

**MINUTES OF THE REGULAR BOARD MEETING  
OF THE BOARD OF DIRECTORS OF THE  
RAINBOW MUNICIPAL WATER DISTRICT  
AUGUST 28, 2018**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on August 28, 2018 was called to order by President Brazier at 12:00 p.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 Hamilton, Director Mack, Director Stewart, Director Gasca.

**Also Present:** General Manager Kennedy, Legal Counsel Smith, Executive Assistant Washburn, Administrative Analyst Gray, Associate Engineer Powers, Finance Manager Martinez, Human Resources Manager Harp, Interim Operations Manager Gerdes, Superintendent Maccarrone, District Engineer Strapac.

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

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

President Brazier noted the order of the Closed Session items would be reversed. She also asked if the Consent Calendar items could be approved by one roll call vote. Legal Counsel confirmed one roll call vote would suffice.

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.

*The meeting adjourned to Closed Session at 12:04 p.m.*

5. **CLOSED SESSION**

A. Appointment, Employment; Evaluation of Performance – General Manager (Government Code §54957)

B. Conference with Legal Counsel Regarding Anticipated Litigation (Government Code §54956.9(d)(2))

- 2 Cases

*The meeting reconvened at 1:00 p.m.*

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

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

President Brazier reported the General Manager and Board of Directors discussed the General Manager performance evaluation which was signed by both Mr. Kennedy and her.

Discussion returned from Item #21.

President Brazier reported a procedural question was resolved.

Discussion went to Item #21.

Time Certain: 1:00 p.m.

**7. PLEDGE OF ALLEGIANCE**

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

This item was discussed under Item #6.

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

President Brazier mentioned the only change to the agenda was the Closed Session items were taken in reverse order per Item #3.

**10. ORAL/WITTEN 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. APPROVAL OF MINUTES**

A. July 24, 2018 - Regular Board Meeting

B. August 15, 2018 – Special Board Meeting/Board Workshop

***Motion:***

***To approve both the July 24, 2018 and August 15, 2018 minutes.***

***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.***

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

**\*12. 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 (President Brazier)**

President Brazier read aloud her comments regarding her concerns regarding past and anticipated discussions related to Item #20.

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

**1. SDCWA**

**A. Summary of Board Meeting July 26, 2018**

Mr. Kennedy stated there was not much to report at this time except for the theoretical movement toward normalization of relations with MWD.

**2. CSDA**

Director Mack summarized the topics covered by multiple speakers at the Quarterly Dinner Meeting.

President Brazier noted Mr. Kennedy was up for re-election to serve as the president.

**3. LAFCO**

**A. Change in Special District Representation**

Mr. Kennedy announced Julie Nygaard has been appointed to the be Consolidated Redevelopment Board due to Ed Sprague's scheduling conflicts.

**4. San Luis Rey Watershed Council**

Director Stewart reported a video presentation was made regarding the State of California Grant to do a graywater system, rainwater catchment and other water saving initiatives pilot program offered throughout the San Luis Rey River watershed. He mentioned there was a presentation on Waterwise gardening as well as a speaker, George Wilkens with Pacific REMS, Inc., who presented a fall weather forecast. He noted several topics were addressed during the general session comments from the attendees.

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

Director Hamilton reported the next meeting would be in September.

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

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

There were no reports.

**D. Directors Comments**

There were no comments.

**E. Legal Counsel Comments**

1. CEQA and Well Permits (501668-0002)

Legal Counsel summarized the information provided in his written report. Discussion ensued regarding the varying requirements throughout the counties.

**\*13. COMMITTEE REPORTS (Approved Minutes have been attached for reference only.)**

**A. Budget and Finance Committee**

1. July 10, 2018 Minutes

Mr. Stitle reported RMWD's water fund was net positive as well as on the discussions that took place at the last committee meeting.

**B. Communications and Customer Service Committee**

1. July 12, 2018 Minutes

Director Hamilton reported Julie Johnson was seated as a member at the last meeting. He noted the committee discussed the video presentation, got an update on the meter replacement project relative to the communications to be rolled out, talked about policy changes related to leaks on the customer side of the meters, and the standard outreach items.

