

The minutes presented herewith are not a verbatim transcription of the regular Board meeting held July 14, 2009. 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
July 14, 2009

A regular meeting of the Board of Directors of the Rincon del Diablo Municipal Water District was held on Tuesday, July 14, 2009 at 6:00 p.m. at the offices of the District located at 1920 North Iris Lane, Escondido, California 92026.

DIRECTORS PRESENT: Towne, Quist, Drake, Ix, Bosch

DIRECTORS ABSENT: None

OTHERS PRESENT: Mitchell Dion, General Manager; Kathy Blakely, Executive Secretary; Darlene Lynn, Director of Finance; Clint Baze, Director of Operations; David Keller, Engineering Manager; Vicki Wing, Human Resources Manager; Julia Escamilla, Public Information Officer; Scott Heil, Legal Counsel/Redwine and Sherrill; Chief Mike Lowry and Division Chief Dominick Arena, City of Escondido Fire Department, Mr. and Mrs. David Shaffer

ADDITIONS TO AGENDA

General Manager Mitchell Dion reported that two expense reports incurred by Director Drake for May 2009 were inadvertently submitted in tonight's Board Pack. The two expense reports were subsequently combined into one report. The correct expense report for \$74.77 is to be considered by the Board of Directors, and the one for \$46.30 should be pulled and disregarded.

ORAL COMMUNICATIONS TO THE BOARD

There were none.

SECTION 1 – CONSENT ITEMS

In a motion by Director Drake seconded by Director Quist, and unanimously carried, the Board approved the following Consent Items:

- 1-A Minutes of the Regular Board Meeting of June 9, 2009, and the Special Board Meeting of June 23, 2009
- 1-B General Fund Disbursements, June 2009
- 1-C Investment Activities Report, May 2009
- 1-D Financial Statements, May 2009
- 1-E Directors' Per Diem Fees / Director/Staff Expense Reports, May and June 2009

- 1-F Agenda and Minutes of the Engineering & Long-Range Committee (Ix & Drake) Meeting of June 11, 2009

SECTION 2 – FIRE / EMERGENCY SERVICES; OPERATIONAL READINESS

- 2-A Resolution No. 09-869.25, “Confirming Weed Abatement Report and Fixing Liens on Affected Parcels for 2009”

Division Chief Dominick Arena, Escondido Fire Department, reviewed the weed abatement process, provided documentation, and briefed the Board of Directors on the 2009 Weed Abatement Report being submitted, that will place liens with the county of San Diego on six (6) affected parcels.

Mr. Dale Kimmey, Fire Prevention Services, and Division Chief Arena outlined the work performed by the contractor on four (4) of the six properties, and reported that work on the other two (2) parcels was completed by the property owner; however, not in the allotted timeframe, resulting in additional fees being assessed, therefore was requesting that the Board of Directors confirm the weed abatement report presented, and allow these six (6) property owners to be assessed the amounts incurred by the contractor on their tax rolls.

In a motion by Director Quist seconded by Director Drake and unanimously carried, the Board voted to adopt Resolution No. 09-869.25, “Confirming Weed Abatement Report and Fixing Liens on Affected Parcels for 2009.”

- 2-B Report by Fire Safe Council Ad Hoc Committee (Ix & Drake) on Fire Issues Relating to Improvement District E (ID E)

There were no meetings held by the Fire – Emergency Preparedness Committee (Ix & Drake), as of this date.

Chief Mike Lowry and Division Chief Arena updated the Board of Directors on the program they outlined at the July 14th meeting, which is being coordinated with the Fire Chiefs Association and Farmers Insurance Group, whereby over 400,000 packets will be delivered countywide to areas that have been identified in high fire hazard severity zones, including homes in the Lake Hodges area of Rincon’s Improvement District E that will receive these packets on July 25th and August 1st by volunteers.

Director Drake requested a brief update by Chief Lowry on potential issues facing the Escondido Fire Department, which would also impact the Rincon Fire Protection District, with regards to both the City of Escondido and the State’s Budget.

President Towne, on behalf of the Board of Directors, thanked Chief Lowry and Division Chief Arena for taking time out of their busy schedules to attend tonight’s meeting.

This is an informational item only.

SECTION 3– PUBLIC INFORMATION & INTERGOVERNMENTAL RELATIONS

3-A “Focus on Conservation” – Update on District Conservation Programs, Issues Regarding Regional Water Supply, and a Statewide Water Resources Outlook

Ms. Julia Escamilla, Public Information Officer, outlined Rincon’s outreach efforts with regards to Community Engagement. Ms. Escamilla reviewed upcoming presentations to be made in July and August to the following Homeowners Associations:

- Sonata Single Family HOA
- Casitas del Sol Mobile Home Park HOA
- Escondido Country Club Terrace HOA
- Country View Estates HOA

Ms. Escamilla also reviewed concerns voiced by the various HOA’s, which include the following:

- Dead and/or dying landscape at individual homes
- Low water-using groundcover replacement
- Increased association dues
- Specific water waste issues
- Future of water supplies
- Clarification of rules and regulations with regards to Level II
- Rebates and incentives
- Technical assistance

In addition, Ms. Escamilla outlined the free workshops being offered to the HOA’s by Rincon, which include the following information:

- Technical assistance (residential and common area surveys)
- Transitions to lower water-using landscape/gardens
- Efficient irrigation retrofits
- Responsible irrigation scheduling
- Future water supplies
- Rebates and incentives

Mr. Dion reviewed the U.S. Seasonal Drought Outlook Valid 07/02/2009 through September 2009, effective July 2, 2009.

