

**MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
RAINBOW MUNICIPAL WATER DISTRICT
MAY 23, 2023**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on May 23, 2023, was called to order by Vice President Gasca at 12:01 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. Vice President Gasca presiding.

2. **ROLL CALL**

Present: Director Gasca, Director Hamilton (*via video conference*), Director Mack, Director Townsend-Smith.

Also Present: General Manager Kennedy, Legal Counsel Smith, Executive Assistant Washburn, Finance Manager Largent, Human Resources Manager Harp.

No members of the public were present in person, via teleconference or video conference before Closed Session.

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

Mr. Kennedy noted Vice President Gasca requested Item #17 be moved ahead of Item #16.

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

There were no members of the public in attendance; therefore, the instructions were not read aloud.

5. **ORAL/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 12:03 p.m.

6. **CLOSED SESSION**

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

* Three Items

B. Appointment of Public Employee – General Manager (Government Code §54957)

The meeting reconvened at 1:00 p.m.

(*) - Asterisk indicates a report is attached.

7. REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

Legal Counsel reported the Board met in Closed Session to discuss four items. He reported the Board authorized staff to enter into settlement negotiations with the Terrace at San Luis Rey HOA regarding a billing dispute as well as with USAA Insurance regarding a subrogation claim at 31951 Wrightwood Road.

Time Certain: 1:00 p.m.

8. REPEAT CALL TO ORDER - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on May 23, 2023 was called to order by Vice President Gasca at 1:01 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. Vice President Gasca presiding.

9. PLEDGE OF ALLEGIANCE

10. REPEAT ROLL CALL

Present: Director Gasca, Director Hamilton (*via video conference*), Director Mack, Director Townsend-Smith.

Also Present: General Manager Kennedy, Legal Counsel Smith, Executive Assistant Washburn, Operations Manager Gutierrez, Engineering and CIP Program Manager Williams, Information Technology Manager Khattab, Finance Manager Largent, Utility Worker Lopez, Senior Fleet Mechanic Del Rio.

Also Present Via Teleconference or Video Conference:

Project Manager Parra, Billing Specialist Kilmer, Wastewater Superintendent Zuniga, Grant Specialist Kim, Administrative Analyst Barrow, Construction and Meters Supervisor Lagunas, Administrative Analyst Rubio.

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

11. REPEAT REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

This item was addressed under Item #7.

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

Mr. Kennedy noted Item #17 would be moved ahead of Item #16 as noted in Item #3.

(*) - Asterisk indicates a report is attached.

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

Vice President Gasca read aloud the instructions for those attending the meeting via teleconference or video conference.

14. 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.

15. EMPLOYEE RECOGNITIONS

A. Ruben Lopez – 15 Years

Mr. Kennedy stated Ruben Lopez has been with RMWD for fifteen years as part of the wastewater team and was now one of the District's lead wastewater operators. He thanked Mr. Lopez for his service and presented him with a plaque and check in recognition of his tenure.

B. Rene Del Rio – 20 Years

Mr. Kennedy stated Rene Del Rio has been with RMWD for twenty years as a fleet mechanic and was now the District's senior fleet mechanic. Mr. Kennedy thanked Mr. Del Rio for his service and presented him with a plaque and check in recognition of his tenure.

SPECIAL PRESENTATION

16. SDCWA RATE PRESENTATION (TISH BERGE)

Tish Berge, Assistant General Manager of San Diego County Water Authority (SDCWA), provided a brief summary of her background and experience, and gave a brief presentation about challenges at SDCWA.

The Board thanked Ms. Berge for the presentation.

***17. APPROVAL OF MINUTES**

A. April 25, 2023 - Regular Board Meeting

Motion:

To approve the minutes.

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

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

Ayes: Director Gasca, Director Hamilton, Director Mack, Director Townsend-Smith.

(*) - Asterisk indicates a report is attached.

***18. BOARD OF DIRECTORS' COMMENTS/REPORTS**

Directors' comments are comments by Directors concerning District business, which may be of interest to the Board. This is placed on the agenda to enable individual Board members to convey information to the Board and to the public. There is to be no discussion or action taken by the Board of Directors unless the item is noticed as part of the meeting agenda.

A. President's Report (Director Hamilton)

There was no report given.

B. Representative Report (Appointed Representative)

1. SDCWA

A. Summary of Board Meeting April 27, 2023

Mr. Kennedy reported the budget and rates discussions are ongoing. He talked about the reduction to the proposed rate increases. He pointed out SDCWA was faced with a difficult challenge with their budgeted regional water demands. He stated if next year is a wet year, SDCWA's rate increases will be much more, so hopefully the process described by Ms. Berge in terms of the restructuring of their finances.

2. CSDA

Mr. Kennedy reported the May 18th CSDA Quarterly Dinner meeting was well-attended with great presentations.

Vice President Gasca mentioned CSDA is a statewide agency of special districts and how there is a local chapter in San Diego of which RMWD is a member.

3. LAFCO

Mr. Kennedy reported LAFCO will meet on June 5, 2023 at which time they will discuss the reorganization proposals from both RMWD and FPUD related to detachment. He confirmed the meeting will start at 8:00 a.m. with the detachment scheduled for a time certain of 8:30 a.m.

