

**MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
RAINBOW MUNICIPAL WATER DISTRICT
JUNE 25, 2013**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on June 25, 2013 was called to order by President McManigle at 1:03 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. President McManigle presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

Present: Director Griffiths
Director Lucy
Director McManigle
Director Brazier

Absent: Director Sanford

Also Present: Assistant General Manager/Finance Manager Buckley
Executive Assistant/Board Secretary Washburn
Legal Counsel Moser
Superintendent Maccarrone
District Engineer Plonka
General Manager Brady
Supervisor Zuniga
Water Operations/Customer Service Manager Atilano

Two FPUD staff members were present. There were no public members present.

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

Director Griffiths requested Items #10 and #11 be considered as information items for this month and brought back for a vote by the Board at the next meeting. It was noted these items could be discussed and then the Board can decide whether or not to take action.

5. **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 public comments.

(*) - Asterisk indicates a report is attached.

***6. APPROVAL OF MINUTES**

A. May 28, 2013 - Regular Board Meeting

Action:

Moved by Director Griffiths to approve the minutes as submitted. Seconded by Director Brazier.

After consideration, the motion CARRIED by the following vote:

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

Director Griffiths noted his revisions were for the June 6, 2013 minutes.

B. June 6, 2013 – Budget and Finance/Special Board Meeting Minutes

Action:

Moved by Director Brazier to approve the minutes with minor revisions. Seconded by Director Griffiths.

After consideration, the motion CARRIED by the following vote:

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

Director Griffiths pointed out the word “free” should be “freeze” on Page #6B-3.

7. 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 mentioned his surprise to find he was on the CSDA ballot at the Mission Resources meeting.

B. Representative Report (Appointed Representative)

1. SDCWA

There was no report given.

(*) - Asterisk indicates a report is attached.

2. CSDA

There was no report given.

3. LAFCO

There was no report given.

4. San Luis Rey Watershed Council

Director Brazier reported San Luis Rey Watershed Council met on June 24, 2013 where discussions took place regarding the Council being categorized differently with the State of California than the IRS which was something they were working on getting corrected. She mentioned Coca-Cola decided to work with the Council by donating fifty rain barrels; however, due to state restrictions they have to look into some workshop ideas.

5. Santa Margarita Watershed Council

There was no report given.

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

There were no reports given.

D. Directors Comments

Director Brazier commented there were obvious differences of opinion among this board about value and contribution of employee morale in the workplace. She stated many personnel management experts have written about how much good is created both financially and otherwise by having good workplace relationships including productivity. She said having accepted the differences of opinion and knowing there were some dismissive feelings about her comments she was still taken back at the level of raw content expressed for ratepayers and employees during discussions at the NCJPA meeting. She stated she did not mean to sound "preachy" but RMWD exists only for the purpose of serving its customers and RMWD employees are the district's means of doing such. She explained there was a need for respect for both of those groups because without them there was no need for RMWD including the Board. Director Lucy asked for more information regarding Director Brazier's comments. Director Brazier recommended he listen to the audio recording of the NCJPA meeting as well as agreed to discuss this with him further at a later time.

Director Brazier stressed her next comments were much more serious. She hoped her usually calm demeanor was not mistaken for lack of passion as she was very angry about this particular subject. She read aloud her comments regarding how certain employees have started to hover around when she has been speaking with other staff members while at the District and how it was now bordering on harassment. She requested her written copy of these comments be made a part of the minutes (see Exhibit "A").

President McManigle asked Mr. Buckley if he knew anything about what Director Brazier was talking about. Director Brazier clarified she has not mentioned anything to anybody. President McManigle asked Dr. Brady if he was aware of the situation. Director Brazier reiterated she was only sharing what she experienced. President McManigle stated he could not imagine employees behaving in this manner without some motivation. Director Brazier stated she has no idea what the motivation was and she was not imputing any motivation since she did not know. She stressed she does not go and talk about the things discussed in Board meetings with employees because she is very circumspect; however, she does have occasional conversations with some individuals she has known for many years. She said she resents having somebody hanging around listening and that she was furious.

Director Lucy asked Director Brazier how she would like her concerns addressed. Director Brazier said her only purpose right now was to make her concerns publicly known in hopes that it would stop; however, if it continues she will document it and bring the Board names, dates, times, and events at which time it can be formally addressed. She added that if this was being done to her it raises red flags as to the motivation and whether or not people in positions of authority are intimidating employees to behave in this manner.

