

**MINUTES OF THE REGULAR BOARD MEETING  
OF THE BOARD OF DIRECTORS OF THE  
RAINBOW MUNICIPAL WATER DISTRICT  
OCTOBER 25, 2022**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on October 25, 2022, was called to order by President Hamilton at 11:32 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. *(All meetings are being held with in-person attendance following County and State COVID guidelines as well as virtually.)* President Hamilton presiding.

2. **ROLL CALL**

**Present:** Director Gasca, Director Hamilton, Director Mack *(arrived at 11:35 a.m.)*, Director Moss, Director Stewart.

**Also Present:** General Manager Kennedy, Legal Counsel Smith, Executive Assistant Washburn, Human Resources Manager Harp, Engineering and CIP Program Manager Williams, Information Systems Specialist Espino.

**Also Present Via Teleconference or Video Conference:**

Legal Counsel Duran-Brown.

No members of the public were present in person, via teleconference or video conference before Closed Session.

3. **ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA (Government Code §54954.2)**

There were no amendments to the agenda.

4. **INSTRUCTIONS TO ALLOW PUBLIC COMMENT ON AGENDA ITEMS FROM THOSE ATTENDING THIS MEETING VIA TELECONFERENCE OR VIDEO CONFERENCE**

There were no members of the public in attendance; therefore, the instructions were not read aloud.

5. **ORAL/WRITTEN COMMUNICATIONS FROM THE PUBLIC OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD REGARDING CLOSED SESSION AGENDA ITEMS (Government Code § 54954.2).**

There were not comments.

***The meeting adjourned to Closed Session at 11:33 a.m.***

6. **CLOSED SESSION**

A. Conference with Legal Counsel-Anticipated Litigation (Government Code §54956.9(d)(2))

\* One Item

(\*) - Asterisk indicates a report is attached.

- B. Conference with Legal Counsel - Existing Litigation (Government Code Section 54956.9(d)(1))

\* TC Construction Company, Inc. v. Rainbow Municipal Water District, et al.

- C. Appointment of Public Employee – General Manager (Government Code §54957)

***The meeting reconvened at 12:56 p.m.***

**7. REPORT ON POTENTIAL ACTION FROM CLOSED SESSION**

This item was addressed under Item #12.

Time Certain: 1:00 p.m.

8. **REPEAT CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on October 25, 2022, was called to order by President Hamilton at 1:01 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. *(All meetings are being held with in-person attendance following County and State COVID guidelines as well as virtually.)* President Hamilton presiding.

**9. PLEDGE OF ALLEGIANCE**

**10. REPEAT ROLL CALL**

**Present:** Director Gasca, Director Hamilton, Director Mack, Director Moss, Director Stewart.

**Also Present:** General Manager Kennedy, Legal Counsel Smith, Executive Assistant Washburn, Engineering and CIP Program Manager Williams, Operations Manager Gutierrez, Water Operations Supervisor Coffey, Project Manager Tamimi, Customer Service and Communications Supervisor Gray, Human Resources Manager Harp, Human Resources Assistant Ramirez, Information Systems Specialist Espino.

**Also Present Via Teleconference or Video Conference:**

Information and Technology Manager Khattab, Human Resources Manager Harp, Administrative Analyst Rubio, Grant Specialist Kim, Wastewater Superintendent Zuniga.

Two members of the public were present for Open Session in person, via teleconference or video conference.

**\*11. BOARD OF DIRECTORS CONSIDER ADOPTING RESOLUTION NO. 22-28 RENEWING STATE OF EMERGENCY FINDINGS FOR ASSEMBLY BILL 361 (AB 361)**

***Motion:***

***Adopt the attached Resolution No. 22-28 renewing virtual meetings in accordance with Assembly Bill 361.***

(\*) - Asterisk indicates a report is attached.

