice should RMWD be advised to do the same by any kind of group.

Director Sanford said the reason for his question was to address Director Brazier's caller's comments that RMWD was invited. He noted it was his opinion that anyone who wants to hear the presentation should have the opportunity to do so in order to get the communication out there. He said if RMWD was being proactive and suggesting to these groups the district come and make the presentation, then he could see her caller's perception RMWD was doing something they probably should not be.

Director Lucy said he thought it was good RMWD was doing these things due to the fact there were a great deal of stories out there and this provided a great opportunity to show the ideas being considered and nothing was concrete at this time, but rather show the studies being conducted.

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

There were no reports.

D. Directors Comments

There were no comments.

Discussion went to Item #14.

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

A. Budget and Finance Committee

Mr. Buckley reported an August meeting was not held due to lack of a quorum.

B. Communications Committee

1. July 2, 2012 Minutes

Ms. Washburn reported the committee discussed future articles for "The Communicator" as well as voted to remove her as an alternate member on the committee.

Director Griffiths asked for clarification on Page #14B1-3, Item #10H. Mr. Seymour clarified the Pardee meters would be associated with the potential Pardee Homes.

C. Engineering Committee

1. July 3, 2012 Minutes

Mr. Lee reported although the committee met in early August; however, he was not in attendance. He pointed out there were two items for discussion which was the Alternative Water Supply Study as well as the Engineering Committee preparing a letter to the Board expressing their concerns regarding the potential consolidation.

(*) - Asterisk indicates a report is attached.

Mr. Lee confirmed for Director Griffiths Ms. Rebueno does hold a Chemical Engineering Degree. Director Griffiths also inquired as to the tasks being performed by the interns brought on at RMWD by Mr. Lee. Mr. Lee pointed out there were no open positions for the interns to fill; however, once both of the interns complete their education RMWD will keep tabs on them should positions become available in the future. He pointed out this was something RMWD had just started and was hopeful to continue a similar program on a regular basis. Director Griffiths agreed with giving individuals hands on experience.

Discussion went to Item #15.

BOARD ACTION ITEMS

***15. DISCUSSION AND POSSIBLE ACTION TO SET A DATE FOR PUBLIC HEARING REGARDING SETTING RATES AND CHARGES FOR COMMODITY RATES, O&M METER RATES AND SEWER RATES**

Mr. Buckley stated although he provided additional information, this item was to only set the public hearing date. He noted all the numbers were included in the budget and already discussed by the Budget and Finance Committee meeting.

Action:

Moved by Director Brazier to set the date for the Public Hearing on October 23, 2012. Seconded by Director Lucy.

After consideration, the motion CARRIED by the following vote:

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

NOES: None.

ABSTAINED: None.

ABSENT: None.

Mr. Seymour pointed out these proposed rates have not been provided to the public; therefore, the Board could decide to make changes and then hold the Public Hearing at a later date as well as delaying the date of implementation. Mr. Buckley pointed out the rates can be altered downward, but not upward.

Director Griffiths asked where he could find out how the budget will be impacted if these proposed rates are implemented. Mr. Buckley pointed out information has been provided during all the discussion periods and that there was information provided with this item in the agenda packet as well.

Director Lucy suggested there being bullet points presented. He also asked Mr. Seymour whether or not he had concerns. Mr. Seymour says he always has concerns when looking at increasing rates, especially with positions not being filled; however, he was unsure RMWD could survive the MWD and SDCWA rate increases without doing something.

(*) - Asterisk indicates a report is attached.

Director Lucy suggested running these numbers by the Budget and Finance Committee at their next meeting. Mr. Seymour stated although the Budget and Finance Committee does a great job, they look at it as more business-like and are generally in favor of raising rates. He made some suggestions as to how rate increases could be addressed.

Director Brazier asked if RMWD does not continue to pass through the costs and does not raise rates, the district will never get caught up. Mr. Seymour agreed this was not an easy answer.

Director Griffiths inquired as to whether or not someone not already enrolled in the discounted plans would be permitted to join. Mr. Buckley explained on January 1, 2013 those who opted out of SAWR back in 2008 will be eligible to get back into the program. He said if a ratepayer was never enrolled in SAWR, they would not be eligible to join.

Discussion went to Item #16.

