

**MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
RAINBOW MUNICIPAL WATER DISTRICT
OCTOBER 22, 2019**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on October 22, 2019 was called to order by President Brazier at 11:35 a.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. President Brazier presiding.

2. **ROLL CALL**

Present: Director Brazier, Director Gasca, Director Hamilton, Director Mack, Director Rindfleisch (*arrived at 11:39 a.m.*).

Also Present: General Manager Kennedy, Legal Counsel Smith, Executive Assistant Washburn, District Engineer Strapac, Finance Manager Largent, Human Resources Manager Harp, Administrative Analyst Gray, Superintendent Walker, Project Manager Williams.

Absent: Operations Manager Gutierrez, Associate Engineer Powers, Superintendent Maccarrone, Superintendent Zuniga.

No members of the public were present before Open Session. Two members of the public were present for Open Session.

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

Mr. Kennedy pointed out there was a memorandum to the Board announcing the shutdown has been scheduled for October 17th for which the Board may want to consider making an emergency declaration. This item was added as Item #15A.

Motion:

To add Item #15A to the agenda.

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

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

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

Absent: Director Rindfleisch.

4. **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 no comments.

(*) - Asterisk indicates a report is attached.

The meeting adjourned to Closed Session at 11:38 a.m.

5. CLOSED SESSION

- A. Conference with Legal Counsel-Anticipated Litigation (Government Code §54956.9(d)(2))
* One Item
- B. Appointment, Employment; Evaluation of Performance – General Manager (Government Code §54957(B)(1))

6. REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

This item was addressed under Item #8.

The meeting reconvened at 1:06 p.m.

Time Certain: 1:00 p.m.

7. PLEDGE OF ALLEGIANCE

8. REPEAT REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

Legal Counsel reported both Items #5A and #5B were discussed in Closed Session and there was no reportable action.

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

President Brazier noted the addition of Item #15A per Item #3 herein.

**10. 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.

11. EMPLOYEE RECOGNITIONS

A. Steve Coffey (15 Years)

Mr. Kennedy mentioned Steve Coffey started at the District as the janitor and was now the Lead Systems Operator. He presented Mr. Coffey with a plaque and check in recognition of his tenure.

B. Chris Heincy (20 Years)

Mr. Kennedy pointed out Chris Heincy started in the Meters Department and how after working in most of the operational departments, he became a systems operator where he has continued to work for the past twelve years. He presented Mr. Heincy with a tenure and check in recognition of his tenure.

(*) - Asterisk indicates a report is attached.

***12. APPROVAL OF MINUTES**

A. September 24, 2019 - Regular Board Meeting

Motion:

Approve the minutes.

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

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

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

13. 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)

There was no report given.

B. Representative Report (Appointed Representative)

1. SDCWA

A. Board Meeting Summary – September 26, 2019

Mr. Kennedy referenced the summary provided in the agenda packet and noted SDCWA would meet again on October 24, 2019.

2. CSDA

Directors Mack, Rindfleisch, and Gasca reported on multiple topics covered during the 2019 CSDA Annual Conference.

President Brazier recommended RMWD host a workshop on some of the topics discussed at the annual conference for its Board of Directors.

3. LAFCO

Mr. Kennedy reported he and Director Hamilton were present at their October 7, 2019 meeting at which time San Diego LAFCO approved the Memorandum of Understanding (MOU) with Riverside LAFCO. He noted the MOU will be presented to the Riverside LAFCO at their next meeting. He pointed out the City of Escondido was potentially proposing to dissolve Rincon del Diablo Municipal Water district in a nonconsensual way.

4. San Luis Rey Watershed Council

There was no report given.

(*) - Asterisk indicates a report is attached.

5. Santa Margarita River Watershed Watermaster Steering Committee

Director Hamilton shared the written report he provided as a handout. He noted FPUD will be the Chair and Rancho California Water District will be the Vice Chair in the new year. He mentioned the next meeting will be January 14, 2020.

6. ACWA

Director Mack mentioned the ACWA Fall Conference will be held December 3-5, 2019 in San Diego.

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

1. Board Seminar/Conference/Workshop Training Attendance Reports

Director Rindfleisch reported on the Council of Water Utilities meeting held in October 2019.

