

**MINUTES OF THE REGULAR BOARD MEETING  
OF THE BOARD OF DIRECTORS OF THE  
RAINBOW MUNICIPAL WATER DISTRICT  
JUNE 26, 2018**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on June 26, 2018 was called to order by President Brazier at a:02 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. President Brazier presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

**Present:** Director Brazier, Director Hamilton, Director Mack, Director Stewart  
(*arrived at 1:52 p.m.*), Director Gasca.

**Also Present:** Human Resources Manager Harp, Legal Counsel Smith, Executive Assistant Washburn, Administrative Analyst Gray, Associate Engineer Powers, Finance Manager Martinez, Operations Manager Strapac, Superintendent Maccarrone, Superintendent Walker, Superintendent Zuniga, Accounting Specialist Rubio.

Four members of the public were present.

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

There were no amendments to the agenda.

5. **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).**

John Sjursen, a former RMWD Board Member, introduced himself as the representative for the twelve properties known as Rainbow Highlands. He mentioned staff recommended he address the Board regarding the property owners having a possibility of selling the properties but that the interested buyer would like one-half of the capacity charges waived. He mentioned seven of the properties have 2" meters and the remaining five have 1.5" meters resulting in considerable capacity fees. He said after speaking with customer service and Mrs. Martinez he was referred to the Board to make this request. President Brazier suggested he speak with Mr. Kennedy about possibly having this matter placed on the agenda for Board consideration in July.

6. **EMPLOYEE RECOGNITIONS**

A. Ruben Lopez (10 Years)

Mrs. Harp mentioned Ruben Lopez works in the Wastewater Department and will be testing soon for his Collections III certification. She presented Mr. Lopez with a plaque in check in recognition of his tenure.

Mrs. Harp formally introduced Steve Strapac, RMWD's new District Engineer. Mr. Strapac mentioned he has been a ratepayer for fifteen years and his family has been growing avocados since the 1970's. He said he was excited to be here and looking forward to making some positive changes, improve services for the ratepayers, as well as improve efficiencies overall. President Brazier pointed out Mr. Strapac served on the Engineering Committee from very early on during which time he initiated some moves to investigate local sources of water that are still in motion today.

**\*7. APPROVAL OF MINUTES**

**A.** May 22, 2018 - Regular Board Meeting

**Motion:**

**To approve the minutes as written.**

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

**Vote: Motion carried by unanimous vote (summary: Ayes = 4).**

**Ayes: Director Brazier, Director Hamilton, Director Mack, Director Gasca.**

**Absent: Director Stewart.**

**\*8. 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 Brazier)

President Brazier mentioned there was an article in The Village News regarding FPUD seeking expansion of their latent powers that involves entities which control some of RMWD's ratepayers. She encouraged everyone to pay attention to the information published regarding this matter.

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

**1.** SDCWA

**A.** Summary of Board Meeting May 24, 2018

Mrs. Harp mentioned the meeting was scheduled for June 28, 2018.

**2.** CSDA

There was no report given.

**3.** LAFCO

Director Hamilton mentioned there was an article in The Village News on June 7<sup>th</sup> regarding LAFCO readdressing the Sphere of Influence that may impact RMWD in 2010. He stated he asked Mr. Kennedy to stay in front of this matter.

4. San Luis Rey Watershed Council

Director Gasca mentioned a request he received from Director Stewart asking that he attend the July Council meeting in Director Stewart's absence.

5. Santa Margarita River Watershed Watermaster Steering Committee

Director Hamilton stated he will be attending the next meeting scheduled for July 17, 2018.

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

1. Board Seminar/Conference/Workshop Training Attending Requests and Reports

There were no reports given.

D. Directors Comments

Director Mack reminded the Board he would not be attending the July Board meeting. He also mentioned the City of San Marcos has a new healthcare plan with a "Difference Card" that may be of interest to RMWD. cos about the "Difference Card" as an alternative health care option. He offered to forward the information on the plan to staff for review.

Director Gasca talked about the Palomar College Grand Opening event he attended. He also mentioned a request as well as other options brought before the Fallbrook Planning Group that were ultimately denied. He also mentioned the filing dates for November 6, 2018 election candidates is July 16-August 10, 2018.

E. Legal Counsel Comments

1. Attorney Report: Independent Contractors (150152-0005)

Legal Counsel explained the new law changes regarding independent contractors. He noted this was an important case for changing the standards in it puts the responsibility on the employer to disprove whether a contractor is an employee and they are in fact sufficiently independent. Discussion ensued regarding applying the new law to subcontractors.