**Action: Approve, Moved by Director Stewart, Seconded by Director Gasca.**

**Vote: Motion carried by unanimous vote (summary: Ayes = 5).**

**Ayes: Director Gasca, Director Hamilton, Director Mack, Director Moss, Director Stewart.**

**12. REPEAT REPORT ON POTENTIAL ACTION FROM CLOSED SESSION**

Legal Counsel reported the Board met in Closed Session to discuss three items noting the Board approved a contract with Reliance Resources Consulting for executive search purposes for which the terms were in the process of being negotiated and will be available upon request. He also reported in the matter of T.C. Construction versus RMWD regarding a bid protest litigation filed by TC Construction, a court hearing was held at which the judge ruled in favor of RMWD on all counts and awarded TC Construction zero dollars.

**13. REPEAT ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA (Government Code §54954.2)**

There were no amendments to the agenda.

**14. REPEAT INSTRUCTIONS TO ALLOW PUBLIC COMMENT ON AGENDA ITEMS FROM THOSE ATTENDING THIS MEETING VIA TELECONFERENCE OR VIDEO CONFERENCE**

President Hamilton read aloud the instructions for those attending the meeting via teleconference and video conference.

**15. ORAL/WRITTEN COMMUNICATIONS FROM THE PUBLIC OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD REGARDING ITEMS NOT ON THIS AGENDA (Government Code § 54954.2).**

There were no comments.

**16. EMPLOYEE RECOGNITIONS**

- A. Excellence Coin Awards**
  - 1. Steve Coffey

Mr. Kennedy stated Steve Coffey was RMWD's most recent recipient of the five Excellence Coins. He noted Mr. Coffey started at RMWD as a janitor eighteen years ago and now is the Water Operations Supervisor who oversees the system operators. He congratulated Mr. Coffey as he presented him with a plaque.

**\*17. APPROVAL OF MINUTES**

- A. September 27, 2022 - Regular Board Meeting**
- B. October 7, 2022 – Special Board Meeting**

**Motion:**

**To approve both the regular and special board meeting minutes.**

(\*) - Asterisk indicates a report is attached.

**Action: Approve, Moved by Director Moss, Seconded by Director Gasca.**

**Vote: Motion carried by unanimous vote (summary: Ayes = 5).**

**Ayes: Director Gasca, Director Hamilton, Director Mack, Director Moss, Director Stewart.**

**\*18. BOARD OF DIRECTORS' COMMENTS/REPORTS**

Directors' comments are comments by Directors concerning District business, which may be of interest to the Board. This is placed on the agenda to enable individual Board members to convey information to the Board and to the public. There is to be no discussion or action taken by the Board of Directors unless the item is noticed as part of the meeting agenda.

**A. President's Report (Director Hamilton)**

President Hamilton said communications with ratepayers may increase because of the August rate increases going into effect; therefore, staff may need to be more responsive.

**B. Representative Report (Appointed Representative)**

**1. SDCWA**

**A. Summary of Board Meeting September 22, 2022**

Mr. Kennedy reported SDCWA had internally established a policy that negatively impacted agencies with local water supply stating those agencies had to apportion some of their local supply to the agricultural accounts equally with PSAWR. He noted this policy is not in the PSAWR Rules and Regulations or Administrative Code. He pointed out this does not impact RMWD or Valley Center Municipal Water Districts and how the SDCWA Board will confirm the rules set by SDCWA and how they should be applied by staff prior to voting on the matter at the next meeting.

**2. CSDA**

Mr. Kennedy announced the quarterly dinner meeting will be held on November 17, 2022, and that the Directors will be notified as to the location once confirmed.

*Discussion returned from Item #19.*

Mr. Kennedy announced the November 17, 2022, CSDA Quarterly Dinner will be held at the Butcher Shop.

*Discussion went to Item #20.*

**3. LAFCO**

Mr. Kennedy announced there will be a meeting on October 26, 2022, of the Special Districts Advisory Committee at which discussions will take place regarding proposed revisions to the policy on Municipal Service Reviews as well as a report expected to be released soon by LAFCO on some preliminary information related to the detachment.

**4. Santa Margarita River Watershed Watermaster Steering Committee**

President Hamilton reported the budget has been released for FY22-23. He asked whether these meetings are considered public meetings with recordings required. Legal Counsel clarified the must be noticed and minutes taken but are not required to be recorded.

(\* ) - Asterisk indicates a report is attached.