President McManigle inquired as to what happened to the RMWD suggestion boxes and how he had directed Mr. Buckley to ensure they were put back on the wall(s) due to the fact they play a valuable role by demonstrating to the RMWD employees the Board wants their feedback.

President McManigle expressed concern regarding both logos being utilized on the RMWD newsletter, but not in the advertisement published by FPUD in a recent issue of The Village News. He asked Dr. Brady whether or not he had seen and/or approved the advertisement. Dr. Brady recalled how several community events have been co-branded but the agencies were not fully integrated. He said if the RMWD Board wanted to move some funds over, he would be happy to make this a completely integrated advertisement. President McManigle stated this did not make sense since the FPUD logo got integrated into the RMWD newsletter. President McManigle expressed serious concern this matter was not being treated equally and strongly suggested the entire RMWD Board start building a list of items that are show stoppers and demands solely from this district before going into a merger.

Director Brazier shared an anecdote version of an unsolicited comment from a FPUD customer who had no idea who she was with the exception of being an RMWD customer. She said this individual stated he was a FPUD customer who treated their ratepayers like dirt and hoped RMWD customer service did not become like FPUD's should the agencies merge.

Director Lucy added he did not like the word "absorbed" when referring to the possible merge. He said if the agencies were going to merge it would need to be equally without absorption. He told Dr. Brady when he sees words like this regarding a potential merge he becomes very concerned, especially when he is being cautioned by many people to watch it. He stated he does not want to see RMWD absorbed by FPUD, but rather an equal merger with no exceptions. He stressed he did not want this word used anymore when referring to the potential merge and if he was an RMWD employee hearing this would be extremely concerning to him too.

President McManigle told Dr. Brady he has an obligation to make this work for both agencies, not for just his primary employer. Dr. Brady agreed that it was co-equal as far as he was concerned. President McManigle disagreed in that they all knew it was not co-equal in that there were a lot of irritations that point out things are not going swimmingly and they all need to make sure it does.

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

- A. Budget and Finance Committee**
1. April 4, 2013 Minutes

Mr. Buckley pointed out the last meeting was a joint Special Board meeting.

- B. Communications Committee**
1. May 13, 2013 Minutes

There was no report.

- C. Engineering Committee**

There was no report.

BOARD ACTION ITEMS

9. DISCUSSION AND POSSIBLE ACTION TO EXPEDITE THE BECK RESERVOIR UV CONSTRUCTION (REQUESTED BY: DIRECTOR GRIFFITHS)

Director Griffiths stated he has been onto this item for several years and wanted to get things going just like FPUD had in getting their resolution. He said he was pleased with RMWD realizing this needed to be done; however, he was concerned RMWD was not getting plans together while waiting for the permit process to complete. He pointed out RMWD must allocate the resources today and get this project going as quickly as possible.

Action:

Moved by Director Griffiths that Rainbow Municipal Water District work toward getting Beck Reservoir in service with ultra violet treatment as quickly as possible and treating it as one stage below an emergency with staff providing the Board with monthly reports. Seconded by Director Lucy.

After consideration, the motion CARRIED by the following vote:

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

Dr. Brady noted staff recently sent a letter to the California Department of Public Health Services (CDPHS) on Beck Reservoir starting the permitting process.

Mr. Bebee provided the Board with a brief update noting how he originally planned to go to the Board and recommend putting out a Request for Proposal for permitting and construction. He mentioned when he talked to CDPHS he was told that due to past correspondence and after speaking with their regional engineer they were not going to allow RMWD to put in UV treatment. He explained this was why at the last meeting he told the Board the first thing RMWD needed to deal with this big CDPHS issue before going out and hiring an engineer to do

(*) - Asterisk indicates a report is attached.

permitting and design which would cause the district to lose money. He noted this was the letter just sent out after it was reviewed by individuals that have worked with EPA and others to make sure RMWD had a good justification and case with which to approach the CDPHS. He reiterated this was a priority for him to get this right and out because he too sees this as an important project for RMWD. He pointed out the effort was focused on gathering the proper backup justification to basically say to the CDPHS, RMWD believes the compliance plan was never to permanently remove Beck from service noting all the reasons why RMWD believes it should be able to move forward with UV disinfection. He suggested the District press for a meeting with CDPHS and their regional engineer to work this out after the July 4th holiday. He cautioned RMWD against going out and getting someone to begin permitting, design, and construction due to the fact RMWD may be faced with having to come up with a different approach based on the outcome of the meeting.

