

**MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
RAINBOW MUNICIPAL WATER DISTRICT
AUGUST 22, 2017**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on August 22, 2017 was called to order by President Brazier at 12:00 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. President Brazier presiding.

2. **ROLL CALL**

Present: Director Mack, Director Brazier, Director Hamilton, Director Stewart, Director Gasca.

Also Present: General Manager Kennedy, Legal Counsel Smith, Executive Assistant Washburn, Operations Manager Milner, Engineering Manager Kirkpatrick, Finance Manager Martinez, Human Resources Manager Harp, Superintendent Maccarrone, Superintendent Zuniga, Superintendent Walker, Administrative Analyst Gray, Associate Engineer Powers.

No members of the public were present before for Open Session. One member of the public was present for Open Session.

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

There were no changes to the agenda.

4. **ORAL/Written COMMUNICATIONS FROM THE PUBLIC
OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD REGARDING
CLOSED SESSION AGENDA ITEMS (Government Code § 54954.2).**

There were no comments.

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

5. **CLOSED SESSION**

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

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

This item was addressed under Item #8.

The meeting reconvened at 1:07 p.m.

(*) - Asterisk indicates a report is attached.

Time Certain: 1:00 p.m.

7. PLEDGE OF ALLEGIANCE

8. REPEAT REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

Legal Counsel reported the Board met in Closed Session for appointment, employment; evaluation of performance for the General Manager pursuant to Government Code Section 54957 and there was no reportable action. He stated the Board will reconvene to Closed Session later in the meeting.

Discussion returned from Item #25.

Legal Counsel reported the Board met in Closed Session pursuant to Government Code Section 54957 regarding the appointment, employment; evaluation of performance for the General Manager and a statement will be read by Director Stewart (*see Item #21 for statement and action taken*).

Discussion returned to Item #21.

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

President Brazier stated there were no changes to the agenda.

10. ORAL/Written COMMUNICATIONS FROM THE PUBLIC OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD REGARDING ITEMS NOT ON THIS AGENDA (Government Code § 54954.2).

There were no comments.

11. ANNIVERSARY ACKNOWLEDGEMENT

A. Chris Waite (10 Years)

Mr. Kennedy noted Chris Waite has worked mostly in the RMWD Meters Department and serves on the District Safety Committee. He presented Mr. Waite with a plaque and check in recognition of his tenure and service.

Mr. Kennedy acknowledged Darren Milner for completing the ACWA/JPIA Professional Development Program.

***12. APPROVAL OF MINUTES**

A. July 25, 2017 - Regular Board Meeting

Motion:

Approve the minutes.

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

(*) - Asterisk indicates a report is attached.

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

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

13. BOARD OF DIRECTORS' COMMENTS/REPORTS

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

A. President's Report (President Brazier)

There was no report given.

B. Representative Report (Appointed Representative)

1. SDCWA

A. Summary of Board Meeting July 27, 2017

Mr. Kennedy referenced the MWD committee item provided as a handout to the Directors. He explained it was anticipated discussion on the California Water Fix project would take place in September with hopes of a vote in early October. He also pointed out the Supreme Court is expected to decide to hear the appeal on the SDCWA vs. MWD matter in approximately thirty days.

2. CSDA

Director Mack reported on the CSDA Quarterly Dinner meeting noting the presentation provided by SANDAG was on projections for San Diego County up to the year 2050. He mentioned there was also an announcement made that fire protection tax has been cancelled.

Mr. Kennedy regrettably announced CSDA did not select RMWD for the Coin Recognition Program, General Manager of the Year, or District of the Year awards.

Discussion went to Item #13B3.

Discussion returned from Item #13D.

Mr. Kennedy announced RMWD has been awarded the Transparency Excellence award by CSDA which will remain in effect for two more years.

Discussion returned to Item #13E.

3. LAFCO

Mr. Kennedy reported the August meeting included a farewell to many LAFCO staff members leaving including Mr. Ott and Mr. Ehrlich. He mentioned LAFCO has selected the Executive Officer replacement.

4. San Luis Rey Watershed Council

Director Stewart stated he would attend the meeting scheduled for August 23, 2017.

5. Santa Margarita Watershed Council

Director Hamilton reported on the July Council meeting where discussion took place regarding how to handle the accounting for Watershed Management funds which was previously taken care of by FPUD. He noted the Watershed Manager has hired an assistant who is tasked with working on the approval of the 2016 budget as well as completion of the 2017 budget. He mentioned the Council was working on figuring out how to get the tribes to pay for participation in the Council and how to report the annual budget for 2017 to the court. He announced the next meeting has been scheduled for October.

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

Director Brazier stated she found SANDAG's projections amusing at the CSDA Quarterly Dinner Meeting.

