



THIS MEETING WILL BE CONDUCTED WITH IN PERSON ATTENDANCE PERMITTED. THE CDC STILL RECOMMENDS MASKING FOR ALL INDIVIDUALS BUT IS NOT MANDATORY. PARTICIPATION WILL ALSO BE AVAILABLE VIA VIDEO CONFERENCE OR TELECONFERENCE.

TO PARTICIPATE IN THE MEETING VIA VIDEO OR TELECONFERENCE, GO TO <https://rainbowmwd.zoom.us/j/84269716615> OR CALL 1-669-900-6833 or 1-346-248-7799 or 1- 253-215-8782 or 1-301-715-8592 or 1-312-626-6799 or 1-929-205-6099 (WEBINAR/MEETING ID: 842 6971 6615).

MEMBERS OF THE PUBLIC WISHING TO SUBMIT WRITTEN COMMENT TO THE COMMITTEE UNDER PUBLIC COMMENT OR ON A SPECIFIC AGENDA ITEM MAY SUBMIT COMMENTS TO OUR BOARD SECRETARY BY EMAIL AT DWASHBURN@RAINBOWMWD.COM OR BY MAIL TO 3707 OLD HIGHWAY 395, FALLBROOK, CA 92028. ALL WRITTEN COMMENTS RECEIVED **AT LEAST ONE HOUR IN ADVANCE OF THE MEETING** WILL BE READ TO THE COMMITTEE DURING THE APPROPRIATE PORTION OF THE MEETING. THESE PUBLIC COMMENT PROCEDURES SUPERSEDE THE DISTRICT'S STANDARD PUBLIC COMMENT POLICIES AND PROCEDURES TO THE CONTRARY.

BUDGET AND FINANCE COMMITTEE MEETING

**RAINBOW MUNICIPAL WATER DISTRICT
Tuesday, August 9, 2022
Budget and Finance Committee Meeting - Time: 1:00 p.m.**

District Office	3707 Old Highway 395	Fallbrook, CA 92028
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Notice is hereby given that the Budget and Finance Committee will be holding a regular meeting beginning at 1:00 p.m. on Tuesday, August 9, 2022.

AGENDA

- 1. CALL TO ORDER**
- 2. PLEDGE OF ALLEGIANCE**
- 3. ROLL CALL: Flint Nelson (Chair)_____ Julie Johnson (Vice Chair)_____**
 - Members:** Peter Hensley _____ Bill Stewart _____
 - Alternates:** Chad Williams _____
- 4. INSTRUCTIONS TO ALLOW PUBLIC COMMENT ON AGENDA ITEMS FROM THOSE ATTENDING THIS MEETING VIA TELECONFERENCE OR VIDEO CONFERENCE**


CHAIR TO READ ALOUD - "If at any point, anyone would like to ask a question or make a comment and have joined this meeting with their computer, they can click on the "Raise Hand" button located at the bottom of the screen. We will be alerted that they would like to speak. When called upon, please unmute the microphone and ask the question or make comments in no more than three minutes.

*Those who have joined by dialing a number on their telephone, will need to press *6 to unmute themselves and then *9 to alert us that they would like to speak.*

A slight pause will also be offered at the conclusion of each agenda item discussion to allow public members an opportunity to make comments or ask questions."

5. SEATING OF ALTERNATES
6. ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA (Government Code §54954.2)
7. PUBLIC COMMENT RELATING TO ITEMS NOT ON THE AGENDA (Limit 3 Minutes)
- *8. APPROVAL OF MINUTES
 - A. June 14, 2022
9. GENERAL MANAGER COMMENTS
10. FINANCE MANAGER COMMENTS
11. COMMITTEE MEMBER COMMENTS
- *12. AMENDING AND UPDATING ADMINISTRATIVE CODE SECTION 5.02.010 – CENTRALIZED PURCHASING
- *13. VARIANCE REQUEST FOR CUSTOMER SALINE
14. REVIEW OF THE MONTHLY BOARD FINANCE PACKET
15. LIST OF SUGGESTED AGENDA ITEMS FOR THE NEXT SCHEDULED BUDGET AND FINANCE COMMITTEE MEETING
16. ADJOURNMENT

ATTEST TO POSTING:



Pam Moss
Secretary of the Board

8-4-22 @ 12:45 p.m.

Date and Time of Posting
Outside Display Cases

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
JUNE 14, 2022**

1. CALL TO ORDER: The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order on June 14, 2022 by Chairperson Nelson in the Board Room of the District Office at 3707 Old Highway 395, Fallbrook, CA 92028 at 1:00 p.m. *(All meetings are being held with in-person attendance following County and State COVID guidelines as well as virtually.)* Chairperson Nelson presiding.

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL:

Present: Member Hensley, Member Johnson, Member Nelson, Member Stewart *(via video conference)*.

Also Present: Executive Assistant Washburn, Finance Manager Largent, Human Resources Manager Harp, Senior Accountant Rubio, Information Systems Specialist Espino.

Also Present Via Teleconference or Video Conference:

Alternate Williams, Operations Manager Gutierrez, Project Manager Tamimi, Grant Specialist Kim, Project Manager Powers.

