

The minutes presented herewith are not a verbatim transcription of the Regular Board meeting held June 27, 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 SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE
RINCON DEL DIABLO MUNICIPAL WATER DISTRICT
June 27, 2017**

A Budget Workshop of the Board of Directors of the Rincon Del Diablo Municipal Water District was held on Tuesday, June 27, 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, Towne

Directors Absent:

District Staff Present: Greg Thomas, General Manager; Clint Baze, Director of Engineering & Operations; Josefina Traslavina-Washington, Interim Director of Administration and Finance; and Nick Lyuber, Senior Engineer.

Legal Counsel Present: Gerald Shoaf, Legal Counsel, Redwine & Sherrill.

Guests Present:

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

ORAL COMMUNICATIONS TO THE BOARD

There were none.

AGENDA ITEMS

III-A. Approve and Adopt Resolution No. 17-871.22, "Adopting an Operating and Capital Budget for Fiscal Years 2017-18 and 2018-19."

General Manager Greg Thomas began the discussion on the proposed FY 2017-18 and FY 2018 – 19 Budget and then introduced Josefina Traslavina-Washington, Interim Director of Administration and Finance. Ms. Washington provided a presentation on the budget which included the Budget Process, Transparency, Factors Impacting the Budget, Budget Assumptions, Updates

from the Budget Workshop, and Personnel. Also included was additional information regarding requested staffing needs, as requested by Directors at the May 23, 2017 Budget Workshop.

After the presentation, Directors had questions regarding the following:

- Two staff positions: General Manager Thomas, Director of Engineering and Operations Clint Baze, and Senior Engineer Nick Lyuber addressed Director's concerns and explained CIP projects, developer projects, and daily operations over the next year will generate a large increase in the workload of the Senior Engineer. Rincon Water currently has two positions that can be combined for one Engineering FTE for a two year period. Not only is this staff person budgeted, but this position would significantly decrease the cost of outside consultants by absorbing services they are currently performing.

General Manager Thomas and Ms. Washington provided information regarding the Utility Accounting Representative. With the addition of this staff member, Customer Service and Accounts Payable duties will be reallocated. In addition to these duties, the new staff member will perform other duties assisting with conservation and grant administration.

The Board then expressed concerns with the benefits portion of the budget and how it would be affected by additional staff. The General Manager responded to their concerns by agreeing to present the Two Tier Health Benefit Program to the Board after the FIP Committee meets on June 28th with their recommendations and prior to hiring any staff. This would result in future benefit savings.

- Annual merit salary adjustments and Bonus Incentive Program - The Board had questions regarding the annual merit salary adjustment and the bonus incentive program. The Board recognized the General Manager is responsible for distributing the annual merit salary adjustments, however, had questions regarding the bonus incentive program. A discussion followed. After the discussion, it was agreed the General Manager should have the power to give bonuses to recognize employee contributions and that one percent of the difference of the proposed FY 2017-18 and FY 2018-19 employee "Labor" line item should be allocated specifically for this purpose.

After staff responded to the Directors' questions, President Murtland asked for a motion:

A motion was made by Director Drake and seconded by Director Quist to approve and adopt Resolution No. 17-871.22, "Adopting an Operating and Capital Budget for Fiscal Years 2017-18 and 2018-19," subject to an one percent of the difference of the employee "Labor" line items in the proposed FY 2018 and FY 2019 Budget being allocated to be used specifically for bonuses for staff at the discretion on the General Manager. In addition, the Board requested that no staff be hired until there is final resolution of the Two Tier Health Benefit Program. In a roll call vote of 5-0, the motion passed unanimously.

Murtland - Aye
Lump - Aye
Drake - Aye
Towne - Aye
Quist - Aye

IV. General Manager's Report

General Manager Thomas reminded the Board the Finance, Insurance, and Personnel (FIP) Committee will be meeting on Wednesday, June 28th at 8:00 a.m. and the Engineering and Long-Range Planning (ELRP) Committee will be meeting Wednesday, June 28th at 10:00 a.m. In closing, General Manager Thomas reminded Directors the Rincon Water Office will be closed on July 3rd and 4th in observance of the 4th of July holiday.

ADJOURNMENT

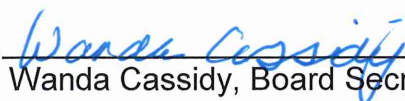
There being no further business before the Board of Directors, the meeting was adjourned by President Murtland at 7:17 p.m.

APPROVED:



James B. Murtland, President

ATTEST:


Wanda Cassidy, Board Secretary