



MINUTES
BOARD OF DIRECTORS ADJOURNED REGULAR MEETING
THURSDAY, MAY 17, 2018
8:30 AM

INTRODUCTION

An Adjourned Regular Meeting of the Board of Directors of the Rancho California Water District was held on Thursday, May 17, 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.

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

Also present were members of the District staff and others, including but not limited to, General Counsel Jim Gilpin of Best Best & Krieger, General Manager Jeff Armstrong, Assistant General Manager-Engineering & Operations Eva Plajzer, Assistant General Manager-CFO/Treasurer Rick Aragon, Chief Engineer Andrew Webster, Director of Human Resources Eileen Dienzo, Director of Administration Jason Martin, Water Operations Manager Rich Ottolini, Field Services Manager Randy Crowell, Public Affairs Manager Meggan Valencia, Public Information Specialist Grace Cardenas, Water Resources Manager Jeff Kirshberg, Engineering Manager-CIP & Development Jake Wiley, Data Center Operations Supervisor Dale Badore, Administrative Services Supervisor/Deputy District Secretary Denise Todd, Field Services Supervisor Keith Friddle, Water Quality Supervisor Jordan Farrell, Field Services Supervisor - Facilities Justin Weeks, Water Systems Supervisor Kevin Marcoux, Senior Administrative Assistant Leslie Mayer, Administrative Assistant Heather Buero, Senior Administrative Assistant Milin Ream, and District Secretary Kelli Garcia.

Present in the audience were Ken Smith and Randy Reinhart (applicant and representative for Item 4A), Association of California Water Agencies/Joint Powers

Insurance Authority Counsel Robert Greenfield, and customer Steve Corona.

PLEDGE OF ALLEGIANCE

Director Garcia 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.

APPROVAL OF AGENDA

President Drake entertained a motion to approve the Agenda of the Adjourned Regular Meeting of the Board of Directors of the Rancho California Water District of May 17, 2018.

MOTION: President Drake moved to approve the Agenda of the Adjourned Regular Meeting of the Board of Directors of the Rancho California Water District of May 17, 2018. Director Wilson seconded the motion, and it carried as follows:

RESULT: **APPROVED [UNANIMOUS]**

MOVER: Bennett Drake, President

SECONDER: Bill Wilson, Sr. Vice President

AYES: Drake, Wilson, Brady, Garcia, Herman, Martin, Plummer

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. 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, customer Steve Corona addressed the Board sharing that he had an opportunity to meet with Assistant General Manager-Engineering & Operations Eva Plajzer to discuss his 12" reclaimed water meter. In addition, Mr. Corona brought to the Board's attention his concerns with the discharge of water from Well 132 onto his property. Utilizing the overhead document camera, Mr. Corona displayed some images, in which he pointed out the oil residue and chlorine tablet remnants on his property due to Well 132's discharge flows.

ITEM 1. PRESENTATIONS

A. Update on Jefferson Avenue Main Line Leak

Announcing the Agenda item, General Manager Jeff Armstrong briefly reviewed the main line break, which occurred on Jefferson Avenue on May 9, 2018. He commended Rancho California Water District (District) staff in their emergency response efforts and the communication outreach to the community, which was received positively and overall successful. He further highlighted the thank you card and bouquet that the District recently received from Wes' Flowers. Mr. Armstrong advised that many businesses were affected and Wes' Flowers expressed their thanks with how staff handled the shutdown and repair, as well as assisting with their delivery trucks through the barriers to continue floral deliveries during the busy Mother's Day weekend.

At this time, Field Services Supervisor Keith Friddle reviewed a series of PowerPoint slides detailing the main line break, shutdown, and repair.

Next, Assistant General Manager-Engineering & Operations Eva Plajzer continued the presentation by reviewing staff's response statistics and the after actions staff have taken, as follows:

- Procure additional couplings
- Procure additional chlorination trailer
- Evaluate additional needs to accelerate emergency response
- Evaluate critical buried infrastructure – risk and consequence
 - Valve Turning Program
 - Asset Management Plan
 - Coordination with Cities of Temecula and Murrieta

Concluding, Ms. Plajzer introduced and thanked the field supervisors (in attendance) Jordan Farrell, Justin Weeks, Kevin Marcoux, and Keith Friddle and their crews for their outstanding effort.

Following brief discussion, Board members thanked staff and expressed how proud they were of the District's response and repair of the water line.

