

**MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
RAINBOW MUNICIPAL WATER DISTRICT
JUNE 28, 2022**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on June 28, 2022, was called to order by President Hamilton at 11:32 a.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, Director Moss, Director Stewart.

Also Present: General Manager Kennedy, Legal Counsel Smith, Executive Assistant Washburn, Information Technology Manager Khattab, Project Manager Tamimi.

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)**

Mr. Kennedy pointed out Resolution No. 22-20 related to Item #23 that was distributed as part of this meeting agenda requires a vote for submission to ACWA. He suggested this item be added as Item #23B.

Legal Counsel pointed out the information for this item came to the attention of the District after the agenda was posted and has a need for immediate action.

Motion:

Action: *To add Resolution No. 22-20 as Item #23B on the agenda.*

Approve, Moved by Director Gasca, Seconded by Director Stewart.

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

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

(*) - Asterisk indicates a report is attached.

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/WITTEN 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 no comments.

The meeting adjourned to Closed Session at 11:35 a.m.

6. CLOSED SESSION

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

* Two Items

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

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

C. Consider Information Report on Cyber Security (Government Code §54957(a))

The meeting reconvened at 1:04 p.m.

President Hamilton called for a break at 1:04 p.m.

The meeting reconvened at 1:11 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 June 28, 2022, was called to order by President Hamilton at 1:11 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

(*) - Asterisk indicates a report is attached.

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, Information Technology Manager Khattab, Human Resources Manager Harp, Finance Manager Largent.

Also Present Via Teleconference or Video Conference:

Legal Counsel Duran-Brown, Engineering and CIP Program Manager Williams, Operations Manager Gutierrez, Construction and Meters Supervisor, Lagunas, Project Manager Parra, Project Manager Tamimi, Associate Engineer Powers, Senior Accountant Rubio, Engineering Technician Rubio.

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

***11. BOARD OF DIRECTORS CONSIDER ADOPTING RESOLUTION NO. 22-15 RENEWING STATE OF EMERGENCY FINDINGS FOR ASSEMBLY BILL 361 (AB 361)**

Motion:

To adopt Resolution No. 22-15.

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

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

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

Discussion returned from Item #23.

Mr. Kennedy stated Ms. Washburn looked into the matter regarding Resolution No. 22-15 per Director Gasca's earlier inquiry and found the resolution number listed on the agenda for Item #11 was a typographical error and should have been Resolution No. 22-15. He noted Resolution No. 22-15 was attached to the agenda for this item and was the actual resolution number adopted by the Board which will be corrected in the meeting minutes accordingly.

Discussion went to Item #23A.

12. REPEAT REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

Legal Counsel reported the Board met in Closed Session to discuss four items noting there was no reportable action.

(*) - Asterisk indicates a report is attached.

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

Mr. Kennedy noted information was required that came to the District's attention after the agenda had been posted that requires immediate action; therefore, the Board unanimously voted to approve an amendment to the agenda to add a resolution to the action item under Item #23 (Item #23B).

14. REPEAT 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.

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. APPROVAL OF MINUTES**

A. May 24, 2022 - Regular Board Meeting

Motion:

To approve the minutes.

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

Vote: Motion passed (summary: Ayes = 4, Noes = 0, Abstain = 1).

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

Abstain: Director Gasca.

***17. 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 pointed out there were credit incentive points with SDRMA for attending the CSDA annual conference. Ms. Harp explained RMWD did receive credits for attendance during previous fiscal years; however, should the District no longer participate in SDRMA's program, these will no longer apply.

(*) - Asterisk indicates a report is attached.

President Hamilton encouraged Ms. Largent and Mr. Gutierrez to attend the “Do You Want to be a General Manager” workshop. Ms. Largent stated she has already attended this workshop and shared the materials with Mr. Gutierrez.

President Hamilton mentioned numerous signs along the roadways relative to the current water situation during his trip through Northern California.

President Hamilton reported he will not be in attendance for the Board meeting in July.