## 5. ACWA

Director Gasca reported statewide water use in August showed savings at 10.5% relative to the year prior. He also noted the Department of Water Resources recently released a set of recommendations that it claims will improve long-term water use efficiency as California adapts to a hotter and drier future driven by climate change. He stated these recommendations were submitted to the State Water Resource Control Board in compliance with SB606 and AB1668 which were enacted in support of making water conservation a California way of life.

Director Gasca reminded the Board the 2022 ACWA Fall Conference will take place November 29-December 2, 2022, in Indian Wells should anyone be interested.

### C. Meeting, Workshop, Committee, Seminar, Etc. Reports by Directors (AB1234)

#### 1. Board Seminar/Conference/Workshop Training Attendance Reports

President Hamilton stated he attended the recent Colorado River webinar noting the consensus was that everyone was doing a great job in conserving Colorado River water. He noted the webinar was interesting to listen to, but not very productive.

### D. Directors Comments

Director Gasca stated he really enjoyed the recent Lift Station 1 Milestone Luncheon and how after hearing of Mr. Kennedy's comments, he wanted to suggest the number of days without loss or injury be included in one of the monthly staff reports.

Ms. Harp pointed out OSHA frowns upon having a sign posted on the property showing the number of days without injury because it applies pressure to employees where they would be the ones breaking the chain. She stated if OSHA were to see something like this, they would not be very pleased; therefore, RMWD has removed the sign from the property. She pointed out this information is provided as part of the Human Sources and Safety report for employees; however, Engineering would have to include something in their report regarding third-party injuries at construction sites.

Director Gasca recommended customers who may be impacted with events such as the heli-hydrant training be notified in advance. Mr. Gutierrez stated notices of the training was published on the District's website with some video and North County Fire and CalFire put out something on their respective Twitter feeds. He also mentioned notices were also made it on the NextDoor Application as well as Friends of Fallbrook.

Mr. Gutierrez briefed the Board on the training that took place at RMWD's heli-hydrant site on Friday and again today. He stated it was a positive experience for all.

### E. Legal Counsel Comments

#### 1. Attorney Report: Brown Act Update

Legal Counsel summarized the information contained in the written report related to updates to the Brown Act rules which will take effect January 1, 2023; however, AB361 remains into effect until the emergency declaration is lifted. He confirmed the old Brown Act rules are currently still in place.

President Hamilton suggested the Board review the current Code of Conduct policy provided in the Administrative Code to ensure all the bases are covered in terms of the Brown Act. Mr. Kennedy asked Legal Counsel to review the policy and provide the Board with any recommended proposed revisions.

## 19. COMMITTEE REPORTS

### A. Budget and Finance Committee

Ms. Largent reported the committee were provided with a presentation regarding the potentially bringing janitorial services in-house. Mr. Kennedy explained staff was still working through the numbers and will present something as part of next year's staffing analysis and budget process. Mr. Williams stated in the interim, staff will be presenting a third-party contract for janitorial services to the Board in December. Discussion followed.

Ms. Largent stated the committee reviewed a customer variance request for which the committee requested additional information as well as a presentation on RMWD's cash reserve balances.

### B. Engineering and Operations Committee

Mr. Williams reported the committee had requested staff organize a site visit to some of the ongoing projects which have since been scheduled for November 1<sup>st</sup> and November 10<sup>th</sup>, respectively. He noted the committee also reviewed an on-call civil engineering services contract, an on-call real estate services contract, a change order to Kennedy Jenks, and the Sumac Communications Tower PV and Backup Power Contract. He noted the committee recommended Board approval for each of these items.

### C. Communications and Customer Service Committee

President Hamilton reported a member of the committee shared raving reviews regarding the Flume device. He noted the committee also discussed member recruitment efforts, RMWD headquarters being a field trip destination for local schools, as well as exploring opportunities for better communications to non-metered ratepayers.

Discussion returned to Item #18B2.

Discussion returned from Item #18B2.