4. Santa Margarita River Watershed Watermaster Steering Committee

There was no report.

5. ACWA

Director Mack reported on the recent 2023 ACWA Spring Conference noting the first day was very interesting with agencies being informed about property liability fees increasing due to recent fires as well as cyber security concerns being addressed. He also reported on another session where the Mayor and Assistant City Manager for Paradise mentioned it was due to them that fire insurance was increasing. He urged RMWD to consider creating good relations with neighboring agencies for mutual aid during emergency situations.

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

1. Board Seminar/Conference/Workshop Training Attendance Reports

Director Townsend-Smith reported it was her first time attending the ACWA Spring Conference.

(*) - Asterisk indicates a report is attached.

Mr. Kennedy mentioned he had an opportunity to speak with the Chair of the State Water Resources Control Board as well as the Chair of the Imperial Irrigation Board.

D. Directors Comments

There were no comments.

E. Legal Counsel Comments

1. Attorney Report: Brown Act, CEQA, and Water Quality Update 501668-0002

Legal Counsel summarized the information provided in the written report noting the Brown Act CEQA portion was informational. Discussion ensued regarding the water quality update.

19. COMMITTEE REPORTS

A. Budget and Finance Committee

Mr. Nelson addressed the audience regarding the benefits of volunteering to serve on RMWD's standing committees including these committees provide a window as to how the District operates, why the rates are what they are, as well as an opportunity to serve the community. He mentioned at times the staff has always been very open to input from the committees that serve the District. He mentioned these committees are made up of RMWD ratepayers; however, the biggest failing is there are not enough ratepayers serving on the committees. He encouraged those present to please give some thought to serving so that they would be able to learn more that would assist them in answering any questions they may receive from other ratepayers.

Vice President Gasca pointed out RMWD's three standing committees are chaired by ratepayers and how nothing comes to the Board without first being vetted on by the respective committees. He echoed Mr. Nelson's encouragement for members of the public to serve.

Mr. Nelson reported the Budget and Finance Committee met on Monday, May 16, 2023 during which time the primary work was on the budget presentation which will be shared later during this meeting. He mentioned RMWD has had a great deal of inflation over the last couple of years and when looking at the total cost of \$13M-\$14M to run the District, it will be found the costs that can be controlled are well below the local annual inflation rate not only for the year that is currently ending but also for the upcoming year. He noted although other companies are able to increase their margins as a means of "feathering their nests", RMWD has done the opposite to keep costs down which is a reflection of people working together and practicing good management principles by treating the ratepayer's money as if it was its own. He impressed upon the Board and ratepayers present that RMWD does an extremely good job at managing its costs and keeping these down as opposed to ballooning the District's budget.

B. Engineering and Operations Committee

Mr. Nelson reported the committee met on May 3, 2023 during which time the members recommended the Board approve Items #27, #28, and #29.

C. Communications and Customer Service Committee

Ms. Harp reported on the May 4th committee meeting noting updates were provided on the upcoming LAFCO public hearing, Avocado Festival, customer survey results, and the high school field trip to RMWD's headquarters. She mentioned the committee also discussed planning the newsletter, reappointing Mr. Bill Shute as the committee Chairperson, and recommending the Board appoint her as an alternate member.

BOARD ACTION ITEMS

***20. DISCUSSION AND POSSIBLE SELECTION OF DIVISION ONE DIRECTOR AND APPROVAL OF RESOLUTION NO. 23-09, A RESOLUTION APPOINTING _____ AS DIRECTOR OF DIVISION ONE OF THE RAINBOW MUNICIPAL WATER DISTRICT**

Vice President Gasca thanked everyone for their interest in possibly serving on the RMWD Board of Directors. He noted there is a 60-day rule for which one appointment must be made and that due to RMWD receiving short notice, the appointment process has been accelerated. He encouraged anyone who may not be selected to stay and observe the remainder of the meeting.

Vice President Gasca stated each candidate has been provided with a list of questions to which they can respond during their Board interview. He said although this was an open meeting, the Board would like to request that each candidate be provided with an opportunity to be interviewed by the Board separately with the remaining candidates stepping out of the Board Room. He pointed out Legal Counsel will draw names from a box so that the order of candidate interviews will be randomly selected.

Mr. Kennedy pointed out RMWD must conduct these interviews in Open Session with no discussions taking place behind closed doors. He agreed this will be awkward; however, upon completion of the interviews, the Board members will start making motions as to whom they would like to appoint until an appointment is made.

Legal Counsel pulled the name Michael Ayers as the first interviewee. Mr. Ayers remained in the audience. The remaining candidates excused themselves from the meeting at 1:51 p.m.

Michael Ayers introduced himself to the Board noting his background includes a great deal of touchpoints that have nothing to do with water directly; however, he has a bachelor's degree in aerospace engineering as well as a master's degree in public administration. He stated although RMWD was not designing rocket ships, it was doing a great deal of technical stuff that his exposure to engineering would allow him to stay in the room when reviewing technical details. He mentioned his education in public administration provides him with the ability to deal with government, local agency organizations, as well as non-profits. He stated is an attorney who has been practicing for twenty-five years and how his private practice is on technology issues such as consumer electronics and digital media which involves working with standards groups.