B. Representative Report (Appointed Representative)

1. SDCWA

A. Summary of Board Meeting May 26, 2022

Mr. Kennedy reported on the recent SDCWA Board meeting, noting there was a news conference relative to the drought with the general message that everyone needs to conserve. He also mentioned there were two main items focused on by the Administrative and Finance Committee focused on which he participates. He noted one of the items was changes in the variable and fixed charges and how the variable charges over 8% were for only two agencies: FPU and RMWD to which he was the only one to vote in opposition. He stated the other item was related to proposed budget adjustments to which there was not much shift; however, there was one line item to spend another \$1 million on the Regional Conveyance System. He mentioned he made a motion to approve the budget adjustments with this line item pulled so it could be voted on separately that was seconded. He stated after much discussion, he amended his motion that it include directing SDCWA staff to come back an update the member agencies on the Regional Conveyance System project which was approved although it was indicated that since SDCWA was in a lawsuit with Metropolitan Water District (MWD), this would need to be discussed in Closed Session which was deferred to SDCWA Legal Counsel for confirmation.

2. CSDA

Director Mack mentioned the CSDA Annual Conference will take place in August in Palm Springs.

3. LAFCO

Mr. Kennedy noted there will not be a meeting held in July.

4. Santa Margarita River Watershed Watermaster Steering Committee

President Hamilton noted the next meeting will be on July 19, 2022.

5. ACWA

Director Gasca mentioned there was a Region 9 meeting held in Temecula recently; however, he was unable to attend. He also noted Region 10 will be holding a workshop on August 2nd at Olivenhain Municipal Water District for those interested.

Director Gasca pointed out EMWD brought their third desalter on line on June 23rd. He expressed an interest in getting to understand the total cost of one of these facilities should RMWD attached to EMWD. Mr. Kennedy noted this was included in the MOU. Director Gasca said if there is an opportunity to add to RMWD’s water portfolio in this fashion, it should be done.

(*) - Asterisk indicates a report is attached.

- C. Meeting, Workshop, Committee, Seminar, Etc. Reports by Directors (AB1234)
 - 1. Board Seminar/Conference/Workshop Training Attendance Reports

Director Gasca reported on the 2022 ACWA Spring Conference due to his absence at the May Board meeting noting discussions regarding RMWD be invited to rejoin ACWA/JPIA, moving forward on infrastructure, as well as his participation on the panel related to RMWD's RAWS program.

D. Directors Comments

There were no comments.

- E. Legal Counsel Comments
 - 1. Attorney Report: Water Rates

Legal Counsel summarized the information contained in the written report.

18. COMMITTEE REPORTS

A. Budget and Finance Committee

Mr. Nelson reported the committee met on June 14th at which the committee recommended the Board approve the staff recommendations for Items #21, and #24 on this meeting agenda. He also noted the committee reviewed the information item being presented under Item #27 and recommend the letter be accepted.

B. Communications and Customer Service Committee

President Hamilton reported the committee discussed communications related to re-announcing the availability of Flume devices, means for sub-metered ratepayers to receive direct communications from RMWD, exploring an opportunity for the RMWD headquarters becoming a field trip destination for local schools, communication strategies for backflow device removal, the need for more committee members, as well as received an update on RMWD's call volume.

C. Engineering and Operations Committee

Mr. Nelson reported this committee did not meet in the month of June. He mentioned the July committee meeting will include the groundwater consultancy solicitation and award process.

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

***19. PUBLIC HEARINGS**

A. DISCUSSION AND POSSIBLE ACTION TO ADOPT ORDINANCE NO. 22-14 FOR ID 1 STANDBY CHARGES

President Hamilton Opened the Public Hearing at 1:47 p.m.

There were no public comments or additional comments from staff members.

Director Gasca inquired as to what limit standby charges could be increased. Mr. Kennedy noted there was no limit, but it would have to go to a vote of the ratepayers for two-thirds majority vote.

