

**MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
RAINBOW MUNICIPAL WATER DISTRICT
JANUARY 23, 2018**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on January 23, 2018 was called to order by President Brazier at 1:02 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. President Brazier presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

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

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

Six members of the public were present for Open Session.

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

There were no changes to the agenda.

5. **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.

*6. **APPROVAL OF MINUTES**

A. December 5, 2017 - Regular Board Meeting

Motion:

To approve the minutes as written.

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

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

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

(*) - Asterisk indicates a report is attached.

7. 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 Brazier)

President Brazier commended and thanked the RMWD employees involved with putting together the Employee Recognition Banquet held on January 20, 2018 for a memorable event; Dawn Washburn, Cynthia Gray, Karleen Harp, Darren Milner, and Jerry Kraft. She congratulated the Gold, Silver, and Bronze medal winners; Jerry Kraft, Cynthia Gray, and Bryan Rose. She mentioned how she found the department baskets to be very clever and creative. She thanked those who came and added to the presence of the conviviality.

President Brazier recommended RMWD plan a family-friendly daytime event to be held in the future.

President Brazier mentioned RMWD being included in two articles in The Village News.

B. Representative Report (Appointed Representative)

1. SDCWA

Mr. Kennedy reported on the December special meeting regarding the San Vicente hydropower project.

2. CSDA

Mr. Kennedy announced the quarterly dinner meeting will be held in February at which the San Diego County Tax Collector will be speaking. He mentioned the San Diego Chapter of CSDA is kicking off a field trip event as well as a video contest. He pointed out Director Hamilton will be attending the Special District Leadership Academy in February.

3. LAFCO

Mr. Kennedy reported LAFO had requested an update request for the Five Year Municipal Service Reviews for which staff is compiling information. Discussion ensued.

4. San Luis Rey Watershed Council

Director Stewart noted the next meeting will be held on January 24, 2018. He said now that he serves as a Board Member on the Council, there are more meetings he attends including one on December 22, 2017 at which they developed a Financial Standard Operating Procedure as well as a new Administrative Code.

5. Santa Margarita Watershed Council

Director Hamilton noted the title on the agendas should be changed from "Santa Margarita Watershed Council" to "Santa Margarita Watershed Wastermaster Steering Committee". He read aloud his report provided to the Board Members as a handout. He noted the next meeting will be on April 17, 2018.

(*) - Asterisk indicates a report is attached.

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

Director Gasca reported on the Council of Water Utilities meeting held on January 16, 2018 at which there was a presentation on sustainability and water use efficiency. It was noted the new location was permanent at this point.

Mr. Kennedy pointed out Director Mack had a written report for the ACWA conference included in the agenda packet.

D. Directors Comments

There were no comments.

E. Legal Counsel Comments

1. Attorney Report: Employment Law Update (150152-0005)

Legal Counsel talked about the new regulations from the Fair Employment and Housing Council and Governor Brown related to employment laws. He addressed concern regarding.

Director Hamilton inquired about the conditional offers made by RMWD. Mrs. Harp noted due to the new January 1, 2018 laws, once a conditional offer is made and accepted, then a criminal background investigation is conducted within the legal regulatory requirements.

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

A. Budget and Finance Committee

1. November 14, 2017 Minutes

Mr. Stitle noted the auditors were being much more thorough than in the past. He mentioned discussed the rate study in greater detail.

Director Gasca pointed out the committee voted to keep their current officers in place; however, the committee was made aware there may be a change with one officer moving out of the area.

B. Communications Committee

1. November 2, 2017 Minutes

Director Hamilton noted the committee focused on putting together a new process for providing the Customer Service assistance when answering ratepayer inquiries. He also mentioned Mrs. Gray was working with the local high school students in putting together FAQ videos that will eventually be posted on the website.

Director Stewart mentioned the materials in the required rate hearing notices were very dry; however, he was thankful for the newsletters and the information provided prior to the notices being delivered. He read aloud a written comment he received from one of his constituents noting their support of the District and the decisions made by the Board.

Mrs. Gray pointed out the committee voted to keep their current officers; however, there was mention one of the officers may be leaving the area at which time a change will need to be made.

- C. Engineering Services Committee
 - 1. October 4, 2017 Minutes
 - 2. November 1, 2017 Minutes

Mr. Powers reported the committee discussed the condition assessment provided by HDR as well as other items on this agenda for later discussion. He stated the committee voted to keep their current offices in place.