Mr. Bebee pointed out it would take approximately 36 months to complete the permitting, design, and construction; however, this first step was one over which RMWD has no control. He offered to provide monthly updates.

Director Griffiths said he has never heard of such arrogance from these public servants (CDPHS) because they can only say whether the results will be good and not whether or not a project can be done.

President McManigle inquired as to whether RMWD had any recourse. Mr. Bebee stated the District can try it; however, it was at CDPHS' discretion due to the fact there had to be a compliance plan by a certain date. He added; however, RMWD had a good justification to say there was never anything in the compliance plan where the District agreed to permanently remove Beck from service but rather always identified this was temporary. He reiterated the end result would be up to CDPHS. Director Griffiths suggested approaching the governor for assistance.

Director Brazier hoped RMWD's pushback would be firm and forceful just as it was when covering its reservoirs. Mr. Bebee agreed noting that it needed to be started at the staff level which was the stance Dr. Brady had taken in the letter mailed to CDPHS.

Mr. Atilano pointed out when he first responded to CDPHS, he did tell them this was only a temporary removal of Beck for future plans of a UV treatment plant.

Mrs. Plonka added staff was making this a priority just as it has been for years but there were certain steps that still needed to be taking with CDPHS, especially with San Diego being extremely strict in this realm. She noted her appreciation for Mr. Bebee's help trying to get this pushed forward for RMWD.

Directors Lucy and Griffiths agreed monthly reports would reassure the Board as to how this matter was progressing.

Director Griffiths amended his original motion to include staff providing monthly reports.

***10. DISCUSSION AND POSSIBLE ACTION TO APPROVE RESOLUTION 13-07; AN AMENDMENT TO CONTRACT BETWEEN RAINBOW MUNICIPAL WATER DISTRICT AND THE CALIFORNIA PUBLIC EMPLOYEE'S RETIREMENT SYSTEM**

Dr. Brady explained this was a provision in the CalPERS retirement system that many districts elect to be a part of their contract in regards to a reduction in force that allows for up to a two year "golden handshake" to be offered to eligible employees. He stated this has been in the FPUD agreement with CalPERS for many years. He mentioned Mrs. Bush has researched this and found there is no immediate cost to the District and the only cost would be when the Board takes action to eliminate one or more positions by offering this two year incentive.

Dr. Brady noted numbers have not been run for RMWD; however, a few examples conducted at FPUD showed the costs associated with a position being permanently eliminated when a person elects to retire with taking the two year "golden handshake", the payback would be 4-6 months. He stressed all this amendment would do was provide a tool for an agency's board to have this provision available as part of a reduction in staff. He added should the Board approve this today, it would only be approving a request to CalPERS that RMWD be included in this program and they in turn would decide whether or not all the qualifications are met. He explained should CalPERS decide to approve the amendment, it would require the RMWD Board of Directors to affirm a second resolution to become part of the program. He reiterated going through the process would not cost RMWD any money, but provides another mechanism for helping employees through the process.

Dr. Brady confirmed although they have it in place, it has never been used.

Mrs. Bush pointed out with the CalPERS contract different options are available to be added. She noted many districts have this one area called "the golden handshake" which allows a district to go ahead and purchase two years to be used as an early retirement incentive for whatever the case may be. She stated RMWD does not have this in its contract; therefore, this item was to get approval from the Board to have the contract amended to add this language to its CalPERS contract. She explained any costs would come in play when the Board opens a "window" and elects to utilize this option. She reiterated by approving this Resolution, it would show CalPERS the Board has agreed and approved to have the RMWD contract amended and then CalPERS would send the contract back to RMWD with the revisions for Board consideration prior to making it a permanent change.

President McManigle inquired as to why this was not a part of RMWD's contract. Mrs. Bush said RMWD's contract with CalPERS has been in place since 1994 and she did not know.

Dr. Brady noted this amendment does not give employees a right to a two year handshake and that very specific procedures must be followed including changes to the Memorandums of Understanding.

Legal Counsel explained this was an option RMWD could control if and when they had a need to utilize it. He stated his firm has reviewed the Resolution and found that it matches the statute; however, it was not necessary for RMWD to make this change.

President McManigle asked for an example as to when this would be utilized. Dr. Brady explained this has been used at other agencies from time to time when a need arose to reduce staff for various reasons.

Director Griffiths expressed concern it was ridiculously expensive to give anyone additional retirement pay. He stated this was not an incentive to keep a good employee nor did it make one want to stay with an organization.