(*) - Asterisk indicates a report is attached.

President Hamilton closed the public hearing at 1:50 p.m.

There were no additional comments from the Board.

Motion:

To adopt Ordinance No. 22-14.

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

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

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

B. DISCUSSION AND POSSIBLE ACTION TO ADOPT RESOLUTION NO. 22-18 APPROVING THE AMENDED AND RESTATED RESOLUTION TO CONFIRM PARTICIPATION IN SCIP

President Hamilton opened the Public Hearing at 1:52 p.m.

There were no public comments.

Mr. Kennedy clarified SCIP is part of a stream-line process for smaller developers to pool the projects to issue bonds for community facilities district-type activities such as funding for infrastructure projects and capacity fees. He noted it was used last for the DR Horton project. He noted the law changes at times every so often and there are some rules that change; therefore, the Board has to reaffirm so that should a future developer wish to do this.

President Hamilton asked if this was a reaffirmation of something the Board approved previously. Mr. Kennedy confirmed this was true.

President Hamilton inquired as to whether there were any changes to what was approved previously and what was being requested for approval at this time. Mr. Tamimi stated by adding the CFD's, developers can finance a broader range of the county fees such as police, fire, library, etc. to provide more flexibility and opportunity. He confirmed RMWD was being proactive as opposed to responding to a specific developer's need or request.

There were no additional comments from the Board or staff members.

Motion:

To approve Resolution No. 22-18.

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

President Hamilton amended his original motion.

Motion:

To approve Option 1 - Make a determination that the action defined herein does not constitute a "project" as defined by CEQA, adopt Resolution Number 22-18, Amended and Restated Resolution of the Board of Directors of the Rainbow Municipal Water District

(*) - Asterisk indicates a report is attached.

Authorizing the District to Join the Statewide Community Infrastructure Program; Authorizing the California Statewide Communities Development Authority to Accept Applications from Property Owners, Conduct Special Assessment Proceedings and Levy Assessments and Special Taxes and to Form Assessment Districts and Community Facilities Districts Within the Territory of the Rainbow Municipal Water District; Embodying a Joint Community Facilities Agreement Setting Forth the Terms and Conditions of Community Facilities District Financings; Approving Form of Acquisition Agreement For Use When Applicable; and Authorizing Related Actions, and authorize the General Manager to proceed with all documentation and filings to authorize membership in SCIP.

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

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

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

President Hamilton closed the public hearing at 1:58 p.m.

BOARD ACTION ITEMS

- 20. CONSENT TO THE OMISSION OF SIGNATURES FROM THE FINAL MAP FOR COUNTY OF SAN DIEGO TRACT NO. 5354-4, AND MAKE A FINDING THAT THE FINAL MAP WILL NOT UNREASONABLY INTERFERE WITH THE FREE AND COMPLETE EXERCISE OF THE DISTRICT'S EASEMENTS (DIVISION 4)**

Mr. Tamimi explained staff was asking the Board to consider this consenting to this omission of signature from the final map for one phase of the Citro development. He stated the existing map granted an easement to the District and established a large master of parcels within the development. He pointed out a new final map is under consideration which will split the larger master parcels into individual residential lots which will not interfere with the existing easement and how, with the Board's consent, the Mr. Kennedy would send a Signature Omission Letter to the County of San Diego stating that the final map does not interfere with the free and complete exercise of the public utility easement which is required for the County's approval of the final map.

Motion:

To approve Option 1 –Make a determination that the action defined herein does not constitute a “project” as defined by CEQA, consent to the omission of signatures from the Final Map for Tract No. 5354-4, make a finding that the same Final Map will not unreasonably interfere with the free and complete exercise of any easements held by Rainbow Municipal Water District within the boundaries of the map, and authorize the General Manager to send a letter acknowledging the finding to the County of San Diego.

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

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

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

(*) - Asterisk indicates a report is attached.