BOARD INFORMATION ITEMS

***9. LILAC FIRE ACTIVITIES UPDATE**

Mr. Kennedy noted the Board has been updated on the Lilac Fire previously; however, a letter was received from the Rancho Monserate Country Club Homeowners Association, Inc. asking for the monthly sewer fees be waived for those lots lost in the fire until a new home is in place and connected to the system. He solicited the Board for direction as to how they would like staff to respond to this letter as well as what properties should be taken into consideration.

President Brazier suggested staff bring a range of options back to the Board to evaluate and consider. Mr. Kennedy agreed to prepare a response letter to Rancho Monserate Country Club Homeowners Association based on the Board's recommendations.

BOARD ACTION ITEMS

***10. DISCUSSION AND POSSIBLE ACTION TO ADOPT RESOLUTION NO. 18-02, DECLARING THAT GOVERNING BODY MEMBERS AND VOLUNTEERS SHALL BE DEEMED TO BE EMPLOYEES OF THE DISTRICT FOR THE PURPOSE OF PROVIDING WORKERS' COMPENSATION COVERAGE FOR SAID CERTAIN INDIVIDUALS WHILE PROVIDING THEIR SERVICES**

Mr. Kennedy noted this was a housekeeping item to make it very clear that any individuals other than regular employees working for RMWD would have Workers' Compensation coverage. Mrs. Harp added SDRMA must have a Board approved Resolution on file to continue this coverage.

Motion:

The Board adopt Resolution No. 18-02

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 Hamilton, Director Mack, Director Stewart, Director Gasca.

***11. DISCUSSION AND POSSIBLE ACTION TO APPROVE RESOLUTION NO. 18-01 — 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 JANUARY 23, 2018 THROUGH JUNE 30, 2018**

Mrs. Harp noted this was addressed in the staffing analysis presented to the Board last year. She pointed out the actual amounts of the salary grades were not changing with this Resolution, but some of the job titles were changed as well as promotional positions being added to the grade structure.

Motion:

To approve Resolution No. 18-01.

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

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

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

***12. CONSIDER AUTHORIZATION FOR GENERAL MANAGER TO APPROVE PAYMENT FOR SEVPRO APPROVAL FOR DISTRICT TO PAY SERVPRO FOR RESTORATION SERVICES AT 6668 CAMINO DEL REY DUE TO 4" WATER MAIN BREAK IN AREA CAUSING PROPERTY DAMAGE**

Mr. Kennedy noted this property damage was mentioned during the Lilac Fire activities update. He stated the damage caused totaled more than his authorized spending limits. Mr. Milner pointed out the repairs are close to being completed.

Motion:

To approve Option 1 - Authorize General Manager to approve payment for SERVPRO for restoration services totaling \$63,015.84, and apply towards Office Emergency Service (OES) funding through the State of California and/or Federal Emergency Management Administration (FEMA) for reimbursement purposes.

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

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

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

***13. APPROVAL OF AGREEMENT TO ASSUME JOINT AGREEMENT TO IMPROVE MAJOR SUBDIVISION, JOINT LIEN CONTRACT AND HOLDING AGREEMENT, AND EXTEND TIME TO COMPLETE IMPROVEMENTS FOR POLO CLUB (TRACT NO. 4736-1 / FINAL MAP 13856)**

Mr. Powers said Polo Club wanted to transfer title to PC Havens Land LP and Firm Resorts LLC; however, to do so approval of the agreements presented are required. He stated Legal Counsel was currently reviewing the file agreements. He explained the Joint Lien Contract and Holding Agreement transfer the obligations of those agreements from the current owner to the new owner. He pointed out the completion date would be extended to October 22, 2021. He stated he did not

(*) - Asterisk indicates a report is attached.

see any financial impact to RMWD. Legal Counsel added this arrangement was contingent upon approval of the County Board of Supervisors.

Motion:

Approve Option 1 - Approve the Agreement to Assume Joint Agreement to Improve Major Subdivision, Joint Lien Contract and Holding Agreement (Tract No. 4736-1) and extend time to complete improvements until October 22, 2021, contingent on the approval of the San Diego County Board of Supervisors.

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

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

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

***14. DISCUSSION AND POSSIBLE ACTION MAKING ENVIRONMENTAL FINDINGS FOR CATEGORICAL EXEMPTION FOR THE RAINBOW HEIGHTS PUMP STATION REHABILITATION PROJECT AND FILING OF NOTICE OF EXEMPTION WITH SAN DIEGO COUNTY**

Mr. Powers noted there was an essential step in the CEQA requirements in that the Board needs to declare the project meets the requirements for a categorical exemption. He stated within the Notice of Exemption, RMWD does need to make sure there are no nesting raptors within the location. He said should nesting raptors be found, mitigation would be required.

