

**MINUTES OF THE REGULAR BOARD OF DIRECTORS
AND BUDGET AND FINANCE COMMITTEE SPECIAL BOARD MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
MAY 23, 2017**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors and Special Meeting of the Budget and Finance Committee of the Rainbow Municipal Water District on May 23, 2017 was called to order by President Brazier at 12:05 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. President Brazier presiding.

2. **ROLL CALL**

BOARD OF DIRECTORS ROLL CALL:

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

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

Absent: General Manager Kennedy.

Discussion went to Item #3.

BUDGET AND FINANCE COMMITTEE ROLL CALL:

Present: Member Stitle, Member Ross, Member Clyde.

Absent: Member Hensley, Member Moss.

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

Discussion went to Item #10.

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

President Brazier noted the Budget and Finance Committee roll call will take place at the start of the Open Session when the committee members are present.

Discussion went to Item #4.

**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.

Discussion went to Item #5.

The meeting adjourned to Closed Session at 12:06 p.m.

5. CLOSED SESSION

A. Conference with Labor Negotiators (Government Code §54957.6 and §54957)

Agency Designated Representatives

Karleen Harp

Discussions regarding labor negotiations for:

Rainbow Employee Association

Rainbow Association of Supervisor and Confidential Employees

Rainbow Exempt Employees

The meeting reconvened at 1:11 p.m.

6. REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

Legal Counsel reported the Board met in Closed Session to conference with labor negotiators pursuant to Government Code Section 54957.6 and 54957. He stated there was no reportable action and the Board will continue to conference in Closed Session on this matter when the Open Session concludes.

President Brazier said in the interest of transparency, she absented herself from the Closed Session in abundance of caution of a concern about communications.

Discussion went to Item #7.

Discussion returned from Item #26.

Legal Counsel reported the Board met in closed session to conference regarding labor negotiations pursuant to Government Code Section 54957.6 and 54957 stating there was no reportable action.

Discussion went to Item #26.

Time Certain: 1:00 p.m.

7. PLEDGE OF ALLEGIANCE

Discussion went to Item #8.

8. REPEAT REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

This item was addressed under Item #6.

Discussion went to Item #9.

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

President Brazier noted the Budget and Finance Committee roll call would be taken now.

Discussion returned to Item #2.

**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 public comments.

Discussion went to Item #11.

**11. ANNIVERSARY ACKNOWLEDGEMENT
A. Andrew Echols (10 Years)**

Mrs. Harp noted Mr. Echols was not present today; however, the District wanted to acknowledge his ten years of service. She mentioned Mr. Echols currently serves as RMWD's Purchasing and Warehouse Technician who started in the Wastewater department. She stated his service award and check would be mailed to Mr. Echols.

Discussion went to Item #12.

***12. APPROVAL OF MINUTES**

A. April 25, 2017 - Regular Board Meeting

Motion:

Approve the minutes as written.

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

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

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

Discussion went to Item #13.

(*) - Asterisk indicates a report is attached.

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)

President Brazier mentioned she, Mrs. Gray, Mr. Kennedy, Director Mack and Ms. Washburn attended the CSDA Quarterly Dinner on May 18, 2017 at which there was a presentation of awards for the high school student video contest on special districts. She stated the short videos showed a great deal of creativity and excellent expression as well as how delightful it was to meet each student.

B. Representative Report (Appointed Representative)

1. SDCWA

Mrs. Harp noted the meeting would be held later this week; however, Mr. Kennedy would not be in attendance.

2. CSDA

Director Mack echoed President Brazier's comments on the CSDA Quarterly Dinner meeting. He also reported there was a great deal of good information obtained at the CSDA Legislative Days. He complimented the other RMWD Board Members who attending the Legislative Days in that he found them to be very intelligent gentlemen he enjoyed learning more about.

Director Stewart agreed Legislative Days was a great opportunity for the Board Members to get to know each better, especially as new Directors. He also pointed out the CSDA sets up the Legislative Days to provide an opportunity to look at the big picture of California and its governance including the water agencies for which it does not look very good. He mentioned there was a great deal of concern on the part of numerous water agencies in California because of the drought. He stated the last session was the most frightening in that there was a representative from the Governor's office who also serves as the head of Little Hoover Commission who warned the State of California might look at special districts. He urged RMWD to give special districts all the support possible as they work diligently to keep local governments independent and able to make decisions for the ratepayers. Discussion followed.