D. Directors Comments

President Brazier noted FPUD held a committee meeting last week at which there was discussion about selling the Santa Margarita property. She stated FPUD wanted their ratepayers to pay for maintenance for the property. She pointed out the negotiators for the property are Mr. Bebee and Mr. Brady.

President Brazier talked about the transparency shown in the Director expenses should be more transparent and easier to read; therefore, she would like to meet with finance and Mr. Kennedy regarding this matter.

Discussion returned to Item #13B2.

Director Stewart commented on the analysis of the five-year water sales average and projected budgeted sales. Mr. Kennedy talked about options that may be available to RMWD for addressing this situation.

Discussion went to Item # 14A.

E. Legal Counsel Comments

1. Attorney Report: Employment Law Update (501668-0002)

Legal Counsel talked about the written report provided on AB119 which is a new Bill signed by Governor Brown requiring public agencies to give ten day's advanced notice to employee representatives to weigh in on new employee orientations as well as provide the employee association with the new employee's contact information on file. He pointed out employee personal email addresses remain private from a Public Records Act Request. Mr. Kennedy explained the associations and management will be working together to figure out how best to address this new regulatory requirement.

Discussion returned to Item #13D.

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

- A. Budget and Finance Committee**
1. May 9, 2017 Minutes
2. July 11, 2017 Minutes

Mr. Stitle reported the committee discussed the new billing software change and how Director Gasca and another gentleman had expressed interest in serving on the committee.

- B. Communications Committee**
1. July 10, 2017 Minutes

Mrs. Gray reported the committee worked on the messaging as well as options available for the new billing format as well as talked about considering changing their meeting date to accommodate their members. She noted there was a member of the public who expressed interest in serving on the committee.

- C. Engineering Services Committee**
1. July 5, 2017 Minutes

Mrs. Kirkpatrick pointed out there were several items on this agenda relative to the topics discussed at the committee meeting. She noted IEC gave a presentation on the Weese project including a summary of their design report, a copy of which is provided in the Board agenda packet.

BOARD ACTION ITEMS

***15. DISCUSSION AND POSSIBLE ACTION TO APPROVE A VARIANCE FROM THE DISTRICT'S ADMINISTRATIVE CODE AND ALLOW THE SMITH FAMILY TRUST TO TRANSFER AND RELOCATE METER FROM PARCEL 108-291-43 TO PARCEL 108-291-28**

Mrs. Kirkpatrick mentioned this was discussed at the July Board meeting; however, one of the required documents had not yet been received at that time. She stated RMWD received the final required document within a week after the Board meeting; therefore, this item was being brought back to the Board for consideration.

President Brazier inquired as to why a prohibition was in the Administrative Code. Mrs. Kirkpatrick explained how having this policy in place gives RMWD control of any meter relocations. She confirmed this would be at the sole expense of the property owner.

Motion:

Approve the relocation of the meter.

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

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

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

(*) - Asterisk indicates a report is attached.

***16. DISCUSSION AND POSSIBLE ACTION TO PROCEED WITH DESIGN FOR THE ROBERT A. WEESE FILTRATION PLANT INTERCONNECT**

Mrs. Kirkpatrick noted in March 2017 the Board approved the design contract for IEC to start design for the Weese plant interconnect. She explained as part of the approval, staff told the Board they would return with an update on the project prior to starting to construct the project; therefore, this was an update on the project. She stated there was a pump skid purchased for the Northside rehabilitation project in order to keep customers in water when RMWD took down the Northside Reservoir. She reported staff asked IEC to see if this could be used for the Weese project and how it was found this would be a preferred alternative which in turn would save RMWD money. She pointed out staff anticipated a \$25.00 per acre foot discount from the City of Oceanside; however, it was found to be closer to \$100 per acre foot compared to the SDCWA treatment costs. She added the City of Oceanside was fast tracking their water systems and should this come into fruition it would provide for more water capacity with Weese being able to provide more water throughout the entire year in approximately three years.

Mr. Kennedy added the 1,400 acre feet is the amount of water remaining after Weese fulfills their contractual obligations to Vista Irrigation District which was in the progress of being renegotiated. He pointed out regardless of whether RMWD received additional water or not, there will be a six-year pay back on the project after which RMWD will save \$140,000 per year.

Director Stewart stated although reusing the skid was worthy of consideration, he wanted to know if it would last for some time without requiring repairs. Mr. Kennedy explained there may be a slightly higher maintenance cost down the road; however, that would not be the same cost it would be to replace it.

Motion:

Approve Staff Recommendation 1 - Authorize staff to proceed with the design for the Robert A. Weese Filtration Plant Interconnect.

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

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

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

***17. DISCUSSION AND POSSIBLE ACTION TO ADOPT ORDINANCE NO. 17-10 AMENDING AND UPDATING ADMINISTRATIVE CODE CHAPTER 9.05 – SEWER PERMITS**

Mr. Kennedy talked about how after considerable review, staff was recommending changes to some of the policy language including the addition of steps to the application process.