In addition, Mr. Dion presented for Board of Directors’ review and consideration, the most recent updates on major reservoir levels and conditions in California, which included the following:

- ✓ Shasta Reservoir
- ✓ Lake Oroville
- ✓ Folsom Lake
- ✓ San Luis
- ✓ Don Pedro
- ✓ New Melones
- ✓ Pyramid Lake

Mr. Dion also outlined for Board of Directors' review and consideration the daily water levels for the last three water years for both Lake Mead and Lake Powell, with the last measurement at both lakes taken on July 12, 2009.

This was an informational item only.

3-B: Call for Nominations for Association of California Water Agencies (ACWA) Region 10 Officer and Board Member Positions for 2010-2011 Term

There were no nominations from the Board of Directors for the Association of California Water Agencies (ACWA) Region 10 Officer and Board Member Positions for 2010-2011 Term.

No action taken by the Board of Directors on this item.

3-C Call for Nominations for Association of California Water Agencies (ACWA) Office of President and Vice President

There were no nominations from the Board of Directors for the Association of California Water Agencies (ACWA) Office of President and Vice President.

No action taken by the Board of Directors on this item.

SECTION 4- FINANCE, INSURANCE & PERSONNEL

4-A Resolution No. 09-817.18 "Establishing the Limit for Appropriations of Proceeds of Tax Subject to Limitation for Fiscal Year 2009-2010 in Compliance with Article XIII-B of the Constitution of the State of California"

Darlene Lynn, Director of Finance reported that this item is brought to the Board annually for review and consideration. The information for calculating the appropriation limit is provided by the State Department of Finance, and is based on a formula using population and per capita income changes for the Escondido area. According to the defined formula for determining excess property tax revenues, current year property taxes received for Improvement District 1 (ID 1) and the Fire District (ID E) are well under the appropriations limits, as required.

In a motion by Director Quist seconded by Director Drake and unanimously carried, the Board voted to adopt Resolution No. 09-817.18, "Establishing the Limit for Appropriations of Proceeds of Tax Subject to Limitations for Fiscal Year 2009-2010, in Compliance with Article XIII-B of the Constitution of the State of California"

4-B Write-off of Uncollectable Accounts Receivable for Fiscal Year 2008-09

Ms. Lynn reviewed the write-off of uncollectable accounts for fiscal year 2008-09 in the amount of \$9,635.63, which is a 48% decrease from last year's write-offs. This decrease is in part, reflective of the District's commitment to assisting customers having difficulty making their

payments. Staff continues to diligently work with the District's collection agency to ensure timely collection efforts are maintained.

In a motion by Director Drake seconded by Director Bosch and unanimously carried, the Board voted to authorize staff to write-off accounts deemed uncollectable for Fiscal Year 2008-2009 in the amount of \$9,635.63.

4-C: Consider the Level and Method by Which the District Will Fund Other Post Employment Benefits (OPEB), as Required by the Governmental Accounting Standards Board (GASB) Statement 45

Ms. Vicki Wing, Human Resources Manager, outlined the summary of the GASB 45 standards, which require the District to address its unfunded liability for retiree benefits such as health and dental care, that was presented to the Finance, Insurance & Personnel Committee (Quist & Towne) at their June 2, 2009 meeting. As explained by Ms. Wing, GASB 45 standards allow a thirty-year amortization period over which this liability can be funded with no adverse impact on the District's financial statement.

Ms. Wing reported that after reviewing and discussing the various options the Committee recommended that the Board of Directors approve fully funding the first year's (FY 2009/2010) required contribution by placing it into a trust administered by CalPERS, and that further funding be determined through an annual review and recommendation by the Finance, Insurance, and Personnel Committee.

In a standing motion by the Finance, Insurance & Personnel Committee (Quist & Towne), and unanimously carried, the Board of Directors voted to approve fully funding the first year's (FY 2009/2010) required contribution by placing it into a trust administered by CalPERS, and that further funding be determined through an annual review and recommendation by the Finance, Insurance, & Personnel Committee.