***21. DISCUSSION AND POSSIBLE ACTION TO ADOPT RESOLUTION NO. 22-14 APPROVING FISCAL YEAR 2022-2023 OPERATING & CAPITAL IMPROVEMENT BUDGET**

Mr. Williams gave a presentation titled "FY 21/22 CIP Project Updates" noting this same presentation was shared with the Budget and Finance Committee in June and will be shared with the Engineering and Operations Committee in July. He pointed out the numbers presented were good through April 2022.

Mr. Williams reviewed each of the completed projects.

Director Gasca recommended staff provide data related to the percent of total costs when these charts are prepared. Mr. Williams acknowledged the request.

Mr. Williams reviewed the projects currently in progress as he summarized each individual project's current status and benefits.

Mr. William's spoke on the facility maintenance project noting the tank maintenance and fall protection was a major infrastructure upgrade that is ongoing.

Mr. Williams concluded his presentation discussing the wholesale water efficiency projects.

President Hamilton inquired as to the status of the Oceanside agreement. Mr. Kennedy stated he will be meeting with members of their staff in the next couple of weeks.

Ms. Largent shared a presentation on the Fiscal year 2022-2023 Rainbow MWD Operating a& Capital improvement Plan (CIP) Budget noting the numbers being provided are final. She pointed out it was extremely helpful to go into this cycle with the 5-year Cost of Service Plan completed. She stated although sales this fiscal year are higher than anticipated, with inflation percentages on materials and service significantly higher than anticipated, the budget was balanced out. She noted upon Board approval, the rate updates will go out June 30, 2022 for the August 1, 2022 increase.

Ms. Largent noted the budget plan keeps the District on tract for the five-year step approach to get the water fund reserve levels to the Board-approved minimum levels. She also pointed out the original rate plan adopted by the Board has the approved rate increases with the SDCWA as the wholesale water provider as well as how the accumulative effect of pushing out the detachment makes the potential decreases larger once RMWD is purchasing from Eastern Municipal Water District.

Ms. Largent reviewed the water demand assumptions noting RMWD has budgeted 13,500 acre feet in sales noting potential restrictions with the drought could put the District at 12,745 acre feet. She pointed out having a funded rate stabilization reserve is necessary and part of the five-year plan.

Ms. Largent noted the items driving the year-over-year operating budget changes including staffing analysis changes, fuel prices, reestablishment of training and travel, and a needed wastewater cost of service study.

Ms. Largent shared the summary of the water operating, wastewater, and general operating funds noting the formula operating net income will fund the capital plan and maintenance of minimum Board-approved reserve levels. She noted the \$500,000 loss in wastewater will need to be resolved with the Cost of Service Study and mid-year rate increase likely resulting from such. She mentioned the General Fund is funded by transfers from the water and wastewater funds which is reflected as an expense in those funds and then revenue in the General Fund for presentation purposes.

Ms. Largent explained the projections for FY2023 noting the operating funds are maintained at two months of operating expenses less the cost of water; however, this will be reviewed to ensure it is an adequate reserve level; however, this is where the Administrative Code has it set currently.

Ms. Largent pointed out the FY2023 combined water and wastewater capital budget is \$18.2 million without the wholesale water efficiency projects which are budgeted over a two-year period. She noted the engineering team has spent \$13.5 million on capital projects for FY2022 to date without May or June being posted which is an improvement from previous years.

Ms. Largent talked about the proposed five-year Water Capital plan noting this plan is primarily funded from the operating fund as well as capacity fees. She pointed out Years 1 and 2 include capacity fees from both the Citro and Bonsall Oaks, Years 3-5 are based on future projects including Ocean Breeze, Campus Park West, and the next phase of Bonsall Oaks.

Ms. Largent concluded her presentation noting Years 1 and 2 of the Wastewater Capital Plan mainly includes the Lift Station 1 project with everything else pushed out until determinations can be made with the Cost of Service Study.

Ms. Largent stated staff was asking the Board to consider approving Resolution No. 22-14 adopting the Fiscal Year 2022-2023 budget in its present form.