Director Rindfleisch said he attended a class regarding AB13 which would prohibit impact fees on accessory dwelling units smaller than 750 square feet and significantly limit impact fees that can be charged for larger accessory dwelling units. He stated CSDA mentioned on several occasions and published that it is opposed to this bill due to its disproportionately negative impact on special districts. He asked if the District had any thoughts on this matter. Mr. Kennedy said there are not a large number of accessory dwelling units that would cause a fiscal impact on the District.

D. Directors Comments

Director Rindfleisch noted he needed to excuse himself early from this meeting.

Director Mack explained he has had conversations with a customer regarding understanding their water bills. He suggested a letter be included with the next billing statement explaining the fees listed on the bills. Discussion ensued.

E. Legal Counsel Comments

1. Attorney Report: CEQA Update (501668-0002)

Legal Counsel summarized the information contained in the written report provided in the agenda packet. He invited those attending the ACWA Fall Conference to attend a dinner being hosted by Nossaman on December 3, 2019.

14. COMMITTEE REPORTS

A. Budget and Finance Committee

Ms. Largent reported the committee had a working session on the rate model study which will be brought to the Board for consideration on December 3, 2019. She noted the committee also reviewed the preliminary year end financials (pre audit) and how RMWD had a \$4.5 Million loss, but this loss included numerous non-chase items such as depreciation at \$3.6 Million and GASB 68 and 74 expenses just under \$1 Million. She pointed out the good news was RMWD increased its cash position by over \$1 Million and were able to transfer the planned \$1.6 Million from Operating to Water Capital. She concluded with noting she gave the committee a software status update.

(*) - Asterisk indicates a report is attached.

President Brazier stated quite often she will be at a committee meeting at which time the committee votes to make a recommendation to the Board; however, the Board seldom ever hears of those recommendations. She said in as much as the Board supports the committee system, they would like to know when the committee makes recommendations to the Board. She requested any committee recommendations be included in the committee reports shared at the Board meeting.

B. Communications and Customer Service Committee

Director Hamilton reported the committee discussed coordination of information to customers which was deferred to November as well as reviewed the committee Mission Statement. He complimented the WSUP extended newsletter recently finalized. He noted at the committee will be working on the strategic plan objectives. Mr. Kennedy added he will be providing some information to the Board prior to their December meeting about some organizational restructuring to ensure the District was centralizing customer service with public communications.

Director Rindfleisch excused himself from the meeting at 1:47 p.m.

C. Engineering and Operations Committee

Mr. Nelson reported the committee spent the bulk of its time reviewing the Fiscal Year 2019-2020 and 2020-2021 Capital Improvement Program after which feedback was provided to staff. He added the committee has requested the Board reappoint all of the committee members up for reappointment later in this meeting. He noted the committee will continue to review the committee policy review process initiated by President Brazier.

BOARD ACTION ITEMS

***15. DISCUSSION AND POSSIBLE ACTION TO AWARD THREE PROFESSIONAL SERVICES AGREEMENTS TO PROVIDE AS-NEEDED GEOTECHNICAL SERVICES**

Mr. Strapac explained the engineering department has an urgent need for geotechnical services on some upcoming projects and how by having an as-needed services available was important for progression. He pointed out a Request for Proposal was generated to which eight responses were received. He noted the three as-needed consultants being recommended to the Board for consideration.

Director Mack inquired as to how staff arrived at the \$100,000. Mr. Strapac explained staff took into consideration the amount of work to be completed on some of the projects and determined this figure would cover those costs. Mr. Kennedy added the cost is not to exceed \$100,00 and how the cost breakdowns will be reflected in the as-needed expenditure summary provided in the Board agenda packets.

Director Gasca asked for the average cost per project. Mr. Strapac explained the costs vary based on the size of the project.

Director Hamilton questioned if this was not dissimilar to one of the other standing contracts the Board approved a few months prior. Mr. Strapac confirmed this to be true. Director Hamilton clarified the Board was being asked to approve \$300,000 with the expectation of paying \$100,000. Mr. Kennedy verified the cost will be not to exceed \$100,000 and how it will all be filtered through the Capital Improvement Program as part of the execution of pipelines.