**\*9. COMMITTEE REPORTS (Approved Minutes have been attached for reference only.)**

A. Budget and Finance Committee

1. May 8, 2018 Minutes

Mr. Stitle reported the committee recommended the Board approve ADP for payroll services which he believes will be less expensive than incurring labor costs. He also noted the committee recommended approval of the budget; however, the committee does not believe RMWD was putting enough money into reserve accounts.

B. Communications and Customer Service Committee

1. May 3, 2018 Minutes

Director Hamilton reported the committee will be considering recommending the Board appoint a member of the public interested in serving on the committee. He noted Customer Service Representative De La Cerda has been appointed to attend the committee meetings to provide updates and input from RMWD's Customer Service Department.

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

Director Hamilton mentioned Mr. Kennedy shared information on a product from Flume Tech being made available for purchase by individuals so they can monitor their water use more effectively. He confirmed these devices work on the District's current meters, but are still in development for use on the new meters. Mrs. Gray pointed out a pilot program is currently underway with a limited amount of RMWD customers.

- C. Engineering and Operations Committee
  - 1. May 2, 2018 Minutes

Mr. Powers reported the committee discussed the AMI project, Flume Technologies, as well as discussion on the south zone water supply project. He stated the committee found the south zone water supply project would not be feasible.

Time Certain: 1:00 p.m. Public Hearings

**\*10. PUBLIC HEARINGS**

- A. **PUBLIC HEARING ON IMPROVEMENT DISTRICT NO. 1 WATER STANDBY CHARGES AND DISCUSSION AND POSSIBLE ACTION TO ADOPT ORDINANCE NO. 18-14, ESTABLISHING READINESS TO SERVE WATER SERVICE STANDBY ASSESSMENTS OR AVAILABILITY CHARGES FOR ALL OF THE RAINBOW MUNICIPAL WATER DISTRICT IMPROVEMENT DISTRICT NO. 1**

President Brazier opened the public hearing at 1:40 p.m.

There was no public testimony. Ms. Washburn confirmed no written materials have been submitted on this matter.

***Motion:***

***Approve the Ordinance No. 18-14 as stated.***

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

***Vote: Motion carried by unanimous roll call vote (summary: Ayes = 4).***

***Ayes: Director Brazier, Director Hamilton, Director Mack, Director Gasca.***

***Absent: Director Stewart.***

President Brazier closed the public hearing at 1:42 p.m.

**CONSENT CALENDAR ITEMS**

- \*11. AUTHORIZATION TO ACCEPT ADP'S PROPOSAL FOR PROVIDING PAYROLL AND HUMAN RESOURCES INFORMATION SYSTEM**

This item was pulled from the Consent Calendar for discussion purposes.

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

- \*12. AUTHORIZATION TO ACCEPT LAUTERBACH & AMEN, LLP'S PROPOSAL FOR ACTUARIAL SERVICES TO VALUE OTHER POST-EMPLOYMENT BENEFITS (OPEB) IN COMPLIANCE WITH GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 75 (GASB 75)
- \*13. DISCUSSION AND POSSIBLE ACTION TO APPROVE RESOLUTION NO. 18-10 — A RESOLUTION OF THE BOARD OF DIRECTORS OF RAINBOW MUNICIPAL WATER DISTRICT ESTABLISHING CLASSIFICATIONS AND MONTHLY PAY RANGES FOR DISTRICT EMPLOYEES AND THE GENERAL MANAGER EFFECTIVE JULY 14, 2018 THROUGH JUNE 30, 2019

***Motion:***

***To accept Items #12 and #13 of the Consent Calendar and move Item #11 to Action Items.***

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

***Vote: Motion carried by unanimous vote (summary: Ayes = 4).***

***Ayes: Director Brazier, Director Hamilton, Director Mack, Director Gasca.***

***Absent: Director Stewart.***

*Discussion went to Item #11A.*

**INFORMATION ITEMS**

**\*14. CODE OF ETHICS POLICY REVIEW**

Director Hamilton expressed concern with utilizing the word “should” as opposed to “shall”. It was noted this comment would be passed on to Mr. Kennedy in preparation for bringing this item back to the Board for consideration and possible adoption at the July meeting.

***Director Stewart joined the meeting at 1:52 p.m.***

*Discussion went to Item #15.*

**BOARD ACTION ITEMS**

**\*11A. AUTHORIZATION TO ACCEPT ADP'S PROPOSAL FOR PROVIDING PAYROLL AND HUMAN RESOURCES INFORMATION SYSTEM**

(This item was removed from the Consent Calendar for discussion purposes.)

