



**MINUTES
BOARD OF DIRECTORS REGULAR MEETING
THURSDAY, JANUARY 11, 2018
8:30 AM**

INTRODUCTION

A Regular Meeting of the Board of Directors of the Rancho California Water District was held on Thursday, January 11, 2018, at the appointed meeting place of the Board, the Board Room of the District's Administrative Headquarters Building, located at 42135 Winchester Road, Temecula, California.

ROLL CALL

President Bennett Drake called the meeting to order at 8:30 AM. A quorum was declared with the following directors being present.

Angel Garcia	Board Member
Carol Lee Brady	Board Member
William Plummer	Board Member
Bennett Drake	President
Lisa Herman	Board Member
Danny Martin	Board Member
Bill Wilson	Sr. Vice President

Also present were members of the District staff and others, including but not limited to, Legal Counsel Nick Norvell of Best Best & Krieger; Jeff Armstrong, General Manager; Eva Plajzer, Assistant General Manager-Engineering & Operations; Rick Aragon, Director of Finance/Treasurer; Jason Martin, Director of Administration; Andrew Webster, Chief Engineer; Randy Crowell, Field Services Manager; Heath McMahan, Construction Contracts Manager; Eileen Dienzo, Human Resources Manager; Jake Wiley, Engineering Manager-CIP & Development; Tony Fowler, Water Systems Analyst; Kevin Marcoux, Water Systems Supervisor; Jeff Kirshberg, Water Resources Manager; Rich Ottolini, Water Operations Manager; Meggan Valencia, Senior Public Information Officer; Charlinn Watson, Accounting Supervisor; Bill Moses, Finance Analyst; Mark Smith, Procurement and Contracts Administrator; Grace Cardenas, Public Information Specialist; Milin Ream, Senior Administrative Assistant; Ryan Burton, Office Assistant II; Denise Todd, Administrative Services Supervisor/Deputy District Secretary; and Kelli Garcia, District Secretary.

Present in the audience were Larry Markham of Markham Development Management Group, former Board member/customer Stephen Corona, and Katherine Elliott.

PLEDGE OF ALLEGIANCE

President Drake led the Pledge of Allegiance to the flag.

ADDITIONS TO AGENDA

Items may be added to the Agenda in accordance with Section 54954.2(b)(2) of the Government Code (Brown Act), upon a determination by a two-thirds vote of the legislative body, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of Rancho California Water District after the Agenda was posted.

There were no additions to the Agenda; however, the following was heard by President Drake.

President Drake requested Action Item 3B *Consider Approval of Third Amendment to Employment Agreement Between Rancho California Water District and General Manager Jeff Armstrong* be pulled from the meeting agenda and placed as an action item at the February 8, 2018 Board of Directors' meeting.

MOTION: MODIFY AGENDA

A motion to pull Action Item 3B from the Agenda was made by Director Plummer, seconded by Director Brady, and carried as follows:

RESULT: **ADOPTED [UNANIMOUS]**
MOVER: William Plummer, Board Member
SECONDER: Carol Lee Brady, Board Member
AYES: Garcia, Brady, Plummer, Drake, Herman, Martin, Wilson

APPROVAL OF AGENDA

A motion to approve the Agenda, as revised, was made by Director Garcia, seconded by Director Martin, and carried as follows:

RESULT: **APPROVED [UNANIMOUS]**
MOVER: Angel Garcia, Board Member
SECONDER: Danny Martin, Board Member
AYES: Garcia, Brady, Plummer, Drake, Herman, Martin, Wilson

PUBLIC COMMENT

An opportunity was given for any person to address the Board of Directors (Board) upon any subject not identified on the Agenda, but within the jurisdiction of the Rancho California Water District (RCWD/District). For items not listed on the Agenda, the Brown Act imposes limitations on what the Board may do during public comment. As to matters on the Agenda, persons will be given an opportunity to address the Board when the matter is considered.

At this time, Stephen Corona addressed the Board and stated his concerns regarding the potential implementation of a Maximum Meter Flow Exceedance Penalty, as

discussed at the January 4, 2018 regular Finance and Audit Committee meeting. He further stated his opposition to the proposed General Manager's contract amendment.

Next, Katherine Elliott addressed the Board to express her concern over Board members participating and voting on meeting agenda items that may pose a conflict of interest, due to acceptance of campaign contributions, from those involved with the specific items.