President Hamilton inquired as to contingencies and how interest rates over the next couple of years may impact developers and thereby affect RMWD's capacity fees. Ms. Largent stated staff was watching this very closely and being careful not to commit the District to projects depending on that funding. Mr. Kennedy added RMWD was continuing to pursue grant funding or low-interest loans.

Director Moss stated she does not agree developers will delay construction dramatically due to the shortage in housing throughout California. Discussion ensued.

Mr. Kennedy pointed out a Staffing Analysis prepared by Ms. Harp that was presented at the May Board meeting has been included in this meeting's agenda packet for reference purposes.

Motion:

To approve Option 1 – Approve Resolution No. 22-14 adopting the 2022-2023 Budget in its present form.

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.

(*) - Asterisk indicates a report is attached.

***22. DISCUSSION AND POSSIBLE ACTION TO APPROVE RESOLUTION NO. 22-16 — 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 1, 2022 THROUGH JUNE 30, 2023**

Ms. Harp explained this item was to comply with the MOU's the District has in place with the three bargaining units requiring an adjustment to the pay grade schedule for all positions in accordance with the twelve-month change in CPI most recently published. She stated the May 2022 CPI change was an 8.3% increase. She recalled as part of the MOU negotiations process, the base pay increases were simply divorced from the pay grade structure; therefore, the minimum and maximum pay grades will move 8.3%, the COLA's are capped at 1.5% for staff.

Ms. Harp pointed out there were two draft resolutions being presented with Draft A reflecting only the 8.3% increase in accordance with the MOU and Draft B includes the same adjustments as Draft B as well as the addition of positions and title changes in order to implement the recommendations from the Staff Analysis that were included in the budget approved by the Board under Item #21. She pointed out these staffing changes include the addition of a series in Human Resources Specialist, a series in Administrative Analyst with Management Analyst being the most senior, and reclassify the Senior Account position, and reclassify the incumbent within the Senior Accountant position to Accounting Supervisor in the same pay grade in which they are currently.

Mr. Kennedy pointed out staff's recommendation was to adopt Draft B of Resolution No. 22-16.

Director Stewart asked how long the pay ranges stand. Ms. Harp explained it varies based on employee progression through their range depending upon merit increases based on their performance evaluations. She noted the ranges are 40% wide. She pointed out because the grades are increasing by a greater amount than the COLA as well as the average merit increase, an employee who is currently in the fourth quartile of their paygrade could now be in their third quartile. She also noted any employee who are at the top of their pay grade and eligible for a lump sum merit award, would now be eligible for base pay increases until they actually catch up with the actual pay grade.

Director Stewart asked if an overall projection has been prepared to show how this will affect RMWD's gross payroll in the coming year. Ms. Harp explained there will be a 1.5% COLA awarded and the average merit increase is between 3.5%-4%; therefore, those employees who were at the top of their range will now be eligible for base pay merit increases as opposed to receiving lump sum merit awards.

Mr. Kennedy pointed out even though the CPI has increase 8.3%, pay will only increase an average 3.5%-4% which will be great in the short term for the District and the pay scales remaining competitive within the marketplace will be beneficial in the long term.

Director Moss agreed it was important to remain competitive in the market. She noted Mr. Kennedy has worked hard to put a good team together; therefore, it would behoove the Board to ensure this is continued. Ms. Harp added it would also make RMWD staff less poachable by other local agencies.

Director Stewart stated if these types of structural positions in this industry are dealing with this CPI increase, it is much worse in the private sector.

Director Gasca noted it was important to keep in mind the inflation created purchases less regardless of the pay increases; therefore, it may be necessary to increase employee pay in the near future to retain staff. He provided an example noting the budget approved at today's meeting showed an adjustment for a 30% increase in fuel costs to take care of the District and how employees would not be able to make this type of adjustment; therefore, the Board needs to remain cognoscente of these types of issues and realize at some point action may need to be taken to retain employees.