Dr. Brady pointed out any specified position vacated during a reorganization could not be filled for a two year period.

Director Brazier referenced Page #10-7 as she expressed her concern as to whether there was any curtailment of service planned or any impending change in the manner of performing this service. Dr. Brady stated the district has no plans on curtailing any service and that this was the language most districts use. He pointed out the Board would have to make a determination based on a staff recommendation to any curtailment of service or such changes. He agreed this was a loop hole; however, it would ultimately be up to the Board to deliberate and make a final decision.

Dr. Brady stated in his experience a two year incentive is a significant motivation for some employees to elect to retire early. Director Griffiths said it could also scare some employees off.

President McManigle asked how many RMWD employees fall under the qualifying specifics. Mr. Buckley stated ten. Dr. Brady noted FPUD has approximately twelve.

Mr. Buckley added in order for the Board to reach its original goal of reducing the work force should the agencies consolidate, this incentive would need to happen within the next two years versus the 5-10 years it would take for those employees to naturally retire. He stated it was his understanding LAFCO would not allow for layoffs in the consolidation effort.

Director Brazier asked if this could be brought back to the Board at a later date. President McManigle agreed it could be; however, since the incentive could only be enacted with Board approval, there would be no reason to delay it now.

Director Griffiths expressed concern valuable people may retire who could be vital to performing specific work.

Director Lucy agreed this would be a tool to accomplish a potential goal should the Board decide to go that way, especially if FPUD already has it in place. He said it was a good thing in that it was not a negative to employees which was one of the Board's criteria in looking at the future. He also agreed with President McManigle in that there was no reason to delay it now since the Board makes the final decision.

Director Griffiths stated employees were here to do the best service for the customers and that he found the attrition business to be wrong. He said if someone was ready to leave, they should do so on their own.

Mrs. Bush pointed out she and Mr. Buckley, much like Dr. Brady, have been approached by RMWD employees aware of the FPUD "golden handshake" asking if RMWD would be offering the same thing.

Action:

Moved by Director Lucy to adopt Resolution 13-07. Seconded by Director McManigle.

After consideration, the motion CARRIED by the following vote:

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

Director Griffiths pointed out Page #10-10 was missing. Mr. Buckley explained this attachment would only be available when and if the Board decides to enact the incentive.

Mrs. Bush explained should the Board approve this Resolution it will be forwarded to CalPERS who will in turn run it through their approval process. She said should CalPERS approve the revised contract, a final contract will be brought back to this Board in either July or August for reconsideration. She stressed nothing at that point would go any further until Dr. Brady approaches the Board to propose an idea and request the Board “open the window”. She stated only at this time would actual numbers be presented.

Dr. Brady confirmed the Board would be involved with the approval of the final contract, and again when deciding whether or not to “open the window”. He pointed out this would be a process that would take several months involving possible workshops. He stressed this was not something to be done capriciously. He confirmed the Board would also be involved in the process when “golden handshakes” appear to be sought or offered. Mrs. Bush explained the “window” will be opened to all selected positions at once for a certain period of time as opposed to “opening the window” on an individual basis.

Director Griffiths suggested this was a very sloppy arrangement and that it should be addressed internally at the discretion of the Board, especially when the vacated positions cannot be refilled for a declared period of time. Director Lucy found this curious in that Director Griffiths has repeatedly asked to have positions remain unfilled on several occasions.

Director Brazier asked for clarification that even though FPUD has this in their contract and has not needed it, a whole new process would have to take place to “open the window”. Dr. Brady confirmed this was true nothing could be done without Board action.

***11. DISCUSSION AND POSSIBLE ACTION ON THE FORMATION OF THE RMWD MONITORING GROUP FOR AGRICULTURAL CUSTOMERS**

Dr. Brady recalled RMWD started the formation of a monitoring group pursuant to the Regional Water Quality Control Board and how since that time the District initially enrolled 300 customers with a total agricultural acreage of 1,400. He pointed out the idea was to provide a lower cost alternative to The Farm Bureau. He noted originally the Regional Water Quality Control Board indicated the program would cost approximately \$10.00 per acre which included certain training and resource tools related to constituent monitoring; however, those original estimates were grossly underestimated.

(*) - Asterisk indicates a report is attached.