Mr. Ayers said although his background and experience is not a direct match, but he is familiar with working with the mechanics involved with a board of directors whether it be formal or group of companies each sending a representative to a licensing meeting.

Mr. Ayers stated part of the reason he was interested was that it was opportunistic. He mentioned although he was interested in community participation for quite some time; however, he was unable to do so due to traveling for work. He said now that he has much more flexibility in his work schedule, he is now able to participate.

(*) - Asterisk indicates a report is attached.

Mr. Ayers noted although he does not have any issues driving him to seek appointment his general concern is related to supply and cost of water. He stated he would like to see what could be done to ensure RMWD is able to ride with the changes to ensure the District is responsible.

Mr. Ayers stated he was very excited about this opportunity and was also pleased to learn there may be an opportunity to serve on RMWD's standing committee as an alternate plan to this appointment.

President Hamilton inquired as to how long Mr. Ayers has resided within the District. Mr. Ayers answered approximately twelve years off Little Gopher Canyon Road.

Director Townsend-Smith asked whether there were any current issues with which RMWD faces on which Mr. Ayers has an opinion. Mr. Ayers stated he does not have opinions; however, making sure cost and supply he recognizes as important.

The Board thanked Mr. Ayers for his time and interest. Mr. Ayers excused himself from the meeting.

Legal Counsel pulled the name Mallory Fore as the second interviewee. Ms. Fore rejoined the meeting.

Ms. Fore introduced herself to the Board noting she moved to Bonsall approximately two years ago. She mentioned her experience and education that may possibly be relevant, such as owning her own business which involved making managerial decisions as well as maintaining good relations with their employees and customers. She mentioned she has received her wastewater and water training certificates and was in the process of complete her bachelor's degree in urban planning in hopes of possibly starting a career within a city planning department; therefore, she found this to be a good opportunity to engage with members of this community as well as a learning experience.

Ms. Fore said she found this appointment to be a good opportunity to engage with members of the community as well as a learning experience. She pointed out this appointment being for a fill-in position is neat for someone like her in that it is temporary as well as provide an opportunity for her to help the Board in their need to fill this vacancy.

Ms. Fore noted she did not have any opinions one way or the other. She said she believes the detachment from SDCWA is a good idea and looks forward to learning the outcome.

The Board thanked Ms. Fore for her time and interest. Ms. Fore excused herself from the meeting.

Legal Counsel pulled the name Kyle James as the third interviewee. Mr. James rejoined the meeting.

Mr. James introduced himself to the Board noting he moved to San Diego County approximately thirteen years ago at which time he started working for a small wastewater district in Cardiff during which time he went through certification programs as well as complete approximately 60 units in Palomar College's water and wastewater program and received his CWA Certifications. He mentioned he later one went to work for one of San Diego's larger water districts as a SCADA Electrical Instrumentation and Controls Technician. He noted his different levels of experiences include project management, technologies, incorporating new technologies, board dynamics,

speaking with the Board of Directors at both Helix Water District and Padre Dam where he is currently employed as a Systems (Technologies) Manager.

Mr. James mentioned prior to the past thirteen years, he worked privately in 2004 for a groundwater company in the state of Washington before being transferred to San Diego County in the Marine Corps in 2006. He noted after leaving active duty in 2010 and pursued his career in the water industry as an electrician. He stated at this time he is one of the lead design reviewers for the East County Joint Powers Authority Advanced Water Project through which his primary focus includes networking, communications, SCADA controls, etc.; however, he has always been very involved with water industry. He mentioned he had a great deal of opportunity to see things that have contributed to San Diego's water distribution most people do not have a chance to look at. He said he has a really unique perspective on the water industry in San Diego County and wanted to take the time now to start putting some of the skills and experiences he has acquired over the last decade plus to good use in civic duty with this position becoming available.

Mr. James pointed out he also has a vocational certification in PLC Programming. He stated although this does not necessarily contribute to his experience, he would be able to apply his knowledge in terms of CIP projects as part of the Board processes.

Mr. James mentioned he has lived in Bonsall for approximately ten years and that his wife has lived within RMWD for 37 years. He noted he has had interesting interactions with RMWD in the past; however, sometimes there is a greater good that needs to take place as part of the process. He stated he has no hard feelings related to any of these interactions.

Mr. James said he follows the LAFCO matter very closely and is very interested to see how everything pans out. He noted he understands the reports were not necessarily well-developed at the time due to lack of information; however, through his own interpretation the detachment could be groundbreaking for San Diego County as a whole. He added the ongoing issue of rates increasing was also of interest. He said as a customer as well as being in the industry, he has a unique way of explaining the rates and the way they are created as well as how a lot of it has nothing to do with the water district, but other organizations who have operations and maintenance involved with delivering water to that district. He said he understands potable treated side of the aqueducts and aquifers as well as the raw water being delivered to San Diego.

Mr. James concluded with noting he has a very widespread knowledge of San Diego water and understanding of the aquifers, groundwater, as well as how the well systems work, etc.; therefore, he was hopeful he could contribute some of his experience and knowledge in moving forward with this board.

President Hamilton asked Mr. James which agency he currently works. Mr. James stated Padre Dam Municipal Water District.

The Board thanked Mr. James for his time and interest. Mr. James excused himself from the meeting.