One member of the public was present in person, via teleconference or video teleconference.

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

Mr. Nelson read aloud the instructions for those attending the meeting via teleconference or video conference.

5. SEATING OF ALTERNATES

Alternate Williams was not seated.

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

There were no amendments to the agenda.

7. PUBLIC COMMENT RELATING TO ITEMS NOT ON THE AGENDA (Limit 3 Minutes)

There were no comments.

***8. APPROVAL OF MINUTES**
A. May 10, 2022

Motion:

To approve the minutes.

Action: Approve, Moved by Member Hensley, Seconded by Member Stewart.

Vote: Motion carried by unanimous roll call vote (summary: Ayes = 3, Noes = 0, Abstain = 1).

Ayes: Member Hensley, Member Nelson, Member Stewart.

Abstain: Member Johnson

9. GENERAL MANAGER COMMENTS

There were no comments.

10. FINANCE MANAGER COMMENTS

Ms. Largent deferred her comments to the agenda items.

11. COMMITTEE MEMBER COMMENTS

There were no comments.

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

Ms. Largent noted there will be a three-part presentation for this item.

Ms. Harp shared a Staffing Analysis presentation she presented to the Budget and Finance Committee two months prior noting some information had been updated since which has already been presented to the Board. She reviewed the overtime trends, turnover trends, general information from the employee survey, the current conditions, organizational structure, retirement eligibility, as well as future staffing needs to meet anticipated goals.

Mr. Stewart asked if the completion of WSUP project would reduce the overtime levels to the closer 2016-2019 average. Ms. Harp stated not by itself; however, it would help in meters, but not in other departments; however, what can be accomplished with more staff is control the average per employee overtime if they have enough staff as to not overburdening a small group of people.

Mr. Nelson asked if there has been consideration given to what to do to reduce the amount of overtime categorized as routine work. Ms. Harp pointed out RMWD being a small agency with a small headcount means there are times it is required to work overtime just to meet the day-to-day operational needs in almost every department. She reviewed the construction overtime as she explained the analysis she conducted regarding labor resources for this department.

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Mr. Stewart stated in his experience with organizations he has managed, the analysis is always hiring additional employees to fill up those hours and determining how much more is going to be paid for all the benefits in addition to the hourly rate compared to time and a half and double time for those hours as well as how temporary they are versus permanent. He inquired if this was tough thing to analyze. Ms. Harp agreed.

Ms. Harp noted she conducted a similar analysis in the engineering department as that for construction. Mr. Nelson inquired as to whether exempt employees are compensated for overtime. Ms. Harp stated all salaried RMWD employees are exempt to whom overtime is not paid; therefore, the overtime to which she is referring is only overtime paid to hourly employees.

Ms. Harp continued with the presentation related to the CIP hours from construction as she explained how the estimates presented were determined. She pointed out the purpose of this analysis was to determine how much labor can be in-sourced as opposed to out-sourced.

Ms. Harp reviewed the historical turnover and unemployment rates noting the 30-year average turnover rate is steady at 13%. She talked about the quit rates compared to the national average noting RMWD's averages were still below the state and local government resignation rate.

Ms. Harp gave a quick overview of the current organizational chart noting how many employees directly report to the Finance Manager and Operations Manager, respectively. She also reviewed the generational demographics of RMWD.

Ms. Harp discussed the retirement eligibility noting 19% of RMWD's employees were currently eligible for full retirement. She recapped the information contained in the "Staffing Continuity Plan; Critical Position Inventory" portion of the presentation. She mentioned there was knowledge transfer available for several positions except for the Engineering Technician and Technical Services Lead. She briefly explained the drivers related to turnover, staffing needs, as well as recommended staffing solutions.

Mr. Stewart inquired as to whether engineering work has been outsourced over the past several years. Mr. Williams stated quite a bit is outsourced, especially in design, construction management, project management, and inspections. Mr. Stewart asked whether RMWD would be well-served both financially as well as in productivity to add headcount to in-house positions or to continue to outsource. Mr. Williams explained this was discussed in detail among the staff and in the short-term outsourcing should continue; however, with rate increases and potential detachment from SDCWA, it may be necessary to recruit for a third project manager should financing permit. He noted in terms of design, it would be more efficient to work with third party design firms. Ms. Harp added it is much easier for RMWD to hire project managers as opposed to qualified engineers from a capacity standpoint. Mr. Flint agreed with Mr. Stewart as he shared his thoughts regarding whether it would be more or less expensive to outsource or perform the work inhouse due to the work related to the long-term replacement and rehabilitation program being similar and repetitive in nature.

Ms. Harp noted the recommendation was to add an analyst position in engineering, allow the overlap until the Engineering Technician decides to retire, and then decide on whether to continue with the extra headcount, reduce it back down or replace it with a different type of position. She shared what the labor distribution how it is anticipated it would look with the addition of an analyst along with the current Engineering Technician.

