

**MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
RAINBOW MUNICIPAL WATER DISTRICT
JULY 25, 2023**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on July 25, 2023, was called to order by President Hamilton at 11:32 a.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. President Hamilton presiding.

2. **ROLL CALL**

Present: Directors Gasca, Director Hamilton, Director Johnson, Director Mack, Director Townsend-Smith (*via teleconference*).

Also Present: General Manager Kennedy, Legal Counsel Smith, Executive Assistant Washburn, Information Technology, Administrative Services Manager Harp.

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

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

There were no amendments to the agenda.

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

There were no members of the public in attendance via teleconference or video conference; therefore, the instructions were not read aloud.

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

Director Gasca requested that the secretary record the names of all the Board Members going into this Closed Session. It was noted this would be reflected as part of the roll call.

The meeting adjourned to Closed Session at 11:33 a.m.

6. **CLOSED SESSION**

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

* One Item

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

Director Townsend-Smith recused herself from the discussion related to Item #6A at 12:22 p.m.

The meeting reconvened at 1:06 p.m.

(*) - Asterisk indicates a report is attached.

7. REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

This was addressed under Item #11.

Time Certain: 1:00 p.m.

- 8. REPEAT CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on July 25, 2023, was called to order by President Hamilton at 1:10 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. President Hamilton presiding.

9. PLEDGE OF ALLEGIANCE

10. REPEAT ROLL CALL

Present: Director Gasca, Director Hamilton, Director Johnson, Director Mack, Director Townsend-Smith (*via teleconference*).

Also Present: General Manager Kennedy, Legal Counsel Smith, Executive Assistant Washburn, Information Technology Manager Khattab, Operations Manager Gutierrez, Finance Manager Largent, Administrative Services Manager Harp.

Also Present Via Teleconference or Video Conference:

Engineering and CIP Program Manager Williams, Grant Specialist Kim, Administrative Analyst Rubio, Administrative Analyst Weber, Wastewater Superintendent Zuniga, Construction and Meters Supervisor Lagunas.

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

11. REPEAT REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

Legal Counsel reported the Board met in Closed Session to discuss two items and there was no reportable action.

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

There were no amendments to the agenda.

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

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

(*) - Asterisk indicates a report is attached.

**14. 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.

***15. APPROVAL OF MINUTES**

A. June 27, 2023 - Regular Board Meeting

Motion:

To approve the minutes.

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

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

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

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

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

A. President's Report (Director Hamilton)

There was no report.

B. Representative Report (Appointed Representative)

1. SDCWA

Mr. Kennedy reported SDCWA held two meetings since RMWD's last meeting. He noted there was a Closed Session item to consider litigation against some party which he presumes to be LAFCO based on the fact RMWD and FPUD were ejected from the first meeting and again at the second SDCWA Special meeting along with Supervisor Desmond. He reported at the first meeting, the SDCWA Board lost its quorum resulting in their not being able to take any action. He stated at the special meeting the Board met in Closed Session for over two hours during which time they reported out that the SDCWA general manager and general counsel had been authorized to enter "settlement negotiations" with FPUD, RMWD, and LAFCO. He pointed out there were limited details due to the information being confidential at this time.

2. CSDA

Director Mack mentioned the CSDA Annual Conference will take place in Monterey the last week of August. Mr. Kennedy added he, Mr. Tamimi, and Mr. Gutierrez will be leading two sessions at this conference.

Mr. Kennedy added the CSDA Quarterly Dinner meeting will be held on August 17, 2023.

(*) - Asterisk indicates a report is attached.