Motion:

To accept Option 2 – Approve Resolution No. 22-16 as presented in Draft B.

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

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

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

Director Gasca inquired about the resolution numbers being out of sequence and where Resolution No. 22-15 could be found on this agenda.

Discussion went to Item #23.

***23. DISCUSSION AND POSSIBLE ACTION TO APPROVE RESOLUTION NO. 20-17 — A RESOLUTION OF THE BOARD OF DIRECTORS OF THE RAINBOW MUNICIPAL WATER DISTRICT CONSENTING TO ENTER THE JOINT PROTECTION PROGRAMS OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES/JOINT POWERS INSURANCE AUTHORITY**

Ms. Harp explained staff has secured an offer of coverage that has been approved by the ACWA Board of Directors that would save RMWD approximately \$234,000 in costs for Fiscal Year 2022-2023 in additional estimated \$130,000 in direct claim costs because there will no longer be a \$100,000 deductible for a total estimated savings of \$364,000.

Ms. Harp provided a brief history noting RMWD has been covered by SDRMA since 2005 when RMWD was asked to leave ACWA/JPIA. She stated when RMWD made this change, it did so with a \$100,000 deductible in liability insurance. She pointed out since 2005, both the Board and staff have worked to mitigate a great deal of RMWD's risk exposure by investing in Capital Improvement Projects. She noted RMWD has endured significant rate increases from SDRMA for the third consecutive year with 2020 being at 40% and how when the District received a 72% quote increase in 2021, the Board decided to lower the liability limits from \$10 million to \$5 million to mitigate the increase down to approximately 40%. She stated even though RMWD did give SDRMA a Notice of Intent to leave as a member agency in June 2021, SDRMA provided RMWD with a rate estimate for this year should RMWD be unable to secure other coverage and how this estimate was between \$581,000-\$613,000.

Ms. Harp noted staff explored several alternatives for coverage, including issuing a Request for Proposal through which AP Keenan & Associates was secured and helpful in marketing RMWD to the broader insurance market to determine whether this was a feasible option to the District. She stated although AP Keenan & Associates received continuous rejections related to RMWD's

(*) - Asterisk indicates a report is attached.

property line wildfire risks, they did receive one offer of coverage from JPRIMA, but only for liability and worker's compensation.

Ms. Harp reported the best and only offer of coverage RMWD received for property, liability and worker's compensation was from ACWA/JPIA. She acknowledged various staff members who were involved with making this happen. She mentioned the comments and notations made by ACWA/JPIA regarding the professionalism of RMWD's documents, the speed in which the documents were provided, as well as the condition of the sites visited were instrumental in their recommendation to their Board to accept RMWD rejoining. She noted ACWA/JPIA were so impressed, they have said they want to use RMWD as an example of best practices to their other members.

Director Gasca added how at the ACWA/JPIA conference, the person who gave the report on the review of RMWD had stated several times how impressed they were with the conditions they saw at every site they inspected. He noted Director Drake also recited the history and said he was very happy to make a motion for RMWD to be accepted back by ACWA/JPIA.

Ms. Harp pointed out some of the key differences associated with the ACWA/JPIA proposal of coverage is that they bill RMWD retrospectively based on actual claim experiences for the entire pool as well as their assessment of the cost allocation for each district. She noted the quote received was for a deposit toward the premiums; therefore, the amounts could increase or decrease based on these elements.

Mr. Kennedy stated it may be worthwhile to discuss whether there is a benefit to remitting claims. Ms. Harp noted there is a retention allocation point that each agency can reference to make such determinations which is included in the resolution under consideration.

Director Gasca mentioned ACWA/JPIA also offers a program where agencies who have not remitted numerous claims are reimbursed.

