

The minutes presented herewith are not a verbatim transcription of the Regular Board meeting held February 14, 2017. The intent is to provide a synopsis of key points of discussion and to chronicle decisions and actions taken by a quorum of the Board of Directors (ref: Roberts Rules of Order, Section 48). For more information or background, please refer to the applicable board packet.

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE
RINCON DEL DIABLO MUNICIPAL WATER DISTRICT
February 14, 2017**

A Regular meeting of the Board of Directors of the Rincon Del Diablo Municipal Water District was held on Tuesday, February 14, 2017 at 6:00 p.m. at the offices of the District located at 1920 North Iris Lane, Escondido, California 92026.

Directors Present: Murtland, Lump, Drake, Quist, and Towne.

Directors Absent: None.

District Staff Present: Greg Thomas, General Manager; Clint Baze, Director of Engineering & Operations; Julia Escamilla, Public Services Information Officer; Tish Berge, Director of Administration and Finance; Nick Lyuber, Senior Engineer; and Rex Lane, Senior Technician.

Legal Counsel Present: Gil Granito, Legal Counsel, Redwine & Sherrill.

Fire Services Staff Present: Russ Knowles, Fire Chief, Escondido Fire Department.

Guests Present: Ray Bosch, Ratepayer.

President Murtland called the meeting to order at 6:00 p.m. Director Lump then led the Board of Directors and attendees in the Pledge of Allegiance to the Flag of the United States of America.

ADDITIONS/CHANGES TO AGENDA

There were no additions to the Agenda.

ORAL COMMUNICATIONS TO THE BOARD

There were no oral communications.

SECTION 1 - CONSENT ITEMS

In a motion by Director Quist and seconded by Director Drake, by a vote of 5-0, the Board of Directors passed the following consent items unanimously:

- 1-A. Minutes of the Regular Board of Directors Meeting of January 10, 2017.
- 1-B. Minutes of the Special Board of Directors Meeting of January 24, 2017.
- 1-D. Investment Portfolio Report, December 2016.
- 1-E. Financial Statements, December 2016.
- 1-F. Board of Directors' Per Diem Fees and/or Expense Reports, January 2017.
- 1-G. Quarterly Financial Report, FY 2016-17, 2nd Quarter, December 31, 2016.

Item 1-C: General Fund Disbursements, January 2017 was pulled for discussion.

Director Towne pulled Item 1-C General Fund Disbursements. Director Towne made inquiries regarding disbursements to Utilities Service Companies Inc. and disbursements to Infrastructure Engineering Corporation, who conducts fire flow analysis for the District. Tish Berge, Director of Administration and Finance and Clint Baze, Director of Engineering and Operations responded to the questions. Director Towne then made inquiries regarding lien fees, which are fees paid to the County to record liens. In closing, Director Towne made inquiries into ACH disbursements or automatic deposits into a checking account, purchases of gas and oil, which are for gas and oil for the District's fleet, and Cal PERS disbursements. Ms. Berge explained January consisted of three payroll periods so there were a number of duplicative payments for each of the three payrolls. In closing, Director Towne had questions regarding the TSAWR Program.

In a motion by Director Drake and seconded by Director Towne, by a vote of 5-0, the Board of Directors passed the following consent items unanimously:

- 1-C. General Fund Disbursements, January 2017.

SECTION 2 – EMERGENCY PREPAREDNESS & FIRE SERVICES

- 2-A. Receive and File Emergency Preparedness & Fire Services (EPFS) Committee Meeting Minutes of February 1, 2017.

**Received and filed Emergency Preparedness & Fire Services (EPFS)
Committee meeting minutes of February 1, 2017.**

- 2-B. Oral Report by Escondido Fire Department Regarding Current Events and Community Fire Readiness Relating to Improvement District E.

Fire Chief Russ Knowles provided updates on the following:

- The Smoke Detector Program discussed at the previous Board meeting and EPFS Committee meeting is moving forward. The first event took place at the Greencrest Mobile Home Park. At the event, 423 smoke detectors and 91 carbon monoxide detectors were installed. The majority of mobile homes received four smoke detectors. Chief Knowles informed the Burn Institute, which is supporting the program, that although there are a number of volunteers to install the detectors, there may not be a sufficient number of detectors to install throughout the city. The Burn Institute making an effort to locate additional smoke detectors.
- There was a large structural fire on Tulip Street. The building was a motorcycle shop and showroom. The building did not have fire sprinklers. The loss is expected to be over \$2 million.
- An update on the number of calls the fire department receives. For the month of January, based on the numbers, the fire department is on pace to receive 17,500 calls for 2017. This would be a significant increase in calls from previous years.
- The abundance of rain will cause the fire department to closely monitor weed abatement during the upcoming fire season.