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Ms. Harp pointed out the addition of an electrical/electrician technician has been deferred until the next fiscal year. She mentioned the recommendation to change the reporting structure in the finance department as well as to covert part-time HR Assistant to a full-time HR Specialist position. She noted these recommendations will result in no additional headcount.

Mr. Nelson commented about the levels of overtime hours and asked whether these were pushing to being equivalent to five full-time employees. Discussion ensued.

Mr. Stewart stated he thinks some of these trends will work themselves out soon. He inquired as to how much of the overtime is related to a continuing increase in the number of main leaks or aging water system and if so, it would give rise to thoughts of more full-time employees. Ms. Harp stated construction is particularly challenging because even with more full-time employees, a decrease in overtime would not be expected due to the nature of emergency repairs.

Mr. Williams shared a presentation FY21/22 CIP Project updates noting the dollar amounts are through April 2022. He provided a brief history of the four projects completed during the fiscal year (Rainbow Heights Pump Station, Water Service Upgrade Project, Heli-Hydrant, and North River Road Land Outfall Rehabilitation Phase 2 & 3).

Mr. Williams reviewed each of the projects currently in progress beginning with the Programmatic Environmental Impact Report.

Member Stewart excused himself from the meeting at 1:58 p.m.

Mr. Williams continued reviewing the remaining current projects providing the status of each (New District Headquarters, San Luis Rey Imported Return Flow Recovery, Isolation Valve Installation Program, Morro Mixing, Water System Monitoring Program, Camino del Rey Waterline Relocation, Live Oak Park Road Bridge Replacement Project, Rainbow Water Quality Improvements, Corrosion Prevention Program, Gomez & Magee Pump Station Upgrades and Sumac Radio Tower, Manual Transfer Switches, Sarah Ann Drive line 400A/Fallbrook Oaks Force Main and Lift Station, Rice Canyon Tank Pipeline, Lift Station 1 Replacement, Pressure Reducing Stations, Tank Maintenance & Fall Protection, Hutton & Turner Pump Station Upgrades, Gird Road Water Main, Wilt Road Feeder (18-Inch Water Line), Morro Pump Station Upgrades, and Weese WTP Permanent Emergency Interconnect and Pump Station.)

Ms. Johnson stated there was a great deal of valuable information and requested all presentations be emailed to the appropriate committees.

Chairperson Nelson called for a break at 2:26 p.m.

The meeting reconvened the 2:30 p.m.

Ms. Largent gave a presentation titled Operating Budget Assumptions as she reviewed the information being shared in each slide including providing clarification upon request. She pointed out these budget projections are based on 13,500 acre feet in water sales.

Ms. Largent noted the assumptions presented include that staffing analysis changes Ms. Harp presented earlier, fuel increases, reestablishment of training and travel, and wastewater cost of service study. She recapped the information presented to the committee previously.

Mr. Nelson stated he has become familiar with the RMWD crew members working out at Tecolote and how he was asked about RMWD budgeting for fuel increases to which he replied in the affirmative. He noted the crew member asked whether it would be higher cost or cut back on the

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quantity to which he replied it was his best understanding RMWD was going to maintain whatever management believed was correct in terms of the amount of fuel needed and raising the budget to reflect the higher cost for fuel. He asked Ms. Largent if his response was correct. Ms. Largent confirmed the response was correct and how staff was always looking at the GIS data to ensure the District was working as efficiently as possible.

Ms. Largent continued with the presentation noting the \$500,000 loss in wastewater will need to be resolved with the cost of service study and rate increases. Mr. Nelson inquired as to whether the study has been included in the budget. Ms. Largent stated it has been included.

Ms. Largent pointed out there was an increase in Board of Directors for travel, garage increasing for fuel expenses, and administration was lower than the previous year due to the changes in professional and legal services. She noted there was additional details for each department should the committee be interested in reviewing such.

Mr. Nelson inquired as to whether the budget is not only including the two additional positions Ms. Harp presented, but also the three positions that were called as recommended. Ms. Harp clarified those positions were not new, but rather changes in classifications for existing staff and that only those that included pay rate changes were included in the budget assumptions.

Ms. Largent reviewed the Water and Wastewater Operating Funds, respectively. She pointed out the Operating Fund balances should have two months of operating expenses not including the cost of water and how the rate stabilization was on schedule to be funded by Fiscal Year 2026. She mentioned the New Water Sources Fund sets aside funds to study and acquire alternate funds and water sources for the purpose of reducing the District's reliance on imported water. She noted the New Water Resources Fund is funded by the water service portion of the standby charge collected through the San Diego County tax revenues so they can be used on projects such as the San Luis Rey Imported Water Return Flow.

Ms. Largent discussed the Capital Budget Assumptions noting the funding will derive from the rate increase revenue, capacity fees, wholesale efficiency loan, and possibly some grant opportunities.

Ms. Largent stated the FY2023 total Capital Budget was \$18 million without the wholesale water efficiency projects which are being budgeted over two years. She mentioned the Five-Year Capital Plan was dependent on rate revenue and how the plan is funded by capacity fees on existing projects in Years 1 and 2 with Years 3-4 based on future projects. Ms. Johnson thanked Ms. Largent for foresight due to the fact there are several things coming up that may need to be addressed.