Ms. Harp pointed out ACWA/JPIA's plan year is different than RMWD's; therefore, the quote provided was for their 2021-2022 year which ends in September 2022 at which time they will provide a new deposit premium quote beginning in October. She stated the estimated premium for the year would be \$248,000 for the ACWA/JPIA 2022-2023 plan year based on their estimate of an approximate 15% increase. She explained since the billing is retrospective and a budget adjustment is necessary, this can be done during RMWD's mid-year budget review.

Ms. Harp reported the property coverage proposal total premiums would be just over \$106,000 for the plan year, including adding coverage for two new lift stations and the water tanks that were not covered under the previous plan. She noted the worker's compensation coverage proposal was more competitive mostly due to ACWA/JPIA is honoring RMWD's existing experience modification rate of .84%. She pointed out the quotes did not include cyber or dishonesty coverage; therefore, those were provided separately.

Director Stewart asked if there were any deductibles associated with any of these. Ms. Harp explained the retrospective allocation point is the closest thing to a deductible as she provided a comparison between SDRMA, JDPRIMA, and ACWA/JPIA.

Ms. Harp reiterated the changes made by RMWD over the past fifteen years combined with upgrades of policy documents, operations, housekeeping practices, as well as the efficiency and knowledge of the staff really made a difference. Mr. Kennedy added the importance of improved Board governance was also instrumental.

Director Mack mentioned another comment he heard regarding how impressed ACWA/JPIA was with RMWD and its employees.

Director Hamilton asked for clarification regarding Item #23B related to this same matter. Ms. Harp clarified ACWA/JPIA's program is a self-funded program through ACWA/JPIA and that in order to self-fund that program, they need to apply for Certificate of Self-Insurance for RMWD under their name which is the reason for Item #23B being added to this agenda for Board consideration.

Motion:

To approve Option 1 – Approve Resolution 22-17. This option will allow staff to take the actions necessary to secure coverage effective July 1, 2022, through the ACWA-JPIA.

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.

Discussion returned to Item #11.

Discussion returned from Item #11.

***23A. DISCUSSION AND POSSIBLE ACTION TO ADOPT RESOLUTION NO. 22-19 RESCINDING RESOLUTION OF NECESSITY, NO. 22-02, PERTAINING TO REAL PROPERTY LOCATED AT 5858 CAMINO DEL CIELO, BONSALL, CA 92003**

Mr. Kennedy explained this item was related to the acquisition of the Hutton Pump Station property which was no longer needed per earlier discussion.

Motion:

To approve Option 1 – Make a finding that the action before the Board does not constitute a “project” as defined by CEQA, adopt Resolution No. 22-19 by a two-thirds vote, rescinding the prior Resolution of Necessity No. 22-02, which authorized the acquisition by eminent domain of an interest in real property for public use and authorized and directed condemnation of portions of San Diego County Assessor’s Parcel Number 127-010-05.

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

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

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

Discussion went to Item #23B.

***23B. DISCUSSION AND POSSIBLE ACTION TO APPROVE RESOLUTION NO. 22-20 – A RESOLUTION OF THE BOARD OF DIRECTORS OF THE RAINBOW MUNICIPAL WATER DISTRICT AUTHORIZING APPLICATION TO THE DIRECTOR OF INDUSTRIAL RELATIONS STATE OF CALIFORNIA FOR A CERTIFICATE OF CONSENT TO SELF-INSURE WORKERS’ COMPENSATION BENEFITS**

(This item was added to the agenda per Item #3 with attachments provided under separate cover.)

Ms. Harp explained Resolution No. 22-20 will need to be sent to ACWA/JPIA authorizing them as RMWD’s representative to apply for the Certificate of Self-Insurance through the DIR if approved.

Motion:

To approve Option 1 – Approve Resolution No. 22-20.

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

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

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

Discussion went to Item #24.