SECTION 3 – PUBLIC INFORMATION & INTERGOVERNMENTAL RELATIONS

- 3-A. Receive and File Public Information & Intergovernmental Relations (PIIGR) Committee Meeting Minutes of January 31, 2017.

Director Towne pulled the Public Information and Intergovernmental Relations (PIIGR) Committee Meeting Minutes of January 31, 2017 for corrections and clarifications.

- 3-B. Focus on Conservation – Update on District Conservation Programs, Regional Water Supplies, and Statewide Water Resource Outlook.

Public Services Information Officer Julia Escamilla provided an update and presentation on the drought, District Conservation Programs and the status of current state water project allocations, water restrictions and potential water allocations due to drought.

Ms. Escamilla began her report with an update on the erosion damage and repairs to the Lake Oroville spillway. Ms. Escamilla then reported northern precipitation is increasing steadily and is well above average. Nearly all reservoirs are at capacity. Lake Shasta's condition has improved significantly and is at 148 percent capacity and well above historical average. The Colorado River conditions have improved. Lake Mead has improved and is slightly up and Lake Powell slightly down. Precipitation is at 135 percent of normal and snow pack is 155 percent for the Colorado Basin.

For the month of January, The District water conservation was at 36.3 percent. Overall District cumulative savings are at 28.3 percent for June 2015 to January 2017 as compared to 2013.

General Manager Thomas then provided a State Water Board Update. Cumulative statewide savings are at 22.6 percent. There are improved hydrologic conditions in most of California, however there are some pockets in areas with depleted groundwater and other shortfalls. On February 8, 2017, the State Water Resource Control Board voted to extend existing emergency conservation regulations another 270 days.

Mr. Thomas then provided updates on the long-term framework report "Making Water Conservation a California Way of Life" and water related legislative bills.

After General Manager Thomas' update, Ms. Escamilla made the Board aware of upcoming District events including the "Maximizing Your WaterSmart Experience & Revitalizing Your Landscape" workshops which will be held on March 17th and 18th and the Fire & Water Safety Expo which will be held on Saturday, June 3rd.

In closing, Ms. Berge provided the Drought Impact on Financials Report. For the month of January, both revenues and expenses were below budgeted projections. Projections are based on average monthly contributions, and actual contributions are significantly affected by weather.

Fund deficits continue as a result of actual conservation levels exceeding the drought rate conservation level of 10 percent.

- 3-C. Resolution 17-01, "Commitment to the Financial and Legal Obligations Associated with Receipt of a Financial Assistance Award from the United States Department of the Interior, Bureau of Reclamation."

General Manager Thomas brought forward Resolution 17-01, "Commitment to the Financial and Legal Obligations Associated with Receipt of a Financial Assistance Award from the United States Department of the Interior, Bureau of Reclamation." The ELRP Committee discussed and supported the submission of

a grant application to the Bureau which will bring recycled water to a mobile home park and apartment complex through the expansion of the recycled water system on El Norte Parkway. The projected project budget totals \$659,124.88. With the Bureau's share of this at \$300,000, the financial impact to the District would be \$359,125 should it receive the funding. Should the District not be selected for funding, there would be no financial impact. After discussion, President Murtland asked for a motion.

In a motion made by Director Quist and seconded by Director Drake, by a vote of 5-0 the Board of Directors Adopted Resolution 17-01, "Commitment to the Financial and Legal Obligations Associated with Receipt of a Financial Assistance Award from the United States Department of the Interior, Bureau of Reclamation."

SECTION 4 – FINANCE, INSURANCE & PERSONNEL

- 4-A. Receive and File Finance, Insurance & Personnel (FIP) Committee Meeting Minutes of January 12, 2017.

Receive and File the Finance, Insurance & Personnel (FIP) Committee Meeting Minutes of January 12, 2017.

- 4-B. Adopt Resolution No. 17-22.10 "Authorizing Investment, Transfer, or Withdrawal of Funds in the Local Agency Investment Fund."

Resolution No. 17-22.10 "Authorizing Investment, Transfer, or Withdrawal of Funds in the Local Agency Investment Fund" was brought forward to update signatures based on change in Officer positions of the Board.

In a motion made by Director Quist and seconded by Director Towne, by a vote of 5-0 the Board of Directors Adopted Resolution No. 17-22.10 "Authorizing Investment, Transfer, or Withdrawal of Funds in the Local Agency Investment Fund."

- 4-C. Fiscal Year 2016-17 Mid-year Budget Review.