Director Gasca noted CSDA has taken a tremendous leap forward since the 1980's and how it is pretty apparent they are doing everything to showcase in helping people understand how special districts work legislatively. He said he was pleasantly surprised Marie Waldron took the time to meet with those attending Legislative Days.

3. LAFCO

There was no report given.

4. San Luis Rey Watershed Council

Director Stewart noted the May meeting was scheduled for tomorrow; however, he has not received confirmation the meeting will take place.

(*) - Asterisk indicates a report is attached.

5. Santa Margarita Watershed Council

Director Hamilton noted the next meeting was scheduled for July.

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

Director Mack reported how at the 2017 ACWA Spring Conference he and Mr. Kennedy split up to attend as many meetings as possible. He said the conference was great for networking as well as hearing about new opportunities from which water agencies could increase revenues.

Director Gasca reported on the Council of Water Utilities meeting at which there was discussion regarding making future projections.

D. Directors Comments

Director Stewart talked about fire mitigation fees to which San Diego has paid \$17M over the last four years of which \$500,000 was paid back to the city with no reporting from the State as to where the remaining money is located or been spent. Director Hamilton explained the money goes to Cal Fire and it is them that cannot provide accounting of the money and that legislators have told Cal Fire not to return until they can provide accounting of the funds.

E. Legal Counsel Comments

1. Public Records Act (501668-002)

Legal Counsel stated he provided a written report on a Court of Appeal decision involving a Public Records Act that imposes additional burden. He explained it was a case of first impression to which the Civil Discovery Act applies. He reported the court said the agencies can avoid this process when they withhold documents by providing detailed facts showing why the documents are not available which in turn shifts the burden of proof to the other side to show the agency acted in bad faith.

Discussion went to Item #14.

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

A. Budget and Finance Committee

1. April 11, 2017 Minutes

Mr. Stitle reported the committee reviewed the extremely late audit which they recommended the Board approve. He stated they also discussed water sales and how water rates may be impacted.

B. Communications Committee

1. April 3, 2017 Minutes

Director Hayden noted the largest discussion was on the possible renaming of the facilities after geographical or local features for ease in locating them. He also mentioned there was a new form for nominating individuals for the Excellence Coin Program as well as how Mr. Daily of the Communications Committee was presented with a coin for integrity for his participation at the recent Avocado Festival. He pointed out the Avocado Festival was a success and RMWD has decided to continue participation annually.

(*) - Asterisk indicates a report is attached.

It was recommended any costs associated with community events be included in the upcoming budget.

C. Engineering Services Committee
1. April 5, 2017 Minutes

Mrs. Kirkpatrick reported SDG&E attended the committee meeting to give a presentation on the proposed gas main along Highway 395. She announced this same meeting was taking place at Pala Mesa Resort from 6:00-8:00 p.m. this evening for public attendance. She added discussion took place regarding the capacity fees as well as the Capital Improvement Program budgeted items for the next fiscal year.

Discussion went to Item #15.

Time Certain: 1:00 p.m. Public Hearings

15. PUBLIC HEARINGS

A. PUBLIC HEARING ON IMPROVEMENT DISTRICT NO. 1 WATER STANDBY CHARGES AND DISCUSSION AND POSSIBLE ACTION TO ADOPT ORDINANCE NO. 17-04, ESTABLISHING READINESS TO SERVE WATER SERVICE STANDBY ASSESSMENTS OR AVAILABILITY CHARGES FOR ALL OF THE RAINBOW MUNICIPAL WATER DISTRICT IMPROVEMENT DISTRICT NO. 1

President Brazier introduced Roxanne Shepherd of Shepherd and Staats. Ms. Shepherd explained she was present to assist the Board with the 2017-2018 for the standby charge. She noted Improvement District was established in 1995 and each year the District follows certain procedures. She stated Improvement District 1 encompasses the District's boundaries and includes 10,598 parcels and how the minimum charge is \$10.54 per parcel or per acre with the total revenue being \$475,698.74 which funds a portion of the MWD Readiness to Serve Charge. She mentioned a notice for this hearing was published twice in the local newspaper and mail notices were sent to 947 new property owners. She said once the public hearing is conducted, staff recommends the Board consider and approve the Ordinance that allows the collection of these charges on property tax bills.