3. LAFCO

Mr. Kennedy announced on July 10, 2023, LAFCO voted to approve the detachment from SDCWA and concurrent annexation into Eastern Municipal Water District. He noted LAFCO staff prepared what many would be consider a fair, albeit expensive, that was able to be passed to allow RMWD to detach with an exit fee of approximately \$3.1M-\$3.2M per year over five years. He stated detaching would still provide for a significant savings during those years; however, not as much as preferred in that it would restrict RMWD's ability to provide rate relief that it has anticipated but would still beat the ever-increasing SDCWA water rates that will continue to escalate. He mentioned SDCWA was continuing to work on pushing through AB399 in the State Senate who will go back into session on August 14, 2023, where this matter is expected to be pushed for a vote quickly following which it will need to be brought before the Assembly. He stated unfortunately, RMWD will need to expend funds to try to block this effort. He concluded with noting although it is expected RMWD will be successful, at the very least, it may create a new court battle.

4. Santa Margarita River Watershed Watermaster Steering Committee

President Hamilton reported on the recent committee meeting noting Metropolitan Water District was reporting Diamond Valley Lake was at 76% of capacity with expectations it will be at 98% of capacity by the end of 2023. He mentioned Lake Skinner is at almost 89% full. He explained the problem with not filling the reservoirs faster was due to one of the conveyance pipelines being down. He also talked about what is transpiring at Camp Pendleton and how the levy is still not repaired due to supply issues.

President Hamilton reported one of the matters that may slightly impact RMWD is the court ordered the Watermaster to conduct data collection on substantial users including groundwater; however, they did not provide a definition for substantial user; therefore, the Watermaster has been using eight acres plus irrigated property for such. He explained how this may be problematic with those who own ten irrigated acres subdivided into two parcels in that they are still using the same amount of water but are below the threshold for substantial user. He mentioned they were also going to include a portion of RMWD; therefore, he was interested in whether RMWD could filter its data in terms of what parcel is connected as well as which parcels are known to have groundwater access. Mr. Kennedy noted RMWD has information from the county; however, it may be outdated.

President Hamilton mentioned the budget was down from last year, but that has to do with most of the settlement issues being finalized resulting in not having to utilize much of the Watermaster's time and efforts.

5. ACWA

Director Gasca talked about the three bills noted into the ACWA news that would have provided extensive powers to the State Water Resources Control Board that would impact water rights but were opposed by ACWA. He suggested staff investigate how the District can support ACWA's negotiations with the Senator for modifications to Senate Bill 389. He mentioned the Governor signed budget trailer bills intended to streamline infrastructure projects on July 10th which included changes to judicial processes related to CEQA, the California Endangered Species Act, and the Project Contracting Authority of the Department of Water Resources as well as Department of Transportation.

Director Gasca mentioned there was a recent Region 10 event held in Oceanside. He said he found it interesting in the report that one of the speakers was the Yorba Linda General Manager who is leading projects that range from a treatment plant to a heli-hydrant for helping fight fires. Discussion followed.

Director Gasca concluded with announcing the 2023 Fall ACWA Conference will be held in Indian Wells November 28-29, 2023.

- C.** Meeting, Workshop, Committee, Seminar, Etc. Reports by Directors (AB1234)
 - 1.** Board Seminar/Conference/Workshop Training Attendance Reports

Director Johnson said she and Ms. Largent attended the ACWA Region 10 event on June 29, 2023 at the City of Oceanside consisting of two panels and excellent speakers that she found to be very informative. She also mentioned she participated in a tour of RMWD during which Mr. Gutierrez shared what happens around the district operationally.

- D.** Directors Comments

Director Gasca shared samples of Truckee Meadows Water Authority inserts as samples of other perspectives of the types of information other water agencies share with their customers for RMWD to possibly consider as part of its communications with its ratepayers.

- E.** Legal Counsel Comments
 - 1.** Attorney Report: Government Immunity and Clean Water Act – 6176406-1

Legal Counsel summarized the information contained in the written report.

17. COMMITTEE REPORTS

- A.** Budget and Finance Committee

Mr. Nelson reported this committee met on July 11, 2023 during which time the committee voted unanimously in favor of recommending the Board approve Item #19 on today's agenda.

- B.** Engineering and Operations Committee

Mr. Nelson noted this committee did not meet in July and will resume meeting on August 2, 2023.