Mr. Nelson suggested the projected spend column be removed from the report. Ms. Largent agreed it could be hidden since it was used for planning purposes.

Ms. Largent reviewed the Wholesale Water Efficiency Projects presented by Mr. Williams earlier noting there was two years of budget for each. She mentioned future projects under the Wastewater Capital Improvement Plan have been pushed out until funding can be determined.

Ms. Largent concluded with noting staff was asking the Budget and Finance Committee to recommend approval of Resolution 22-14 adopting the Fiscal Year 2022-2023 Budget in its present form, provide feedback, or both.

Motion:

To recommend that the Board approve the budget presented by staff.

Action: Approve, Moved by Member Johnson, Seconded by Member Hensley.

Vote: Motion carried by unanimous roll call vote (summary: Ayes = 3).

Ayes: Member Hensley, Member Johnson, Member Nelson.

Absent: Member Stewart.

Discussion ensued regarding the chart for remaining debt. Ms. Largent offered to change the title of this report to appropriately reflect the information it contained.

Mr. Nelson complimented Ms. Largent, Ms. Harp, and Mr. Williams for the great work in preparing their respective reports and presentations. Mr. Hensley added he was very impressed.

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

Ms. Largent explained this was the agreement with the auditor describing the scope of work they are to perform that needs to be presented to the Board annually.

Mr. Nelson referenced Page 99 of 105 asking for clarification as to the relevance for the letter. Ms. Largent stated the auditors included it; however, she would contact them to find out if it is necessary.

Motion:

To recommend the Board approve the contract with the accounting firm.

Action: Approve, Moved by Member Johnson, Seconded by Member Hensley.

Vote: Motion carried by unanimous roll call vote (summary: Ayes = 3).

Ayes: Member Hensley, Member Johnson, Member Nelson.

Absent: Member Stewart.

***14. 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 what has transpired in relation to this variance request. She pointed out staff was recommending this request be denied in that it sets a precedence for RMWD to do something it does not generally do as well as because it is outside the current staffing levels. She noted staff was seeking a recommendation regarding this matter as well as input as to how these should be addressed in the future.

Ms. Johnson stated she has also done the same as this customer, but did not go backward; therefore, she suggested that when a request is done, it be done for the next billing cycle. She expressed concern with setting a precedence which can become too much of a gray area.

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Mr. Hensley inquired as to whether anyone had concluded the cause of the high usage. Ms. Largent answered not exactly; however, the customer does have a swimming pool that may have played a role.

Motion:

To recommend the Board handle this matter by accepting Staff Recommendation Option 2.

Action: Approve, Moved by Member Hensley, Seconded by Member Johnson.

Vote: Motion carried by unanimous roll call vote (summary: Ayes = 3).

Ayes: Member Hensley, Member Johnson, Member Nelson.

Absent: Member Stewart.

15. REVIEW OF THE MONTHLY BOARD FINANCE PACKET

Ms. Rubio reported RMWD was still tracking around approximately 93% of prior year demands, revenues are trending at the same level, and water sales are trending to end at 14,800 acre feet for the year.

Mr. Nelson asked for confirmation that the year-to-date revenue trends were crossing and heading above the linear. Ms. Rubio confirmed it was slightly moving upward. Mr. Nelson inquired as to why expenses were running higher than the budget. Ms. Rubio explained some of these expenses are due to expending unexpected services and others were expensed at the beginning of the year which will most likely even out toward the end of the year. Discussion ensued.

Ms. Johnson stated it would be interesting to see what occurs due to the impacts of inflation. Discussion followed.

16. LIST OF SUGGESTED AGENDA ITEMS FOR THE NEXT SCHEDULED BUDGET AND FINANCE COMMITTEE MEETING

Mr. Nelson suggested cancelling the July meeting unless staff has something that needs to be addressed.

Ms. Johnson asked if RMWD was in a position to collaborate with other agencies with the events that could be possibly happening nationally such as inflation, possible recession, the war, etc. Ms. Largent noted discussions among agencies do take place at most conferences. Ms. Harp added there are also local organizations that participate in events related to emergency planning.

17. ADJOURNMENT

The meeting was adjourned by Chairperson Nelson.

The meeting adjourned at 3:07 p.m.

Flint Nelson, Committee Chairperson

Dawn M. Washburn, Board Secretary

BOARD OF DIRECTORS

August 30, 2022

SUBJECT

DISCUSSION AND POSSIBLE ACTION TO UPDATE ADMINISTRATIVE CODE SECTION 5.02.010 – CENTRALIZED PURCHASING

BACKGROUND

The update to the RMWD Administrative Procurement Code is necessary due to the acceptance of federal funding.

The Federal Office of Management and Budget (OMB) put out updated guidance for grants and agreements that are required to be implemented and clearly stated in grant recipient's procurement codes. On December 26, 2013, OMB Circular A-133 was superseded by the issuance of 2 CFR part 200, subpart F. These rules required procurement administration be updated for entities that accept more than \$750,000 in federal grants, among other things.