President Brazier opened the public hearing at 1:38 p.m.

There was no public testimony. Ms. Washburn confirmed no written materials have been submitted on this matter.

President Brazier closed the public hearing at 1:40 p.m.

Director Hamilton asked for clarification as to where the money goes. Mrs. Staats replied it goes into the general fund as well as there are no restrictions as to how that money is spent.

Motion:

Ordinance No. 17-04 be adopted.

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

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

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

Discussion went to Item #16.

BOARD INFORMATION ITEMS

16. INITIAL REVIEW OF OPERATING AND CAPITAL IMPROVEMENT BUDGET FOR FISCAL YEAR 2017-2018

Mrs. Martinez gave a presentation on the operating and capital improvement budget.

Mrs. Martinez provided detail on some specific budget items such as the vehicles, office security, a temporary position, as well as a new full time position. Director Mack inquired as to whether a cost analysis had been conducted in relation to purchasing vehicles and whether leasing vehicles was a possible solution.

Mrs. Martinez presented "Rainbow Municipal Water District Water Financial Plan and Rate Model" as well as two additional models reflecting potential rate increases.

Mrs. Martinez concluded by proposing a new cost of service study due to the various amount of changes that have impacted RMWD revenues and find out what numbers a consultant would propose for rate increases.

Director Mack asked if Mrs. Martinez networks with other financial officers at other water districts to research what is transpiring in the local agencies. Mrs. Martinez listed the other agencies she has consulted with and shared some of the findings. She stated right now financial officers are not relying on the volumetric sales.

Director Stewart asked about reserves and how accurate Mrs. Martinez believes RMWD's projections are of replacement costs going into the future. He asked there is a projection in place giving a good idea what RMWD will spend each year going forward over the next 25-30 years to replace the system and assets. Mrs. Kirkpatrick pointed out RMWD conducted a general desktop based condition assessment a few years ago after which the District decided to place \$2M in reserves to replace the amount of infrastructure within the next 30 years. She pointed out RMWD was currently in the works of a condition assessment with HDR which will take that assessment and give an even more in-depth look at the system and facilities to determine what the District exactly should be investing. Discussion followed.

Mr. Stitle stated it was important to remember reserves are to fund unanticipated expenditures. He stated even if the expenditures projected are off by 50% on the high side, they are not funded without increases in rates over the next several years. Discussion ensued.

Director Gasca stated it appears the District is doing everything it can and the only true solution would be to find additional water resources, look at available properties, consider what water rights exist, and pursue investigating these things aggressively. Mr. Stitle pointed out there were a whole series of issues RMWD must deal with in terms of groundwater. Director Gasca agreed; however, he said by finding other water resources, a package could be put together to apply for federal monies. He said RMWD needs to find other sources of revenue or another means of financing it to work its way out of this situation. Discussion followed.

Mrs. Martinez solicited for input on the budget from the Board. She noted her objective was to communicate better on the new billing format in terms of where the money is allocated.

Mr. Stitle inquired as to the schedule for the rate increases for the new year including the public hearing timeframe. Mrs. Martinez explained she was requesting a proposal for a new cost of service study which in turn may require a 45-day public hearing requirement.

Director Mack inquired as to how much money should have been put in the reserve funds over the last two years. Mrs. Martinez provided the amount placed in reserve funds. It was noted there

Discussion went to Item #17.

17. INFORMATIONAL UPDATE ON MOOSA CREST PIPELINE AND GOPHER CANYON EMERGENCY REPAIRS

Mrs. Kirkpatrick reported the Moosa plans are completed and bid proposals for constructing the new line and installing a pre-fabricated bridge are being sent out to contractors. She noted both the pipe and bridge are being fabricated now. She noted the project is scheduled to start between mid and late June. She mentioned Mr. Powers and Mr. Milner met with a third-party engineer SDCWA hired to research the issue regarding the pipeline break and erosion both at the District offices and on-site. She explained SDCWA has estimated the cost for the repair to be approximately \$100,000 because they believe RMWD's pipeline damaged the slope; however, this matter has not been resolved between the two agencies. She stated RMWD has provided SDCWA with the District's documentation and assessment and was awaiting SDCWA's response. She confirmed RMWD did not make any temporary repairs on the Moosa Creek project.