Director Gasca asked if the site was adjacent to any sensitive wilderness areas. It was noted it was not. Mr. Gerdes added there was a biologist who would determine whether there were nesting raptors present. It was confirmed RMWD would pay for the biologist.

Motion:

Approve Option 1 - Determine and find that the Rainbow Heights Pump Station Rehabilitation Project is Categorically Exempt from CEQA and authorizes filing of the Notice of Exemption with the County of San Diego.

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

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

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

15. DISCUSSION AND POSSIBLE ACTION REGARDING THE WATER PIPELINE CONDITION ASSESSMENT TECHNICAL MEMORANDUM

Mr. Kennedy introduced Eric Scherch who gave a presentation on the Condition Assessment Study. He pointed out RMWD has \$400 million in water main infrastructure that has a finite life which over time will cause more and more breaks. He stated since age is not a good indicator of condition, moving toward a more performance and condition base program was preferred to achieve desired service levels.

Discussion ensued regarding approaches to achieve outcomes.

(*) - Asterisk indicates a report is attached.

Mr. Scherch provided some good news in that most of the system is performing well. It was noted 80% of the breaks are caused by 20% of the pipes and 40% by 5% of the pipes. He presented an analysis showing how RMWD will get more for its money.

Discussion ensued regarding high corrosivity soils and high pressure causes increased deterioration and how this data will assist RMWD in exploring various options for reducing break rates. Director Mack inquired as to the soil type tests taken when developers build within the District. Mr. Powers noted there are many different types of precautionary measures taken before metallic pipes are installed. Mr. Kennedy the entire process has improved since some of the pipeline found within RMWD was put in place. Discussion followed.

It was noted Pala Mesa Fairway Villas presented the highest risk due to the high number of main breaks, high corrosion potential, and high pressure. Discussion followed regarding how to find the best solution for this project.

Discussion continued regarding the internal commitment to execute fixing the problems which includes considering of the best course of action as well as the costs and risks involved. It was suggested RMWD develop a roadmap to ensure a clear, practical, and strategic path forward while balancing resources with program development and communicating progress toward program success.

Discussion ensued.

Mr. Kennedy confirmed EAM will assist in collecting data electronically going forward; however, most of the records utilized to conduct the study being presented were on paper.

Discussion followed regarding how to assess the projects, clustering them together, categorizing and prioritizing such. Mr. Kennedy stressed the administrative capacity was one of the key challenges in making this program successful while ensuring a sustainable budget.

Director Mack asked if the miles of pipeline were incorporated into the analysis. Mr. Scherch noted the standard industry metric was utilized in conducting the assessment. Discussion followed.

Mr. Kennedy pointed out the action item was to seek the Board's commitment by providing direction to staff. He noted this program will be taken into consideration within the upcoming budget process. He confirmed the beginning of this program was included in the newly proposed rate structure changes and all of it was included in the second year's projected rate structure.

Director Gasca said he would like the language of staff recommendation Option 1 to include sustaining a service level better than fifteen lateral breaks or no more than fifteen lateral breaks. Mr. Kennedy suggested eliminating the numbers and having the Board commit to a program.

Motion:

To approve Option 1 with revision – Establish a funding mechanism to ramp up investment in rehabilitation and replacement of aging pipelines to reach an annual budget of \$3 million to sustain a service level equal to or better than the AWWA standard, direct staff to develop the administrative capacity to implement this program in a cost-effective manner.

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

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

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

President Brazier called for a break at 3:25 p.m.

The meeting reconvened at 3:35 p.m.

***16. APPROVAL OF RESOLUTION NO. 18-03 ESTABLISHING CHECK SIGNING AUTHORITY**

Mr. Kennedy explained this was to remove Mrs. Kirkpatrick as a designated check signer.

Motion:

To adopt Resolution No. 18-03

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

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

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

17. DISCUSSION AND POSSIBLE ACTION TO APPOINT AN ALTERNATE REPRESENTATIVE TO THE SAN LUIS REY WATERSHED COUNCIL

Director Stewart pointed out the Council are held quarterly on the fourth Wednesday of the month starting at 1:00 p.m. Director Gasca volunteered to serve as the alternate representative.

Motion:

To notify the San Luis Rey Watershed Council that Director Gasca will be serving as the alternate representative from Rainbow Municipal Water District.