Legal Counsel pulled the name Sandra Parsley as the fourth interviewee. Ms. Parsley rejoined the meeting.

Ms. Parsley introduced herself and thanked the Board for the invitation today. She mentioned she was a friend of former RMWD Director Pam Moss through whom she has learned a great deal about the district projects and other aspects. She stated she just retired and currently serves

as the Vice President of the Board of Directors at Terrace Downs; therefore, she believes her experience would relate to serving on this Board.

Ms. Parsley mentioned she has a bachelor's degree in criminal justice, served as a law enforcement officer as well as owned a construction company. She noted she does not have any opinions or anything but was here to learn. She concluded by stating she does not have any thoughts one way or the other except that it seems the RMWD Board of Directors does a very good job.

President Hamilton asked Ms. Parsley how long she has lived in the district. Ms. Parsley stated she moved into the district approximately twenty years ago.

The Board thanked Ms. Parsley for her time and interest. Ms. Parsley excused himself from the meeting.

Legal Counsel pulled the name Steve Kennedy as the fifth interviewee. Dr. Kennedy rejoined the meeting.

Dr. Kennedy stated he moved to Bonsall twenty years ago. He mentioned he was the Principal at Bonsall Elementary School for seven years, Superintendent at Menifee Union School District for eight years, and Assistant Superintendent of Human Resources. He noted he has worked with several boards of directors for many years as well as provided board member orientation to new directors. He mentioned he has a doctorate in educational leadership, master's degree, as well as undergraduate degrees from the University of Southern California.

Dr. Kennedy stated he was interested in becoming a Board Member so he could give something back to the community in which he has lived for twenty years and where he raised his children. He said he believes this agency has been phenomenal in terms of handling all the different changes that have occurred over the past decade. He mentioned he is aware there are significant changes still to come, has been following all the things that are happening with regards to water especially in Southern California, and has traveled to Sacramento to try to lobby legislators on several issues including the notion of water and taking care of our agencies. He pointed out when he asked Ms. Berge regarding equity and fairness, it was because this is a huge issue that requires people in positions of authority to have the same vetting.

Dr. Kennedy said he has no issues with RMWD, but rather believes it has done an amazing job given its size and region it serves. He pointed out this area is still slated to grow much like what he experienced in Menifee which required infrastructure had to be planned while making sure the taxpayers supporting the work being done at the schools were taken care of.

He concluded by noting his appreciation for this opportunity.

Director Mack asked Dr. Kennedy what he was doing now. Dr. Kennedy stated he recently retired and was now a gentleman farmer.

Director Townsend-Smith asked Dr. Kennedy whether there were any current issues facing RMWD on which he had an opinion. Dr. Kennedy noted one of the issues he supports completely is the move to try to get with Eastern Municipal Water District (EMWD). He mentioned his familiarity with EMWD staff and Board Members noting it was an amazing agency that takes care of the people with whom they work.

The Board thanked Dr. Kennedy for his time and interest. Dr. Kennedy excused himself from the meeting.

Legal Counsel pulled the name Ronald Hartnett as the sixth interviewee. Mr. Hartnett rejoined the meeting.

Mr. Hartnett briefed the Board on his background and education, noting he comes from a very large family, grew up in South Texas, came to California in 1959, has lived in North County since 1977 including 5.5 years in RMWD, and has a bachelor's degree in business administration. He noted his experience includes 48 years in public service with the Department of Defense. He mentioned one of the notable jobs with the Department of Defense was program manager for a weapons systems acquisition program which involved leading a team of four contractors, over 500 personnel, and executed it at a rate of \$2M a month for over two years. He stated another notable position he held with the Department of Defense was Director of Logistics at Camp Pendleton with approximately 500 employees working for him and a \$95M a year budget; thus, he has a broad scope of overseeing things. He mentioned his eight-year employment with SDCWA during the peak of their emergency storage project as the manager of administrative controls for the CIP program. He noted during the seven years that he was there, the team was on cost, on schedule, and met the requirements of earned value management at 96%. He concluded with noting he is now retired.

Mr. Hartnett mentioned he was on RMWD's side in fighting for detachment. He said rates are always an issue; however, he does not have an opinion but rather pointed out RMWD will want to have good cost control measures and oversight over operations and maintenance to keep the costs under control. He noted one of the things that influence the cost includes what RMWD must pay for water; therefore, it is important to make sure the wholesaler is doing the best job possible. He added making water available is very important and how RMWD does a great job of making this happen as well as all the water districts noting it is a commodity that is often taken for granted and how it is up to everyone to make sure the ratepayers receive the best service at the lowest cost possible. He stated he is on board for doing just that.

President Hamilton asked Mr. Hartnett when he retired. Mr. Hartnett answered in 2008 and would like to become a Board Member because he believes in giving back.

The Board thanked Mr. Marnett for his time and interest. Mr. Hartnett excused himself from the meeting.

Legal Counsel pulled the name Ken Roth as the seventh interviewee. Mr. Roth rejoined the meeting.