Mr. Maccarrone reported on the Gopher Canyon emergency project noting RMWD had scheduled with a contractor to do the repair originally; however, when the contractor got to recharge it, another joint just down from the initial site let loose causing the need for two repairs as opposed to one. He stated both repairs were made at the same time.

Discussion went to Item #18.

18. FIVE YEAR STAFFING ANALYSIS

Mrs. Harp gave a presentation on the suggested five-year staffing analysis. She noted this analysis provides charts addressing RMWD's current staffing levels, demographics of the workforce, anticipated retirement dates, as well as the important need for succession planning to fill in the gaps to effectively service the customers. She pointed out there was also information regarding overtime to address Director Stewart's questions. She mentioned there were some additional details on the staff recommended strategies to mitigate some of the staffing gaps foreseen with the level of growth in customers RMWD will need to serve. She stated an action item will be presented to the Board for their consideration and to make a decision at their June meeting.

Mrs. Harp pointed out there was a dramatic spike in overtime due to matters in the field as well as administratively. It was noted the overtime excludes exempt employees and outside contractors. She pointed out increasing staffing levels would not necessarily be the resolution for reducing overtime. She confirmed the budget does include overtime. Mrs. Martinez explained if there is a shortfall in the monies allocated for overtime, unused budgeted are shifted to create a neutral offset.

Mrs. Harp reviewed the strategy and recommendations including succession planning, reporting structure changes, a "Lead at Every Level" employee development program, online training opportunities, etc. She elaborated on the recommended career ladder positions, the new Facilities and Right of Way Technician, leverage temporary/contract labor, and proposed organizational chart.

Director Gasca inquired about interns and how such may fit into our organization. Mrs. Harp responded it would depend on the way RMWD treats interns in terms of being paid or not. Discussion ensued.

Director Mack asked if in the report it shows the Facilities Right of Way Technician needs to be a full-time position. He asked for a cost comparison between hiring in-house versus outsourcing. Mrs. Harp stated she can provide where it would place into RMWD's salary grade from a market perspective, but would have to work on putting together a cost comparison which she could present to the Board. She explained part of the purpose of this role was to manage RMWD's specialty contractors that are currently managed between multiple positions. She offered to have the amount of staff time already being spent in these areas from EAM which would provide additional data. She added, however, the data to show what is not being done was not be available and because it is what not being done makes it difficult to pinpoint the measurement.

President Brazier adjourned to a break at 3:13 p.m.

The meeting reconvened at 3:23 p.m.

Discussion went to Item #19.

19. DISCUSSION REGARDING BROKEN WATER METER BOX

Director Gasca explained the activities that took place several weeks ago after receiving a call from Deena Travis regarding a broken water meter box that became a serious tripping hazard. He stated he visited the site and spoke with Mr. Kennedy who in turn spoke with staff regarding the matter.

Mr. Maccarrone explained staff removed the entire redwood box and replaced it with five individual meter boxes as opposed to one large box which in turn provides each customer with access to their own meter and valves.

Director Gasca stated he received a message from Ms. Travis noting the work was done well; however, now there are electronic meters in place which she needs instruction on how to read the new ones.

Discussion went to Item #20.

(*) - Asterisk indicates a report is attached.

BOARD ACTION ITEMS

***20. DISCUSSION AND POSSIBLE ACTION RELATED TO WATER BILL OF ROBERT QUATIER**

Mrs. Martinez explained during the transition from one auto pay system to another, Mr. Quatier was out of the country for the entire four months of the transition. She mentioned prior to the change, Mr. Quatier was current on all water invoices; however, during the transition he incurred late charges he was requesting to be waived. Mrs. Martinez noted the policy calls for only one fee to be waived; however, in this case it was deemed this matter be brought to the Board for consideration to waive all the fees incurred.