***16. DISCUSSION AND POSSIBLE ACTION REGARDING DRAFT WATER PURCHASE AGREEMENT BETWEEN POSEIDON RESOURCES AND THE SAN DIEGO COUNTY WATER AUTHORITY (REQUESTED BY: DIRECTOR SANFORD)**

Director Sanford said this was primarily a report and not an action item. He said basically the reason he wanted to put this on the agenda was to be sure everyone was kind of on the same page as well as understands what is happening between SDCWA and the Carlsbad Desalination project. He pointed out the project has been under consideration for a number of years, analyzed, re-analyzed, and analyzed again over the years and now it was at the point there was a 200-page document that has been drafted between SDCWA and Poseidon.

Director Sanford noted the big concern was there was a great deal of money involved. He noted the biggest concern on the part of SDCWA and the Board was when it comes to the number of agencies is to minimize as much as possible the financial exposure of SDCWA in the event the project would reduce cost. He said during the meeting everyone felt they were in the final stages and at the point to start reviewing the agreement for approval or disapproval and then all of a sudden there was another change by Poseidon; therefore, they were not quite as close to home plate as they thought.

Director Sanford explained after saying all this, he wanted to bring the RMWD Board up to speed as to what was happening. He said he has provided copies of some of his summarized notes from the various meetings he has attended. He recalled he was not in the area when there was a 30% cutback due to drought and it was at that point San Diego, as an entity, said they cannot allow this to continue and become somewhat independent. He noted this was what triggered how to reduce San Diego's reliance on Metropolitan Water District. He said this was when they started looking at the Pacific Ocean which basically led to the birth of the desalination concept. He continued talking about the current and future concerns including population shifts as well as what one would be willing to pay for the reliability of water due to the fact RMWD itself would not be consuming water directly from this project, but would have more water available to it should the project provide San Diego with more water.

(*) - Asterisk indicates a report is attached.

Director Sanford pointed out it could cost each ratepayer \$5-\$8 increases in water rate at some point in the future assuming the project gets approved. He noted all indications are that the votes will be tight due to the fact there is one candidate very much in favor of desalination and other that is not. He said there may be a chance of this project not being approved.

Director Sanford said at this time he was asking the RMWD Board to direct him as the SDCWA delegate to vote the way this district feels appropriate.

Director Lucy noted his concern with the quality of the water that would come from the project. He asked if RMWD would be paying an increased amount of money per acre foot for the same quality of water. Director Sanford stated it was his understanding it would be the same. Mr. Seymour said the water will be treated only as much as necessary; therefore, it could be the same water as now, but at a lesser cost.

Director Lucy expressed concern that within the contract that SDCWA would have the authority to get rid of the general manager. Director Sanford explained SDCWA was playing hard ball in that should they back up Poseidon on this project, SDCWA would take complete control over it in the event it does not deliver properly.

Director Lucy asked if there was anything this desalination project could hurt FPUD, Valley Center, and RMWD. Director Sanford stated not to his knowledge. Mr. Seymour noted there were nine agencies working with SDCWA now on the financing portion of the project and the four local agencies will need to decide whether or not they can afford it.

President McManigle asked what the "new wrinkle" was with this project. Director Sanford stated he does not know; however, SDCWA staff has been hammering out any "wrinkles" as they come up and then everything will be discussed at their September 2012 meeting.

Director Griffiths made an inquiry on Page #16-2. Director Sanford explained there was a great deal of financing involved with the project. He also asked about existing agreements. It was noted those were preexisting agreements. Discussion ensued regarding Page #16-3. Director Sanford reminded Director Griffiths a number of things agreed to in the past are being changed as they reach the final contractual level of a large purchase agreement.

Director Griffiths referenced Page #16-4 where it mentioned Pollution Control and inquired as to how this works in accordance with Ordinance 95-1. Director Sanford stated this condition was on SDCWA and would not have any impact on RMWD.

Action:

Moved by Director Sanford to approve taking a position on the SDCWA/Poseidon Resource Agreement. Seconded by Director Brazier.

After consideration, the motion CARRIED by the following vote:

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

(*) - Asterisk indicates a report is attached.

President McManigle clarified all that the Board Members were agreeing to with this motion was giving direction to move forward.

Discussion went to Item #17.

***17. DISCUSSION AND POSSIBLE ACTION REGARDING APPOINTMENT OF RMWD REPRESENTATIVE TO ACWA JPIA BOARD OF DIRECTORS AND DESIGNATE ATTENDANCE AT ACWA JPIA MEETINGS AS BEING COMPENSABLE UNDER RMWD ADMINISTRATIVE CODE FOR DIRECTOR PER DIEM AND ADOPT ORDINANCE 12-03 UPDATING THE ADMINISTRATIVE CODE**

Mr. Seymour noted back in July 2012 ACWA and JPIA merged. He suggested RMWD Board Members serve as both the representative and alternate due to the nature of the discussions to be held.

