

**MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
RAINBOW MUNICIPAL WATER DISTRICT
SEPTEMBER 18, 2018**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on September 18, 2018 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 Brazier, Director Gasca, Director Hamilton, Director Mack, Director Stewart.

Also Present: General Manager Kennedy, Legal Counsel Smith, Executive Assistant Washburn, District Engineer Strapac, Operations Manager Gutierrez, Human Resources Manager Harp, Administrative Analyst Gray, Associate Engineer Powers, Interim Finance Manager Collup.

No members of the public were present before for Open Session. Six members of the public were present for Open Session.

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

There are 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 12:03 p.m.

5. **CLOSED SESSION**

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

- Two Cases

B. Consider Personnel Matter-General Manager Performance Evaluation (Government Code §54957)

The meeting reconvened at 1:26 p.m.

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

This item was addressed under Item #8.

(*) - 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

President Brazier reported there was nothing to report.

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

President Brazier noted 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. APPROVAL OF MINUTES**

A. August 28, 2018 - Regular Board Meeting

Motion:

To approve the minutes of August 28, 2018.

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

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

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

12. 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 made comments related to the structure and purpose behind the District's standing committees. She noted the Administrative Code states the committees are to be advisory to the Board and are to serve at the Board's pleasure since there was no way the committees could participate in the two main activities of the Board which are money and policy. She expressed concern there were committee member comments regarding this practice. She stated the Board very much appreciates the efforts of the committee members and the value they bring to the District. She recommended setting aside time at a future meeting to review how the committees are to function. She also noted it may be time to consider a budget for community activities since the Communications and Customer Service Committee is now undertaking a greater responsibility in community outreach to provide for transparency as well as give the committee an idea of what funds are available to them for these activities.

(*) - Asterisk indicates a report is attached.

B. Representative Report (Appointed Representative)

1. SDCWA

Mr. Kennedy reported the last meeting was uneventful as work is focused on reaching a settlement with MWD.

2. CSDA

Director Mack stated he was considering participating in some of the CSDA committees. He asked if he needed Board approval before submitting the required paperwork no later than October 1, 2018. It was clarified should he be selected to serve on a committee, he would need to submit application for an upcoming meeting in the same manner as attending a conference or training.

3. LAFCO

Mr. Kennedy reported the Advisory Committee meeting was cancelled; however, he and Mrs. Gray did visit LAFCO to review historical RMWD records which there were little to find.

4. San Luis Rey Watershed Council

Director Stewart reported since the general meeting in August, there have been no further meetings.

5. Santa Margarita River Watershed Watermaster Steering Committee

Director Hamilton noted the next meeting would be in October.

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

1. Board Seminar/Conference/Workshop Training Attending Requests and Reports

Director Gasca reported on the September 18th Council of Water Utilities meeting noting the Orange County Water District discussed their reclaimed water project.

D. Directors Comments

Director Gasca reported he will be running unopposed in the November elections.

E. Legal Counsel Comments

1. Employment Law Update (501668-0002)

Legal Counsel reviewed the information provided in his report related to the class action lawsuit involving Starbucks and compensable hours.

Mr. Kennedy introduced Robert Gutierrez as the new Operations Manager and Diane Collup as the Interim Finance Manager.

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

- A. Budget and Finance Committee**
1. August 14, 2018 Minutes

Mr. Stitle reported the audit report will be provided on schedule this year.

- B. Communications and Customer Service Committee**
1. August 2, 2018 Minutes

Director Hamilton reported the committee was making progress on the history of the District video presentation including an interview with long-term resident, Bill Hitt. He noted the committee was reviewing policy for leaks on the customer side of a connection as well as getting updates on the Flume project.

- C. Engineering and Operations Committee**
1. August 1, 2018 Minutes

Mr. Strapac reported the committee discussed the tank fall protection project for which Suez was selected. He noted a draft rights-of-way policy was provided for committee input. He mentioned there was an RFP out for corrosion as well as record of survey, respectively. He noted there was a customer seeking a variance; however, the information was not yet complete.

PRESENTATIONS

14. PIPELINE 6 RELINING PROJECT UPDATE (PRESENTED BY SDCWA)

It was noted the official project name is "Pipeline 5 Relining" and not "Pipeline 6 Relining".

Mrs. Gray introduced Teresa Penunuri, SDCWA Public Affairs Supervisor, who gave a presentation entitled "Pipeline 5 Relining Delivery" with project updates.

Director Stewart asked for the size of the pipe. Ms. Penunuri stated it was 96" pre-stressed concrete cylinder pipe with 93" diameter steel liners.