## CONSENT CALENDAR ITEMS

- \*20. **DISCUSSION AND POSSIBLE ACTION TO APPROVE A CHANGE ORDER WITH KENNEDY JENKS FOR ENGINEERING SERVICES FOR THE LIFT STATION-1 PROJECT IN THE AMOUNT OF \$40,000 & EXTENSION OF CONTRACT TERM TO JULY 31, 2023 (DIVISION 1, 2, 4)**
- \*21. **DISCUSSION AND POSSIBLE ACTION TO AWARD FOUR PROFESSIONAL SERVICES AGREEMENTS TO PROVIDE ON-CALL CIVIL ENGINEERING SERVICES (DISTRICT WIDE)**
- \*22. **DISCUSSION AND POSSIBLE ACTION TO AWARD TWO PROFESSIONAL SERVICES AGREEMENTS TO PROVIDE ON-CALL REAL ESTATE APPRAISAL SERVICES (DISTRICT WIDE)**

(\* ) - Asterisk indicates a report is attached.

**\*23. CONSIDER APPROVAL OF LETTER OF CONSENT FOR TRANSFER OF CELL SITE LEASE AT HUTTON TANK FROM SPRINT PCS/T-MOBILE TO DISH NETWORK (DIVISION 1)**

***Motion:***

***To approve the Consent Calendar Items #20, #21, #22, and #23.***

***Action: Approve, Moved by Director Stewart, Seconded by Director Hamilton.***

***Vote: Motion carried by unanimous vote (summary: Ayes = 5).***

***Ayes: Director Gasca, Director Hamilton, Director Mack, Director Moss, Director Stewart.***

**BOARD ACTION ITEMS**

**\*24. DISCUSSION AND POSSIBLE ACTION TO AWARD A CONSTRUCTION AGREEMENT IN THE AMOUNT OF \$170,635.39 FOR THE SUMAC COMMUNICATIONS TOWER PHOTOVOLTAIC AND BACK UP BATTERY DESIGN- BUILD PROJECT (DIVISION 4)**

Mr. Williams stated he was pleased to report RMWD received a bid from Anderson Burton to design, procure and construct the Sumac Communications project upon Board's approval. He noted RMWD owns and cooperates the Sumac Communications Tower which is critical infrastructure for the District's and North County Fire Protection District's communications network.

Mr. Williams pointed out in the past when power goes out, this is one of the first systems that would go offline; therefore, it will have both solar as well as battery backup. He said this is a design-build project with specifications that the batteries must last up to seven days in the event of a power outage.

Mr. Williams mentioned this is a small project with a niche market; therefore, there was some challenges with getting bidders to bid. He explained because this was not a residential or commercial solar project, a great deal of coordination with RMWD's Legal Counsel was necessary to ensure it could be done.

President Hamilton inquired as to whether the expenses for this project was the sole responsibility of RMWD and not shared with North County Fire or anyone else. Mr. Williams confirm this was correct. Mr. Kennedy pointed out RMWD received some CalOES grant monies. Discussion ensued.

Director Mack mentioned there is a state organization that will pay up to 90% of the costs associated with certain emergency-related projects. Mr. Williams asked Director Mack to share any information he may have so staff can research it further.

***Motion:***

***To approve Staff Recommendation Option 1 - Make a determination that the action defined herein is categorically exempt per Section 15303 and 15304 as defined by CEQA, establish appropriations in the amount of \$200,000 for the Sumac Communications Tower Solar Photovoltaic and Backup Battery System Design-Build Project, approve a Construction Agreement with Anderson Burton in the amount of \$170,635.39, and authorize the General Manager to execute a Construction Agreement***

(\*) - Asterisk indicates a report is attached.

**Action: Approve, Moved by Director Moss, Seconded by Director Gasca.**

**Vote: Motion carried by unanimous vote (summary: Ayes = 5).**

**Ayes: Director Gasca, Director Hamilton, Director Mack, Director Moss, Director Stewart.**

**\*25. DISCUSSION AND POSSIBLE ACTION TO APPROVE RESOLUTION NO. 22-27—A RESOLUTION ESTABLISHING CLASSIFICATIONS AND MONTHLY PAY RANGES FOR DISTRICT EMPLOYEES AND THE GENERAL MANAGER EFFECTIVE OCTOBER 25, 2022 THROUGH JUNE 30, 2023.**

Ms. Harp explained due to the recent resignation of the Associate Engineer, she performed an updated compensation analysis to determine RMWD's pay structure is compared to the overall labor market which resulted in RMWD's existing pay grade for this position was closer to the market; therefore, she was recommending is that RMWD make this job classification a series that has an Associate Engineer, Engineer, and Senior Engineer levels placing the Senior Engineer where the former Associate Engineer level was with the others below such. She noted this will provide flexibility to hire in at one of the lower pay grades and if successful, RMWD will be able to bring someone in that will see a promotional pathway within the District even though this is a single incumbent position.