Motion:

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

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

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

(*) - Asterisk indicates a report is attached.

***18. DISCUSSION AND POSSIBLE ACTION TO ADOPT ORDINANCE NO. 17-11 REVISING APPENDIX A WATER AND SEWER RATES AND CHARGES**

Mrs. Kirkpatrick noted this was an administrative correction to Ordinance No. 17-07 adopted by the Board at their July 25, 2017 Board meeting. She explained there was a Resolution passed in December that also revised Appendix A that was not appropriately attached to Ordinance No. 17-17 when it was adopted last month; therefore, the correct Appendix A would now be attached to Ordinance No. 17-11 upon its adoption. She and Mr. Kennedy confirmed there have been no changes to the water and sewer rates and charges; this was a housekeeping item.

Motion:

To adopt Ordinance No. 17-11 revising Appendix A water and sewer rate charges.

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

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

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

***19. DISCUSSION AND POSSIBLE ACTION TO APPROVE RESOLUTION NO. 17-23 DESIGNATING AN AUTHORIZED REPRESENTATIVE TO SUBMIT AN APPLICATION, EXECUTE AN AGREEMENT AND ANY AMENDMENTS, AND CERTIFY FUNDING DISBURSEMENTS WITH THE STATE OF CALIFORNIA FOR A DESALINATION GRANT**

Mrs. Kirkpatrick mentioned these same steps were taken previously with the State Loan Grants RMWD received and how it was part of the requirement. She explained there was a desalination grant out through the Department of Water Resources that provide up to a maximum of \$700,000 requiring a 50% match from the District. She stated this goes along with the feasibility study being conducted on the Bonsall sub-basin and that if granted by the State, it would provide an offset to some of the cost RMWD was currently incurring from projects currently being pursued.

Director Hamilton asked if previously incurred costs could be counted as part of the offset. Mrs. Kirkpatrick confirmed they could and all that would be required is adding it to the application for the State's review. She clarified the previous San Luis Rey Report, West Yost study, the most recent study conducted by RMC, as well as the Request for Proposal for the Bonsall Basin Desalter would be included in the application. It was confirmed only those projects for which RMWD could provide backup information for would be considered for the grant.

Motion:

Approve Staff Recommendation Option 1 – Approve Resolution 17-23 designating authorize representative to submit an application, execute an agreement and any amendments, and certifying funding disbursements with the state of California for a desalination grant.

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

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

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

***20. DISCUSSION AND POSSIBLE ACTION TO APPROVE RESOLUTION NO. 17-24 – A RESOLUTION OF THE BOARD OF DIRECTORS OF RAINBOW MUNICIPAL WATER DISTRICT ESTABLISHING CLASSIFICATIONS AND MONTHLY PAY RANGES FOR DISTRICT EMPLOYEES AND THE GENERAL MANAGER EFFECTIVE AUGUST 29, 2017 THROUGH JUNE 30, 2018**

Mrs. Harp explained this was to meet CalPERS reporting requirement which takes place each time there is a salary adjustment. She explained there were two options available for Board consideration which was to continue the current practice with approving a fixed rate for the General Manager salary or to change the General Manager salary to a range in order to avoid having to bring a resolution to the Board each time an adjustment takes place.

Motion:

Approve Staff Recommendation Option 2 - Approve Resolution No. 17-24 as presented in Draft B.

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

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

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

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

Mrs. Harp explained the Board may approve the contract presented due to the fact it does include a COLA adjustment as provided in the current General Manager contract and then may take additional action after the conclusion of Closed Session following the Open Session.

Motion:

Approve an increase to the General Manager's salary by a 3.3% cost of living adjustment in accordance with the existing contract between Rainbow Municipal Water District and Tom Kennedy. The General Manager's annual Salary will increase from \$210,000 to \$216,930 beginning August 28, 2017.

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

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

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

Discussion returned to from Item #8.

Motion:

Based on the performance evaluation of the General Manager, the Board recommends a base pay merit increase for Tom Kennedy from \$216,930 to \$230,000 effective August 28, 2017. Based on the achievement of the District's strategic goals, the Board recommends a one-time discretionary bonus of \$20,000 to be paid to Tom Kennedy on the next payroll cycle.

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

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

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

Discussion went to Item #26.