Director Stewart said he understands the frustration and that it seemed reasonable to reimburse any delinquent fees.

Director Hamilton pointed out there were several occurrences documented where RMWD was unresponsive to this customer's requests. He also mentioned the importance of customer service being the first point of contact and that additional processes in follow-through become practice. Mrs. Martinez noted the customer service representatives were citing the Administrative Code which is RMWD's practice. Director Hamilton stated he was not speaking of just this occurrence but as a general practice overall for customer service to follow up on matters such as this as they transpire. He expressed concern there could be a loss of continuity when having temporary staff in place. Director Stewart agreed with Director Hamilton's comments.

Discussion ensued regarding changing the Administrative Code to provide some empowerment to upper level staff. Mrs. Martinez offered to provide proposed changes to the Budget and Finance Committee for review and possible recommendation to the Board for consideration.

Mrs. Harp talked about the upgrade to the phone system being contemplated may provide additional assistance with these types of occurrences.

Director Gasca inquired as to the current procedure for taking and processing customer calls. He noted additional information including in which division the customer resides could provide additional assistance for focusing on a matter in a different manner. Discussion followed.

Motion:

To approve waiving the late fees in the amount of \$102.27.

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

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

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

Discussion went to Item #21.

***21. DISCUSSION AND POSSIBLE ACTION TO AWARD CONSTRUCTION CONTRACT FOR THE KNOTTWOOD WAY WATERLINE IMPROVEMENTS**

Mrs. Kirkpatrick referenced a handout provided to the Board which was a revision to the originally submitted Action Letter included in the agenda packet. She explained the revision was completed after the Board packet had been distributed and now includes information after staff's review of the bids submitted. She pointed out the change was made to the description section in which she included the summary of the evaluation of the bids. She noted the lowest bidder was M-Rae Engineering at approximately \$146,000; however, the bid included minor regularities in their bid which were not required. She stated staff's recommendation was to acknowledge the irregularities were non-significant and authorize the General Manager to execute a contract with M-Rae Engineering for the Knottwood Way waterline. She confirmed RMWD does not have history with the bid winner, all references have been evaluated and checked, and inspection would be conducted in-house. She gave a recap of the project noting it will assist those residing in the Sycamore Ranch community by bringing down the pressure thereby reducing the complaints related to pressure issues.

Motion:

To adopt Option 1 - Acknowledge the irregularities are non-significant to invalidate the bid as non-responsive. Authorize General Manager to execute contract for the construction of the Knottwood Way Waterline Improvements to M-Rae Engineering.

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

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

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

Discussion went to Item #22.

22. DISCUSSION AND POSSIBLE ACTION ACCEPTING THE AUDIT REPORT FOR FISCAL YEAR ENDING JUNE 30, 2016

Mrs. Martinez gave a presentation on the RMWD Financial Statements for June 30, 2016. She pointed out RMWD's audit meets the unqualified (clean) opinion.

Mrs. Martinez emphasized capacity fees received in prior years held as a "deposit", but should have been recognized as a revenue. She explained RMWD was proposing to change its policy. Mrs. Kirkpatrick mentioned sewer capacity was non-refundable where water capacity was refundable without a time limit for holding it. Mrs. Martinez pointed out it will be a financial accounting transition of recognizing it as a revenue and removing it from a liability perspective.

Mrs. Martinez reported on the financial highlights as well as reviewed a chart showing the condensed statement of revenues, expenses, and changes in net position.

Director Gasca asked about the cash on-hand being placed into reserves. Discussion ensued.

Mrs. Kirkpatrick offered to bring some proposed changes to the Administrative Code for Board consideration related to either providing refunds to those who purchased capacity as well as what would occur should the buyer not develop within a certain period.

(*) - Asterisk indicates a report is attached.

Director Mack asked for the reason the audit was completed so late. Mrs. Martinez noted it was mostly due to the transition of RMWD staff as well as the auditing firm merging with another company. Director Mack inquired if there were any ramifications if an auditor does not meet its completion date. Mrs. Martinez said if the required reporting is complete by a specified deadline, there would not be a problem for audit reports being past due.