Mr. Bebee explained how this was the worst conceived and implemented program by the Regional Water Quality Control Board in that they originally quoted the cost without first deciding what would be monitored. He stated after conducting more research the Regional Water Quality Control Board determined they wanted more involved tests that cost significantly more. He pointed out the costs were basically the same regardless of the number of participants making the program much more costly to the customer in groups with fewer participants. He said based on the final sampling requirements and the costs involved for RMWD to implement the program, the District would have to charge the same or even a little higher than The Farm Bureau due the fact they have more acres and people to share the costs. He pointed out FPUD ultimately decided to work with The Farm Bureau to make it more cost effective.

Mr. Bebee talked about the sampling and how it still had some uncertainties as to what exactly would be required each year, how many sites, and with how many samples per site. He stated should RMWD move forward, a document would need to be prepared specifying how many sites and samples would be required.

Director Lucy asked whether or not The Farm Bureau has different categories for customers their members. Mr. Bebee answered the customers would have to join to The Farm Bureau to be a part of their program. Director Lucy recalled this was why people thought this was not fair in that it was a money grab for The Farm Bureau and inquired as to whether or not RMWD could talk to The Farm Bureau and ask to be a part of their program without membership requirements. Mr. Bebee said the District can try since The Farm Bureau has since raised enough money to cover the program through its prior membership enrollment.

President McManigle inquired as to whether anyone has contacted The Farm Bureau regarding this matter. Mr. Bebee stated he spoke with Eric Larson. President McManigle asked Mr. Bebee to go back to Mr. Larson and tell him RMWD would be happy to accept all The Farm Bureau numbers into RMWD's monitoring group to help defray the costs without charging \$190 for membership in an organization some people do not want to belong to.

Director Griffiths expressed concern the requirements have not yet been specified and there was a sunset clause of mid 2014. He suggested RMWD continue with its original determination to not do anything as of yet based on the fact the Regional Water Quality Control Board has not determined exactly what they want.

Mr. Bebee explained if RMWD decided to go forward with the program, the District would have to go back through each application and identify run off control measures and other things for each participant enrolled. He suggested someone may need to be hired to do a sampling and monitoring plan. President McManigle questioned where the paperwork was located showing RMWD has applied for this twice. Mr. Bebee said staff has the paperwork. President McManigle stressed the requirements have still not been determined. Mr. Bebee pointed out there were some initial steps that could be done with large effort.

President McManigle expressed concern regarding Mr. Bebee speaking with Mr. Larson who knows the exact intentions. He referenced Page #11-4 as he pointed out RMWD ratepayers were not dumb which is why 300 customers signed up for a monitoring group offered by the District. He noted how the document states the program "may be" less than economical and that the District "could" utilize a consultant to minimize staff time which could further reduce any economic benefit, the program requirements are still not clearly established, and more staff effort "could" be required which "could" be more costly. Mr. Bebee took ownership for writing the report. President McManigle expressed his disappointment with it.

Director Griffiths reiterated the Board should decide to implement the program once they know exactly what is required and who must participate.

Directly Lucy agreed with the some points made by the other Board Members. He recalled how he had initially told Mr. Seymour staff should not be touching this due to the fact he always thought it would be a nightmare. He recommended RMWD take another path with possibly approaching The Farm Bureau to see if something can be worked out, especially since he thought it would be too costly to RMWD.

Action:

Moved by Director Brazier that RMWD pursue formation of a monitoring group. Seconded by Director Griffiths.

After consideration, the motion CARRIED by the following vote:

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

12. DISCUSSION AND POSSIBLE ACTION REGARDING THE BOARD OF DIRECTORS' ROLE IN OVERALL FISCAL INTEGRITY OF THE ENTIRE RMWD ORGANIZATION INCLUDING PERSONNEL AND PROPERTY (REQUESTED BY: DIRECTOR BRAZIER)

Director Brazier requested Items #12 and #13 be considered together due to the fact there would be a great deal of crossover in discussion. There was no objection from the Board.

Director Brazier started by expressing her concern it seemed there was no clear pattern or policy of how money decisions were being made. She referenced Page #18A-10 as she noted the employee leasing has been represented to the Board as a savings of 50% for the cost of a general manager which did not appear to be so. She asked if there were recorded expenses RMWD has approved for general managers in the past as well as any being sought now. She said she would like to know what RMWD was paying and what they were getting in return. She also inquired as to the two month cost savings of \$46,000 noted on Page #18A-10 for two positions which were transferred to other existing employees before the NCJPA ever formed. She said based on this information she questioned from where the \$46,000 savings derived.