ITEM 1. APPROVAL OF MINUTES

Acknowledging a handout presented to the Board of Directors (Board), President Drake announced that the minutes from the Board's Regular Meeting of December 14, 2017 were revised to reflect reporting a conflict of interest with a particular closed session item from Director Brady.

Hearing no other revisions or corrections to the subject Board meeting minutes, he then entertained a motion from the Board.

Director Brady moved to approve the meeting minutes, as presented and referenced below. Director Plummer seconded the motion, and it carried as follows:

RESULT: APPROVED [UNANIMOUS]
MOVER: Carol Lee Brady, Board Member
SECONDER: William Plummer, Board Member
AYES: Garcia, Brady, Plummer, Drake, Herman, Martin, Wilson

A. Consider Approval of Minutes of the Board of Directors' Regular Meeting of December 14, 2017 and Special Meetings of December 21, 2017

ITEM 2. CONSENT CALENDAR

Consent Calendar items are expected to be routine and non-controversial, to be acted upon by the Board of Directors (Board) at one time without discussion. If any Board member, staff member, or interested person requests that an item be removed from the Consent Calendar, it shall be removed so that it may be acted upon separately.

Hearing no requests to remove an item for separate discussion, President Drake entertained a motion to approve the Consent Calendar, as presented.

Director Martin moved to approve the Consent Calendar, as referenced below. Director Garcia seconded the motion, and it carried as follows:

RESULT: APPROVED [UNANIMOUS]
MOVER: Danny Martin, Board Member
SECONDER: Angel Garcia, Board Member
AYES: Garcia, Brady, Plummer, Drake, Herman, Martin, Wilson

A. Consider Approval of Financial Statements, November 30, 2017

B. Consider Approval of Treasurer's Report and Certification of Cash Sufficiency, as of November 30, 2017

- C. **Consider Ratifying Register of Audited Demands for the Period November 22 through December 21, 2017**
- D. **Consider Approval of Rancho California Water District's 2018 Ad Hoc Committee Appointees**

ITEM 3. ACTION ITEMS

- A. **Consider Request for Annexation of Assessor Parcel Numbers 906-240-038, 906-240-039, 906-240-050, 906-240-051, and 906-240-055 for Providing Retail Water Service to Tentative Tract Map No. 36385**

Chief Engineer Andrew Webster announced that this item was previously reviewed at the November 21, 2017 Engineering and Operations Committee (Committee) adjourned regular meeting, wherein it was moved to the Board of Directors (Board) for approval at their December Board meeting. At the December 14, 2017 regular Board meeting, the Board approved to defer discussion on the matter for another month.

Briefly summarizing the history and details on the matter, Mr. Webster reported that said item was initially reviewed and considered by the Board five years prior; since that time, Western Municipal Water District (WMWD) and the project applicant have been analyzing different options for water service. From said analysis, Mr. Webster reported that it appears Rancho California Water District (RCWD/District) stands as the most efficient agency in being able to provide water service to the subject property. However, he conveyed that due to the length of time that has passed, WMWD is seeking to reconfirm previous action/approval from the District's Board.

Referencing a letter from WMWD dated December 13, 2017, included in the Board meeting packet, Mr. Webster explained WMWD is asking for information in reconsideration of support of the subject item. Reviewing the matter before the Board today, he expressed that this is not the final decision, but rather identifies potential options for the Board to consider for providing water service to the property and annexing it into RCWD. Should WMWD decide to ultimately allow the property to annex into RCWD, Mr. Webster explained that WMWD would pay certain fees in order to initiate the annexation process, a California Environmental Quality Act analysis would be conducted, and final conditions for approval would then be prepared for review and consideration by RCWD's Board.

At this time, discussion ensued regarding the basis for the reconsideration of support, acknowledgement that further discussions between the two agencies will take place, overall impacts related to the annexation moving forward, and policy compliance.

Having received two speaker request forms, President Drake invited Katherine Elliott to the podium to address the Board, whereby, Ms. Elliott advised that she did not have any comments.

Next, President Drake invited Larry Markham to the podium. Addressing the Board, Mr. Markham stated Markham Development's concurrence with the Board's process and the 11 requirements for annexation, as referenced in the meeting packet. Mr. Markham acknowledged that this has been a long process and advised that he is available to address any questions or concerns from the Board.

There being no further discussion, President Drake entertained a motion from the Board.