Ms. Harp also pointed out because the Project Manager classification is currently in the same department and performs somewhat similar work, she also conducted an updated compensation analysis for this classification which showed RMWD's Project Manager classification was equivalent to Senior Project Manager in the overall labor market; therefore, she was also recommending a Senior Project Manager classification be created to be placed at the current pay grade for Project Manager and down grade the Project Manager classification. She noted both incumbents currently at RMWD would be qualify for the senior level project manager; thus, it will not affect either of their existing paygrades, but would place RMWD more in alignment with the overall labor market should there be a need to recruit for this position in the future.

Mr. Kennedy added one of the issues related to this matter was that nobody forecasted there would be an 8.3% inflation rate; therefore, when RMWD needed to move the paygrades up to match the increased inflation rate as provided in the current MOU's, it was realized these positions needed to be created at lower paygrades to not go outside of market. He pointed out the pay rates for all employees did not increase 8.3%, but rather 1.5% as agreed upon; however, the spike in inflation has impacted the current paygrade structure as well as the District's expenses.

Ms. Harp pointed out when it comes to single incumbent positions, it provides RMWD with a competitive advantage where it is more attractive to potential applicants when they can see there is an opportunity to move up in their career without having to leave the organization such as in the case of RMWD's former Associate Engineer.

President Hamilton noted the fiscal impact would essentially be negative if RMWD is able to hire at the appropriate levels. Ms. Harp agreed if RMWD is able to hire in at the associate or engineer level, this change would be a cost savings to the District.

**Motion:**

**To approve Staff Recommendation Option 1 – Approve Resolution No. 22-27.**



**Action: Approve, Moved by Director Gasca, Seconded by Director Hamilton.**

**Vote: Motion carried by unanimous vote (summary: Ayes = 5).**

**Ayes: Director Gasca, Director Hamilton, Director Mack, Director Moss, Director Stewart.**

**\*26. DISCUSSION AND POSSIBLE ACTION TO APPROVE ORDINANCE NO. 22-17 - AMENDING AND UPDATING ADMINISTRATIVE CODE SECTION 1.02.020 – CONFLICT OF INTEREST**

Mr. Kennedy pointed out this item coincides with Item #25 updating the Administrative Code to include these new job titles in the Conflict of Interest.

**Motion:**

**To approve Staff Recommendation Option 1 – Approve Ordinance No. 22-17 amending and updating Administrative Code Section 1.02.020.**

**Action: Approve, Moved by Director Moss, Seconded by Director Stewart.**

**Vote: Motion carried by unanimous roll call vote (summary: Ayes = 5).**

**Ayes: Director Gasca, Director Hamilton, Director Mack, Director Moss, Director Stewart.**

**27. BOARD MEMBER REQUESTS FOR AUTHORIZATION TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS**

Director Moss said she would like to review the information Mr. Kennedy passed along the information

Mr. Kennedy passed along the information related to elections taking place at the JPIA portion of the 2022 ACWA Fall Conference.

Directors Gasca and Stewart expressed an interest in attending Water Summit 2022 on October 27, 2022 should it be available via Zoom.

**Motion:**

**To approve Director Gasca and Director Stewart’s attendance at the Water Summit 2022.**

**Action: Approve, Moved by Director Hamilton, Seconded by Director Moss.**

**Vote: Motion carried by unanimous vote (summary: Ayes = 5).**

**Ayes: Director Gasca, Director Hamilton, Director Mack, Director Moss, Director Stewart.**

**BOARD INFORMATION ITEMS**

**\*28. CASH RESERVE POLICY 5.03.220 COMPLIANCE REPORT**

Ms. Largent gave a presentation as she announced the audit was complete which means the cash report for the ending cash fund balances for 2022 can be reported to the Board as required under the current Cash Reserve Policy and that the annual Comprehensive Financial Report will

(\*) - Asterisk indicates a report is attached.

be available in December. She pointed out when analyzing the cash fund balances, it is important to take note that the District uses pooled cash; therefore, funds do not have separate bank accounts and any movement of cash between funds is strictly an accounting entry that does not require a transfer between bank accounts.