Director Gasca inquired as to whether the route in which the pipe will be delivered will be presented during project updates. Mrs. Penunuri stated this information will be included in the emails to those in the affected area; however, she will also look into possibly putting together a map.

Discussion ensued regarding the location from which the pipeline would run.

Director Gasca asked about the size of the crew and how they would arrive at the site as well as the amount of traffic to expect. It was stated most likely a crew of ten members will carpool to the portal.

President Brazier thanked SDCWA for the project update.

(*) - Asterisk indicates a report is attached.

BOARD ACTION ITEMS

***15. DISCUSSION AND POSSIBLE ACTION REGARDING PROPOSED ORDINANCE NO. 18-23 TO REPEAL EXISTING ORDINANCE NO. 95-1, WHICH CURRENTLY REQUIRES A TWO-THIRDS VOTE OF THE ELECTORATE BEFORE THE DISTRICT CAN INCUR ADDITIONAL PUBLIC DEBT, AND TO INTRODUCE PROPOSED ORDINANCE NO. 18-23 AND SCHEDULE A PUBLIC HEARING FOR THE OCTOBER 23, 2018 BOARD MEETING**

Mr. Kennedy stated in accordance to Legal Counsel direction, this would be release of the proposed ordinance planned to be brought before the Board at their October meeting for consideration. He said the action today would be to approve publishing the Notice of Public Hearing for October 23, 2018. He noted the proposed notice provided in the agenda packet would be published in the local paper upon Board approval. He explained once the notice is published, a Public Hearing will be held on October 23, 2018 to repeal Ordinance No. 95-1; the ordinance approved in 1995 that restricts the District's ability to access capital markets to handle its financing. He mentioned Legal Counsel as well as other legal counsels are of the opinion the ordinance is invalid; therefore, RMWD will repeal it.

Legal Counsel talked about some of the content included in the written legal opinion supporting the invalidity of the ordinance that was provided as additional support to the Board on this matter.

Director Stewart expressed his opinion it makes no sense to have to go to a two-thirds vote to obtain approval to borrow. He noted the District will save an excessive amount of money by not having to pay all the costs of pipeline repairs.

President Brazier said she found it comforting to know if this Board passes something that is later deemed to be injudicious future boards will have recourse to do what is best for the District regardless of what this board does.

Motion:

Publish the notice and schedule a hearing.

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

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

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

***16. CONSIDER ADOPTION OF RESOLUTION NO. 18-15 OF THE BOARD OF DIRECTORS OF THE RAINBOW MUNICIPAL WATER DISTRICT APPROVING THE FORM OF THE LEASE/PURCHASE AGREEMENT WITH ZB, N.A., SALT LAKE CITY, UTAH AND AUTHORIZING THE EXECUTION AND DELIVERY THEREOF**

Mr. Kennedy explained this was the first portion of the meter replacement project which is the lease portion. He stated this resolution just formalizes the Board voting to agree to do this lease. He noted the lease agreement has been through counsel review including that of a bond attorney. He noted by approving this item, the Board will be stating it finds this is in the best interest of the District and thereby authorize the execution of the agreement.

Motion:

To approve Option 1 – Approve Resolution 18-15 which would authorize the General Manager to execute the financing agreements necessary to implement the meter replacement project.

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

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

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

***17. DISCUSSION AND POSSIBLE ACTION TO ADOPT ORDINANCE NO. 18-20 AMENDING AND UPDATING ADMINISTRATIVE CODE SECTION 5.02.210 APPENDIX A – PURCHASING APPROVAL LIMITS POLICY**

Mr. Kennedy explained this amendment was brought to the Budget and Finance Committee for review and recommendation. He stated the dollar amount limits for department managers will be increased from \$500 to \$2,000 as a means of improving inefficient purchasing practices.

Motion:

To adopt Ordinance No. 18-20.

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

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

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

***18. DISCUSSION AND POSSIBLE ACTION TO ADOPT ORDINANCE NO. 18-21 ADDING SECTION 5.07 – UNCLAIMED CHECKS POLICY TO THE ADMINISTRATIVE CODE AND APPROVE AN UNCLAIMED CHECKS POLICY**

Mr. Kennedy noted RMWD does not currently have an unclaimed checks policy; therefore, this will put together a policy and process for addressing unclaimed checks going forward. He explained the Administrative Code revision as well as the policy itself will be considered under this item as opposed to having two separate agenda items.

Motion:

To adopt Ordinance No. 18-21 and the Unclaimed Checks Policy.

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

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

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

***19. DISCUSSION AND POSSIBLE ACTION TO APPROVE ORDINANCE NO. 18-22 AMENDING AND UPDATING AMEND ADMINISTRATIVE CODE CHAPTER 5.04 - FIXED ASSETS**

Mr. Kennedy explained one of the issue identified under the asset evaluation in the audit process was that RMWD does not have a detailed policy in place; therefore, a policy was prepared for Board consideration.