Mr. Roth introduced himself to the Board noting he has lived in the District for over thirty years. He mentioned he has been involved with RMWD both professionally as well as a ratepayer. He said as a professional he dealt with the District by trying to develop another process for chlorine disinfection and was ultimately successful in assisting RMWD in their cost and risk analysis. He noted he worked heavily with JPIA with many of their other agencies assisting with risk assessment and altering their use of chlorine. He said as a ratepayer he served on the Avocado Commission and Chair of the Water Task Force Team created in the early 1990's amongst avocado growers who went to many districts to help educate them on agriculture and the impact of rate and water quality on avocados. He mentioned he became very acquainted with the Metropolitan Water District in helping them understand what it means to grow avocados in Southern California.

Mr. Roth pointed out he has a master's degree in business and bachelor's degree in science.

President Hamilton asked Mr. Roth if he was currently actively working. Mr. Roth answered he was retired. President Hamilton inquired as to whether the California Avocado Commission Task Force was still in place. Mr. Roth said he believes it is on paper, but not active.

Director Townsend-Smith asked Mr. Roth if he had any opinion on issues RMWD was currently facing such as the detachment. Mr. Roth stated he was here when RMWD and FPUD wanted to join forces and went through many of the hearings associated in support. He said although he was still in favor of the two agencies merging as well as in support of the detachment from SDCWA. He mentioned a great deal of time was spent with SDCWA when working on the agricultural rate program; however, there was never any real traction gained which will most likely not change.

The Board thanked Mr. Roth for his time and interest. Mr. Roth excused himself from the meeting.

Legal Counsel pulled the name Julie Johnson as the eighth interviewee. Ms. Johnson rejoined the meeting.

Ms. Johnson thanked the Board for this opportunity as well as allowing Division 1 opportunities to talk out in the lobby.

Ms. Johnson introduced herself to the Board noting she lived in Division 1 for 28 years and how during that time they raised their family as well as tried growing avocados. She stated due to the cost of water, the avocado trees have been removed and they are now pursuing floral. She mentioned her background as an educator includes being a teacher, administrator K-12 as well as post-secondary. She noted her overall is a passion for helping students and the community know the possibility of careers in our area which is why she decided to volunteer to serve on RMWD's Communications and Customer Service Committee; to see what careers are available in the water industry. She said since joining the one committee, she now serves as the Vice Chairperson of the Budget and Finance Committee and as a member of the Engineering and Operations Committee.

Ms. Johnson mentioned her educational background includes a bachelor's degree, master's degree, as well as some post graduate work which is tied into continued professional development to improve her techniques as an educator to ensure that our students and families are getting the top-notch education possible in this region.

Ms. Johnson pointed out she came to RMWD for the purpose of learning about the water industry to prepare the education and awareness for our students and families of the opportunities for STEM. She noted she started with President Hamilton as well as a team, including Cynthia Gray, through which she learned the committees are more than just about a topic, but provided a depth of information about the community, history, and fellow individuals who had something in common which is that everyone truly does care for this community. She stated the reason she wanted to be a Board Member is because she is passionate about Division 1, this entire community as well as the region. She referenced her resume noting that she is involved in multiple other agencies and information to improve her gain to be able to give back to the community in service leadership.

Ms. Johnson stated the current issues facing RMWD are discussed by each of the committees monthly and how she believes a unique situation exists at RMWD in that it has volunteer committees made up of ratepayers that have a voice as well as both staff and board members who participate which results in a very strong team in collaboration and transparency. She emphasized the importance of needing each other to come up with the best solutions.

The Board thanked Ms. Johnson for her time and interest. Ms. Johnson remained in the meeting.

The remaining candidates rejoined the meeting.

Vice President Gasca reported the Board has heard from all the candidates and opened the floor for a motion or discussions based on what was heard.

Mr. Kennedy thanked everyone for coming out acknowledging there was an amazing array of experience. He mentioned the Board can only pick one; however, there are seats open on each of the three standing committees and encouraged anyone not selected to participate in other ways besides being on the Board of Directors.

Director Mack mentioned he was in the same situation many years ago when he applied for a vacancy on the Board. He said although he was not selected, he decided to run for elections and won. He commended the candidates for coming out to seek appointment and how each would bring something special to the RMWD Board. He thanked everyone for taking the time to participate in this process.

President Hamilton added he, too, got involved through this exact type of process and after not being selected he got involved with the committees before seeking election. He agreed each candidate has skills that would bring a unique perspective and make an excellent contribution to the District; however, unfortunately, only one can be selected.

Director Mack said he supported the appointment of Julie Johnson due to her experience being a grower that can have a voice with that background.

President Hamilton stated his purpose for nominating Ms. Johnson is that he has known her for six years through RMWD during which time he witnessed her commitment and engagement with the District as well as what she can contribute. He noted although he believes any of the other candidates can do the same, Ms. Johnson has the track record right now to fill the position as far as he is concerned.

Motion:

To appoint Julie Johnson to fill the Division 1 vacancy on the Board of Directors.

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

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

Ayes: Director Gasca, Director Hamilton, Director Mack, Director Townsend-Smith.

Vice President Gasca reiterated to the remaining candidates that RMWD could use all the support possible via its standing committees to assist with everything happening, especially when looking at leaving SDCWA to find the money to repair the aging pipelines that are costing \$100,000-\$150,000 whenever a blowout occurs. He pointed out should the detachment fail, RWMD will

(*) - Asterisk indicates a report is attached.

need to do something to collect enough money to repair as many pipelines as possible and how different people with various skillsets could assist in getting the system upgraded without having to raise rates.