President Brazier stated after reading the RFP, she would like to know if ADP services would replace those services provided by Springbrook. Mrs. Martinez explained the human resources and payroll module services provided by Infor were more global international companies which was far more expensive than what RMWD needed. She stated the proposals being sought were for these two particular services at a lower cost. She noted two proposals were received and that ADP would be providing the same services as Springbrook along with additional services such as mandatory Federal and State Tax Reporting, W-2's, as well as provide a self-service portal for employees to access to pull prior check statements, adjust withholdings, etc. President Brazier

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

asked if the current one full time employee split between two employees would still be doing the same thing they were doing before. Mrs. Martinez noted payroll would still be processed in-house; however, there may be some time savings by not having to do tax reporting.

***Motion:***

***Approve the proposal.***

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

***Vote: Motion carried by unanimous vote (summary: Ayes = 4).***

***Ayes: Director Brazier, Director Hamilton, Director Mack, Director Gasca.***

***Absent: Director Stewart.***

*Discussion went to Item #14.*

**\*15. DISCUSSION AND POSSIBLE ACTION TO ADOPT RESOLUTION NO. 18-09 APPROVING FISCAL YEAR 2018-2019 BUDGET**

Mrs. Martinez gave a presentation on the budget noting some of the information may be repeated from the May 23, 2018 Joint Board and Budget and Finance Committee meeting. She pointed out all the adjustments made to the budget since that meeting.

Director Mack inquired as to whether the Project Manager position would be full time. Mrs. Martinez confirmed it would be full time with most of the salary and benefits being paid with capital reserves. President Brazier asked about utilizing the reserves for such. Mrs. Martinez provided greater detail as to how this position would be paid. Director Stewart pointed out management of capital improvements could always be put in an operating “bucket”; however, it can become very costly. He said he was in favor in adding the position funding it from the larger capital budget; thereby, most likely saving the District money.

Mr. Stitle added over the next several years rates will have to increase to yield reserves. He stressed this was not optional and there could be trouble if it is not done.

***Motion:***

***Adoption of Resolution No. 18-09 approving fiscal year 2018-2019 budget.***

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

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

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

**\*16. CONSIDER APPROVAL OF ORDINANCE NO. 18-15 REVISING ADOPTED RATES FOR RAINBOW MUNICIPAL WATER DISTRICT WASTEWATER SERVICE FEE FOR COMMERCIAL WITH IRRIGATION CUSTOMER CLASS ONLY, RECLASSIFY RATES UNIFORMLY TO THE SINGLE-FAMILY RATE STRUCTURE**

Mrs. Martinez recalled a special Board meeting was held in January to review the rate study which was ultimately resulted in the Board approving rate increases that included a change in rate structure for sewer. She explained this was done to allow for the fixed rates to be dictated going forward. She noted there was no real correlation of cost of service during winter month usage; therefore, that is where the change for sewer came about. She provided additional background information related to the rate structure change.

Discussion ensued regarding categorizing store front properties.

***Motion:***

***To approve Option 1 – revising the wastewater rates for commercial with irrigation accounts only, for adoption on Ordinance 18-15.***

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

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

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

**\*17. DISCUSSION AND POSSIBLE ACTION TO APPROVE CONTRACT CHANGE ORDER FOR LIFT STATION NO. 1 REPLACEMENT PROJECT IN THE AMOUNT OF \$293,111**

Mr. Powers noted this project has been presented to the Board numerous times over the past several years. He explained why the funding mechanisms need to be restructured to meet the current demands on the sewer system without increasing the use of capital funds.

Directors Hamilton and Stewart asked whether the equalization basin would include Thoroughbred Lane. Mr. Powers confirmed it would. Discussion ensued.

Director Hamilton inquired as to the life expectancy for the lift station. Mr. Powers stated approximately 15-30 years. Discussion followed.

Director Gasca asked about the capacity threshold. Mr. Powers stated RMWD will be near capacity; however, as developments build in the District it will be required the District be notified to allow time for installing the necessary infrastructure for additional connections. Director Gasca recommended staff report back to the Board regarding how far RMWD is from reaching the threshold. Mr. Powers confirmed anything on the development horizon would be within the threshold.

***Motion:***

***Approve Option 1 - Authorize staff to execute a change order with Kennedy/Jenks Consultants for a price not to exceed \$293,111.***

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

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

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

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

**\*18. DISCUSSION AND POSSIBLE ACTION TO AUTHORIZE GENERAL MANAGER TO EXECUTE GROUND LEASE AGREEMENT (CONTRACT 18-09) BETWEEN RAINBOW MUNICIPAL WATER DISTRICT AND PERRAULT CORPORATION**

Mr. Powers explained Perrault Corporation has been leasing the lower yard located at RMWD's main office for approximately \$6,000.00 per month for the last two years. He noted the agreement was up for renewal and how the new agreement would increase the lease costs by an amount based on the Consumer Price Index totaling \$6,384.00 per month with the same provisions including acquiring use permits from the County.