(*) - Asterisk indicates a report is attached.

President Brazier requested a report on how much money is set aside by past Board votes for as-needed services. Mr. Kennedy offered to get this information to the Board.

Motion:

Authorize staff to award three Professional Services Agreements up to the amount of \$100,000 each to Ninyo & Moore, SCST, LLC, and Leighton Consulting.

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

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

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

Absent: Director Rindfleisch.

15A. SDCWA EMERGENCY SHUTDOWN

(This item was added per Item #4.)

Mr. Kennedy referenced the memorandum provided as a handout outlining when the second phase of the SDCWA Emergency Shutdown would take place. He noted RMWD received final notification from SDCWA on October 17, 2019 that the shutdown has been scheduled for November 4, 2019 as opposed to being made a part of the SDCWA scheduled shutdown later in the year. He asked for clarification from Legal Counsel as to RMWD should address this matter since the costs involved were not budgeted. Discussion ensued.

Director Hamilton inquired as to whether RMWD carries emergency shutdown insurance. Ms. Harp said she does not believe this would be covered by the District's current policy; however, she would confirm whether this type of insurance was available per the Board's request.

Motion:

To declare an emergency and authorize an expenditure of \$106,000 or whatever is needed to complete the job for the SDCWA shutdown commencing November 4, 2019.

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

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

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

Absent: Director Rindfleisch.

***16. DISCUSSION AND POSSIBLE ACTION TO APPROVE ORDINANCE NO. 19-13 AMENDING AND UPDATING ADMINISTRATIVE CODE CHAPTER 2.09 – COMMITTEES**

Mr. Kennedy pointed out the proposed revision was provided by the Communications and Customer Service Committee as part of the recent policy review.

(*) - Asterisk indicates a report is attached.

Motion:

Approve Option 1- Approve Ordinance No. 19-13.

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

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

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

Absent: Director Rindfleisch.

17. CONSIDER COMMITTEE MEMBER REAPPOINTMENTS

Mr. Kennedy referenced the list of members up for reappointment provided in the action letter as well as the options available to the Board. He reported Harry Stitle has formally indicated he will not be seeking reappointment and his term will end. He noted some of the members have been out of compliance for quite a while; therefore, the Board may want to wait to consider reappointment until after the completion of the committee policy review. Discussion ensued.

Motion:

Option 4 - Consider reappointments after the current review of Administrative Chapter 2.09 is complete.

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

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

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

Absent: Director Rindfleisch.

18. DISCUSSION AND POSSIBLE ACTION REGARDING THE APPOINTMENT; EMPLOYMENT; EVALUATION OF PERFORMANCE; OR COMPENSATION OF THE GENERAL MANAGER

Director Hamilton explained there was an error in the compensation plan based on a misinterpretation of the Cost of Living Adjustment; therefore, the Board was essentially amending the compensation plan.

Motion:

To approve Option 1 as modified by Director Hamilton - an increase to the General Manager's compensation by 2.8% Cost of Living Adjustment to the annual salary in accordance with the existing contract between Rainbow Municipal Water District and Tom Kennedy retroactive to August 28, 2019 to bring the General Manager's annual salary to \$243,533.20 with a one-time lump sum discretionary bonus of zero and merit increase of zero.

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

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

(*) - Asterisk indicates a report is attached.

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

Absent: Director Rindfleisch.

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

Director Mack stated he was an applicant to serve on the CSDA Legislative Committee and how he was invited to attend a committee meeting on October 24, 2019 in Sacramento. He sought Board approval to attend.

Director Gasca pointed out he submitted a request to attend the 2019 ACWA Fall Conference.

President Brazier mentioned she received a number of communications from Division 1 constituents who are notable loquacious about everything and how although they approve of RMWD sending individuals to conferences, they want to keep costs down as much as possible so the District can send as many individuals as possible. She noted she has been asked to find out what other districts have in place in terms of limitations related to conferences. She said she will conduct a survey and bring those findings back to the Board to determine whether there should be any modifications to RMWD's current policies.

Motion:

To approve both requests.

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

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

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

Absent: Director Rindfleisch.