The new procurement rules apply to all procurements made by the grant recipient, not just expenditures related to the federal funds. The goal of this regulation was enhanced result-oriented accountability for grants with a focus on improved stewardship and ensuring that the American people are receiving value for funds spent on grant programs. Essentially, the intent of this new requirement is to ensure efficiency, the allocation of scarce government resources

DESCRIPTION

An update to the policy related to purchasing has been prepared for Board consideration.

Section 5.02.010 has been updated to include purchasing requirements that are required for all purchases, where applicable, due to the District accepting federal funds in excess of \$750,000.

The District accepted federal funds indirectly through the Arrearages Program administered by the State Water Resources Control Board. The District received \$1,002,380.89 through this program. Additional grants are being pursued that would also require the procurement code to follow the federal procurement guidelines.

Attachments:

Attachment A – Administrative Code Section 5.02.010 Centralized Purchasing

POLICY/STRATEGIC PLAN KEY FOCUS AREA

Administrative Code Section 5.02.010 Centralized Purchasing

Strategic Focus Area Four: Fiscal Responsibility

ENVIRONMENTAL

In accordance with CEQA guidelines Section 15378, the action before the Board does not constitute a “project” as defined by CEQA and further environmental review is not required at this time.

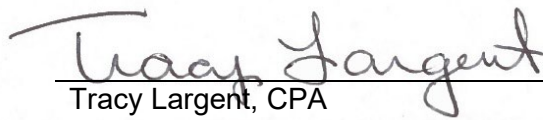
BOARD OPTIONS/FISCAL IMPACTS

- Option 1: Approve attached Administrative Code Changes to Section 5.02.010
- Option 2: Approve attached Administrative Code Changes to Section 5.02.010 with Board recommended revisions.
- Option 3: Provide staff with direction.

The policy will have limited fiscal impact on the district.

STAFF RECOMMENDATION

Staff recommends Option 1.



Tracy Largent, CPA
Finance Manager

August 30, 2022

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**Section 5.02.010
Centralized Purchasing**

Rainbow Municipal Water District has adopted a centralized system under the direction and control of the General Manager.

The purchasing system is administered by the Finance Manager and includes:

1. Purchase of supplies, equipment, and services.
2. Sale and disposal of obsolete and surplus property.
3. Transfer of equipment and supplies between departments.
4. Management of the inventory control system.

Purchasing policies of Rainbow Municipal Water District are established by the Board of Directors.

1. Procurement transactions shall be conducted in a lawful and ethical manner.⁴
2. The purchase of supplies, services, and equipment shall be made at the lowest possible cost commensurate for with the quality needed.
32. All purchases shall be of a quality and quantity to suit the intended purpose.
43. Financial control over District purchases shall be exercised to ensure adherence to the requirement that expenditures do not exceed amounts appropriated.
- 5.4. Authority for the purchasing function shall be clearly defined.
65. Per Resolution No. 02-02, when the price is comparable, Rainbow Municipal Water District will buy material and/or services from business in the greater Fallbrook area (to include Fallbrook, Bonsall and Rainbow).
7. All necessary affirmative steps will be taken to provide opportunities to minority businesses, women's business enterprises, and labor surplus area firms when possible. Such steps include:
 - a. soliciting applicable vendors whenever they are potential sources;
 - b. dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation in the bidding process; and
 - c. using services and assistance, as appropriate, of such organizations as Small Business Administration and the Minority Business Development Agency of the Department of Commerce.

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M:\Administration\Confidential\Administrative Code Current Policies\Title 5\Centralized Purchasing 5.02.010.docx
Approved 8-3-05 by Ordinance No. 05-07\Amended and Updated 1-04-06 by Ordinance No. 06-01\Amended and Updated 2-26-13 by Ordinance No. 13-02\Amended and Updated 3-24-20 by Ordinance No. 20-05\ DRAFT

~~8. The use of a vendor or supplier on the U.S. Federal Government's Debarred and Suspended List (available at SAM.gov) is prohibited.~~

~~89. All procurements shall be conducted in a manner that provides, to the maximum extent practical, full and open competition.~~

~~9. Records shall be kept detailing the history of each formal bid procurement transaction (see Formal Bids Section 5.02.140). These records must include, but are not limited to: a description and supporting documentation for procurement method; written price or rate quotations if applicable; copies of advertisements, requests for proposals, bid sheets or bid proposal packets; reasons for vendor selection or rejection; and basis for the contract price, if applicable.~~

~~10. The most efficient and effective approach to purchases must be used, including consideration of lease versus purchase analysis, bulk purchase, agreements for use of common or shared goods and services, federal excess, and surplus property.~~

~~11. The District does not allow purchasing goods from governing body members, employees or other suppliers that would create a conflict of interest. Potential conflicts of interest must be disclosed. A review of conflicts or potential conflicts will be done with all procurements.~~

~~120. All procurement contracts shall contain the applicable contract provisions contained in Appendix II to 2 Code of Federal Regulations 200. All federal funding source compliance provisions shall include the following:~~

~~a. Contracts for more than the simplified acquisition threshold, - \$250,000 for 2022, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.~~

~~b. All contracts in excess of \$10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be affected and the basis for settlement.~~

~~c. All contracts that meet the definition of "federally assisted construction contract" must include a provision requiring compliance with Equal Employment Opportunity.~~

~~d. Davis-Bacon Act, when required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act. In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages. In~~

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~~Approved 8-3-05 by Ordinance No. 05-07\Amended and Updated 1-04-06 by Ordinance No. 06-01\Amended and Updated 2-26-13 by Ordinance No. 13-02\Amended and Updated 3-24-20 by Ordinance No. 20-05\~~DRAFT

addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation.