B. Presentation from Association of California Water Agencies Joint Powers Insurance Authority Representative

General Manager Jeff Armstrong introduced Association of California Water Agencies/Joint Powers Insurance Authority's (ACWA/JPIA) counsel Robert Greenfield to provide an informational presentation to the Board of Directors.

At this time, Mr. Greenfield reviewed a PowerPoint presentation titled "Know Your Role, Keep Your Coverage." His presentation highlighted the following:

- ACWA/JPIA Liability Program
- Errors & Omissions
- Board Duties
- Roles and Responsibilities
- Planning Level and Operational Level Scope of Duties

- Discretionary Decisions
- Confidentiality

Upon conclusion of Mr. Greenfields' presentation, President Drake continued to the next order of business.

ITEM 2. APPROVAL OF MINUTES

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

RESULT: APPROVED [UNANIMOUS]

MOVER: William Plummer, Board Member

SECONDER: Carol Lee Brady, Board Member

AYES: Drake, Wilson, Brady, Garcia, Herman, Martin, Plummer

A. Consider Approval of Minutes of the Board of Directors' Special Meetings of March 26 and March 29, 2018 and Regular Meeting of April 12, 2018

ITEM 3. 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.

At this time, Director Martin requested that Consent Calendar Item 2F *Consider Approval to Select the Services of Keyser Marston Associates, Inc. to Perform a Financial Capacity Evaluation of Proposals Received for the Vail RV Park Lease Process* be pulled for separate discussion.

Hearing no additional requests to remove any other items for separate discussion, President Drake entertained a motion to approve remaining Consent Calendar Items 2A through 2E and 2G through 2J, as presented. For the record, President Drake requested that his "no" vote be documented for Item 2H.

MOTION: Director Plummer moved to approve Consent Calendar Items 2A through 2E and 2G through 2J, as presented. Director Garcia seconded the motion, with the resolution titles as follows:

Resolution No. 2018-5-1

Resolution of the Board of Directors of the Rancho California Water District, Riverside County, California, Amending and Adopting Local Guidelines for Implementing the California Environmental Quality Act (CEQA) [Public Resources Code §§ 21000 ET SEQ.] and Rescinding Resolution No. 2017-5-3

and

Resolution No. 2018-5-2

Resolution of the Board of Directors of the Rancho California Water District, Riverside County, California, Authorizing a Grant Application to the U.S. Bureau of Reclamation for WaterSMART Grants: Water and Energy Efficiency Grants for Fiscal Year 2018

The motion carried by the following vote:

RESULT: APPROVED [UNANIMOUS]

MOVER: William Plummer, Board Member

SECONDER: Angel Garcia, Board Member

AYES: Drake, Wilson, Brady, Garcia, Herman, Martin, Plummer

- A. Consider Approval of Financial Statements - March 31, 2018**
- B. Consider Approval of Treasurer's Report, Certification of Cash Sufficiency, and Related Quarterly Investment Activity Data, as of March 31, 2018**
- C. Consider Ratifying the Register of Audited Demands for the Period March 23 through April 25, 2018**
- D. Consider Resolution Adopting Revised Local California Environmental Quality Act (CEQA) Guidelines**
- E. Consider Adoption of Resolution Authorizing a Grant Application to the U.S. Bureau of Reclamation for a Turf Replacement Program**
- F. Pulled from Consent Calendar**
- G. Consider Certification of the Rancho California Water District 2018 Sewer System Management Plan Update (Project No. PG200)**
- H. Consider Request for Additional Funding and Award of a Sole-Source Professional Services Agreement for Design of the Vail Dam Replacement Project (Project No. D1911)**
- I. Budgeted Contract Items Over \$50,000: Consider Approval to Award a Professional Services Agreement for Design of the Equipping of New Well No. 177, Well No. 125 Replacement (Project No. D1897)**
- J. Budgeted Contract Items Over \$50,000: Consider Approval to Award a Construction Contract and a Professional Services Agreement for Drilling of New Well No. 177, Well No. 125 Replacement (Project No. D1897)**

ITEM PULLED FROM CONSENT CALENDAR

Consider Approval to Select the Services of Keyser Marston Associates, Inc. to Perform a Financial Capacity Evaluation on Proposals Received for the Vail RV Park Lease Process

Speaking on Consent Calendar Item 2F *Consider Approval to Select the Services of Keyser Marston Associates, Inc. to Perform a Financial Capacity Evaluation on Proposals Received for the Vail RV Park Lease Process*, Director Martin asked for

clarification as to whether the evaluation report would be provided to the Board in open or closed session discussion.