Tish Berge, Director of Administration and Finance, presented a mid-year review of the revenues, expenses, and budget for fiscal year (FY) 2016-17. The presentation included an audit summary, a review of the FY 2016-17 budget assumptions and goals, an overview of mid-year revenue and expenses, and projections for year-end.

The audit summary includes a ratio of the District's spendable unrestricted net assets over the District's operating expenses before depreciation. The current

“Healthy” operating reserves ratio is between 1.0 and 1.5. Rincon’s current ratio is 1.2. The two year budget was prepared prior to the drought regulations were declared as usage was equivalent to 2013 usage. Assumptions were based on flat recycled water sales, no debt ratio coverage requirements, and capital projects of \$3,633,065. District expenses increased to cover the cost of purchased water and fund needed capital improvements and reserve accounts in accordance with policy. Operating expenses remained flat. The District did anticipate drought mandates and responded by adopting drought rates.

Cost pressures include aging infrastructure, vehicles and equipment, and increasing costs of utilities. Cost controls include health care expenses, convenience fee for credit cards, improved collections, and retired debt at high interest rates.

The drought continues to have a significant impact on financials. Although the mandated conservation level was lifted, customers continue to conserve and have exceeded 27 percent each month cumulative. It is projected revenues will be below forecast, water purchase will be below forecast, and other expense will meet or be below forecast. After responding to questions and a discussion by the Board, Ms. Berge moved forward to Budget Development.

4-D. Fiscal Years (FY) 2017-18 and 2018-19 Budget Development.

Ms. Berge provided the Board with an update on the FY 2017-18 and 2018-19 budget development process. Based on auditor requirements, a number of changes have been made to the upcoming budgets. In addition, over time, the Board has requested information be added to future budgets. These additions included transparency and budget reformatting to match annual financials and personnel costs and organization summaries.

Ms. Berge then presented data on staffing trends and the need for additional staff. Staff is recommending two part-time engineering positions be combined to one full time position that will be funded for two years. This position will assist the Senior Engineer during a major capital project campaign and the addition of a number of special projects. In addition, management would like to replace a .25 FTE customer service position with a new 1.0 FTE customer service position to address increased customer expectations.

After discussion, the board requested additional information be brought back to the budget workshop for further discussion.

4-E. PUBLIC HEARING – Adoption of Ordinance 17-99-X, “Determining Director’s Compensation.”

President Murtland opened the Public Hearing at 7:52 p.m. to receive comments regarding Ordinance No. 17-99-X, "Determining Director's Compensation."

General Manager Greg Thomas brought forward Ordinance 17-99-X "Determining Director's Compensation" and provided an overview of historical increases in Per Diems. Mr. Thomas then answered questions from the Board.

President Murtland closed the Public Hearing at 7:57 p.m. After a brief discussion, President Murtland asked for a motion.

In a motion by Director Quist and seconded by Director Lump, the Board voted 4-1 (Murtland) to maintain director compensation at \$160 per meeting and no more than 10 meetings in a calendar month.

SECTION 5 – OPERATIONS; ENGINEERING & LONG-RANGE PLANNING

Nothing to report.

SECTION 6 – SDCWA DIRECTOR'S REPORT & DIRECTORS/STAFF ACTIVITIES REPORT

6-A. This portion of the agenda may be used by the San Diego County Water Authority (SDCWA) representative to make informal reports on activities.

- President Murtland provided an update on changes in the San Diego County Water Authority Board of Directors.
- Admin Finance – Maureen Stapleton, General Manager of SDCWA presented on budget development for the FY 2018 and 2019 Budget. Water Sales for the 17 months ending November 30, 2016 were 624,541 AF, which was three percent below budget. Water sale revenues were at \$805 million, which was five percent below budget. The Monthly Treasurers Report was noted and filed.
- Legislation & Public Outreach Committee – Glenn Farrell provided a Sacramento update.
- Water Planning – Tim Bombardier provided an update on water supply conditions and drought response activities. On February 8th, the Committee approved a resolution declaring an end to drought conditions in San Diego County.
- Engineering and Operations – An update including a presentation on the Miramar Pump Station was provided. The contracted amount for the pump station is \$3.4 million with completion scheduled by May of 2017. There was also a brief Energy Task Force update by Mike Hogan.

- Imported Water Committee – Amy Chen presented on the California Waterfix. In addition, updates on the Salton Sea Management Plan and the Proposed Lower Colorado River Dough Contingency Plan were provided.
- At the Formal Board meeting, the Board acknowledged the retirements of John Linden, Deana Verbeke, Mark Watton, and Dave Roberts and appointed Joel Scalzitti and Kathleen Coates Hedberg, both of Helix Water District, Tim Smith of Otay Water District, and San Diego County Supervisor Kristin Gaspar.