Director Brazier asked if RMWD has a total income amount for employee and equipment leasing and where does that stand. She stated with both agencies having their respective budgets somewhere in between the money has to be accounted for in how it is spent.

Director Brazier expressed concern there have been a number of things that have been assumed to be so-called community property that she feels are premature before a complete merge, i.e., expenditures being talked about through the Communications Committee about

(*) - Asterisk indicates a report is attached.

hiring an FPUD employee part time. She stressed this was a Board decision in that the Board controls the committee and the committee in turn asks the Board for permission to authorize expenditures. She inquired as to whether or not a log is kept of RMWD employee hours the District is paying for that are being utilized by FPUD and at what cost. She suggested there may be a great deal of financial clarity the Board needs before they can determine whether or not this is a good thing for either district.

Director Brazier talked about the engineering integration cost savings chart that was provided at a NCJPA meeting and how it indicates a \$253,000 annual savings for an assistant general manager/district engineer position that was eliminated before the NCJPA ever came to be. She questioned how this could be considered a savings when RMWD has not determined to expend money to replace that position. She commented on the statement regarding the utilization of FPUD's inspection support staff saving \$117,000 annually, but it does not indicate which agency would be benefiting from the savings, what account it will be shown in, and how it can be achieved. She pointed out the GIS software integration was shown as a FPUD expense; however, it was being considered an overall savings in the computations. She added she was confused about the \$40,000 for tenant improvements to be shared; however, the benefits accrued would go to FPUD because it was part of their capital improvement. She affirmed the figures presented have her buffaloes and she would like the RMWD Board to sit down and somehow determine how costs are going to be apportioned, accounted for, and where RMWD stands.

Mr. Buckley explained the integration chart provided more specifics than the report he provided; however, he could add additional information.

Director Brazier asked if the other Board Members were as unclear as she was regarding this matter.

Director Griffiths says he sees a definite plus to engineering moving to FPUD because his impression was that FPUD was heavier in engineering and support staff in the technician capacity could benefit RMWD. He stated Director Brazier's points were well taken in that the Board does not have a formal list breaking down of the charges involved with interchanging employees and equipment.

Director Brazier asked whether or not RMWD would be paying rent for space at FPUD. Dr. Brady clarified the tenant improvements cost \$8,000 as opposed to \$40,000 and pointed out addressing capital improvements was in the NCJPA Agreement. Director Brazier inquired as to whether there would be capital improvements made at RMWD offices with FPUD paying half. Dr. Brady explained equipment would also be treated as capital improvements and should FPUD employees be permanently placed at RMWD offices, there will be a mechanism for accounting for such. Director Brazier asked if even under divisional accounting the benefit accrues to FPUD's worth of their building which would be theirs permanently. Dr. Brady stated as long as operating under the NCJPA structure, RMWD has the benefit of using that office space, telecommunications, staff, etc. He noted should the NCJPA dissolve, FPUD will have to reimburse RMWD those monies due to the fact it was a permanent improvement to that particular building.

President McManigle inquired as to the software licensing contract. Dr. Brady noted RMWD has a license in place for which FPUD would not have to pay; therefore, FPUD would pay RMWD for half the annual licensing fees.

Director Lucy asked Mr. Buckley whether or not he was comfortable in the information he was being provided by which to track the savings and expenditures. Director Brazier stated she was looking for more specifics regarding the savings to each district as well as what amount which agency was paying the other and for what. Mr. Buckley noted the paperwork was being processed now that RMWD has just started getting involved in sharing costs and expenses.

Director Brazier asked if there was any idea of the time spent by RMWD employees being spent at FPUD including compensation comparisons between the two agencies. Dr. Brady explained the leasing of employees and equipment was all cost based. Mr. Buckley agreed a general rate sheet should be developed for better tracking.

Director Brazier referred to the recent FPUD advertisement and how it indicated that some of the RMWD engineering staff would be moving as opposed to all. Dr. Brady clarified the entire department was moving and it should have stated as such.

Director Brazier reiterated her concern that RMWD would be losing by sending all the engineering staff to the FPUD offices due to the fact they work with all the other RMWD departments for projects within its own district. She noted the travel and inconvenience of going back and forth and communications would cause RMWD to lose the teamwork on RMWD projects. She stated although she does see the value in sharing such as having Mr. Bebee work on the Beck UV project, she thinks it was unnecessary to move RMWD staff out of this district in order to achieve such. She mentioned the travel distance was 8.65 miles between the two agencies; therefore, the initial figures for the costs were off not to mention the additional time and effort that will take away from the continuity on the work. She concluded by noting her thought RMWD was giving up a whole lot in efficiency and teamwork.

