

**MINUTES OF THE REGULAR BOARD MEETING  
OF THE BOARD OF DIRECTORS OF THE  
RAINBOW MUNICIPAL WATER DISTRICT  
MARCH 26, 2019**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on March 26, 2019 was called to order by President Brazier at 11:30 a.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 Rindfleisch.

**Also Present:** General Manager Kennedy, Legal Counsel Smith, Executive Assistant Washburn, District Engineer Strapac, Operations Manager Gutierrez, Finance Manager Largent, Associate Engineer Powers, Administrative Analyst Gray.

No members of the public were present before Open Session. Twenty-six members of the public were present for Open Session.

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

There were no changes to the agenda.

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

There were no comments.

*The meeting adjourned to Closed Session at 11:31 a.m.*

5. **CLOSED SESSION**

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

*The meeting reconvened at 12:50 p.m.*

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

Legal Counsel reported the Board met in Closed Session conference with Legal Counsel-anticipated litigation pursuant to Government Code Section 54956.9(d)(2); three items. He stated there was one reportable action in which the Board reached a settlement on a claim submitted by AT&T on October 25, 2018 regarding damage to an AT&T cable while the District performed repairs due to a main line break. He announced the Settlement Agreement was being finalized and would be available for review upon request.

*President Brazier suspended the meeting at 12:50 p.m.*

(\* ) - Asterisk indicates a report is attached.

***The meeting reconvened at 1:00 p.m.***

Time Certain: 1:00 p.m.

**7. PLEDGE OF ALLEGIANCE**

**8. REPEAT REPORT ON POTENTIAL ACTION FROM CLOSED SESSION**

Legal Counsel repeated the report provided in Item #6.

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

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).**

Barry Willis introduced himself as a candidate for the LAFCO Board of Directors actively reaching out to most of the local agencies for their support in the election. He said he is fierce about local government as well as the heavy-handed aspect of government and how will be available to hear the local agencies viewpoints. He expressed how strongly he believes in this election which involves seeking the special districts' support. He concluded with stating he was here to ask for RMWD's support and how much he appreciated its support.

Joe Byer expressed he found the District newsletter to be fantastic. He complimented the Board with the way they start the Pledge of Allegiance. He recommended there be a change in the categories listed on the customer bills to include an item on the water infrastructure improvements.

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

**\*11. PUBLIC HEARING**

**A. PUBLIC HEARING TO CONSIDER ADOPTING ORDINANCE 19-04 AUTHORIZING INCREASES IN THE RATES FOR RAINBOW MUNICIPAL WATER DISTRICT SERVICE FEES EFFECTIVE APRIL 1, 2019**

Ms. Largent introduced herself and shared a presentation she presented to the RMWD Board and Budget and Finance Committee related to the water rate hearing. She noted RMWD contracted with Raftelis to prepare a five-year study for Fiscal Years 2018-2022 of which now the District is in the second year. She pointed out when the key assumptions reviewed for this year's rate update and actuals for Year 1 were updated in the model which resulted in a slightly lower increase than what was anticipated in the original forecast. She reviewed the information contained in the slide presentation. It was confirmed this presentation was available on the District website.

***President Brazier opened the Public Hearing at 1:19 p.m.***

Ms. Washburn announced RMWD received twenty-six written protests.

(\*) - Asterisk indicates a report is attached.

Gerald Flanigan deferred his speaking time to his wife, Dorothea Flanigan. Ms. Flanigan introduced herself as a resident in Gopher Canyon for forty years and mentioned she was highly active in that area. She stated they have observed the same rotten pipes throughout the entire region. She said she was against adopting Ordinance No. 19-04 as was her husband, her neighbors because they have been victims of their water meters from fifty years ago. She explained they have to go up mountains, through rocks and rattle snakes to shut off meters in the event there is a leak running down the mountains at their homes. She stated the whole area should have been reorganized and she would like to know where the District replaces pipelines. She suggested putting water meters on the streets as opposed to having to travel over other properties to arrive at a water meter when a disaster occurs on your property. She said they were here because they want to know when sensible pipeline delivery service systems going down through Gopher Canyon. She expressed concern \$110.00 per month before using a drop of water was a great deal of money for those customers who are retired. She added RMWD does not have right-of-way through her property nor does it have an easement through her property; however, District vehicles have cut through her property for plumbing that should not be there anymore. She stated she would call the Sheriff every time this occurs and how the Sheriff has stated she will receive their backup once she calls. She concluded with expressing how fed up she was with RMWD patching 60-80-year-old 4" pipes when geysers occur. She urged the Board not to vote for any rate increases because the District will not organize or replace the plumbing.