BOARD INFORMATION ITEMS

20. MEMORANDUM OF UNDERSTANDING AMONG RMWD, FPUD, AND EASTERN MUNICIPAL WATER DISTRICT UPDATE

Mr. Kennedy reported San Diego County LAFCO has approved the Memorandum of Understanding with Eastern Municipal Water District to delegate all authorities to San Diego LAFCO and how the parties were waiting for the outcome from Riverside County LAFCO in this regard. He noted the ad-hoc committee will be meeting in the next week or so to review various items as well as work with Legal Counsel to prepare the applications to be approved by Resolution by the RMWD Board of Directors on December 3, 2019.

Director Gasca suggested the process be structured in such RMWD and FPUD would be submitting applications independently. Mr. Kennedy mentioned the legal team will be meeting with him and Mr. Bebee on October 25, 2019 to finalize the details.

(*) - Asterisk indicates a report is attached.

21. AUDIT UPDATE

Mr. Largent reported draft letters from the auditors have not yet been received; however, the audit results and audited financial statements at the December 3, 2019 Board meeting. She said she was confident the audit did go well; however, there was some recommendations for separation of duties which could be easily remedied with adequate staff in finance to focus on monthly reconciliations throughout the year. Mr. Kennedy mentioned he would be bringing something to the Board in terms of restructuring the organization to ensure the District's financial controls are better, communications in customer service is better, as well as some enhancement in the information systems support.

Director Mack inquired as to when the audit will be finalized. Ms. Largent stated before the next Board meeting. It was noted confirmed once the audit was finalized, RMWD could reapply for the District of Distinction Certification from CSDA.

22. WATER SERVICE UPGRADE PROGRAM UPDATE

Mr. Kennedy recalled he sent an email to the Board notifying them this item was not quite ready for the agenda packet. He mentioned since the contract matter has been concluded by mutual agreement by all parties, RMWD was ready to return to the Board with concrete plans as to how to proceed forward. He reviewed the steps taken with starting this program.

Motion:

Item #22 be changed to an action item.

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

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

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

Absent: Director Rindfleisch.

Director Mack inquired as to whether the \$90,000 was the upper end of the costs. Mr. Kennedy explained it was neither the upper nor lower end of the costs. Discussion ensued.

President Brazier clarified staff was seeking approval for a Ditch Witch as well as a truck. He mentioned the costs associated with renting were not beneficial to the District.

Motion:

To approve the expenditures of \$152,161.00 for the acquisition of the truck and vacuum.

Action: Approve, Moved by Director Hamilton.

Discussion ensued regarding possibly revising the motion to approve the expenditures listed within the budgeted amount.

Director Hamilton withdrew his original motion.

(*) - Asterisk indicates a report is attached.

Motion:

To approve the expenditures for the Water Service Upgrade Project up to the amount of \$3.85 Million as outlined in the attachment labeled Exhibit A in recognition of the modification in the project approach and methodology.

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

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

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

Absent: Director Rindfleisch.

Discussion ensued.

23. CLOUDSUITE AND UTILITY BILLING SOFTWARE UPDATE

Ms. Largent reported the utility billing and finance software implementation phase of this project is complete and staff has now moved into the development phase.

***24. 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

D. Human Resource & Safety Comments

1. Human Resources Report

E. Finance Comments

1. Monthly Financial Statements
2. Credit Card Breakdown
3. Directors' Expense
4. Check Register
5. Water Sales Summary
6. RMWD Sewer Equivalent Dwelling Units (EDU's) Status

Motion:

To receive and file information and financial items.

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

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

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

Absent: Director Rindfleisch.

(*) - Asterisk indicates a report is attached.

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

It was noted the MOU with FPUD and RMWD, resolution of application for LAFCO, Concord Utility, rate model presentation, audited financial statements, mid-year staffing analysis, Rice Canyon Tank pipeline, scheduling Strategic Plan and Lessons Learned workshop, Bonsall Reservoir update, committee policy review, committee member reappointments, and procurement policy revisions.

26. ADJOURNMENT - To Tuesday, December 3, 2019 at 1:00 p.m.

The meeting was adjourned by President Brazier to a regular meeting on December 3, 2019 at 1:00 p.m.

The meeting was adjourned at 3:06 p.m.

Helene Brazier, Board President

Dawn M. Washburn, Board Secretary