**C. Engineering and Operations Committee**

1. June 6, 2018 Minutes
2. July 11, 2018 Minutes

Mr. Strapac reported the committee discussed the on-call surveyors which resulted in the committee recommending the District go with the three staff-recommended consultants. He mentioned the committee talked about the mitigated negative declaration for List Station 1 as well as other items that may be of interest including the Seventh-Day Adventist seeking possibly using some property for a self-contained tower, pipeline relocation design RFP, and tank fall protection update.

**CONSENT CALENDAR ITEMS**

**\*14. DISCUSSION AND POSSIBLE ACTION TO APPROVE RESOLUTION NO. 18-13 — 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 AUGUST 28, 2018 THROUGH JUNE 30, 2019**

**\*15. DISCUSSION AND POSSIBLE ACTION TO APPROVE ORDINANCE NO. 18-19 - AMENDING AND UPDATING ADMINISTRATIVE CODE SECTION 1.02.020 – CONFLICT OF INTEREST**

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

***Motion:***

***To approve the Consent Calendar.***

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

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

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

**BOARD ACTION ITEMS**

**16. CONSIDER APPROVAL OF A PROFESSIONAL SERVICES AGREEMENT WITH ABM BUILDING SOLUTIONS, LLC FOR A DISTRICTWIDE METER REPLACEMENT AND WATER SERVICE UPGRADE PROJECT AND AUTHORIZE THE GENERAL MANAGER TO SIGN THE AGREEMENT ON THE DISTRICT'S BEHALF**

Mr. Kennedy gave a presentation on the base project details as well as the service upgrade project components. He referenced the overall total base and upgrade project costs and financing.

Mr. Kennedy talked about the AMR replacement, noting RMWD has provided Itron with a breach of contract notice and how SDG&E supports RMWD's decision to end the pilot program. He pointed out AMI was not feasible using "normal" AMI systems. He explained based on this information, it was necessary for the Board to determine how RMWD should proceed.

Director Hamilton inquired about the installation of ball valves in terms of backflow devices. Mr. Kennedy provided a response as well as offered to prepare a cost analysis based on this discussion. Discussion ensued.

***Motion:***

***To approve Staff Recommendation Option 2 - Authorize staff to move forward with the base meter replacement project as described in Option 1 (authorize staff to move forward with the base meter replacement project only, authorize the General Manager to execute the Project Agreement and Meter Accuracy Guarantee contracts, and direct staff to bring forward budget appropriations in the early 2019 mid-year budget adjustments and in future years to fund the lease payments) plus take necessary steps to take the actions needed to secure funding for the optional service upgrades.***

***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.***

**17. DISCUSSION AND POSSIBLE ACTION TO AWARD THREE PROFESSIONAL SERVICES AGREEMENTS TO PROVIDE AS-NEEDED LAND SURVEYING SERVICES**

Mr. Strapac explained the need for as-needed land surveying services to perform certain functions on behalf of the District. He noted there were three responses to the Request for Proposal; all of which the Engineering and Operating Committee reviewed and approved.

Director Mack inquired as to whether the costs will fluctuate according to the services provided. Mr. Strapac explained each has billing rates they charge according to prevailing wage.

Director Gasca asked about the terms of the contracts. Discussion followed.

Director Hamilton inquired as to whether the contract could be “recharged” if necessary. Mr. Strapac stated the Board would have discretion to take such action.

***Motion:***

***To approve Option 1 - Authorize staff to award three Professional Services Agreements in the amount of \$50,000 each to KDM Meridian, Right-of-way Engineering Services, Inc., and Johnson-Frank & Associates, Inc.***

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

***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 ADOPT ORDINANCE NO. 18-18 AMENDING AND UPDATING ADMINISTRATIVE CODE TO ADD SECTION 8.04.020.9 – ASSIGNMENT OF WATER RIGHTS AND WATER PRODUCTION FACILITIES AS A CONDITION OF DISTRICT WATER SERVICE**

Mr. Strapac explained when someone comes to the District or County to do any type of development project, it is requested they assign their water rights and any water production facilities to the District. He stated this was a fairly common item for municipalities to have in place. He mentioned Legal Counsel has reviewed the policy and it does meet all the qualifications and requirements. He noted this will ensure going forward, RMWD has more water rights going forward.

Director Gasca asked if this was for individuals within the District who want to connect to the system or those annexing into the District. Mr. Strapac stated it would be both. Mr. Kennedy added RMWD does not serve anyone outside the District boundaries which means anyone outside the District wants water from RMWD, it would be through annexation or an out-of-service area agreement through LAFCO for those already a member of SDCWA and MWD.