Action:

Moved by Director Lucy that George McManigle represent the RMWD Board with Rene Bush serving as the alternate as well as approve the recommended modification to the RMWD Administrative Code. Seconded by Director Brazier.

Mr. Seymour explained again why he felt it would be better to have Board Members serve both positions. Director Lucy stated he felt more comfortable to have someone from staff serve as an alternate due to the fact they are more familiar with the language. Ms. Bush stated it was her belief that everyone on the ACWA/JPIA Board was some level of a director.

Director Griffiths recommended Director Lucy serve as the alternate.

Mr. Seymour pointed out most of the committee meetings are held in Sacramento which was where most of the work takes place.

Director Lucy amended his original motion.

Action:

Moved by Director Lucy that Director McManigle serve as the RMWD representative and Director Sanford as the RMWD alternate representative for the JPIA Board of Directors. Seconded by Director Brazier.

After consideration, the motion CARRIED by the following vote:

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

Discussion went to Item #18.

(*) - Asterisk indicates a report is attached.

***18. DISCUSSION AND POSSIBLE ACTION REGARDING RMWD AND FPUD JPA/CONSOLIDATION**

Mr. Seymour stated there was no new information with the exception of the meeting set for September 11, 2012. He noted the employee comments received prior to today have been provided and others received today and beyond will be provided at the next regular Board meeting.

Director Lucy asked whether or not there was a way to address the employee concerns. Mr. Seymour stated it could be done at employee staff meetings. Director Sanford suggested it may be better to have a member of the ad hoc committee member present to address staff concerns. Director Lucy stated he would be very willing to meet with the employees.

Director Sanford shared a story where he spoke with someone regarding the consolidation who still believed RMWD was still in bad condition. He said the reason he shared this story was the information the public member had was all old stuff.

Director Lucy stressed the need to answer or address these employee concerns immediately. President McManigle pointed out General Manager Brady should be addressing RMWD's employee concerns regarding his prior work history. Director Sanford said the work that has been done points to Dr. Brady being the General Manager should the agencies merge which was not necessarily the case.

Director Griffiths reiterated his desire to have Dr. Brady, Mr. Seymour, and the ad hoc committee put together a completed organizational chart showing exactly what was being proposed for the employees during the process as a means of them taking responsibility for things instead of skipping around it claiming "attrition". He claimed stating attrition avoids taking responsibility. He said with these organizational charts will make those on the there happy and those that are not realize they need to go. Director Lucy stated this was something that needed to be studied due to the fact both agencies were unclear how things will go operationally; therefore, how could they put together such an organizational chart. He said there may not even be one person who leaves should the agencies merge due to the fact both agencies were down to "bare bones" as they are right now.

Director Brazier said she had thought the ad hoc committee had disbanded.

Director Lucy said he would love to sit down and have those questions answered. He said even if it was to say "we don't know" because we do not have the answers.

Ms. Rhyne said she attended the FPUD meeting on August 27th and they seemed to want to close in on Dr. Brady being the general manager who was also the owner of seven other businesses as well as investor on primarily water entities. She said he is the manager, president, and CEO of these businesses. She stated she does not see how he can spread himself that thin. She pointed out FPUD has a great deal of recycled water and need storage space. She pointed out FPUD said a month ago that if they have a consolidation they will have some storage space in our reservoir, which she assumes means the Bonsall reservoir. She suggested we put raw water in this reservoir and sell it. She commented on the development currently going on. She stressed it was her view that FPUD was in a lot worse condition than RMWD and that they need RMWD as well as its money which causes her worry. She expressed concern FPUD employees were asking RMWD employees if they have their resumes out, which was simply not fair.

(*) - Asterisk indicates a report is attached.

Director Griffiths said he was looking into FPUD getting water rights at Santa Margarita via Camp Pendelton which will cost a great deal of money in the future. He noted he was afraid economic implications will emerge.

Ms. Rhyne said one hard cold fact was FPUD needs to expand their sewer plant and their experiencing a great deal of problems with their sewer pipes breaking. She stated this shows their infrastructure was considerably worse off than RMWD's. She stressed if RMWD goes along as they are by possibly modifying Ordinance 95-1 with a sunset clause she believes the ratepayers would vote for the modification and the district would be able to fix its own infrastructure and not need to merge.