- e. Construction contracts in excess of \$2,000 awarded by non-Federal entities must also include a provision for compliance with the Copeland “Anti-Kickback” Act. The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.
- f. The Clean Air Act and the Federal Water Pollution Control Act - Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act. Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).
- g. Debarment and Suspension - A contract award must not be made to parties listed on the governmentwide exclusions in the System for Award Management (SAM), “Debarment and Suspension.” SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority.
- h. Byrd Anti-Lobbying Amendment - Contractors that apply or bid for an award exceeding \$100,000 must certify that they will not and have not used federal funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress in connection with obtaining any Federal contract, grant or any other award.

11. Records shall be kept detailing the history of each procurement transaction. These records must include, but are not limited to: a description and supporting documentation for procurement method; written price or rate quotations if applicable; copies of advertisements, requests for proposals, bid sheets or bid proposal packets; reasons for vendor selection or rejection; and basis for the contract price, if applicable.

The Purpose of this policy is to state in some detail the rules, regulations, and procedures necessary to adhere to the policies.

Section 5.02.010
Centralized Purchasing

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2. Sale and disposal of obsolete and surplus property.
3. Transfer of equipment and supplies between departments.
4. Management of the inventory control system.

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1. Procurement transactions shall be conducted in a lawful and ethical manner.
2. The purchase of supplies, services, and equipment shall be made at the lowest possible cost commensurate for the quality needed.
3. All purchases shall be of a quality and quantity to suit the intended purpose.
4. Financial control over District purchases shall be exercised to ensure adherence to the requirement that expenditures do not exceed amounts appropriated.
5. Authority for the purchasing function shall be clearly defined.
6. Per Resolution No. 02-02, when the price is comparable, Rainbow Municipal Water District will buy material and/or services from business in the greater Fallbrook area (to include Fallbrook, Bonsall and Rainbow).
7. All necessary affirmative steps will be taken to provide opportunities to minority businesses, women's business enterprises, and labor surplus area firms when possible. Such steps include:
 - a. soliciting applicable vendors whenever they are potential sources;
 - b. dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation in the bidding process; and
 - c. using services and assistance, as appropriate, of such organizations as Small Business Administration and the Minority Business Development Agency of the Department of Commerce.

8. All procurements shall be conducted in a manner that provides, to the maximum extent practical, full and open competition.
9. Records shall be kept detailing the history of each formal bid procurement transaction (see Formal Bids Section 5.02.140). These records must include but are not limited to: a description and supporting documentation for procurement method; written price or rate quotations if applicable; copies of advertisements, requests for proposals, bid sheets or bid proposal packets; reasons for vendor selection or rejection; and basis for the contract price, if applicable.
10. The most efficient and effective approach to purchases must be used, including consideration of lease versus purchase analysis, bulk purchase, agreements for use of common or shared goods and services, federal excess, and surplus property.
11. The District does not allow purchasing goods from governing body members, employees or other suppliers that would create a conflict of interest. Potential conflicts of interest must be disclosed. A review of conflicts or potential conflicts will be done with all procurements.
12. All **federal funding** source compliance provisions shall include the following:
 - a. Contracts for more than the simplified acquisition threshold, \$250,000 for 2022, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.
 - b. All contracts in excess of \$10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be affected and the basis for settlement.
 - c. All contracts that meet the definition of “federally assisted construction contract” must include a provision requiring compliance with Equal Employment Opportunity.
 - d. Davis-Bacon Act, when required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act. In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation.
 - e. Construction contracts in excess of \$2,000 awarded by non-Federal entities must also include a provision for compliance with the Copeland “Anti-Kickback” Act. The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in

the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.

- f. The Clean Air Act and the Federal Water Pollution Control Act - Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act. Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).
- g. Debarment and Suspension - A contract award must not be made to parties listed on the governmentwide exclusions in the System for Award Management (SAM), "Debarment and Suspension." SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority.
- h. Byrd Anti-Lobbying Amendment - Contractors that apply or bid for an award exceeding \$100,000 must certify that they will not and have not used federal funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress in connection with obtaining any Federal contract, grant or any other award.

The Purpose of this policy is to state in some detail the rules, regulations, and procedures necessary to adhere to the policies.

