

**MINUTES OF THE ENGINEERING AND OPERATIONS COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
OCTOBER 7, 2020**

1. **CALL TO ORDER** – The Engineering and Operations Committee Meeting of the Rainbow Municipal Water District on October 7, 2020 was called to order by Chairperson Nelson at 3:00 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. Chairperson Nelson, presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

Present: Member Marnett, Member Nelson, Member Ratican, Alternate Largent (*via conference video*).

Also Present: General Manager Kennedy, Executive Assistant Washburn, Information and Technology Specialist Espino.

Absent: Member Brazier, District Services Representative Holtz, Project Manager Tamimi.

Present via Teleconference or Video:

Operations Manager Gutierrez, Acting District Engineer Williams, Associate Engineer Powers, Engineering Technician Rubio, Information and Technology Manager Khattab, Construction and Maintenance Supervisor Lagunas.

Three members of the public were present 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**

Ms. Largent was seated as an alternate.

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

There were no changes to the agenda.

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

There were no comments.

8. GENERAL MANAGER COMMENTS

There were no comments.

9. DISTRICT ENGINEER COMMENTS

There were no comments.

10. OPERATIONS MANAGER COMMENTS

There were no comments.

11. COMMITTEE MEMBER COMMENTS

Mr. Marnett asked whether the water charges on his tax bill would no longer appear should RMWD detach from SDCWA. Mr. Kennedy explained some of these should drop off; however, these were still under discussion as part of the detachment process.

Mr. Nelson mentioned two topics with which he has concern. He said the first item was his having a hard time understanding what is transpiring with the CIP and not having received a completed document showing how the pieces the committee does receive fall into the overall program. He noted being of assistance to the District was challenging where the CIP is involved. He suggested having a graphic presentation of the CIP showing when projects will start so the committee members may be effective for the District. Mr. Williams stated staff was in the process of putting something together they will be ready to share at the November Engineering and Operations committee meeting.

Mr. Nelson stated his other concern was related to the funding for the water and wastewater CIP in addition to the costs associated with the Water Service Upgrade Project (WSUP) program. Mr. Kennedy explained staff has held discussions regarding this same concern and were in the process of aligning the budgets and projects. Mr. Flint clarified his point was more about having enough manpower to support the projects the committee approves but also whether adding manpower would be a great idea. He said he is having a hard time understanding pushing \$6 million in CIP projects and the WSUP program with the current level of manpower; therefore, he suggested the District commit to meeting these goals and adding to the staff levels if necessary. Mr. Ratican suggested this be on the next committee agenda for further discussion.

Discussion ensued.

12. BOARD ACTION UPDATES

Mr. Kennedy reported the Board approved the Water Service Upgrade Project Change Order noting some of the details included in that change order. He noted the Board also approved the Morro Reservoir Mixing Option which will be up and running by the end of winter.

***13. APPROVAL OF MINUTES**

A. September 2, 2020

Motion:

To approve the minutes.

Action: Approve, Moved by Member Ratican, Seconded by Member Marnett.

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

Ayes: Member Marnett, Member Nelson, Member Ratican, Alternate Largent.

Absent: Member Brazier.

Mr. Nelson asked for approval of minutes ahead of the staff and committee member comment items.

14. NORTH RIVER ROAD SEWER ENHANCEMENTS

Mr. Gutierrez stated over the last several weeks SCW finished the remaining point repairs on North River Road as well as all the pavement. He said the project has now moved into Phase II. He said once the video inspection is complete, the lining process will begin. He noted Phase II is expected to be completed by the end of November and Phase III should start in January.

Mr. Ratican asked if the lining of the manholes was part of a separate contract. Mr. Gutierrez said it would go out as a separate contract as part of Phase III.

Discussion ensued.

Mr. Gutierrez recalled the committee wanted to see the specifications and how those will be sent out over the upcoming week.

15. WATER SERVICE UPGRADE PROJECT (WSUP) UPDATE

Mr. Kennedy recapped the action taken by the Board at their September meeting.

Mr. Gutierrez reported the project was nearly 25% complete. He noted 100 boxes have been backfilled. He mentioned there was a little increase in high usage complaints for which staff goes to meet with the customers to explain the recent meter exchanges and possibly hot weather may be impacting their usage.

Mr. Ratican said he would like to see a schedule when steps in this project will be caught up. He specifically noted in his neighborhood there are twenty holes that have not been filled in and how on his lot the hole was so deep flagging was put into place but because it has been there so long it has since disappeared. He suggested it was getting to the point where the District is not looking very good due to these types of issues.

Mr. Nelson added Mr. Ratican was pointing this out as an indication that the District has areas that have not been backfilled for three months and recommended the District follow through completion of the meters first replaced as opposed to moving forward on the most convenient.

Mr. Williams explained the Change Order recently approved by the Board was part of the process of getting the oldest replaced meters backfilled first.

Mr. Ratican pointed out it was in conversations with his neighbors who have expressed their displeasure of having holes around their meters which was a poor reflection on the District. Mr. Kennedy assured staff will get the contractor to reprioritize this portion of the project.

Mr. Kennedy mentioned the postcards that will be sent out to the customers regarding the meter exchanges as well as introduce the Flume device to those customers who have not already installed them to their meters.

16. OLIVE HILL CONSTRUCTION PROJECT UPDATES

Mr. Williams reported the Olive Hill project is complete and how the Notice of Completion will be presented to the Board at their December meeting for consideration. He noted the day the valves were turned on the RMWD system operators recorded an immediate 500gpm increase going into the Morro Zone which is a huge benefit to the District.