SECTION 5 – OPERATIONS; ENGINEERING & LONG-RANGE PLANNING

5-A Request Authorization for the General Manager to Sign the Third Amendment to the Water Purchase Agreement between Rincon del Diablo MWD and Poseidon Resources, Inc

Mr. Dion requested that the Board authorize the General Manager to sign the Third Amendment to the Water Purchase Agreement between Rincon and Poseidon Resources, Inc. Because the Parties desire to adjust the dates from what was outlined in the First Amendment signed on November, 12, 2008, which was adjusted to April 1, 2009, to the date outlined in the Second Amendment, which was adjusted to July 1, 2009, and now to the date outlined in this Third Amendment, which is being requested to be adjusted to December 31, 2009.

In a motion by Director Quist seconded by Director Drake, and unanimously carried, the Board voted to authorize the General Manager to sign the Third

Amendment to the Water Purchase Agreement between Rincon del Diablo MWD and Poseidon Resources, Inc.

SECTION 6 – SDCWA DIRECTOR & BOARD OF DIRECTORS/STAFF ACTIVITIES REPORT

6-A Update on Various Matters by the SDCWA Director

Director Dion briefed the Board of Directors on the Summary of the SDCWA Formal Board of Directors Meeting of June 25, 2009, including brief reports on the following item:

- San Vicente Dam Raise Groundbreaking held on July 9th, and attended by General Manager Dion, and Board members Ix and Bosch.

This was an informational item only.

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

Director Drake reported that he has reduced his water consumption at his residence by 30%, and that he had a visit from the San Diego County Vector Control, regarding his pool, which he recently removed.

Director Bosch reported on his activities (Board memo attached and included as part of the minutes), which included the following:

- Council of Water Utilities meeting held on June 16th; with a presentation by President Karen Haynes, Cal State University San Marcos
- American Water Works Association's Annual Conference & Exposition (ACE 09)
- Tour of District facilities with Rex Lane, Rincon's on-duty Operator/Field Service Worker

Director Towne briefed the Board of Directors on her attendance at the LAFCO's Special Districts Advisory Committee meeting held on June 19, 2009 where Tom Pocklington was elected as Chairperson to fill the 2009 term, and Gary Croucher was elected Vice Chair.

This was an informational item only.

6-C This portion of the agenda may be used by directors to request items for future agendas:

- Director Ix requested that District personnel coordinate another Emergency Preparedness Drill and exercise to be held in the very near future.
- Fire Preparedness/Readiness
- Revisiting Funding Health Plans for District personnel
- Schedule of Fire Safe Committee (Ix & Drake). Mr. Dion is working with staff at Orange County Fire Authority, and is coordinating this meeting.

SECTION 7– GENERAL MANAGER'S REPORT

7-A General Manager Dion reported on the following items of interest to the District:

- Recent Boil Order issued by the City of Escondido on July 1st for approximately 800 City customers in Eastern Escondido.
- SDCWA recently reported a decline in the amount of Total Dissolved Solids (TDS) in imported water.
- The use of Salt Based water softeners is increasingly being discouraged (and in some cases prohibited), by water and sewer utilities.
- Regional Water Quality Control Board will adopt new National Pollutant Discharge Elimination System (NPDES) Standards
- Graywater Code – Proposed changes to the California Plumbing Code by The Department of Housing & Community Development (HCD) with regards to graywater systems and standards.
- Water Allocation Monitor indicates regional water use is down, and Rincon's apportionment approach seems to be right sized.
- Comparison of Average temperature (degree F) to Cooling-Degree Days (base of 65 degree F) of June 2008, June 2009, and Normal.
- Comparison of Water Deliveries to Allocation Targets (AF) to Monthly Target June 2010, Monthly Actual June 2009, and FY 09/10 Allocation.
- Comparison of Current Revenue, Current Usage, Projected Revenue, and Projected Usage by Customer Class between Rincon's rate schedule that was in effect February 1, 2009, to the rate schedule effective July 1, 2009.

Director of Operations Clint Baze briefed the Board of Directors on the recent water main failure at 325 State Place, which occurred on June 30th at 11:00 p.m. Emergency response personnel were dispatched and were able to isolate the problem. It was determined that a large section of cement lined and coated pipe had suffered severe corrosion damage. Repairs were made by removing the damaged section, and replacing it with a new section of Ductile Iron Pipe. Mr. Baze presented a section of the damaged pipe for Board or Director's review.

This was an informational item only.

7-B District Activities Report (DAR), June 2009

There were no questions on the DAR Report for June 2009.

President Towne commended Diana Bader on her years of service at the District.

In a motion by Director Drake seconded by Director Ix and unanimously carried, the Board of Directors voted to receive and file the District Activities Report (DAR) for June 2009.

SECTION 8 – LEGAL MATTERS

8-A District Counsel Oral Report

There was nothing new to report.

ADJOURNMENT

There being no further business before the Board of Directors, the meeting was adjourned by Vice President Quist at approximately 9:10 p.m.

APPROVED:

Diana L. Towne, President

ATTEST:

Mitchell S. Dion, Secretary