Director Stewart stated he found the policy to be excellent and that it will provide a road map as assets are revalued which in turn will place the RMWD in a greater position to qualify for loans and anything else requiring financial review.

Motion:

To approve Ordinance No. 18-22.

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

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

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

***20. APPROVAL OF RESOLUTION NO. 18-14 ESTABLISHING CHECK SIGNING AUTHORITY**

Mr. Kennedy pointed out with the resignation of Mrs. Martinez, Mr. Strapac and Mrs. Harp have been added to as designated check signers. He confirmed once the Finance Manager position is filled, an updated version will be brought back to the Board for consideration.

Motion:

To approve Resolution No. 18-14.

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

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

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

21. DISCUSSION AND POSSIBLE APPOINTMENT OF TREASURER

Mr. Kennedy stated with the resignation of Mrs. Martinez, it is District policy to have a Treasurer appointed by the Board of Directors. He noted this appointment would most likely be temporary until the Finance Manager position is filled.

Motion:

To appoint Director Mack to serve as District Treasurer.

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

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

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

(*) - Asterisk indicates a report is attached.

22. AUTHORIZATION TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS

Ms. Washburn explained she provided a blank form to each Director to complete should they wish to attend the 2018 ACWA Fall Conference in November 27-30, 2018. She explained the full conference registration cost was the better price to include the meals as opposed to registration with meals purchased separately.

Motion:

To approve the attendance of all five Board Members at the ACWA 2018 Fall Conference & Exhibition from November 27-30, 2018.

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

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

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

BOARD INFORMATION ITEMS

23. FLUME UPDATE

Mr. Kennedy solicited the Board for feedback on the Flume pilot program. He noted customers in the program have provided positive feedback.

Mrs. Gray noted there are four customers yet to complete their self-installation. She also mentioned there were some customers who were unable to use the device that have returned them for use by another customer.

Mr. Kennedy stated there would be some media coverage on the program in next week or so.

Discussion ensued.

24. STRATEGIC PLAN UPDATE

Mr. Kennedy referenced the handout provided noting time did not allow for a preparation of a full presentation. Mrs. Gray recapped what steps have taken place to date to arrive at the information provided in the handout. She requested everyone look at the handout and provide any feedback or additional input.

Director Mack inquired as to whether the items listed were prioritized. Mrs. Gray explained it will be prioritized by date and timeframe for completion.

Mr. Kennedy stated he wanted to take some time to review the items listed in the handout as he provided additional details. He solicited for Board input throughout the item review.

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

A. General Manager Comments

- 1. Meetings, Conferences and Seminar Calendar**

(*) - Asterisk indicates a report is attached.

- B. Operations Comments**
 - 1. Operations Report
- C. Engineering Comments**
 - 1. Engineering Report
- D. Human Resource & Safety Comments**
 - 1. Human Resources Report
 - 2. Organizational Chart
- E. Finance Comments**
 - 1. Interim Financial Statement
 - 2. Treasurer Report
 - 3. Credit Card Breakdown
 - 4. Directors' Expense
 - 5. Check Register
 - 6. Water Sales Summary
 - 7. RMWD Sewer Equivalent Dwelling Units (EDU's) Status

Mr. Gutierrez stated he will be working with the operations crew members on summarizing the Operations Report to include the most pertinent information to share with the Board.

Director Gasca suggested any repairs or breaks be separated by division.

Mr. Gutierrez mentioned the steps being made working toward getting information out to customers in a timely manner.

Mr. Strapac noted he was exploring opportunities for possible building a solar farm at Beck Reservoir to assist with subsidizing the District's electrical costs.

Mrs. Harp announced a part-time HR Assistant would be starting on October 1, 2018 as well as interviews are scheduled on October 2, 2018 for the Finance Manager position.

Motion:

To receive and file information and financial items.

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

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

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

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

It was noted the public hearing, a resolution for after the repeal of Ordinance No. 95-1, strategic plan approval, a tank fall protection contract, consideration of a variance, record retention policy review, and rights-of-way policy should be on the next agenda.

Director Stewart confirmed he would not be at the October 23, 2018 Board meeting.

(*) - Asterisk indicates a report is attached.

27. ADJOURNMENT - To Tuesday, October 23, 2018 at 1:00 p.m.

The meeting was adjourned with a motion made by Director Brazier to a regular meeting on October 23, 2018 at 1:00 p.m.

The meeting was adjourned at 3:45 p.m.

Helene Brazier, Board President

Dawn M. Washburn, Board Secretary