Director Griffiths said he found having a core of engineers working in one centralized location was beneficial; therefore, traveling inconvenience was not a good argument. Director Brazier disagreed in that RMWD was spread out over a large area. She reaffirmed she has no quarrel with staff working together; however, she questioned what could be done moving everyone to the FPUD offices as opposed leaving them at RMWD and working together. She elaborated on her concern regarding traveling in that it was costly to the individuals not including all the contributing parts of RMWD that go into it. Director Griffiths said he found the whole organization to be absolutely stupid due to the fact he thought the engineering department should be reporting to operators tell engineers what to do.

Director Lucy stated although he disagreed with Director Brazier, he would like to have her questions answered more aggressively by either Dr. Brady or Mrs. Plonka. He stressed he wanted to hear whether or not issues or inconvenience exists with this department's relocation. He said regardless of whether or not he agrees with the concerns, he felt Director Brazier deserved good answers to her questions.

Dr. Brady mentioned although his main concern involved inconveniencing customers; however, after conducting a quick tally of walk-ins it was found minimal customers would actually be inconvenienced by the relocation which in turn lessened his worries. He said there was a tremendous amount of synergy created by the engineering departments working together and how this was the best group with which to conduct a test to see whether or not this integration will work over the next ninety days.

President McManigle asked how this was impacting RMWD staff having to work with its engineering staff in terms of scheduling and making arrangements to meet on matters. Mr. Atilano explained there are several occasions where RMWD operations staff does require assistance from its engineering. He offered to keep a tally of customer walk-ins asking directly for engineering as well as operations having to travel to FPUD to work with RMWD engineering staff members. President McManigle indicated tallies should be kept.

Mr. Buckley pointed out there were numerous logistics that still needed to be worked out as challenges arise such as receiving cash, timesheets, etc. Dr. Brady added although the customers were a main concern, a great deal of collaboration and critical thinking from both engineering departments will be involved with the new developments coming into the area; therefore, having everyone at the same place will assist in facilitating such.

Director Griffiths suggested no one be hired at FPUD or RMWD but rather by the NCJPA on a two-level hiring plan. Director Brazier pointed out the NCJPA cannot hire people for RMWD or FPUD.

Director Lucy excused himself from the meeting at 3:02 p.m.

No action taken.

13. DISCUSSION AND POSSIBLE ACTION REGARDING THE PENDING RELOCATION OF RMWD'S ENGINEERING DEPARTMENT FROM RMWD TO FPUD OFFICES (REQUESTED BY: DIRECTOR BRAZIER)

This item was addressed under Item #12 herein.

***14. DISCUSSION AND POSSIBLE ACTION REGARDING SPECIAL DISTRICTS RISK MANAGEMENT AUTHORITY'S (SDRMA'S) BOARD OF DIRECTORS OFFICIAL ELECTION**

No action taken.

***15. DISCUSSION AND POSSIBLE ACTION REGARDING CALIFORNIA SPECIAL DISTRICTS ASSOCIATION (CSDA) 2013 BOARD ELECTIONS**

Action:

Moved by Director Brazier to support President McManigle. Seconded by Director Griffiths.

After consideration, the motion CARRIED by the following vote:

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

(*) - Asterisk indicates a report is attached.

***16. DISCUSSION AND POSSIBLE ACTION APPROVAL OF RESOLUTION 13-08 TO NOMINATE AND SUPPORT A CANDIDATE FOR THE ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) FOR THE STATEWIDE POSITIONS OF PRESIDENT AND VICE PRESIDENT**

Dr. Brady mentioned there was one nominee he was familiar with that would be friendly to the Southern California agencies. It was confirmed this was simply a nomination process and the Board could pass on taking any action.

No action taken.

***17. RECEIVE AND FILE INFORMATION ITEMS FOR MAY 2013**

- A. General Manager Comments**
 - 1. Meetings, Conferences and Seminar Calendar
 - 2. North County Joint Powers Authority Report (NCJPA)
- 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. 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 information items. Seconded by Director Griffiths.

After consideration, the motion CARRIED by the following vote:

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

Dr. Brady reported how at the last ACWA legislative committee meeting discussions were held to push to put California Department of Public Health Services under the State Water Research Control Board which most of the entities involved were against.