President Hamilton added one of the things he was surprised to learn when he got involved with RMWD was that to see a well-managed district, it is important to get involved.

Ms. Washburn administered the Oath of Affirmation with Julie Johnson.

Vice President Gasca called for a break at 2:49 p.m.

The meeting was reconvened at 2:59 p.m.

***21. APPROVAL OF RESOLUTION NO. 23-08 ESTABLISHING CHECK SIGNING AUTHORITY**

Mr. Kennedy noted this was a housekeeping item to remove Pam Moss as a designated check signer.

Motion:

To adopt Option 1 – Approve attached Resolution No. 23-08.

Action: Approve, Moved by Director Hamilton, Seconded by Director Townsend-Smith.

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

Ayes: Director Gasca, Director Hamilton, Director Mack, Director Townsend-Smith, Director Johnson.

***22. DISCUSSION AND POSSIBLE APPOINTMENT OF BOARD OFFICERS AND REPRESENTATIVES**

Mr. Kennedy noted this item was to provide the Board with an opportunity to make any adjustments that need to be made due to the resignation of Pam Moss and appointment of Julie Johnson.

Director Townsend-Smith confirmed she would like to continue serving as a member of the Budget and Finance Committee.

Ms. Washburn pointed out the Board would need to appoint a Board Secretary. Discussion ensued regarding the Board Secretary responsibilities.

Motion:

To nominate Julie Johnson to serve as Secretary of the Board.

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

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

Ayes: Director Gasca, Director Hamilton, Director Mack, Director Townsend-Smith, Director Johnson.

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It was confirmed Director Johnson would resign from the two committees and the remaining board-appointed committee representatives would remain the same.

***23. DISCUSSION AND POSSIBLE ADOPTION OF RESOLUTION NO. 23-11 CONGRATULATING VISTA IRRIGATION DISTRICT (VID) ON ITS 100TH ANNIVERSARY**

Motion:

To approve Option 1 – Adopt Resolution No. 23-11 recognizing VID’s centennial anniversary as presented.

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

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

Ayes: Director Gasca, Director Hamilton, Director Mack, Director Townsend-Smith, Director Johnson.

***24. DISCUSSION AND POSSIBLE ACTION REGARDING ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) CALL FOR CANDIDATES FOR REGION 10 BOARD FOR THE 2024-2025 TERM**

Vice President Gasca explained the application process.

There was no action taken.

President Hamilton asked whether RMWD will remain in ACWA’s Region 10 should the detachment take place. Mr. Kennedy explained unless the Eastern Municipal Water District changes their boundaries, RMWD would remain in Region 10.

***25. DISCUSSION AND POSSIBLE ACTION TO APPOINT KARLEEN HARP AS AN ALTERNATE MEMBER TO THE COMMUNICATIONS AND CUSTOMER SERVICE COMMITTEE**

Mr. Kennedy stated there was a need for an alternate to ensure a quorum is present at the meeting and how Ms. Gray was the alternate prior to her retirement.

Motion:

To approve Option 1 – Approve appointment of Karleen Harp as an alternate on the Communications and Customer Service Committee.

Action: Approve, Moved by Director Johnson, Seconded by Director Townsend-Smith.

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

Ayes: Director Gasca, Director Hamilton, Director Mack, Director Townsend-Smith, Director Johnson.

(*) - Asterisk indicates a report is attached.

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

Director Johnson stated she was interested in attending the CSDA Annual Conference.

CONSENT CALENDAR ITEMS

- *27. DISCUSSION AND POSSIBLE ACTION TO AWARD TWO PROFESSIONAL SERVICES AGREEMENTS TO PROVIDE ON-CALL ENVIRONMENTAL SERVICES (DISTRICT WIDE)**
- *28. DISCUSSION AND POSSIBLE ACTION TO AWARD THREE PROFESSIONAL SERVICES AGREEMENTS TO PROVIDE ON-CALL CONSTRUCTION MANAGEMENT AND INSPECTION SERVICES (DISTRICT WIDE)**
- *29. NOTICE OF COMPLETION AND ACCEPTANCE OF INFRASTRUCTURE FOR SUMAC COMMUNICATION TOWER PHOTOVOLTAIC AND BACK-UP BATTERY SYSTEM DESIGN-BUILD PROJECT (DIVISION 4)**

(Item #29 was pulled from Consent Calendar for discussion purposes. Please see below.)

Motion:

To approve Consent Calendar Items #27 and #28.

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

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

Ayes: Director Gasca, Director Hamilton, Director Mack, Director Townsend-Smith, Director Johnson.

Director Mack excused himself from the meeting at 3:13 p.m.

- *29A. NOTICE OF COMPLETION AND ACCEPTANCE OF INFRASTRUCTURE FOR SUMAC COMMUNICATION TOWER PHOTOVOLTAIC AND BACK-UP BATTERY SYSTEM DESIGN-BUILD PROJECT (DIVISION 4)**

(This item was pulled from Consent Calendar for discussion purposes.)