Director Plummer moved to approve staff's recommendation, which is to reconfirm the District's previous decision to consider a request by WMWD, for future action by the Board, to provide water service for Tentative Tract Map No. 36385, provided that there is no cost impact to RCWD customers. The motion was seconded by Director Brady, and discussion continued.

Director Herman posed concern regarding previous discussion with Director Dennstedt of WMWD with regard to reviewing the whole service area before making any decisions. Director Herman further conveyed that it was her impression that a meeting would take place between the District and WMWD to discuss the matter further and possibly consider other potential alternatives. Responding, Mr. Armstrong concurred that a meeting was requested by Director Dennstedt, whereby RCWD staff reached out to WMWD to coordinate a meeting in early February. He further reiterated that this item was moved for review and consideration from the December Board meeting to the Board's January meeting; however, it's the Board's decision to either defer the item further or proceed with staff's recommended action.

At this time brief discussion ensued regarding the Board's recommendation today as merely to reconfirm WMWD's initial request, and that additional discussion would take place in the near future amongst both agencies.

Addressing a question posed by Director Herman regarding Mr. Armstrong's attendance at a recent City of Murrieta Water Committee meeting and the course of action that will need to happen, Mr. Armstrong explained that the end result from the meeting was that everyone agrees the City of Murrieta would request the Local Agency Formation Commission to conduct a municipal service review of WMWD's water service within the City of Murrieta's service-area boundaries. He conveyed that said review would be comprehensive and include current and future water supply needs, facility needs, and associated costs.

With no further discussion, President Drake called for the question on the motion on the floor, and it carried as follows:

RESULT: **APPROVED [6 TO 1]**
MOVER: William Plummer, Board Member
SECONDER: Carol Lee Brady, Board Member
AYES: Garcia, Brady, Plummer, Drake, Martin, Wilson
NAYS: Lisa Herman

B. Consider Approval of Third Amendment to Employment Agreement Between Rancho California Water District and General Manager Jeff Armstrong

Item 3B was removed from the Agenda with no discussion.

C. Consider Ratifying Appointments to the Standing Policy Committees for Calendar Year 2018

Hearing no comments on the Agenda item, President Drake entertained a motion from the Board.

Director Wilson moved to ratify the appointments to Rancho California Water District's standing policy committees, and assign membership to the Joint Inland Caucus and Orange County Caucus for calendar year 2018. Director Martin seconded the motion, and it carried as follows:

2018 STANDING POLICY COMMITTEE MEMBERSHIPS:

FINANCE & AUDIT COMMITTEE

Bill Wilson - Chairman
Danny Martin
Angel Garcia
William Plummer - Alternate

PLANNING & ADMINISTRATION COMMITTEE

Lisa Herman - Chairman
Carol Lee Brady
Angel Garcia
Danny Martin - Alternate

ENGINEERING & OPERATIONS COMMITTEE

William Plummer - Chairman
Bill Wilson
Carol Lee Brady
Lisa Herman - Alternate

2018 JOINT CAUCUS

William Plummer
Ben Drake

RESULT: APPROVED [UNANIMOUS]
MOVER: Bill Wilson, Sr. Vice President
SECONDER: Danny Martin, Board Member
AYES: Garcia, Brady, Plummer, Drake, Herman, Martin, Wilson

ITEM 4. INFORMATION ITEMS

This item is intended for information only; however, at the discretion of the Board of Directors' (Board), may be discussed.

At this time, Water Operations Manager Rich Ottolini provided a brief PowerPoint presentation on Information Item 4A Production Status and Hydrologic Outlook.

There was no discussion on Items 4B-4D.

- A. Production Status and Hydrologic Outlook**
- B. Claims Activity Report for the Month of December**
- C. Activity Report, Committees of the Board for the Month of December**

D. Newspaper Articles

ITEM 5. EXECUTIVE REPORTS

A. General Counsel's Report

General Counsel Nick Norvell provided a brief update on Senate Bill 623 the Water Tax Bill, indicating the bill requires local water agencies to impose fees on utility bills based on the size of the water meter to fund the Safe and Affordable Drinking Act for the state. He reported that the use of the monies collected would be determined by the state board at a later date, but would essentially fund projects and communities that do not have access to safe drinking water. As well, Mr. Norvell noted that this item is being strongly opposed by the Association of California Water Agencies. He concluded by stating that legal counsel will continue to monitor its progress, as well as other legislation closely.