Director Hamilton expressed concern with the transfer of production because there is no relative recognition of the value of the asset. Mr. Kennedy offered to look into language for addressing those scenarios to which this would apply; however, it would not apply to many customers. Discussion ensued.

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

***Motion:***

***Adoption of Ordinance No. 18-18.***

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

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

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

**\*19. DISCUSSION AND POSSIBLE ACTION TO ADOPT ORDINANCE NO. 18-16 AMENDING AND UPDATING ADMINISTRATIVE CODE SECTION 2.01.010 – CODE OF ETHICS POLICY**

Mr. Kennedy recalled this policy has been discussed over the past few months. He noted Legal Counsel also provided language on a section on matters of personal interest.

Legal Counsel mentioned he used the numbers from the FPPC requirement of the Government Code including the radius requirement.

***Motion:***

***To approve Ordinance No. 18-16.***

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

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

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

**\*20. DISCUSSION AND POSSIBLE ACTION TO APPROVE ORDINANCE NO. 18-17 - ADDING ADMINISTRATIVE CODE SECTION 2.10 – CHANGE IN CLIMATE POLICY**

Mr. Kennedy pointed out this section was pulled from the previous proposed Code of Ethics policy per Board direction.

Director Hamilton proposed changing the opening phrase replacing “while there may be some who disagree with the” to “regardless of the root cause”.

President Brazier suggested the title and anywhere “Change in Climate Policy” is utilized be changed to “Climate Change Policy” for clarity purposes as well as to reflect the most widely accepted terminology to refer to such.

Director Hamilton noted there should be a lower case “T” in the second line following the comma.

***Motion:***

***Adoption of Ordinance No. 18-17 as restated.***

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

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

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

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

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

Mrs. Harp pointed out Mr. Kennedy's contract calls for a COLA as part of his existing contract. She noted any changes to the contract or compensation need to be provided verbally in a public meeting.

Director Stewart stated the Board had an opportunity to participate individually in the evaluation for the past year's performance of the General Manager. He noted Mr. Kennedy provided a detailed report of his view of accomplishments. He said based on the report from Mr. Kennedy, comparable salaries, compensation and benefits paid to managers of various water and sewer agencies within the areas, and the evaluation results report compiled by Legal Counsel, the evaluation was very positive.

**Motion:**

**To approve Option 1.**

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

Director Gasca inquired about when the Board will discuss the level of accomplished past goals, future goals, as well as any other compensation. President Brazier explained this would be the opportunity to discuss any other additional proposed compensation.

Legal Counsel explained in the evaluation provided, there were goals approved for last year as well as additional goals for the next year.

Director Hamilton recommended the list of suggested goals from the Board of Directors be reviewed; however, this would not impact compensation.

Mr. Kennedy recalled from the previous year, if the Board establishes a series of goals and gives a bonus payment based on attainment of some pre-defined area, then the compensation becomes a part of CalPERS and one-time bonuses do not.

***The meeting adjourned to Closed Session at 2:36 p.m.***

***The meeting reconvened at 2:50 p.m.***

*Discussion went to Item #6.*

*Discussion returned from Item #6.*

Director Stewart stated he wanted to amend his motion to propose to approve Option 1 for the Cost of Living Adjustment plus a bonus of \$20,000 for this year based on both the projections of budget and performance of the District over the last twelve months. He noted the twelve-month period just pending in RMWD's audit and the \$1.6M to be the District's profit (which is essentially the amount the District intends to fund into its reserves) and having accomplished that for the first time in 3-4 years with a declining amount of water sales is a significant achievement.

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



Director Mack asked the amount of Mr. Kennedy's bonus last year. It was confirmed to be \$20,000.

**Motion:**

***To approve an increase to the General Manager's salary by a 3% cost of living adjustment in accordance with the existing contract between Rainbow Municipal Water District and Tom Kennedy plus a \$20,000 bonus. The General Manager's annual Salary will increase from \$230,000 to \$236,900 effective August 28, 2018.***

***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.***

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

There were no requests.

**23. STRATEGIC PLAN WORKSHOP DISCUSSION**

Mr. Kennedy stated the Board and staff met at a Special Board Meeting/Workshop to review the District's key focus areas. He said this item was to provide an opportunity to talk some of the broad objectives to meet those key focus areas.