(*) - Asterisk indicates a report is attached.

Dr. Brady mentioned the next NCJPA meeting will be held on July 10, 2013. He also noted an all hands senior staff meeting was held this month and that an all hands staff meeting was scheduled to July 1st.

Mr. Maccarrone reported crews ran into some poly laterals off Gird Road which were replaced.

Mrs. Plonka noted that in addition to what was included in the report engineering has been working on Morro Tank including putting out a Request for Proposal for a structural analysis. She also reported she and the Valley Center Municipal Water District Engineer met with Pardee and D.L. Horton to talk about the pending developments. Discussion ensued.

Mrs. Plonka announced Lift Station 2 construction was complete with only outstanding contractual issues still being addressed.

Discussion ensued regarding Morro Tank.

Mr. Atilano gave a brief report on Item #17D. Discussion ensued regarding backup generators.

***18. RECEIVE AND FILE FINANCIAL STATEMENTS AND INFORMATION FOR MAY 2013**

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. Projected CIP Cash Flow Report
9. RMWD Sewer Equivalent Dwelling Units (EDU's) Status
10. RMWD Summary of Leasing Cost

Action:

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

After consideration, the motion CARRIED by the following vote:

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

Mr. Buckley sought further instruction as to what the Board would like to see on the report provide under Item #18A10. He reported June would be the final month of the fiscal year.

President McManigle inquired as to whether or not RMWD would remain conservative in its investments. Dr. Brady suggested the Board provide direction over the next few months as to how they would like to address investments including possibly being more aggressive.

(*) - Asterisk indicates a report is attached.

Director Griffiths made an inquiry on Item #18A1-4. Discussion followed.

Director Lucy rejoined the meeting at 3:29 p.m.

Director Brazier agreed to meet with Mr. Buckley to discuss Item #18A10 in order to better understand the information provided.

Director Griffiths made several inquiries on Item #18A5.

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

There were no suggested items.

20. ADJOURNMENT - To Tuesday, July 23, 2013 at 1:00 p.m.

The meeting was adjourned with a motion made by Director Brazier and seconded by Director McManigle to a regular meeting on July 23, 2013, at 1:00 p.m.

The meeting was adjourned at 3:40 p.m.

George McManigle, Board President

Dawn M. Washburn, Board Secretary

EXHIBIT A

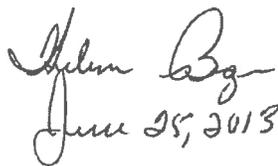
Over the years I have been associated with this district as a ratepayer and now as a director, I have on occasion engaged in innocent social conversations with employees. I have never given it a second thought until early this spring when I noticed that each time I spoke with someone, one of several employees was around, with no apparent purpose. Since I am not paranoid, I dismissed it as coincidence.

Then on two occasions when I was here to sign agendas for posting, and later pick up agendas I had the feeling I was being watched. I looked around the partition and found an employee just standing there as if listening. That raised concern for me, and I began taking more careful notice. These things continued. Once I was in the doorway of Midge Thomas' office. We were talking about a good seafood restaurant in San Clemente. I noticed an employee who appeared to be waiting nearby, I assumed to see her, so I cut the conversation short and started to leave. At that point, the employee hurried down the hall toward engineering. Last week I was talking in the lobby with someone about that person's recent vacation when the same employee from the Midge incident went in and out of the lobby 4 times, pausing each time as if having trouble with the door. Yesterday I mentioned to an employee that the strawberry farm near Rainbow Oaks was closing down early. Again, the trips back and forth in quick succession were noticeable.

I lived in Europe for 6 years and during that time traveled extensively, making dozens of visits to countries behind the Iron Curtain ~~and others~~. One didn't travel there without understanding that there were "minders" who kept track of western visitors. The level of surveillance I seem to be under at RMWD lately puts the Stasi to shame.

I have no idea what the motivation is for these episodes., but it borders on harassment. If this is going on with employees, too, that might explain why camaraderie seems to be dead. Some tension under the circumstances of change is not unexpected, but the atmosphere here is poisonous. I avoid coming here except for meetings. I am not interested in fomenting insurrection. I say what I have to say in public.

I will not be treated like a subversive. From now on I will be documenting when I am followed and when my conversations appear to be monitored. If this continues, or if I hear that any employee who has talked with me has been questioned about the nature of our conversations...or been subjected to retribution... I will be back with a complaint to this board and a request for action.


June 25, 2013