Director Sanford inquired about the September 11th combined FPUD and RMWD Board meeting. Mr. Seymour noted RMWD, FPUD, and LAFO have been working on the agenda for this meeting and a member of the public from LAFCO will be the moderator. He mentioned both general managers will make an updated divisional accounting presentation, LAFCO will give a presentation on the processes involved which will be followed with a question and answer period. Director Brazier expressed concern with so many presentations, it will leave very little time for public input which will in turn defeat the original purpose of the meeting which was to be a "meet and greet" with public input. President McManigle assured the drafted agenda would take approximately one and a half hours to complete.

Director Brazier addressed Director Lucy's comment about future concerns and stressed that due to the fact this merger was irreparable, RMWD needs to know exactly what the consequences of what was being done were prior to signing the dotted line, especially when RMWD would have no recourse once a merger takes place. She suggested in order to anticipate anything specific questions should be answered. Director Lucy clarified he was talking about how they would merge the entire district together such as pipeline and operationally, not administratively. Director Brazier said if there was some level of reasonable uncertainty, the Board needs to agree to make sure these concerns are addressed. She expressed this was her concern in regards to lack of information.

Director Sanford stated although he agrees with Director Brazier's comments; however, he thinks both Boards need to look at this from a birds eye view standpoint and not to get too much into the "weeds" because if they do they could potentially hammer this thing to the point to where it will not work for sure. Director Brazier asked should not the Board discuss the specifics of finance, the matter of employees, as well as the governance. She said there were numerous areas that have not even been brought up. Director Sanford reiterated he agreed with Director Brazier; however, if the Board prepares an organizational chart as suggested by Director Griffiths, the district would be setting itself up for failure.

Director Lucy stated he thought those on the ad hoc committee were very careful not to get too much into detail, but rather really stayed on higher levels of thought of common ground issues. He said what he meant by the future was how to optimize every aspect of a merger which he envisioned would take years to figure out. He stressed if the committee had gotten into the "weeds", then the perception would have been they had already done the deal, something he thought the committee was very careful not to do the deal and were sensitive to this matter.

Director Brazier noted it appeared to her as though two boards were going to make a decision voting yes or not on consolidation. She asked does this Board want to first look at this conventionally as well as at the governance and researching any and all information pertaining to consequences prior to making the final decision. Director Sanford said before he was willing to vote, he wanted to see all the information whether it be on his own or with the help of staff. Director Brazier stated it should be in the presentations. Mr. Seymour explained in order to move forward with a complete study, the FPUD board only approved a study of the financial aspects showing potential savings before seeking out consultants and attorneys to actually figure out the governance, a charter, and the other items Director Brazier wanted answers to now. He said they were trying to determine there was a cost savings before Dr. Brady could go back to his Board to seek approval to move forward with the next steps. He said he wished FPUD's Board had done the same thing as the RMWD Board which was to approve conducting all studies concerning a potential consolidation due to the fact the questions being asked today could be addressed and get a proposal prepared for the Board to consider taking to LAFCO or not. He reiterated FPUD did not yet approve this portion of the studies.

Director Sanford asked Mr. Seymour at what time the Board should solicit their questions to him or the ad hoc committee. Mr. Seymour reiterated FPUD's Board was only interested in the financial study first; therefore, no other questions have been addressed or presented answers to at this point.

Director Brazier asked how, when, and in what format does the Board propose to answer the employee concerns. Mr. Seymour stated this could be done at all hands staff meetings after the Board meetings. Director Brazier pointed out it was mentioned Dr. Brady should be present to address employee concerns and asked whether or not the RMWD could be present to receive the answers to the same questions. Mr. Seymour stated the Board was welcome to come to any RMWD meeting as long as there were no more than two Board Members present. Director Brazier agreed; however, she asked would it not be in all their interest to know the answers to the questions.

Mr. Lee suggested asking the employees who they would like to attend the all hands meetings to ask or answer their questions. Director Brazier agreed with this proposal. Director Griffiths did not agree stating how could questions be answered when they do not know the answer. He said this was quite nonsense due to the fact he felt decisions need to be made before answers can be provided.