Director Hamilton inquired as to whether there was a bail out clause included in the contract should the District decide to sell the land. Legal Counsel confirmed the District has the option of cancelling the lease at any time.

President Brazier inquired as to how much land was being leased. Mr. Powers replied it was six acres.

***Motion:***

***To authorize General Manager to execute Ground Lease Agreement (Contract 18-09) between Rainbow Municipal Water District and Perrault Corporation.***

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

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

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

**\*19. DISCUSSION AND POSSIBLE ACTION TO ADOPT RESOLUTION NO. 18-11 TO ACCEPT THE GRANT DEED FOR THE PROPOSED SCHOOLHOUSE LIFT STATION PROPERTY**

Mr. Powers stated the Sewer Service Agreement was approved several months ago. He explained this item was to formalize the exchange.

***Motion:***

***To adopt Resolution No. 18-11 to accept the grant deed for the proposed Schoolhouse Lift Station Property.***

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

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

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

**20. DISCUSSION AND POSSIBLE ACTION TO ADOPT THE RECOMMENDATIONS IN THE STAFFING ANALYSIS FOR FISCAL YEAR 2018-2019**

Mrs. Harp explained this item was for the Board to consider approving the information and proposed staffing analysis draft presented to them in previous months. She pointed out the essential recommendations were to add the part-time Human Resources Technician position, upgrade the Inspector position to Inspector II, add a Project Manager position in Engineering, and create a Customer Service Lead Supervisor position in the Finance Department. She mentioned the Board Action Letter includes the fiscal impact with the exception of the reduction of one head count in the Wastewater Department. She talked about the fiscal impact associated with each position. She confirmed all of the recommendations were reflected in the 2018-2019 Budget.

***Motion:***

***Adopt Staff Recommendation #1 - Adopt the Recommendations in the Five-Year Staffing Analysis for the fiscal year 2018-2019.***

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

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

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

**21. CONSIDER ADOPTION OF STRATEGIC PLAN OBJECTIVES FOR FISCAL YEAR 2018-2019**

Mrs. Gray explained the strategic plans objectives were put together with the budget approval. She explained a great deal has been accomplished since 2016. She presented the accomplishments reached in 2017-2018 as well as objectives for 2018-2019. She noted a quarterly review of the goals and objectives will be conducted during a joint staff and Board Member meeting.

Director Gasca expressed concern with the Board reviewing the goals and objectives being stipulated after they have already been slated as opposed to getting Board input prior to staff seeking approval. He suggested possibly starting with the workshop with the Board and staff as a means of changing the approval and goal setting processes as well as getting the plan updated going forward.

***Motion:***

***To approve the Strategic Plan objectives for FY 2019 as provided.***

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

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

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

**22. AUTHORIZATION TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS**

There were no requests submitted.

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

**\*23. RECEIVE AND FILE INFORMATION AND FINANCIAL ITEMS**

- A. General Manager Comments**
  - 1. Meetings, Conferences and Seminar Calendar
- B. Communications**
  - 1. Staff Training Reports
- C. Operations Comments**
  - 1. Operations Report
- D. Engineering Comments**
  - 1. Engineering Report
- E. Customer Service and Meters Comments**
  - 1. Customer Service and Meters Report
- F. Human Resource & Safety Comments**
  - 1. Human Resources Report
- G. Finance Comments**
  - 1. Interim Financial Statement
  - 2. Treasurers Report
  - 3. Quarterly Investment Report
  - 4. Credit Card Breakdown
  - 5. Directors' Expense
  - 6. Check Register
  - 7. Water Sales Summary
  - 8. RMWD Sewer Equivalent Dwelling Units (EDU's) Status

***Motion:***

***To receive and file information and financial items.***

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

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

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

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

It was noted an item for a vote on the CSDA Board of Directors, the Code of Ethics policy, and confirmation of a strategic plan workshop need to be on the next agenda.

**25. ADJOURNMENT - To Tuesday, July 24, 2018 at 1:00 p.m.**

***The meeting was adjourned with a motion made by Director Brazier to a regular meeting on July 24, 2018 at 1:00 p.m.***

The meeting was adjourned at 3:17 p.m.

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**Helene Brazier, Board President**

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**Dawn M. Washburn, Board Secretary**

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