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

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

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

***18. DISCUSSION AND POSSIBLE ACTION TO APPROVE ORDINANCE NO. 18-02 - AMENDING AND UPDATING ADMINISTRATIVE CODE SECTION 1.02.020 – CONFLICT OF INTEREST, CHAPTER 5.02 – PURCHASING, 5.02.180 – DUTIES AND FUNCTIONS OF ASSIGNED DISTRICT PURCHASING AGENT, SECTION 5.02.200 – PURCHASING DEPARTMENT – RELATIONSHIP BETWEEN DISTRICT AND VENDORS, SECTION 5.02.210 – PURCHASING AND CHANGE ORDER APPROVAL REQUIREMENTS - APPENDIX**

Mr. Kennedy pointed out this item was to update the position title and make it more generic to fit any title assigned to fulfilling the responsibilities to which it refers and thereby eliminating the need to update all these sections each time there is a title change.

Motion:

To approve Ordinance No. 18-02 amending and updating the Administrative Code chapters and sections listed.

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

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

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

***19. DISCUSSION AND POSSIBLE ACTION TO APPROVE ORDINANCE NO. 18-01 - AMENDING AND UPDATING ADMINISTRATIVE CODE CHAPTER 4.01 - PERSONNEL RULES AND REGULATIONS**

Ms. Washburn pointed out a section in this Administrative Code chapter currently states that a picture is taken and published in the local newspaper when an employee receives a service award. She stated this practice has not been followed for years; therefore, it was recommended it be removed to ensure compliance.

Director Stewart expressed concern with allowing a change in work schedules with authorization from the General Manager in that there could be instances when more overtime is generated. He also noted in Section 4.01.040, Item #M, the word "of" should be "if".

Motion:

The approval of Ordinance No. 18-01 with the noted correction.

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 Hamilton, Director Mack, Director Stewart, Director Gasca.

***20. CONSIDER APPROVAL OF A CONTRACT WITH INFOR GLOBAL SOLUTIONS FOR THE PURCHASE OF CLOUDSUITE FINANCE AND ACCOUNTING SOFTWARE**

Mr. Kennedy explained this was a world class software with better support provided by the hosts. He stated next month a contract for implementation will come to the Board for consideration.

Director Brazier inquired as to the quality of support provided from Infor. Mr. Kennedy provided examples of timely responses to getting issues resolved with the EAM software and how the experiences have been very positive.

Mr. Kennedy talked about the costs involved being offset by the staff time and long-term savings.

Director Stewart thanked Mr. Kennedy for overseeing the negotiations for this product. He stated his concern was whether RMWD's colleagues were solicited for input, recommendations, and comparisons. Mr. Kennedy stated part of the thing that really provides value across the organization is having systems that talk to each other well. He explained how having everything run on one platform will be extremely beneficial to RMWD by creating a very robust system with unification. He mentioned he did suggest CSDA utilize this product since they are a larger

organization with which Infor is more inclined to work. He stated he would bring the implementation proposal back to the Board.

Director Gasca asked how long RMWD will be running two parallel systems. Mr. Kennedy stated staff will work diligently to minimize the need for this to take place; however, it will take some time to completely switch over to the new system which he does not expect to last beyond the end of fiscal year 2019.

Mr. Kennedy pointed out this was a change order to the existing contract to add this license to the original contract. He noted the hosting fees will not go into effect until RMWD is further along in the process. He confirmed other software may be considered for payroll purposes.

Motion:

Approve Option 1 - Approve the procurement of the Infor Cloudsuite Financials software and direct the General Manager to execute an amendment to our existing software licensing, hosting, and support agreements.

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

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

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

21. AUTHORIZATION TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS

Directors Mack, Brazier, Gasca, and Stewart noted their interest in attending the CSDA February 15, 2018 Quarterly Dinner meeting.

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

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. Customer Service and Meters Comments

1. Customer Service and Meters Report

F. Human Resource & Safety Comments

1. Human Resources Report

G. Finance Manager Comments

1. Interim Financial Statement (October and November 2017)
2. Treasurers Report (November 2017)
3. Credit Card Breakdown (October and November 2017)
4. Directors' Expense
5. Check Register (October and November 2017)
6. Water Sales Summary

(*) - Asterisk indicates a report is attached.

Motion:

To receive and file information and financial items.

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

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

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

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

It was noted the Public Hearing for rates, implementation costs for Infor software, and a commendation for Harry Stitle should be on the next agenda.

24. ADJOURNMENT - To Tuesday, February 27, 2018 at 1:00 p.m.

The meeting was adjourned with a motion made by Director Hamilton and seconded by Director Gasca to a regular meeting on February 27, 2018 at 1:00 p.m.

The meeting was adjourned at 4:27 p.m.

Helene Brazier, Board President

Dawn M. Washburn, Board Secretary