Director Sanford talked about the number of questions raised by employees as submitted in the agenda packet and suggested possibly holding a Board meeting with staff members and this way the Board could receive answers to the same questions. Mr. Lee pointed out the suggestion box was implemented for the employees specifically to ask questions of the Board so that the Board heard from the other stakeholders in this process. He stated "I don't know" was a perfectly acceptable answer at this time; therefore, having a Board meeting or a Board Member physically come to the employees and say "we don't know" would simply reinforce what management has been telling them all along is that we do not know but also may in turn encourage the Board members to get answers to their same questions.

Mr. Lee stated for the record that all RMWD employees were informed about the September 11th meeting that starts at 4:00 p.m. and were told they were welcome to attend; however, they must submit Paid Time Off requests for the time they would not be on the job. He noted this would mean the employees would be not be attending on district time, but on their own time if they so desire. Director Griffiths inquired as to how much Paid Time Off hours would be involved. Mr. Lee explained it depended on the employee requesting the time off but could be half an hour to no time for those who are off the job at 3:30 p.m. Director Griffiths said he would like to make it as reasonable as possible for one to attend. Director Lucy agreed. Director Griffiths said he would not have a problem with allowing employees to leave work in time to get to the meeting by 4:00 p.m. without taking their personal time. Mr. Lee explained the majority of the employees are off the clock by 4:00 p.m. with very few at the offices until 5:00. He recognized and appreciated Director Griffiths' concern; however, RMWD needed to stay operational until 5:00 p.m. Mr. Seymour suggested allowing the employee group president and vice president to leave in time to make the meeting on the District's dime. Director Griffiths reiterated he wanted to make it work where all employees could attend the meeting without costing them time off. Director Sanford agreed with Director Griffiths, especially in the scheme of things it would not cost RMWD that much and it would allow the Board to present as high a level of openness as possible.

Director Sanford stated he would take the position as a Board Member to paying all employees who wish to attend for the amount of time they would need to get to the meeting. He added; however, if Mr. Lee and Mr. Seymour decided not to, that was their decision. Mr. Seymour pointed out there could be cause for issue should some get the time off without taking Paid Time Off getting treated differently than those who decide not to go the meeting but having to work the entire day. Discussion continued regarding the logistics of employees attending and keeping the district operational until 5:00 p.m.

Director Sanford asked if it would be beneficial to have employees pulled in for a lunch period to address their concerns with some or all Board Members present.

Mr. Lee thanked the Board for giving the employees such consideration and he will make sure Directors' message gets out. He recommended the Board hold a luncheon with the employees in order to address the concerns of both sides.

Director Lucy suggested Mr. Seymour and Mr. Lee work out something to address this matter to make it as convenient as possible for everyone.

Director Griffiths addressed another matter involved with the consolidation. He referenced Government Code 56853 suggesting the consolidation cannot be done without a vote of the public. He said he would stand against a possible merger taking place without public input. Director Sanford confirmed Director Griffiths was stating he wanted all public members to vote on this matter at a special election even though he did not want to spend money. Director Griffiths stated this was true due to the fact he could not stand the thought of the public not voting on the merger.

It was confirmed by the Board they would like staff to schedule a luncheon with the employees to address their concerns. Mr. Seymour stated another option could be to set up another ad hoc committee since the old one was disbanded and have smaller groups meet with employees.

Director Griffiths disagreed with the luncheon idea.

Action:

Moved by Director Brazier that before the next regular Board meeting, staff set up a meeting among employees, Board Members, and staff for the discussion of employee concerns. Seconded by Director Sanford.

After consideration, the motion carried by the following vote:

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

Director Griffiths disagreed stating this was too informal.

Discussion went to Item #19.

***19. RECEIVE AND FILE INFORMATION ITEMS FOR JULY 2012**

- A. General Manager Comments**
 - 1. Meetings, Conferences and Seminar Calendar
- B. Construction & Maintenance Comments**
 - 1. Construction and Maintenance Report
 - 2. Valve Maintenance Report
 - 3. Garage/Shop Repair
- C. Engineering & Wastewater Comments**
 - 1. Engineering Report
 - 2. Division Boundary Map
 - 3. Wastewater Report
- D. Customer Service & Water Operations Comments**
 - 1. Water Operations Report
 - 2. Electrical/Telemetry Report
 - 3. Water Quality Report
 - 4. Field Customer Service Report
 - 5. Meters Report
 - 6. Cross Connection Control Program Report
- E. Human Resource & Safety Comments**
 - 1. Safety Report

Action:

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

(*) - Asterisk indicates a report is attached.