General Counsel Jim Gilpin explained that the purpose of the financial evaluation is to ensure that potential proposers can substantiate what they claim in their submittals and whether or not the bidders have the financial capacity to lease the Vail RV Park. The review of this information will remain confidential at this time.

Director Herman addressed Director Martin's concerns and advised that the Board is voting on which firms' services it will utilize to conduct the financial capacity evaluation. She further stated that the Board is relying on the recommendation from District staff that said firm is qualified to perform such a financial evaluation.

MOTION: Director Herman moved to approve the selection of Keyser Marston Associates, Inc. to perform a financial review/evaluation of the proposals submitted for Rancho California Water District's Vail RV Park lease Request for Proposals. Director Wilson seconded the motion, and it carried as follows:

RESULT: **APPROVED [UNANIMOUS]**

MOVER: Lisa Herman, Board Member

SECONDER: Bill Wilson, Sr. Vice President

AYES: Drake, Wilson, Brady, Garcia, Herman, Martin, Plummer

ITEM 4. ACTION ITEMS

A. Consider Request by Ken Smith for a Grant of Easement over the Vail Lake Property, at State Highway 79 South and Anja Avenue, for Public and Emergency Access Roads

Chief Engineer Andrew Webster addressed the Rancho California Water District (District) Board of Directors (Board) regarding a request from Ken Smith, dba SFT Realty Fresno, LLC (applicant), for access easements across District-owned property. Mr. Webster advised that said item had been previously reviewed at the April 26, 2018 Engineering and Operations Committee regular meeting, whereby it was moved to the Board without a recommendation. He further expounded that District staff views granting an easement right now premature without the completed environmental analysis.

President Drake stated that he has no concerns in granting the easement, as long as the applicant meets all the mandatory conditions.

Wanting to ensure that all pertinent information is presented to the Board before discussion, President Drake announced that he received two Request to Speak forms on the Agenda item and asked Randy Reinhart, representing the applicant, to address the Board first.

Displaying an overview map, Mr. Reinhart reported that specific easement areas are required by the County of Riverside (County) and County Fire Marshal in order to move forward with any type of future development of the applicant's property. The requested easement would include a widened section of Anja Avenue, from its current width of 30

feet to 60 feet, as well as a new 50-foot wide easement that runs north-south across the District's property. Moreover, he explained that this easement would be utilized as a secondary/emergency entry with "no entry" signage posted with possible access gates installed, and that said proposed emergency access easement would overlay an existing 24-foot wide unpaved access road. He further acknowledged their detailed engineering map, which illustrated Caltrans' requirements for standard turn lanes with acceleration/deceleration lanes off State Highway 79 South, both of which he opined would improve public safety and the overall value of the District's property.

Addressing the issue with concern over protecting the watershed tributary to Vail Lake, Mr. Reinhart explained that strict water quality and storm runoff requirements would have to be met by the applicant in order to satisfy state and federal regulations for County approval. He further expounded that the improvements to be made to the easement road, including the bio filtration basin, will come at no cost or maintenance to the District and provide an overall water quality benefit for the surrounding watershed compared to its present condition.

Next, Mr. Reinhart stressed that the applicant is still in the planning phase of the development process; however, is seeking to secure the access easements now in order to improve the viability of the future development of his property.

President Drake inquired as to the applicant potentially adding a left-hand turn lane to the access road leading to the District's water tank. Mr. Reinhart responded by stating that consideration would come down to a cost analysis.

Addressing a concern from Director Plummer questioning the level of easement improvements being adequate when the status of the project has not been established, Mr. Reinhart stated that the applicant has planned for the worst-case scenario and intends to complete the maximum improvements, as required by the County for the area.

At this time, Ken Smith addressed the Board to summarize his request in seeking the easement in order to evaluate what the project for the property will be. He further noted that the County is going to require these easements regardless of what the project becomes, and added that other easement alternatives had been explored unsuccessfully.

Next, lengthy discussion ensued amongst the Board with concerns regarding the lack of understanding as to the ultimate potential use of the applicant's property and the many unknowns related to traffic, potential liability issues, future land use, multi-species concerns, and the possibility of selling said property as surplus.

Director Plummer queried as to why the District would want to be tied-up in an easement agreement for a project that does not foresee fruition, Mr. Smith announced that he would conduct the aforementioned improvements even if his project does not move forward.