Ms. Largent reported the total cash for all District bank accounts as of year-end was \$20,889,567 as of the start of FY23 compared to \$25 million for the prior year. She pointed out the following:

- The Water Capital Fund sources have the following changes compared to the original budget:
  - \* Actual beginning cash balances were \$3.3 million higher than budgeted.
  - \* Zion funding available balance was \$972,000 more than budgeted due to timing, invoices, and reimbursements from Zion.
  - \* Planned interfund loan from wastewater was not utilized due to the funding being needed in the wastewater fund for the Lift Station 1 increased budget.
  - \* Actual transfers from operating came in \$2 million lower than budgeted due mainly to inflation related to supplies and increasing fuel costs as well as more main breaks and shutdowns than anticipated.
  - \* Rate increases were set to cover known costs as of August 2021 within a 3% inflation estimate factored in which came in closer to 9%.
  - \* Capacity fees for new developments were higher than budgeted. In late 2021, the projections were up for a bit, but ended up coming back down due to Citro being pushed out.
  - \* With interest rates for homes going from 3.5% to 7.5% over the past few months and speculated continued increases throughout the end of the year, there will likely be significant repercussions in the housing market for which RMWD will be prepared for by monitoring the planned developments daily and budgeting the capacity fees very conservatively.

Ms. Largent reported for the second year in a row the capital spending on projects was in line with the budget; however, RMWD was still experiencing inflation and supply chain issues. She noted the Water Service Upgrade Project (WSUP) had similar issues with inflation and supply chain delays and how COVID and challenges with field conditions also had an effect in overall costs for WSUP. She explained these were all issues that would have also been experienced by ABM, which could have been even higher costs if they had been in the picture likely delaying work. She said while it is impossible to know what the change orders would have looked like from the actual contract amount, one of the reasons the relationship with ABM deteriorated is they started talking about change orders to preserve their profit margin early on.

Ms. Largent reported the FY22 expenditures for WSUP were \$3.8 million that were paid out of the Zion funds for which RMWD had a remaining amount of \$2.9 million for the year. She noted the balance of this was paid out of the capital fund. She pointed out the original ABM contract was for \$10.7 million and how in early FY22 initial estimates were that there could be a savings of \$2 million compared to the ABM contract. She reported the final spend on the WSUP project as of June 30, 2022 accepted completion date was \$11,344,233.00 of which \$1,159,000.00 was internal labor and just over \$10 million was external expenses, professional services, inventory, etc. She stated the payment for external expenses also included the payment to ABM in the amount of \$3.225 million of which \$1.7 million was for inventory that RMWD took possession of that had already been purchased. She noted also out of the \$3.225 million was \$1.5 million for the termination of the contract. She explained while the \$2 million savings estimate did not

(\*) - Asterisk indicates a report is attached.

materialize, the project is still a success coming in at just 6% over the original contract amount which RMWD knew they would never come in at anyway. She stated had this project moved forward with ABM, she has no doubt the number would have been millions more. She pointed out this project was isolated from RMWD's regular budget process; it was originally the ABM contract that was funded through the financial instruments associated with the project. She said when ABM went out of the picture, the District in-sourced the work at which time the sources of funding became a little blurred compounded by the fact that the regular budgets had not contemplated the staffing levels as well as the additional construction management that ended up being necessary. She said although it was known there would be some uncertainties with the project that could be challenging and that the original estimates had not been right on, a number of those challenges came to fruition including the unknown inflation and COVID issues throughout the project. She explained this project was run outside RMWD's regular budget and CIP process, so the financial controls were not in place which lead to overages that were not fully understood until later and how in order to expeditiously complete the project, more internal labor was used than original forecasted along with the need to rent a second vacuum machine that was charged to the project in the amount of \$160,000 which is still available for use by RMWD.