BOARD OF DIRECTORS

August 30, 2022

SUBJECT

DISCUSSION AND POSSIBLE ACTION TO APPROVE A VARIANCE REQUEST REQUESTING AN ADJUSTMENT IN WATER USAGE (Division 1)

BACKGROUND

During the meter upgrade project, the District discovered a handful of meters that were not picking up a read. The incorrect zero reads were not discovered until the meters were each exchanged.

Customer Joseph Saline was one of the customer's whose meter was registering a zero read. Mr. Saline's January bill reflected a total of 6,383 units; this usage was from March 2019-January 2022. During that period, the customer was not receiving a monthly water usage charge because the meter did not transmit a usage reading each month.

The District sent Mr. Saline a letter along with his January bill explaining the situation and charges. Upon receiving the letter, the customer contacted the district to discuss. Staff issued two credits to the account for a total of \$6,014. Mr. Saline is now requesting that he be billed for the monthly average number of units he calculated, rather than go off of the meter reading, while also only paying at the discounted wholesale rate. Rather than be billed a total of 6,383 units, he would like to be charged 4,658 units at the wholesale rate.

DESCRIPTION

The meter at this property was not communicating a new read to the district's hand-held devices each month, so it was resulting in the same read for almost three years. District staff sent out a letter to Mr. Saline on January 24th, 2022 stating what had occurred and explaining why his bill was much higher for the month of January. It also stated that per our Administrative Code, we are not able to write off the usage because it truly was used therefore, the customer is liable to pay it. Administrative Code 8.15.020.03 states it is the Customer's responsibility to report immediately whenever a meter fails to register. We also offered Mr. Saline different options of payment plans to assist him in paying the large fee over several months. District staff issued a credit on his account in the amount of \$4,759 so that the customer was billed at the wholesale rate. Staff also issued a credit adjustment on his account waiving a late fee of \$1,255, resulting in the customer receiving a total of \$6,014 in credits on his account.

The customer requested that we test the meter to verify its accuracy. After district staff tested the meter, we were able to confirm that the meter reading was correct. The customer calculated his account's five-year historical monthly average to be about 137 units per month. He is now requesting that he be billed at that average for the period of March 2019-January 2022. The total units he would like to be billed at is 4,658 units rather than 6,383 units.

The District now has a situation where the foregoing circumstances have resulted in the Customer receiving water in significant quantities without being billed for it in a timely fashion. Since the meter did register the use of the water, staff is not authorized to simply write it off. Under our Administrative Code and State Law, if the Customer used the water, they are liable for the payment for that water. The District needs to remedy this situation as in essence the Customer has received a significant benefit at the expense of other ratepayers. We are duty bound to protect the rights of all ratepayers, and as such, the District must take steps to resolve the matter.

Being duty-bound to all ratepayers also includes assessing when it is in the best interest to work towards a resolution with a customer. Delivering a bill for \$20,000 to a residential customer can be devastating. In a similar situation where the missed read was for more than one year, the District credited the customer for 50% of the total usage. Staff recommends doing the same in this situation, bringing the total credit amount from \$6,014 to \$12,374. This is slightly more than what the customer is asking for but aligns with past practice.

ATTACHMENTS

- Attachment A- Administrative Code Variance Application
- Attachment B- Customer Correspondence Letter
- Attachment C- Account Adjustment Form

POLICY/STRATEGIC PLAN KEY FOCUS AREA

Strategic Focus Area Five: Customer Service. This type of agreement allows the Board to fit the requests of an individual customer based on their specific use patterns which fall outside the expectations covered by the existing policy.

ENVIRONMENTAL

In accordance with CEQA guidelines Section 15378, the action before the Board does not constitute a "project" as defined by CEQA and further environmental review is not required at this time.


BOARD OPTIONS/FISCAL IMPACTS

If the Board approves the variance, the fiscal impact will be a \$6,360 reduction in revenue.

- 1) Approve an additional variance credit of \$6,360, bringing the total amount credited to \$12,372, 50% of the amount underbilled for the three-year period.
- 2) Deny the variance request.
- 3) Provide other direction to staff.

STAFF RECOMMENDATION

Staff recommends Option 1.


Tracy Largent, CPA
Finance Manager

August 30, 2022

July 15, 2022

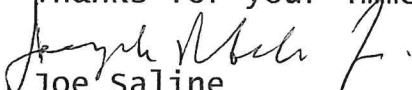
RMWD Board of Directors
Honorable Directors,

My billing issue concerns a January, 2022, \$24,893.70 water consumption charge based on a reading from a defective Rainbow meter which was replaced in December, 2021 after 3 years of malfunctioning. The charge was for 6383 water units over a 34 month period. I met with Renee Rubio of your staff who was able to make some rate adjustments but said the monthly average consumption of 187 units can't be adjusted and only the Board of Directors could make an exception to that 'policy'. I provided Renee with the last 5+ years of historical data which averaged 137 units per month but she said she had to go by the defective meter readings. In fact, the first 6 months of the 'new' meter averaged only 85 units. I have not changed watering practices for my avocado and citrus grove since I retired and moved to Bonsall in 2007.

I recognize that I owe for water used but I'm asking for help from the Board to accept the 137 unit baseline average (total 4658 units vs 6383) along with Ms Rubio's wholesale rate adjustments.