President Hamilton stated RMWD received grant money in the amount of \$300,000 for this project that cost \$170,000; thus, he would like to know where the remaining monies were allocated. Mr. Kennedy explained the \$300,00 was utilized for a variety of projects.

Motion:

To approve Option 1 – Accept the Sumac Communications Tower Photovoltaic and Back-Up Battery Design-Build Project as complete and as shown on the approved plans, approve Filing the Notice of Completion, and add installation costs of \$170,635.39 to the District’s valuation.

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

(*) - Asterisk indicates a report is attached.

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

Ayes: Director Gasca, Director Hamilton, Director Townsend-Smith, Director Johnson.

Absent: Director Mack.

STAFF PRESENTATIONS

30. STAFFING ANALYSIS (HUMAN RESOURCES)

Ms. Harp explained this is an annual presentation given to the Board that includes recommendations which sometimes require Board action; however, this year it will be informational only.

Ms. Harp reviewed some of the operational changes that have been made throughout the year including the creation of a part-time communications position, the reclassification of the senior accountant position to supervisor, leaving the associate engineer position vacant, addition of an administrative analyst to provide for a transfer of knowledge, as well as a change of position title for engineering technician to administrative analyst. Vice President Gasca inquired as to where the engineering technician located on the organization chart and where it is now. Ms. Harp stated it is still within the engineering department as she explained the administrative analyst position with the intention to offload some of the duties from the engineering technician due to it being overburdened and knowledge transfer needed to take place due to a high risk of retirement within the next few years. She confirmed the job responsibilities did not change; however, the new title was more accurate for the work being performed.

Ms. Harp reiterated the senior accounting position has been reclassified to accounting supervisor under which the accounting specialist, billing specialist, and district services representatives have been moved. She noted upon the retirement of the customer service and communications supervisor position has been reclassified as customer service supervisor upon the retirement of Ms. Gray so this position can focus specifically on customer service.

Ms. Harp also pointed out two utility workers have been added to the construction department based on the recommendations made during the staffing analysis. She noted one was an internal transfer and the second was an additional headcount. She stated when there was attrition in this department that coincided with the realization that some of the in-house CIP work planned would not be necessary this year, it was decided to leave the position vacant.

Ms. Harp reported on the turnover in combination with the unemployment rate. She shared a matrix showing this information including the number of available workers per job opening nationwide noting the labor market was currently very competitive. She mentioned RMWD has seen a spike in turnover during the past year; however, the thirty-year average is holding steady at 13% with 2023 trending higher with seven so far this year which is more typical for within a full year as opposed to six months.

Ms. Harp spoke about quit rates noting RMWD's numbers remain lower than is reported for both the state and local government, nationally, and utilities. She noted RMWD's may be trending lower; however, it is already at nearly 7% for 2023 year-to-date which is something that should be given attention. Ms. Johnson inquired as to whether the vacated positions were spread among departments or from one. Ms. Harp answered most were within two departments, noting some were temporary assignments. President Hamilton inquired as to whether there was a period of

(*) - Asterisk indicates a report is attached.

employment that counts towards RMWD's numbers. Ms. Harp clarified they become a part of RMWD's numbers on the first day of work.

Ms. Harp talked about anticipated turnover drivers for the future referencing the chart provided in the presentation. She noted the predicted published number for the unemployment rate for the next ten years was higher than she would anticipate, especially when it is currently at 3.3%. She pointed out there are a fair number of retirements expected between now and 2026; therefore, RMWD needs to be prepared by having the knowledge transfer plans in place for those key members for which upcoming retirement is known. She also mentioned there has been an uptake in voluntary turnover related to distance, stress, industry change, etc.

Ms. Harp presented the 2023 Generational Mix of Workforce noting the trend changes from Generation X to Millennials. She stated she expects to see some Generation Z employees make up part of the RMWD's workforce.

Ms. Harp mentioned the retirement eligibility rates for the next five years have remained steady due to some employees aging into retirement eligibility as others retire. She pointed out 41% of the workforce is now eligible for retirement within the next five years; therefore, staffing continuity plans and knowledge transfer plans are very important. She reviewed the staffing continuity plan noting those for the general manager, engineering administrative analyst, electrical/electronic technician, construction lead, and board secretary are already in progress, except for the technical services lead (aka electrician) position.

Ms. Harp shared a report on the total overtime by department, stating although overtime was continuing to trend down, it was still nearly 40% higher than it was in 2019. She pointed out the construction department continues to remain the highest and how even adding the additional headcount last year does not mitigate overtime due to the after-hour leaks; however, it did reduce the amount of overtime by person thereby mitigating stress and burnout. She noted the meters department reduced its overtime by 51% since the completion of the WSUP program and the systems operators' roles include tasks to be performed throughout all times of the day, holidays, and weekends. She talked about the average overtime, primary sources of district-wide overtime in 2022, and primary overtime drivers for hourly employees. She also reported the average overtime hours for salary employees.

Ms. Harp concluded the presentation noting there was no new headcount requested for the next budget cycle. She mentioned the recommendations included removing the vacant Utility Worker from approved headcount and reassess at a later date, leave the associate engineer position vacant, explore alternative schedules for systems operators, approve a six-month overlap with electrician upon retirement notice, and conduct a compensation analysis and stay interviews to ensure RMWD remains competitive and address employee concerns and career development needs.