- C.** Communications and Customer Service Committee

Ms. Harp reported the committee met in July at which time they reached a conclusion related to the submetering outreach topic, discussed upcoming newsletter topics, received the first customer service metric reporting, as well as continued to work on soliciting additional responses to RMWD's customer service survey, and talked about some logo design concepts for RMWD's 70th anniversary. She concluded with noting staff was in the process of updating the welcome packet using some of the feedback offered by customers during the recent public rate hearing.

(*) - Asterisk indicates a report is attached.

BOARD ACTION ITEMS

***18. DISCUSSION AND POSSIBLE ACTION TO APPROVE ORDINANCE NO. 23-05 - AMENDING AND UPDATING ADMINISTRATIVE CODE SECTION 1.02.020 – CONFLICT OF INTEREST**

Mr. Kennedy explained this was a housekeeping item to update the Conflict of Interest Code to reflect the new position title changes.

President Hamilton inquired as to whether the new communications position was listed in the Conflict of Interest Code. Ms. Harp explained the title for that position is Administrative Analyst which has a broadly written job description and was included in the list.

Motion:

To approve the changes.

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

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

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

***19. CONSIDER APPROVAL OF THE FORM OF A LEASE FINANCING AGREEMENT WITH FIRST AMERICAN RBC/CITY NATIONAL BANK FOR \$5,000,000 AT 5.49% (+/- 1%) INTEREST FOR 10 YEARS**

Ms. Largent explained this loan was the one proposed in conjunction with the Cost of Service Study and budget plan for the wastewater capital plan. She stated staff sent Request for Proposals to ten financial institutions asking for bids on a \$5M ten-year loan to which three responses were received. She pointed out of the three, First American RBC had the lowest rate as well as the only financial institution that would allow RMWD to have financing with them without having deposits with the bank. She noted this action is a request for the Board to give Mr. Kennedy the authority to sign for the loan which will replenish the wastewater reserve funds which have been depleted after having paid 95% of the cost associated with the Thoroughbred Lift Station project.

Ms. Largent confirmed the Budget and Finance Committee did vote to recommend the Board approve this item.

Motion:

To approve Option 1 - Authorize the General Manager to execute the financing agreement for \$5,000,000 at the rate of not more than 1% above the 5.49% preliminary rate.

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

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

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

(*) - Asterisk indicates a report is attached.

***19A. DISCUSSION AND POSSIBLE ACTION TO APPROVE RESOLUTION NO. 23-17 AUTHORIZING THE GENERAL MANAGER TO PROCEED WITH ALL DUE HASTE TO FULFILL THE TERMS AND CONDITIONS OF THE JULY 10, 2023, APPROVAL OF THE APPLICATION FOR REORGANIZATION FROM RAINBOW MUNICIPAL WATER DISTRICT BY THE SAN DIEGO LOCAL AGENCY FORMATION COMMISSION**

Mr. Kennedy explained this item was to consider formalizing the Board's direction to him. He pointed out this was not a legal or regulatory requirement, but rather a way for the Board of Directors to publicly signal their intention to proceed.

Motion:

To approve Resolution No. 23-17.

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

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

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

Abstain: Director Townsend-Smith.

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

Directors Mack, Johnson, Hamilton, and Gasca stated they would like to attend the 2023 ACWA Fall Conference in Indian Wells.

Director Townsend-Smith CSDA's Special Districts Leadership Academy in October.

BOARD INFORMATION ITEMS

21. STATUS OF GRANT FUNDING

Ms. Kim announced RMWD was awarded the Community Grant Award in the amount of \$1.5M-\$1.6M which will go toward the Thoroughbred Lift Station and Sewer Improvements Project. She shared the backstory of what took place in relation to applying for this grant. Discussion ensued.

Ms. Kim reported RMWD was also awarded two smaller grants; one being a \$2,000 wellness grant that will be used for employee well-being and the other a leadership program grant that will cover all costs associated with Mr. Khattab participating in JPIA's Leadership Essentials for the Water Industry Program.