Ms. Largent explained all the information provided is summarized into a table and how the ending balance for the capital fund is \$3,354,000 going into FY23. She shared a slide showing how this would look with the five-year forecast. She noted the five-year projected balance should be higher to support the planned projects for this timeframe and how depending on the time of detachment, the projects included in this plan will need to be reprioritized which she was already working through with the engineering team and that the noticed rate increases may need to be reevaluated as well. She said with this year's interest rate increases and economic volatility, staff will be monitoring the forecasted capacity fees with actual capacities received monthly, but as of Q1 FY23, RMWD has received 41% of the forecasted capacity fee revenue for the year. She said RMWD was slightly above where it was expected to be at this point; however, staff was watching it very closely.

Ms. Largent continued her presentation reviewing what transpired with the wastewater fund forecasts. She pointed out the FY22-23 projected negative ending balance shown will be adjusted once the Cost of Service Study currently being finished up is complete and how proposed rate increases will be brought to the Board to hopefully go into effect in February 2023.

Ms. Largent noted the Wholesale Water Efficiency Projects includes those projects secured with the 4.02% loan from Western Alliance for the purpose of saving on the transportation costs charged by SDCWA. She stated this will basically be the focus of the projects on which engineering will be working.

Ms. Largent continued with the presentation as she reviewed the five-year noticed rate increases, water sales revenue for Q1 FY23 was \$1 million over budget based on historical sales landing 37% in the first quarter, year-to-date water sales, purchased water cost increases, as well as the operating expenses being within budget after accounting for the pre-paid pension costs. She reported the wastewater sales for Q1 are \$167,000 over the prior year, the general fund operating expenses were slightly under budget for Q1 for the prepaid costs, as well as how oversight has been added in regard to monitoring the capacity fees within pending housing market fluctuations. She noted finance was also meeting monthly with engineering to review capacity fee and capital project spending as well as with operations to review operating and in-house capital project spending. She noted any projected budget overages for operating or capital are being balanced with cuts and delays wherever possible.

Ms. Largent concluded with noting priorities have been shifted within the finance department so that payroll, journal entries, and accounts payable are booked daily as well as inventory usage and revenue for the month prior are booked within the first 2-3 days of the month. She explained this will allow RMWD to have real time budget versus actual expense reports for the different departments resulting in more timely reporting.

**\*29. RECEIVE AND FILE INFORMATION AND FINANCIAL ITEMS**

- A. General Manager Comments**
  - 1. Meetings, Conferences and Seminar Calendar
- B. Operations Comments**
  - 1. Operations Report
- C. Engineering Comments**
  - 1. Engineering Report
  - 2. As-Needed Services Expenditures Summary
  - 3. RMWD Sewer Equivalent Dwelling Units (EDU's) Status
- D. Human Resource & Safety Comments**
  - 1. Human Resources Report
- E. Finance Comments**
  - 1. Board Information Report
    - A.** Budget vs. Actuals
    - B.** Fund Balance & Developer Projections
    - C.** Treasury Report
    - D.** Five Year Water Purchases Demand Chart
    - E.** Water Sales Summary
    - F.** Check Register
    - G.** Directors' Expenses Report
    - H.** Credit Card Breakdown
    - I.** RMWD Properties

Discussion ensued regarding development slowing down and the potential impacts this will have in terms of sewer EDU's.

Director Stewart inquired as to the water sales for the prior year as well as this fiscal year. Mr. Kennedy referenced the information provided in the financial report. Discussion followed.

The information and financial items were received and filed.

**30. LIST OF SUGGESTED AGENDA ITEMS FOR THE NEXT REGULAR BOARD MEETING**

There were no items suggested for the next regular board meeting.

(\* ) - Asterisk indicates a report is attached.

**31. ADJOURNMENT**

*The meeting was adjourned by President Hamilton to a regular meeting on December 6, 2022, at 1:00 p.m.*

The meeting was adjourned at 2:12 p.m.

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**Hayden Hamilton, Board President**

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**Dawn M. Washburn, Board Secretary**