Again, President Drake inquired as to intersection road improvements being made to the District's access road should the easement be granted. Mr. Smith responded by

stating that he would be willing to review the possibility of dirt road improvements should the Board grant the easement.

Director Herman shared her concerns regarding the unknown use of the applicant's property and/or its long-term plans. Although she is not against granting an easement in the future, Director Herman opined that it is too premature to grant one now.

Continuing, President Drake suggested the option of offering a conditional easement with a timeframe limit for the applicant to complete said conditions and/or improvements.

More general discussion ensued regarding the timing of potentially selling the property as a means of addressing any liability and/or multi-species concerns, with General Counsel Jim Gilpin noting that the property would have to be declared surplus property and offered to surrounding public agencies first.

MOTION: President Drake moved to grant the road access easements with a three-year period and five years conditional on the applicant completing improvements. The motion was seconded by Director Garcia and discussion continued.

Following Mr. Gilpin's clarification, President Drake amended his motion.

AMENDED

MOTION: President Drake moved to direct staff to prepare an option easement agreement over the Vail Lake property, as well as a parallel analysis of the potential sale of the subject property and related liability impacts for the Board's input and consideration. Director Garcia seconded the motion, and it carried as follows:

RESULT: **APPROVED [5 TO 2]**
MOVER: Bennett Drake, President
SECONDER: Angel Garcia, Board Member
AYES: Drake, Wilson, Brady, Garcia, Plummer
NAYS: Lisa Herman, Danny Martin

B. Consider Amendment No. 1 of the Rancho California Water District Profit Sharing Plan and Adoption of the Appropriate Resolution

Addressing the Board of Directors (Board), Director of Human Resources Eileen Dienzo reported that the subject item is being presented to accomplish administrative housekeeping to update Rancho California Water District's (District) Profit-Sharing 401(a) Plan (Plan). Ms. Dienzo explained that in February 2018, the Board approved a new Assistant General Manager-Chief Financial Officer/Treasurer position and title change of the Human Resources Manager to Director of Human Resources. Said recent changes required an amendment to ensure that these position changes would enable those employees to be eligible in the Plan. Ms. Dienzo further conveyed that the new amendment would update the language to clarify the conditions for eligibility under the Plan, eliminating the need to capture title changes and provide for an additional investment vehicle for the deferred compensation employer match.

At this time, President Drake asked for clarification as to the District's percent match. Responding, General Manager Jeff Armstrong explained that the District would match what an employee contributes to the Plan, up to a maximum of 2 percent. He further conveyed that the Plan match was an incentive for management employees who elected to be classified at-will and that said changes have no additional cost to the District.

Concluding, Ms. Dienzo expounded that the Plan currently has four employees who are classified at-will and unrepresented that are eligible for the deferred compensation Plan match.

Following discussion, Director Herman noted her dislike for the term "profit-sharing," and urged staff to change the name to something more suitable.

MOTION: It was moved by Director Plummer and seconded by Director Martin to adopt the appropriate resolution titled:

Resolution No. 2018-5-3

Resolution of the Board of Directors of the Rancho California Water District, Riverside County, California, Approving an Amendment to the Rancho California Water District Profit-Sharing Plan

The motion carried by the following vote:

RESULT: **ADOPTED [5 TO 2]**
MOVER: William Plummer, Board Member
SECONDER: Danny Martin, Board Member
AYES: Wilson, Brady, Herman, Martin, Plummer
NAYS: Bennett Drake, Angel Garcia

C. Review and Discussion Regarding Rancho California Water District Transparency Practices

Presenting the Agenda item, District Secretary Kelli Garcia reported that said item was previously reviewed by the Planning and Administration Committee at its April 19, 2018 regular meeting and moved to the Board of Directors (Board) for continued discussion and direction.

Ms. Garcia reviewed staff's recommended options, as follows:

1. Provide post meeting material on the District website, with the option to request audio via a form submittal.
2. Provide both post meeting material and audio on the District website.
3. Make no change to the current transparency practices.

Expounding, Ms. Garcia advised that Options 1 and 2 would both be administratively simple to achieve and not a burden on staff to implement. She further noted that post meeting material would be made available via a link "click here" on the District website, which would then direct interested parties to a document depository filed by meeting date.

President Drake shared his support for Option 1 and explained that, since staff only receives one or two requests for audio each year, a request for public records would suffice.