Director Johnson stated as a fellow grant writer, she wanted to commend Ms. Kim for her hard work. Discussion followed.

Ms. Kim mentioned she had identified another grant that is specifically for projects involving multiple jurisdictions working together to address significant climate changes in their regions including but not limited to wildfires. She said after conducting some research, this one may be good for another heli-hydrant.

(*) - Asterisk indicates a report is attached.

22. GRANT PROGRESS UPDATE

This item was addressed under Item #21.

23. CROPSWAP PROGRAM BRIEFING

Mr. Kennedy explained this was a program initiated by Rancho Water District that they are now looking to expanding to other surrounding areas since they have secured a few million dollars of extra federal money. He noted this program pays farmers to change their crops; however, RMWD would be more interested in a root swap program where people could get paid for the cost of putting in salt-tolerant avocado strains. He stated someone from Rancho Water will be invited to attend a future RMWD Board meeting to talk about the program in more detail.

Ms. Harp mentioned this opportunity in a recent RMWD newsletter due to the fact Rancho Water needed to know that there was interest from the neighboring agencies to have regional expansion. She stated RMWD received replies from twenty ratepayers who are desperate for some type of relief and how an overview of information related to this program has been prepared to mail to these interested parties. She concluded with noting staff was waiting for more information from Rancho Water and that Ms. Weber will be reaching out the those in charge of the program following which she may be able to provide the Board with an update in either August or September.

PRESENTATION

24. NEW WEBSITE AND EMAIL DOMAIN PRESENTATION

Mr. Khattab presented information related to RMWD being approved by the California Department of Technology for the state-provided domain "rainbowmwd.ca.gov" for both its website and email addresses for all staff and board members. He pointed out RMWD will continue to own the domain "rainbowmwd.com" and have this new one in addition to that. He reviewed the changes and costs, benefits of using ".ca.gov" domain, as well as disadvantages.

Director Gasca asked if this would be a transition from the old to the new. Mr. Khattab explained the transition will take place as emails are sent out from the new domain which will take approximately five years to complete.

President Hamilton inquired as to whether the servers would change as well. Mr. Khattab confirmed the servers will not change. It was noted RMWD should keep the "rainbowmwd.com" domain. President Hamilton asked how soon before this would be rolled out. Mr. Kennedy explained staff did not want to roll this out without first presenting it to the Board of Directors; however, upon receipt of the Board's approval, staff was ready to start the process immediately.

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

A. General Manager Comments

1. Meetings, Conferences and Seminar Calendar

B. Communications

1. Staff Training Report - Gutierrez

C. Operations Comments

1. Operations Report

(*) - Asterisk indicates a report is attached.

- D. Engineering Comments**
 - 1. Engineering Report
 - 2. As-Needed Services Expenditures Summary
 - 3. RMWD Sewer Equivalent Dwelling Units (EDU's) Status
- E. Administrative Services Comments**
 - 1. Administrative Services Report
- F. Finance Comments**
 - 1. Board Information Report
 - A. Budget vs. Actuals
 - B. Fund Balance & Developer Projections
 - C. Treasury Report
 - D. Five Year Water Purchases Demand Chart
 - E. Water Sales Summary
 - F. Check Register
 - G. Directors' Expenses Report
 - H. Credit Card Breakdown
 - I. RMWD Properties
 - J. Grant Progress Report

Mr. Guttierrez shared information related to the incident that occurred at the District headquarters the early morning of July 24, 2023. Discussions ensued.

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

It was noted the feasibility study for San Luis Rey Groundwater and two SCIP public hearings will be on the next agenda.

27. ADJOURNMENT

The meeting was adjourned by President Hamilton to a regular meeting on August 24, 2023, at 1:00 p.m.

The meeting was adjourned at 2:19 p.m.

Hayden Hamilton, Board President

Dawn M. Washburn, Board Secretary

(*) - Asterisk indicates a report is attached.