For the full report, please see the attached.

6-B. This portion of the agenda may be used by the Board of Directors or management to make informal oral reports on their activities.

- Director Lump recapped the Urban Water Institute (UWI) Conference.
- Director Drake recapped the Urban Water Institute (UWI) Conference and updated the Board on the Joint Powers Insurance Authority meeting, including a ten percent reduction in Worker's Compensation and Rincon Water's worker's compensation reimbursement.
- Director Towne reported on the Urban Water Institute (UWI) Conference, the San Diego Chapter CSDA Directors meeting, and the CSDA Newsletter she is responsible for.
- Director Quist provided updates on the Urban Water Institute (UWI) Conference and provided an update on Ane Deister, Urban Water Institute's new Executive Director.
- Director Murtland recapped the Urban Water Institute (UWI) Conference.

6-C. This portion of the agenda may be used by the Board of Directors to request items for future agendas.

There were no items requested for future agendas.

6-D. Request Approval for a Board Member(s) to Attend Upcoming Meetings; Conferences; or Seminars for Those Not Authorized in the District's Administrative Code, Section 502 "Authorized District Memberships."

- Director Drake requested approval to attend the County of San Diego training for treasurers.
- Director Lump requested approval to attend a Coffee with Joel Anderson and sponsored by Mayor Sam Abed and Councilmember Ed Gallo of the City of Escondido event.

6-E. District Activities Report (DAR), January 2017.
The following were discussed:

- Director Towne made an inquiry regarding the - 5 water exchanges on Page 1.
- Director Towne made an inquiry into the Surrey Lane pipe break. General Manager Thomas responded to Director Towne's questions. A discussion regarding identifying future pipe breaks followed.
- Director Murtland commented on General Manager Thomas' meetings.
- Because the Board of Directors will be attending the ACWA Spring Conference on May 9th, the board decided that the regularly scheduled Board of Director's meeting be moved to May 16th.

6-F. Casa de Amigos Mobile Home Park Bill Dispute.

General Manager Thomas presented the Casa de Amigos Mobile Home Park Bill Dispute. A Bill Dispute was received from the management group of Casa de Amigos Mobile Home Park. The form requested late penalties be waived. The late penalties resulted when Casa de Amigos decided not to pay its water bill in September of 2016 due to a water usage dispute and were to be locked off in January 2017. The management company finally remitted payment on January 12, 2017, however, this did not include the late penalties. As requested by Casa de Amigos, Director Lump represented and advocated for the waiver. After discussion, President Murtland asked for a motion. Director Quist made a motion to deny the waiver and have further discussion regarding how to proceed with management companies in a more equitable way when responding to these disputes.

In a motion by Director Quist and seconded by Director Drake, by a vote of 4-1 (Lump), the Board of Directors voted to not waive the penalties and will discuss how to proceed with management companies and bill disputes at a later date.

6-G. 2017 Association of California Water Agencies Joint Powers Insurance Authority Executive Committee Election.

Director Quist made a motion to nominate Director Drake and concur with the nominations of Kathleen Tiegs of Cucamonga Valley Water District and Paul Dorey of Vista Irrigation District.

In a motion by Director Quist, seconded by Director Lump and unanimously carried, the Board of Directors approved the nomination of Director Drake and concurred with the nominations of Kathleen Tiegs and Paul Dorey.

SECTION 7 – GENERAL MANAGER’S REPORT

7-A. General Manager’s Oral Report.

General Manager Thomas reported on the following:

- Tim Quinn, Executive Director of ACWA will be speaking at COWU on Tuesday, February 21st.
- The CSDA Quarterly Dinner will be on Thursday, February 16th. The topic will be the Little Hoover Commission.
- A tour of the West Basin Water District Pure Water System with Rich Nagel is being scheduled.
- The Water Reliability Coalition (WRC) Reception will be held on April 10 at Tom Hams Lighthouse.
- The Escondido State of the City with Mayor Abed will be on Wednesday, February 22nd at 8:00 a.m. Breakfast for those who would like to attend will be served at 7:30.

SECTION 8 – LEGAL MATTERS

8-A. Legal Counsel Report

Gil Granito provided an update on the San Jose vs Superior Court Case related to disclosure of private emails and communications.

8-B. Closed Session.

There was no closed session.


ADJOURNMENT

There being no further business before the Board of Directors, the meeting was adjourned by President Murtland at 8:22 p.m.

APPROVED:



James B. Murtland, President

ATTEST: 

Wanda Cassidy, Board Secretary