Director Martin favored the District maintaining full transparency and disclosure, and prefers Option 2 - posting both meeting material/handouts and audio on the District website.

Directors Garcia and Brady concurred with Director Martin and also expressed support of Option 2 - full transparency.

Concluding her presentation, Ms. Garcia advised that staff anticipates any change to the District website would take place around July 1, 2018, when staff goes live with the new agenda management program.

Following discussion, Director Martin offered the following recommendation.

MOTION: Director Martin moved to approve Option 2 to provide both post meeting material and audio on the District website. Director Wilson seconded the motion, and it carried as follows:

RESULT: **APPROVED [6 TO 1]**

MOVER: Danny Martin, Board Member

SECONDER: Bill Wilson, Sr. Vice President

AYES: Wilson, Brady, Garcia, Herman, Martin, Plummer

NAYS: Bennett Drake

ITEM 5. INFORMATION ITEMS

Referencing Agenda Item 5B - Claims Activity Report, President Drake requested staff provide him further detail as to the cause of the water main break on Calle Capistrano and the corresponding claim.

There were no further comments or discussion on the following items:

- A. Activity Report, Committees of the Board for the Month of April**
- B. Claims Activity Report for the Month of April**
- C. Newspaper Articles**

ITEM 6. EXECUTIVE REPORTS

A. General Counsel's Report

General Counsel Jim Gilpin highlighted the budget bill introduced by Ken Calvert under Cal-Water Fix on exempting said projects from environmental lawsuits. In addition, with the impending budget rate approval cycle, he advised that he would keep the Board apprised as to the lawsuit against neighboring water agency Western Municipal Water District and its budget-based tiered rates.

B. General Manager's Report

General Manager Jeff Armstrong highlighted the recent Association of California Water Agencies' Spring Conference, which took place in Sacramento, California. He also reminded the Board of Directors of Temecula's State of the City Address taking place on May 31, 2018.

C. Board Members' Comments and Reports

Directors Brady, Garcia, Martin, Plummer, and Wilson also commented on their experiences of having attended the Association of California Water Agencies' 2018 Spring Conference. Similarly, Director Brady highlighted her attendance at the Municipal Water District of Orange County's Water Policy Forum and Dinner where Karla Nemeth, Director of the California Department of Water Resources, was the keynote speaker. Director Herman commented on her attendance at the Santa Rosa Regional Resources Authority's Treatment Plant Tour and Project Celebration held on May 5, 2018.

Several Board members also took the time again to thank Rancho California Water District staff for their emergency response efforts on the Jefferson Avenue main line leak and thanked Public Affairs Manager Meggan Valencia and staff for keeping the community up-to-date as the situation unfolded.

There being no further Board member comments, President Drake adjourned the meeting to Closed Session.

Director Wilson left the meeting at 11:35 AM.

ITEM 7. CLOSED SESSION

A. Closed Session

At any time during the regular session, the Board may adjourn to closes session to consider litigation, personnel matters, or to discuss with legal counsel matters within 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 REAL PROPERTY NEGOTIATORS: Property: APNs 917050003, 917050007, 581070013, 581070016, 581150013, 581120005, 581070015, 581150016, 581150017, 581150015, 927320039, 927320042, 927320043, 927320079, 927680002, 927680004, 927680005, 927680006, 927680007, 927680008, 927680009, 927680010, 927680011, & 927680012; Negotiators: General Manager Jeff Armstrong and Chief Engineer Andrew Webster; Negotiating Parties: RCWD & Rivers and Lands Conservancy; Under Negotiation: Price & Terms**
- B. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION – Significant Exposure to Litigation (Per Government Code § 54956.9 (c)) One (1) Potential Case**

- C. **CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION (Per Government Code § 54956.9 (a)) Rancho California Water District vs. Linda R. Davis, Trustee of the Linda R. Davis Family Income Trust, U/A Dated 01/01/1997; Southern California Addiction Center, Case No. MCC1800189**
- D. **CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION (Per Government Code § 54956.9 (a)) – United States vs. Fallbrook Public Utility District, Case No. 1247**
- E. **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**

Director Herman left the meeting at 12:08 PM.

The Board reconvened in open session at 12:14 PM, whereby General Counsel Jim Gilpin announced that there were no reportable actions.

ITEM 8. ADJOURNMENT

There being no further business to come before the Board of Directors, the meeting adjourned at 12:14 PM.