***22. CONSIDER CHANGE ORDER WITH INFOR PUBLIC SECTOR FOR THE PROCUREMENT OF UTILITY BILLING SOFTWARE, SOFTWARE HOSTING, AND SOFTWARE SUPPORT AND IMPLEMENTATION SERVICES**

Mr. Kennedy talked about how the Springbrook application was not quite meeting RMWD's needs nor was Springbrook meeting the terms of their contract with the District. He stated staff has researched several software vendors and found Infor has a product that has utility billing utilized by other local agencies. He talked about how full finance software was very expensive; however, RMWD was not looking at moving that portion now. He talked about licensing costs including trying to find a means of getting some of those costs reduced. He requested approval to transition utility billing to Infor Public Sector at this time.

Director Hamilton asked for confirmation that the only package that would remain with Springbrook would be the finance package. Mr. Kennedy confirmed this was correct. Discussion ensued regarding the high costs involved with moving both the finance package and full finance software.

Mr. Kennedy explained the main features and updated system that would benefit the District and staff.

Director Hamilton expressed concern that by approving the staff recommendation, it would limit staff in researching other options available by the same vendor. Mr. Kennedy assured the Board staff would continue to research all alternatives for the remaining finance package.

Motion:

Staff Recommendation Option 1 - Approve a change order with Infor Public Sector, Inc. for the procurement of IPS Utility Billing Software in the amount of \$44,366.40.

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

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

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

23. AUTHORIZATION TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS

Mr. Kennedy reported there would be another workshop scheduled to discuss this matter at a date to be determined by the Board. He confirmed this would be a Special Board meeting. It was determined the meeting would be on Tuesday, September 5, 2017 at 1:00 p.m. in the Board Room.

Mr. Kennedy pointed out the Board would need to decide whether to attend the CSDA Annual Conference scheduled in Monterey, CA for September 25-27, 2017. Director Mack expressed interest in attending. It was noted the conference will take place on the same date at the RMWD Regular Board meeting. Mr. Kennedy explained this was the annual conference whereas the conference attended in July was the CSDA Leadership Academy.

Director Stewart stated he would rather attend the ACWA Conference as opposed to the CSDA Annual Conference this year.

Director Hamilton requested the dates for upcoming training workshops.

Motion:

Approve all travel expenses, registration, hotel, plus a per diem of \$150.00 for each day of attendance at the CSDA Annual Conference for Director Michael Mack.

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

Vote: Motion passed (summary: Ayes = 4, Noes = 1, Abstain = 0).

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

Noes: Director Brazier.

Director Brazier expressed concern with how fast they were running through the budget.

Mr. Mack reported although he did not win the election for the CSDA seat; however, he was offered to serve on one of their committees. He stated meetings would be 3-4 times per year. He expressed an interest in serving on the committee; therefore, he would like to submit the required paperwork for the selection process. It was determined this should be a part of the discussion at the September 5, 2017 Special Board meeting.

***24. RECEIVE AND FILE INFORMATION AND FINANCIAL ITEMS FOR JUNE/JULY/AUGUST 2017**

- A. General Manager Comments**
 - 1. Meetings, Conferences and Seminar Calendar
- B. Communications**
 - 1. Ratepayer Communications
- C. Operations Comments**
 - 1. Operations Report
- D. Engineering Comments**
 - 1. Engineering Report
- E. Customer Service Comments**
 - 1. Customer Service Report
- F. Human Resource & Safety Comments**
 - 1. Human Resources Report
- G. Finance Manager Comments**
 - 1. Interim Financial Statement
 - 2. Credit Card Breakdown
 - 3. Directors' Expense
 - 4. Check Register
 - 5. Water Sales Summary

(*) - Asterisk indicates a report is attached.

6. RMWD Sewer Equivalent Dwelling Units (EDU's) Status

Mrs. Kirkpatrick gave an update on the Moosa Creek project sharing pictures of the progress being made. Mr. Kennedy noted Tory Walker Engineering will be finalizing their report. Discussion followed.

Mr. Kennedy notified the Board they will need to get their emails on RMWD established. He also talked about the new portal purchased for streamlining the agenda packet process. He pointed out there will be significant savings in staff time as well in beneficial features for the Board of Directors.

Mrs. Harp introduced Jessica White as the temporary Human Resources Technician.

Director Gasca referenced the ratepayer letter thanking the staff members involved for their excellent customer service.

Motion:

To receive and file information and financial items.

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

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

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

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

It was noted any Administrative Code changes related to Board travel and per diems, award of the Groundwater Desalter study contract, and the Golf Green Estates agreement should be on the September meeting agenda.

The meeting adjourned to Closed Session at 3:00 p.m.

The meeting reconvened again at 4:12 p.m.

Discussion returned to Item #8.

26. ADJOURNMENT - To Tuesday, September 25, 2017 at 1:00 p.m.

The meeting was adjourned with a motion made by President Brazier to a Special meeting on September 5, 2017 at 1:00 p.m.

The meeting was adjourned at 4:15 p.m.

Helene Brazier, Board President

Dawn M. Washburn, Board Secretary

(*) - Asterisk indicates a report is attached.