B. General Manager's Report

General Manager Jeff Armstrong began his report by acknowledging and recognizing Rancho California Water District (District) staff for their participation in adopting 76 kids at the Oak Grove Center during the "Giving Tree" event held in December.

Referring to his report, Mr. Armstrong briefly highlighted the recent Association of California Water Agencies' (ACWA) Committee appointments, and noted that District staff made a deliberate effort to participate and be more involved with a strong presence in ACWA.

Continuing, Mr. Armstrong highlighted Director of Finance/Treasurer Rick Aragon's recent graduation from the Water Education Foundation Water Leaders Class program and his achievement of being appointed as a member of the Water Education Foundations' Board of Directors.

Speaking on the District's 2nd Annual Agricultural Summit, Mr. Armstrong announced that the date is set for Friday, March 16, 2018 and will be held at the Temecula Conference Center, with the theme "Farming, a Family Tradition." He advised that Senior Public Information Officer Meggan Valencia is working on the agenda, topics, speakers, moderator, and corresponding logistics for the event.

At this time, Mr. Armstrong invited Ms. Valencia to speak on some recent legislation that will directly impact the District. Ms. Valencia reported on Assembly Bill 746, which was passed last legislative session pertaining to one-time lead testing. She reported that the District is now required to test at all facilities for pre K-12 public schools, as well as day care centers and charter schools. She advised that there are approximately 56 testing sites, with the testing parameters conducted while school is in session, from Tuesday - Friday. All testing should be completed by July 1, 2019.

Concluding her update, Ms. Valencia provided a brief summary regarding testing requirements related to the District's raw water sources.

C. Board Members' Comments and Reports

Director Wilson commented on staff's participation with the Oak Grove Center and expressed his gratitude.

There being no further Board Member comments, President Drake announced a 10-minute break to be followed by adjournment to closed session.

ITEM 6. CLOSED SESSION

At any time during the regular session, the Board may adjourn to closed session to consider litigation, personnel matters, or to discuss with legal counsel matters within the attorney-client privilege. Discussion of litigation is within the attorney-client privilege and may be held in closed session. Authority: Government Code Section 54956.9

- A. CONFERENCE WITH LABOR NEGOTIATORS - (Per Government Code § 54957.6) - Negotiators: Labor Counsel Bradley Neufeld, Esq.; General Manager Jeff Armstrong; Director of Finance/Treasurer Rick Aragon; Assistant General Manager- Engineering & Operations Eva Plajzer; and Human Resources Manager Eileen Dienzo - Employee Organization Rancho California Water District Employees' Association**
- B. CONFERENCE WITH LABOR NEGOTIATORS - (Per Government Code § 54957.6) - Negotiators: Labor Counsel Bradley Neufeld, Esq.; General Manager Jeff Armstrong; Director of Finance/Treasurer Rick Aragon; Assistant General Manager- Engineering & Operations Eva Plajzer; and Human Resources Manager Eileen Dienzo - Employee Organization Rancho California Water District Management, Professional, and Confidential Employees' Association**
- C. CONFERENCE WITH LABOR NEGOTIATORS - (Per Government Code § 54957.6) - Negotiators: Labor Counsel Bradley Neufeld, Esq.; General Manager Jeff Armstrong - Unrepresented Employees: Director of Administration, Director of Finance/Treasurer, and Human Resources Manager**
- D. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION - Significant Exposure to Litigation (Per Government Code Section 54956.9 (c)) one (1) Potential Case**
- E. CONFERENCE WITH LEGAL COUNSEL - PENDING LITIGATION - (Per Government Code § 54956.9 (a)) - United States vs. Fallbrook Public Utility District, Case No. 1247**
- F. CONFERENCE WITH LEGAL COUNSEL - PENDING LITIGATION - (Per Government Code § 54956.9 (a)) - United States of America et al. vs. J-M Manufacturing Company, Inc. Case No. 5:06-CV-00055-GW**
- G. CONFERENCE WITH LEGAL COUNSEL - PENDING LITIGATION - (Per Government Code § 54956.9 (a)) - Rancho California Water District vs. CR&R, Case No. MCC1601125**

Prior to adjourning to closed session, Director Brady cited a conflict of interest with Agenda Item 6E, whereby she recused herself from the meeting during item discussion.

The Board reconvened in open session at 11:17 a.m., with General Counsel Nick Norvell announcing that there were no reportable actions.

ITEM 7. ADJOURNMENT

There being no further business to come before the Board of Directors, the meeting adjourned at 11:17 AM.