Mrs. Martinez pointed out the Request for Proposals have been solicited and responses received which she will be reviewing this coming week. She pointed out there were specifics provided in the Request for Proposals.

Motion:

To accept the audit report.

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

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

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

Discussion went to Item #23.

***23. DISCUSSION AND POSSIBLE ACTION REGARDING WATER AND WASTEWATER CAPACITY FEES**

Mrs. Kirkpatrick pointed out this item was to receive input from the Board now as well as approval to release the proposed Capacity Fee Study for public review. She noted this item would be brought to the Board for consideration and possible approval at the next meeting.

Mrs. Kirkpatrick pointed out capacity fees are a one-time charge to new developers connecting to RMWD's system. She explained how the water and sewer capacity fees are calculated as presented in the agenda packet. Discussion ensued.

Director Hamilton inquired on the 5/8" connections. Mrs. Kirkpatrick stated the fire protection would be provided under a separate service for these smaller meter connections. Director Hamilton asked instead of basing the needs on square footage why not base it on the facilities such as the number of restrooms. Mrs. Kirkpatrick explained why basing it on square footage works better.

Mrs. Kirkpatrick talked about the sewer capacity and how it is not built out. She noted the three components involved with sewer capacity fees that are different than water capacity fees.

Mr. Stitle encouraged the Board to have a united response to any inquiries.

It was confirmed the report provided by Raftelis will be released to the public.

Motion:

Adopt Option 1- Approve the public release of the proposed capacity fees and policy and bring the proposed capacity fees and policy revisions at the next Board meeting per the recommendation of staff and the Budget and Finance Committee.

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

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

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

Discussion went to Item #24.

***24. DISCUSSION AND POSSIBLE ACTION TO AMEND AND UPDATE ADMINISTRATIVE CODE CHAPTER 2.03 – REMUNERATION AND REIMBURSEMENT**

Ms. Washburn explained was in response to a recent inquiry regarding the upcoming ACWA and CSDA conferences in that RMWD has an appointed representative to both organizations. She noted in the past Directors were not attending these events as appointed representatives or not; however, now that the Directors are showing interest in attending, this was an opportunity for the Board to determine whether a per diem is to be paid for a meeting, every day for attending a conference and make changes to the Administrative Code accordingly. She pointed out she and Mr. Kennedy worked on proposed changes to the Code that have been provided in the agenda packet for Board consideration.

Mrs. Harp added the current policy states Directors are eligible for a single per diem for each event; however, the literal translation of per diem is “per day” which could mean receiving payment for each day a Director invests in a single event. Ms. Washburn pointed out the current policy only addresses meetings and not conferences and does not address whether each Board Member in attendance is eligible for a per diem and/or only those appointed as the official District representative; therefore, this was being brought to the Board for consideration.

President Brazier asked whether there was consideration given to the possible impact to the budget including how many meetings per year would be allowable. Ms. Washburn said it was her understanding the Water Code allows for up to ten meetings per month per Director. She stated she was unsure whether Mr. Kennedy reviewed any potential budgetary impacts related to per diems during the budget review process he conducted with Mrs. Martinez in regards to Director expenses.

Director Stewart said he did not anticipate seeing an ongoing increase in Director expenses related to attendance at these types of events once the new Board Members go through the initial educational process. He stated he would like to keeping the per diem of \$150 per conference would be fair. President Brazier agreed this was more reasonable.

President Brazier pointed out the Board Members are employed by the ratepayers and there could be some reaction from them in the time of austerity when rates could be increased.

Director Gasca inquired as to the practice at other agencies in regards to per diems. Ms. Washburn replied per diem studies are conducted on a regular basis and the findings show there are some agencies that pay per diems for everything a Board Members attends and there are others that do not. She noted RMWD at one time did pay per diems for every event a Board

(*) - Asterisk indicates a report is attached.

Member attended; however, over time the Board decided to put the current policy in place. She reiterated at that time Directors were not attending every meeting or conferences; therefore, this was to consider meeting these desires of this Board.