***24. DISCUSSION AND POSSIBLE ACTION FOR A VARIANCE REQUEST FROM CUSTOMER (AVALOS) FOR THE DIFFERENCE IN ACCOUNT CLASS RATES FROM JUNE 2021 TO APRIL 2022 (Division 1)**

Ms. Largent explained this was a variance request from a Division 1 customer who contacted the District in April 2022 to request a change in their rate class which was granted. She pointed out Ms. Avalos had stated they had reached out to the District in June 2021 to inquiry to the reason their bill was so high, including but not limited to consumption and the billing statement. She said after receiving the attached Variance Request, the recorded incoming call was listed to determine what was discussed and found Mr. Avalos had called specifically regarding consumption amounts noting his concern they may have a leak on the property and not regarding the amount of the bill; therefore, staff offered to send out a representative to assist with a leak check as well as familiarize them with their meter which took place.

Ms. Largent mentioned Ms. Avalos is stating it should have been obvious they do not have a grove on the property and that RMWD should have told them at that time to change their rate class; therefore, she is requesting a credit in the amount of \$587.39 for the difference in customer classes.

Ms. Largent provided a brief history noting rate classes are set up at the start of service per the customer’s choice depending on the planned use and individual customer is comfortable for tolerable restrictions during a drought. She noted staff does not review rate class choices with every call and it was not the District’s responsibility to know when a particular customer changes use; therefore, staff was recommending the Board deny this request as it would set a precedence for all customers to request reduction of historical bills based on the customer’s current situation.

(*) - Asterisk indicates a report is attached.

Ms. Largent added the customer class choices were communicated throughout the year to this customer and are available on RMWD's website. She also pointed out this customer is part of the PSWAR and TSWAR change; therefore, they were recipients of many communications throughout the year related to rate class options and how if nothing was chosen within the year, it would automatically go to ag-domestic which was the situation in this case.

Director Gasca asked for verification the customer did not act when options were provided. Ms. Largent confirmed. Discussion ensued.

Motion:

To approve Option 2 – Deny the variance request.

Action: Approve, Moved by Director Moss, Seconded by Director Mack.

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

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

Discussion went to Option #25.

***25. DISCUSSION AND POSSIBLE ACTION REGARDING CSDA 2022 BOARD OF DIRECTORS ELECTIONS SEAT B**

Mr. Kennedy noted Don Bartz had submitted a request for support; however, Ken Endter is with FPUD who is more familiar to the RMWD Board.

Motion:

To direct the General Manager to cast RMWD's vote online for Ken Endter.

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

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

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

Discussion went to Item #26.

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

All five RMWD Board Members stated they would like to attend the ACWA Region 10 workshop being held at Olivenhain Municipal Water District.

Motion:

To approve for all five RMWD Board Members to attend the ACWA Region 10 workshop.

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

(*) - Asterisk indicates a report is attached.

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

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

Director Mack stated he would also like to attend the 2022 ACWA Fall Conference in November in Indian Wells.

Director Gasca stated he would also like to attend the CSDA Annual Conference in August.

BOARD INFORMATION ITEMS

Discussion went to Item #27.

***27. STATEMENT OF AUDITING STANDARDS (SAS) 114 PLANNING LETTER**

Ms. Largent stated this was an information item reminding the Board that they hired this firm to conduct RMWD's audit as well as a supplemental letter stating they have been externally audited. She noted staff was required to bring this to the Board before the final audit starts.

Discussion went to Item #28.

***28. 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

The information and financial items were received and filed.

Discussion went to Item #29.

(*) - Asterisk indicates a report is attached.

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

Directors Mack stated he will be absent for the July Board meeting.

Director Hamilton stated he may be absent for the July meeting as well.

Director Gasca stated he will be absent for the July Engineering and Operations Committee meeting.

There were no suggested items for the July agenda.

It was noted the August Board meeting had been moved to August 30, 2022 to accommodate for the CSDA Annual Conference.

Discussion went to Item #30.

30. ADJOURNMENT

The meeting was adjourned by President Hamilton to a regular meeting on July 26, 2022 at 1:00 p.m.

The meeting was adjourned at 3:41 p.m.

Hayden Hamilton, Board President

Dawn M. Washburn, Board Secretary