***17. PROFESSIONAL SERVICES AGREEMENT WITH PALOMAR BACKFLOW TESTING THROUGHOUT THE DISTRICT**

Mr. Kennedy provided some background on the backflow testing situation in terms of how it has fallen behind for various reasons. He said considering this situation and to avoid falling behind for a second year, staff was proposing entering a contract with Palomar Backflow Testing to ensure by December 31, 2020 all backflow devices have been tested.

Mr. Gutierrez stated this appears to be a one-time scenario and professional services should not be necessary once the WSUP project is completed.

Mr. Marnett stated in 2018 there were approximately 1,000 backflow devices that were not tested; however, all the 4,400 customers billed for this testing. He said the customers should be credited for the incomplete work for which they were charged. He recommended staff find a means of working out crediting these accounts and getting it done. Mr. Kennedy said he would look into this matter further with the assistance of Legal Counsel and the Board.

Mr. Nelson asked for clarification that this contract will cover approximately 1,800 backflow tests at \$75.00 per test and utilizing Palomar Backflow Testing would assist in catching up on all the testing as well as possibly getting a head start on the 2021 tests. Mr. Kennedy confirmed this was true. Discussion ensued regarding the term of the contract meeting the District's needs.

Motion:

To approve Option 1 – To recommend the Board approve the PSA with Palomar Backflow in the amount not to exceed \$140,000 for backflow testing services.

Action: Approve, Moved by Member Ratican, Seconded by Member Marnett.

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

Yes: Alternate Largent, Member Marnett, Member Nelson, Member Ratican.

18. CFD FOR PARDEE

Mr. Kennedy explained the funding from the developers was important and upon entering an agreement with Pardee earlier this year for the annexation of 800+ home development into RMWD, it included an agreement RMWD would form a Community Facilities District (CFD) for them to pay their capacity fees through the bond proceeds of the CFD. He pointed out RMWD did not anticipate receiving this revenue in FY20 but is forecasted for FY21. He stated approximately 3-4 weeks ago, Pardee's Bond Council sent RMWD an agreement to form the CFD and acquisition of facilities agreement. He said within this agreement, Pardee indicated they were not going to issue the full amount, but rather RMWD would receive half the agreed upon sewer capacity fees as part of this bond issuance. He noted although he was confident Pardee will do as much bonded indebtedness as physically possible through their ability to sell the homes, RMWD's current annexation

agreement did not contemplate two tranches of the bonds and how the mechanisms within that for RMWD to compel Pardee to issue the debt, was not very strong in terms of recovering the remaining money if somehow happens and the second round of debt is not issued outside of a Breach of Contract which was much more difficult to enforce. He noted as of yesterday afternoon, an agreement was reached between the two parties in which Pardee agrees to do the second round of financing when they reach a stipulated construction milestone. He pointed out should the stipulated milestone not be reach, Pardee will pay RMWD 100% of its money on March 1, 2024 drop dead deadline. He mentioned an amendment to the Annexation Agreement, Acquisition Agreement as well as the resolution required to form the CFD will go to the Board on October 27, 2020 for consideration.

Mr. Ratican asked if the number of pads was their lender's requirement as opposed to a legal acquirement. Mr. Kennedy explained it was a requirement to issue the debt through a CFD, there must be a 4-1 ratio value in the land.

Mr. Nelson inquired as to whether there was a capital project in the budget for the work RMWD was going to do using these collected funds. Mr. Kennedy explained these funds are inarticulately included in the budget; however, staff now has the accurate information which will be provided to this committee in November.

Mr. Ratican asked if this CFD was strictly to reimburse RMWD for facilities it was building for their project. Mr. Kennedy clarified it was Pardee's wastewater capacity fees to pay for the infrastructure needed for them to access the District's trunk system. Mr. Ratican inquired as to whether RMWD would be obligated in this agreement to build these offsite facilities. Mr. Kennedy clarified RMWD was not obligated in the agreement to build them; however, the facilities do need to be built for Horse Ranch Creek.

19. SANEXEN – AQUA PIPE LINING PROJECT

Mr. Williams provided information related to this project. He said utilizing the current pipe on a pressurized potable water main was not a common practice on the west coast. He stated in light of this information, staff has been in discussions with two separate companies who claim they are able to perform the necessary work on a steel-coated pipe; therefore, staff was working with both companies in preparation for a pilot project to be conducted at the District headquarters. He mentioned discussions were held with the both companies regarding some of staff's concerns and how assurance was given the work could be done by both.

Mr. Williams noted this was going to the Board in October for consideration.

Discussion ensued.

20. AS-NEEDED SERVICES EXPENDITURES SUMMARY

Mr. Nelson inquired as to the cancelled Dudek contract being listed on the summary. Mr. Kennedy confirmed this item should be zero.

Mr. Williams pointed out the two new columns added at the recommendation of the committee. He explained the Harris & Associates inspection services was per an assignment letter to cover any lapse in the District Inspector's availability.

Mr. Kennedy mentioned staff was continuing to broaden the net to capture additional as-needed engineering services after which proposals will be brought to this committee for review and discussion.

Discussion ensued.

21. LIST OF SUGGESTED AGENDA ITEMS FOR THE NEXT SCHEDULED ENGINEERING AND OPERATIONS COMMITTEE MEETING

It was noted the North River Road sewer enhancements, an update on WSUP, an as-needed Request for Proposal, possible refunds of backflow testing charges, and a CIP plan should be on the next committee agenda.

22. ADJOURNMENT

The meeting was adjourned by Chairperson Nelson.

The meeting adjourned at 4:44 p.m.

Flint Nelson, Committee Chairperson

Dawn M. Washburn, Board Secretary