Mrs. Gray pointed out the notes were provided in the minutes for the Special Board Meeting/Workshop; however, she would email a copy of the presentation she prepared from those same notes to the Board of Directors following the meeting.

Mrs. Gray presented the Water Resources focus areas. The following suggestions were made to both the focus areas and sub-goals:

1. Remove the recycled water plant.
2. Promote and participate in the direct or indirect potable reuse technology and regulation.
3. Identify and attain appropriate water rights in the San Luis Rey valley and feasible water production strategies.
4. Participate fully and actively in the San Luis Rey Groundwater Sustainability Agency.
5. Monitor threats of water resources.

Mrs. Gray presented the Asset Management focus areas. The following suggestions were made to both the focus areas and sub-goals:

1. Proactive system-wide pressure management.
2. Continue condition assessment.
3. Development of system-wide corrosion protection.
4. Programmatic EIR for pipelines for environmental work.
5. Right-of-way management.

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

Mrs. Gray presented the Workforce Development focus areas. The following suggestions were made to both the focus areas and sub-goals:

1. Move cross-training to the sub-goal for the overall maintaining education and training opportunities.
2. Continue to execute existing employee recognition program and recognize employees proactively.
3. Add something related to employment branding for recruitment.

Mrs. Gray presented the Fiscal Responsibility focus areas. The following suggestions were made to both the focus areas and sub-goals:

1. Develop cost-effective contracting methods for pipeline replacement.
2. Focus on selecting resources to look at alternative funding and grants.
3. Establish a rate structure less reliant on volumetric sales.
4. Seek additional revenue streams.

Mrs. Gray presented the Customer Service focus areas. The following suggestions were made to both the focus areas and sub-goals:

1. Create a customer-service based culture.
2. Analyze the feasibility of a mechanism for record keeping of all customer interactions.
3. Improve customer water use information.
4. Enhance the delivery of information to customers.
5. Improve bill pay program.
6. Continue enhancing use of EAM to support customer service in the field.
7. Building a customer service focus culture from top to bottom.
8. Continuous updating of customer service policies.

Mrs. Gray presented the Communication focus areas. The following suggestions were made to both the focus areas and sub-goals:

1. Consistent messaging throughout the organization.
2. Upgrading printed collateral.
3. Elaborate on community outreach programs and resources including regional social media.
4. Improve advanced public notifications.
5. Update email distribution of newsletter.
6. Continuous enhancement of District website including adding routine maintenance as a sub-goal.
7. Pursue on-site and off-site tour opportunities.
8. Improve communication dynamics between the Board and standing committees.

Director Mack inquired about whether the bullet points contained in the S.W.O.T. analysis should be prioritized. Mr. Kennedy offered to bring back the information provided today along with the S.W.O.T. analysis at which time the items can be reviewed collectively and possibly prioritized including timelines.

**\*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
- D. Customer Service and Meters Comments**
  - 1. Customer Service and Meters Report
- E. Human Resource & Safety Comments**
  - 1. Human Resources Report
  - 2. Organizational Chart
- F. Finance Comments**
  - 1. Interim Financial Statement
  - 2. Treasurer Report
  - 3. Credit Card Breakdown
  - 4. Directors' Expense
  - 5. Check Register
  - 6. Water Sales Summary
  - 7. RMWD Sewer Equivalent Dwelling Units (EDU's) Status

Mr. Kennedy announced the California/Nevada Chapter of the American Water Association has extended an offer of employment to Mrs. Martinez to be their finance manager which is an opportunity much closer to her residence. He personally thanked her for her perseverance and service during her tenure at RMWD.

Mr. Kennedy thanked the Board for his performance evaluation and their generosity.

Mrs. Harp announced an offer has been accepted by an Operations Manager candidate who will be introduced to the Board at the September 18, 2018 Regular Board meeting.

***Motion:***

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

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

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

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

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

It was noted a Notice of Public Hearing for Ordinance No. 95-1, updates on the strategic plan and flume projects, Administrative Code revisions, check signing authority changes, and appointment of a Treasurer will be on the next agenda.

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

26. ADJOURNMENT - To Tuesday, September 18, 2018 at 1:00 p.m.

*The meeting was adjourned with a motion made by Director Brazier to a regular meeting on September 18, 2018 at 1:00 p.m.*

The meeting was adjourned at 4:04 p.m.

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**Helene Brazier, Board President**

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**Dawn M. Washburn, Board Secretary**