Director Johnson asked whether Ms. Harp has contact with Palomar Community College who provides courses related to electrician certifications. Ms. Harp pointed out the concern related to refilling the electrician position has more to do with RMWD's antiquated infrastructure that someone who recently completed their education have never seen before; therefore, the institutional knowledge transfer was of utmost concern.

Director Johnson requested a copy of the presentation be shared with the Directors. Ms. Harp offered to send the Board a copy of the presentation noting the information it contained will also be included in the budget book along with a written narrative.

(*) - Asterisk indicates a report is attached.

31. **FY23-24 OPERATING AND CAPITAL BUDGET ASSUMPTIONS PRESENTATION (FINANCE)**

Ms. Largent shared a presentation on the proposed annual operating and capital budget for water and wastewater for FY23/24. She noted this presentation does not include rates since that is scheduled to be presented as part of the rate hearing on June 27, 2023.

Ms. Largent reviewed the challenges RMWD faces including inflation, increased fuel and utility costs, supply chain delays, water loss on high usage meters, delayed rate increases during detachment and COVID, and a pause on account collections and shutoffs during the Infor billing software implementation and COVID. Some of RMWD's successes were also highlighted including holding the operation budget flat only allowing inflationary increases, decreased SDCWA transportation costs by using the direct Metropolitan Water District connections bringing the percent of water subject to transportation costs from 47% to 24% (\$750,000/year savings), reimplemented shutoffs, increased account collection efforts, renegotiated contracts and changed insurers, and completed valve and pipeline replacement as well as corrosion prevention projects to help prevent emergency breaks and costly leaks.

Ms. Largent talked about the key assumptions, noting that the rates are re-evaluated with each budget cycle and now this budget cycle includes the Board-recommended water revenue requirement increase of 9% and wastewater of 35%. She pointed out other key assumptions include an estimate of 12,700-acre feet, zero percent account growth and zero percent developer fees. She mentioned if developer fees are received, rate increases will be lower assuming there are no other changes. She reviewed the cost escalations noting RMWD has received some indications that the benefits will be a little higher which would be adjusted at mid-year. She also pointed out the preliminary increases to the pass-thru rates will have a net zero impact on the RMWD budget because those costs are passed through to the customers. She concluded with noting the wastewater treatment costs will also be passed through once received.

Ms. Largent referenced the charts provided for water-spending by category for FY23 as well as the sales by customer class for the prior ten years, and water purchases. Vice President Gasca inquired as to the expectations for water loss once the meters are installed. Ms. Largent answered it has been estimated to be approximately 2%-3% once the meters are functioning properly.

Ms. Largent reviewed the water and wastewater budget summaries. She pointed out the \$3M highlighted in yellow for water is the amount utilized to fund the capital program as well as build up RMWD's reserves. She noted the FY23 forecast for wastewater totaling approximately \$1.2M loss was being addressed as part of the Cost of Service Study and how the general operating amounts were reflected in the water and wastewater expenses because it was transferred over to fund the general fund.

Ms. Largent provided details related to the water, wastewater, and general fund operating proposed budgets, respectively. She reviewed the water capital projects noting the Rice Canyon Transmission Line has extended into FY24 with an additional budget request of \$1.5M as well as other key projects along with the water projections. She pointed out the only wastewater project on the books for FY24 is for Lift Station 1 and how there was an additional budget request for \$2.5M on that budget as well as the wastewater projections.

Ms. Largent concluded the presentation stating the final recommended FY23-24 Operating and Capital Budget in June for Board consideration.

BOARD INFORMATION ITEMS

***32. RECEIVE AND FILE INFORMATION AND FINANCIAL ITEMS**

- A. General Manager Comments**
 - 1. Meetings, Conferences and Seminar Calendar
- B. Communications**
 - 1. Staff Training Report
- C. Operations Comments**
 - 1. Operations Report
- D. Engineering Comments**
 - 1. Engineering Report
 - 2. As-Needed Services Expenditures Summary
 - 3. RMWD Sewer Equivalent Dwelling Units (EDU's) Status
- E. Human Resource & Safety Comments**
 - 1. Human Resources Report
- F. Finance Comments**
 - 1. Board Information Report
 - A.** Budget vs. Actuals
 - B.** Fund Balance & Developer Projections
 - C.** Treasury Report
 - D.** Five Year Water Purchases Demand Chart
 - E.** Water Sales Summary
 - F.** Check Register
 - G.** Directors' Expenses Report
 - H.** Credit Card Breakdown
 - I.** RMWD Properties
 - J.** Grant Progress Report

Ms. Harp reported the Risk Management Officer position was recently vacated; thus, recruitment will commence in the near future.

The information and financial items were received and filed.

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

It was noted the rate hearing, budget adoption, ID1 hearing, pay grade resolution, detachment update, status of grant funding, and a weed abatement progress report should be on the next Board Meeting agenda.

34. ADJOURNMENT

The meeting was adjourned by Vice President Gasca to a regular meeting on July 27, 2023, at 1:00 p.m.

The meeting was adjourned at 3:57 p.m.

Mig Gasca, Board Vice President

Dawn M. Washburn, Board Secretary

(*) - Asterisk indicates a report is attached.