I have not engaged my lawyer for the RMWD issue but only received his preliminary thoughts based on my description. He believes RMWD may be complicit for allowing the bad meter issue, which they knew or should have known, to continue for almost three years without taking periodic manual readings. He also suggested that the proposed penalty interest may be in violation of the 'usury' provision of Article 15 of the California Constitution.

Thanks for your immediate assistance,



Joe Saline
5838 Redondo Dr
Bonsall, 92003
760 643-1796

[joesaline@sbcg\]qba\].net](mailto:joesaline@sbcg]qba].net)

P.S.

I am pleased with the RMWD water quality and service. Ms Rubio has been courteous and helpful. I also appreciate the RMWD periodic news and infrastructure reports. However, as an agriculture customer I am very unhappy with water costs which have caused me to cut back on the number of trees and irrigation in general. Several of my neighbors have stumped all of their trees because of water costs. I support the Board's efforts to separate from SDMWD to lower costs and I would support an effort (similar to Oceanside) to provide recycled water to ag users to keep them in business.



ADMINISTRATIVE CODE VARIANCE APPLICATION

PROPERTY OWNER OR PRIMARY ACCOUNT HOLDER INFORMATION		
Owner Name: <i>JOSEPH P. SALINE JR.</i>	Telephone No.: <i>760 643 1796</i>	
Address: <i>5838 REDONDO DR. BONSALE CA 92003</i>		
Email Address: <i>JOESALINE@SBCGLOBAL.NET</i>	Account No.: <i>011556-000</i>	
LOCATION OF PROPOSED ADMINISTRATIVE CODE VARIANCE		
Address: <i>5838 REDONDO DR.</i>	APN: <i>127-010-08-00</i>	Acres: <i>2.5</i>
SUPPORTING INFORMATION		
Specific section(s) of the Admin. Code for which this variance is being requested (<i>attach additional pages if needed</i>): <i>UNKNOWN</i>		
Reason why the variance should be approved including how the intent of the Admin. Code will be met (<i>attach additional pages if necessary</i>): <i>SEE ATTACHED</i>		

Rainbow Municipal Water District (District) Provisions:

The purpose of a variance is to provide flexibility in application of regulations necessary to achieve the purposes of the Administrative Code. A variance is intended to resolve practical difficulties or unnecessary physical hardships that may result from strict adherence to the policies contained in the Administrative Code. The cost to the applicant of strict adherence with any provision of the Administrative Code shall not be the sole reason for granting a variance. This application is subject to the approval of the District Board of Directors.

I hereby certify that all information provided in this application is true.

Joseph P. Saline Jr.

 Owner Signature

7-15-22

 Date

3707 Old Highway 395 • Fallbrook, CA 92028
 Phone: (760) 728-1178 • Fax: (760) 728-2575 •



January 24, 2022

Joseph Saline
5838 Redondo Drive
Bonsall, CA 92003-4014

Subject: Consumption charges on January 2022 Bill for 011556-000

Dear Mr. Saline:

On behalf of the Rainbow Municipal Water District, I am writing you regarding a technical communications issue of the reading system at your water meter that resulted in an unfortunately large increase to your consumption charges in this current bill.

Prior consumption for account number 011544-00 has averaged around 100-250 units (748 gallons per unit) of water per month. This changed in March of 2019 when this account started being billed for zero consumption.

Your meter has a physical register that records consumption as well as a radio system that electronically conveys the reads to our meter technicians. In March of 2019 the transponder stopped receiving a new read from the meter. This resulted in the same read being sent each month to the device used by the meter technicians. When the same read is recorded each month then the account is billed for 0 usage.

This was an unfortunate occurrence, and something that has resulted in process refinements in our meter reading procedures. In January 2022, a technician on site discovered the issue. Our technician read the meter and found that it had been recording water usage the entire time. Since March 2019 this meter has registered 6,383 units of water which were used but not billed. The software automatically billed the consumption at the current rate which totaled to \$24,893.70. However, given that most of this consumption should have been billed at last year's water rates, our Billing Department adjusted the consumption charges to bill at the lower rate prior to our rate increases. Therefore, your consumption charges totaled to \$20,134.20.

During this time, your bills have only included our fixed monthly service fees with no charges for consumption. Clearly water was being used during this time. We now have a situation where the foregoing circumstances have resulted in you receiving water in significant quantities without being billed for it. We need to remedy this situation as in essence you have received a significant benefit at the expense of other ratepayers. We are duty bound to protect the rights of all ratepayers, and since our Administrative Code requires you to notify us when your water consumption did not appear on your bill, we need to take steps to resolve the matter.

Since our meter did register the use of the water, we cannot simply write it off. Under our Administrative Code and State Law, if you used the water you are liable for the payment for that water.

We understand that this is a significant charge, we can offer a payment plan up to 12 months to assist you in paying off the balance. We sincerely regret this issue was not caught sooner.

If you have any questions related to this situation, please feel free to call the District at your convenience.

Sincerely,

Rainbow Municipal Water District