Director Mack suggested the appointed representative receive the \$150 for each day they attend a conference hosted by the organization for which they were appointed to represent RMWD and those who are not the appointed representative receive \$150 per conference they attend. He explained there are expenses incurred associated by him attending these events. President Brazier pointed out all the Board Members volunteered for this job and everyone has expenses of things they need to take of when away from home. Director Mack agreed; however, he said he spoke with Mr. Kennedy about this matter and how he seemed adamant that per diem meant per day. Ms. Washburn explained this was correct which is why this was before the Board today as well as due to time restraints for cancellation of reservations. Discussion followed.

Director Stewart noted the Board was trying to obtain the District of Distinction certificate for RMWD. Ms. Washburn pointed out because Director Hamilton cannot attend the conference in July, RMWD would not be able to achieve the District of Distinction award now but possibly when the conference becomes available again.

President Brazier talked about how the ratepayers do not like when they have no input or choice when per diems are raised when they are the ones employing the Board Members. She explained this has been a problem for some time. Director Gasca said he appreciated President Brazier's comments; however, each situation needs to be addressed as it comes up and the concern about possibly facing adversity from the public was for the individual Board Members to consider and address as decisions are made. President Brazier said she was not dismissing this fact, but she was concerned the Board does not know what they are facing because the impact, projections, etc. related to this matter have not been provided.

Director Hamilton stated he would like to have the option of declining per diem. Ms. Washburn stated should Board Members wish to refuse per diem for a meeting for which they are entitled, they would simply amend any prepared per diem forms accordingly.

Discussion ensued regarding anticipated costs should every Director attend the maximum meetings allowed as well as a few 2-3 day conferences. President Brazier stated she just wanted to know what was going to be as opposed to estimations.

It was confirmed the Board has been presented with suggested changes to the Administrative Code for their consideration and by deferring this item Director Mack may need to decide to attend this same conference at a different time since the matter of achieving the District of Distinction was not possible right now.

Director Gasca suggested every offsite meeting, conference, or workshop RMWD Board Members attend be reviewed to make sure all bases are covered. President Brazier agreed the Board needs to decide to which meetings hosted by other organizations should be attended to ensure there is a benefit to both the Directors and the District.

Motion:

To defer this matter until the June Board meeting.

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

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

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

Discussion went to Item #25.

***25. RECEIVE AND FILE INFORMATION AND FINANCIAL ITEMS FOR MARCH/APRIL/MAY 2017**

- A. General Manager Comments**
 - 1. Meetings, Conferences and Seminar Calendar
- B. Communications**
 - 1. Staff Training Reports
- C. Operations Comments**
 - 1. Operations Report
- D. Engineering Comments**
 - 1. Engineering Report
- E. Human Resource & Safety Comments**
 - 1. Human Resources Report
 - 2. Organizational Chart
- G. Finance Manager Comments**
 - 1. Interim Financial Statement
 - 2. Credit Card Breakdown
 - 3. Directors' Expense
 - 4. Check Register
 - 5. Office Petty Cash
 - 6. Water Sales Summary
 - 7. Statistical Summary
 - 8. RMWD Sewer Equivalent Dwelling Units (EDU's) Status

Mrs. Harp pointed out Mr. Kennedy received the Special District Leadership Foundation Special District Administrator Certification at the 2017 CSDA Legislative Days conference. She noted this was one requirement for the District of Distinction designation. She also showed the Board a RMWD hand-written general ledger dating back to the 1950's that was found during the process of reviewing old financial records for retention purposes that staff could not bring themselves to shred. The Board suggested this be kept in a front lobby display case as a historical artifact.

Motion:

To receive and file information and financial items.

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

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

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

Discussion went to Item #26.

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

It was noted the capacity fee report, the deferred Administrative Code change, Strategic Plan objectives, budget approval, staffing analysis approval, and MOU's needed to be on the next meeting agenda.

President Brazier excused herself from the meeting at 5:17 p.m.

The meeting adjourned to Closed Session at 5:17 p.m.

The meeting reconvened at 7:26 p.m.

Discussion went to Item #6.

Discussion returned from Item #6.

27. ADJOURNMENT - To Tuesday, June 27, 2017 at 1:00 p.m.

Motion:

To adjourn.

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

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

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

Absent: Director Brazier.

The meeting adjourned at 7:28 p.m.

Helene Brazier, Board President

Dawn M. Washburn, Board Secretary