After consideration, the motion CARRIED by the following vote:

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

Mr. Lee commented regarding two individual developments for which RMWD received Water Availability Letters, including Warner Ranch which consists of approximately 563 homes with some light commercial development. He said the developers are expressing high interest in being provided both sewer and water service by RMWD at the developer's expense. He noted the other project was San Luis Rey Downs who was currently in escrow with the Rancon Group out of Riverside who will in turn developing the property themselves composing of approximately 300 homes that will also need both water and sewer service.

Director Griffiths asked by taking on these developments, would RMWD lose sewer capacity. Mr. Lee stated it was his belief these two developments along with the others included in the 2006 Master Plan would leave RMWD with enough capacity to serve Pardee homes.

Director Sanford inquired as to whether or not Warner Ranch comes on board and run a pipeline out of the Pala Casino area, would Pardee be able to utilize that same pipe. Mr. Lee explained the pipeline proposed to travel from Warner Ranch to the exchange will actually connect to the pump station that Passerelle will be building with additional capacity to serve Campus Park West and Warner Ranch. He pointed out both of these developments will be contributing to that lift station. He said there will be additional capacity in the lift station for ability to expand that lift station should Pardee wish to be serviced by this district.

Mr. Atilano mentioned a handwritten letter RMWD received from a customer stating how pleased they are with RMWD's water quality and customer service.

Director Griffiths asked Mr. Maccarrone if it were possible to provide additional information under Item #19B2 in regards to the scheduled maintenance plan as well as the valves that are not operating. Discussion ensued.

Discussion went to Item #20.

***20. RECEIVE AND FILE FINANCIAL STATEMENTS AND INFORMATION FOR JULY 2012**

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

(*) - Asterisk indicates a report is attached.

11. RMWD Domestic Reduction Program
12. Projected CIP Cash Flow Report
13. RMWD Sewer Equivalent Dwelling Units (EDU's) Status

Action:

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

After consideration, the motion CARRIED by the following vote:

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

NOES: None.

ABSTAINED: None.

ABSENT: None.

Mr. Buckley stated the District was off to a good start even though it was only one month into the new fiscal year. He pointed out the auditors completed their onsite work at the District and a final report will be provided to the Board at its September meeting.

Director Griffiths referenced Page #20A2 when he asked for clarification all funds were included in the report. Mr. Buckley confirmed all funds were included. Discussion ensued.

Director Sanford referenced Page #20A1-4 and #20A1-5 when he asked whether or not the current asset ratios were something the Board should be concerned about. Mr. Buckley provided an explanation and said the District always looks good in this area.

Mr. Lee gave an update on the State Revolving Fund Loans including the fact he was told in his last communication with the State they were moving slower than expected due to mandated furloughs. He also confirmed when the funds do come to RMWD they will be brought to the Board for final approval. It was noted something should be done prior to RMWD receiving the money. Director Sanford recommended this be on the September agenda for discussion and possible action.

Director Griffiths referenced Page #20A3 and the charge for a Google application. Mr. Lee provided an explanation.

Director Griffiths made inquiries on Page #20A5-1. Director Griffiths also asked what Check No. 43041 had to do with Lift Station 2. Mr. Lee stated he would get back to Director Griffiths with an answer on this check.

Director Griffiths asked what ESRI stands for and Mr. Lee stated it was related to GIS.

Director Griffiths inquired about Check No. 43067. Mr. Seymour stated it was part of RMWD's portion of the consolidation studies. Director Griffiths stated he was against this money being spent.

Director Griffiths asked whether or not the retirement funds for Mrs. Mullennix's and Mr. Sneed's benefits were part of a contract. Mr. Seymour noted it was part their MOU's.

Director Griffiths made another check inquiry.

Discussion ensued regarding the training provided by Liebert Cassidy. It was also noted the check written to the Ramona for 51 employees was for the Employee Assistance Program.

Discussion went to Item #21.

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

It was noted Ordinance 95-1 as well as a discussion item to report from the September 11th and the employee meetings should be on the next agenda.

22. ADJOURNMENT - To Tuesday, September 11, 2012 at 4:00 p.m.

The meeting was adjourned with a motion made by Director Brazier and seconded by Director Lucy to a Special meeting on Tuesday, September 11, 2012 at 4:00 p.m.

After consideration, the motion CARRIED by the following vote:

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

The meeting was adjourned at 3:15 p.m.

George McManigle, Board President

Dawn M. Washburn, Board Secretary