Russ Hatfield expressed concern that he could not support the rate increase when it is not clearly written what he will be paying for and how much he will be paying. Mr. Kennedy explained all the information related to the rate increases were provided in the written public notification. Mr. Hatfield inquired how to much of the increase will be for pass-throughs. Mr. Kennedy estimated 25% was for SDCWA and the remainder was to fund the capital improvement program. Mr. Hatfield asked if RMWD could seek a low rate loan. Mr. Kennedy answered since RMWD recently changed its debt limitations, there were opportunities in this regard. Mr. Hatfield concluded by stating he could not support the rate increase without more research. He suggested RMWD seek loans.

Susan Haczewski expressed concerns with the proposed fixed water rates and why they are so expensive. She wanted to know what RMWD was doing proactively such as capturing water that falls on top of our floating cover reservoirs during the recent rains. Mr. Kennedy explained RMWD was not allowed to capture rainwater for reuse according to state law. She concluded with noting she protests the increase.

Teresa Platt stated it was her understanding the proposed increase was due to the increase in wholesale water costs and not capital improvements which was a very different message not clearly stated. She noted [savegirdvalley.com](http://savegirdvalley.com) will be watching to see if the wholesale rates decrease so they can return to the District for rate reductions. She inquired as to whether the District's funding was inadequate and how the numbers came out so wrong for capital improvements. Mr. Kennedy explained the \$85 Million reserve to which she referred was the net value of all the District's pipeline in the ground. Ms. Platt requested asked for the actual number in reserves be provided to the public and should that number be inadequate, RMWD needs to make sure a little more goes into the reserves as inflation occurs as opposed to coming back to the customers with a big surprise. She reminded the Board the District was a public service set up to provide water in the best interest of the customers. She expressed her concern with farmers going out of business and golf courses disappearing simply due to water costs. She urged the Board to look at a bookkeeping and communicate it with people because this is a public agency and the public has a right to now. She said she expected to find the presentation on the website very soon to a link can be included in their website. She concluded with stating she was

opposed to the rate increase because the District has a great deal of water and if this was a whole sale issue, the District will not have to worry about wholesale costs next year.

Mr. Kennedy stated if anyone was interested in all the details, the RMWD Budget and Finance Committee meets monthly at which time they go through all financial information in detail. He also said he recalled the public notification did not specifically state the rate increase was not due to wholesale charges; however, the presentation today explained 65%-70% of the customer costs were for imported water costs and wholesale fixed costs that go to San Diego County Water Authority and 30%-35% of the bill goes to RMWD.

Sherry Yetter stated she has resided in Bonsall since 1990. She asked what percent of the current budget was for salaries. Ms. Largent stated it was approximately 16%. Ms. Yetter asked what percentage of the proposed increases would go toward salaries. Ms. Largent explained 16% of the increase would go toward salaries but not in salary increases. Ms. Yetter inquired if the salaries were for new employees or increases in existing salaries. Ms. Largent confirmed employees would not be receiving any salary increases right now. Ms. Yetter asked for clarification in that if 16% was going to salaries, what positions would receive the 16% increase. Mr. Kennedy explained all salaries are set in accordance with the Board direction through the bargaining unit labor negotiating process and salary schedules published on the website. Ms. Largent added the chart provided in the presentation was not the percentage of the rate going toward different items, but rather a breakdown of the percentages that make up the District's Operations and Maintenance expenses. Mr. Kennedy stated most of the proposed rate increases would go toward the District's Capital Improvement Program. Ms. Yetter requested a copy of the breakdown. Ms. Largent offered to email the information to Ms. Yetter as well as some additional details. Ms. Yetter concluded by stating she was opposed.

Duane Urghart stated on behalf of the agricultural constituency, he recommended all the charts and presented information be provided on the District's website as a means of being more transparent. He explained he has a farm in both FPUD and RMWD with 2" meters. He noted of particular concern is the increase in the fixed meter costs as he spoke of the comparisons he made to FPUD and Valley Center MWD which he found to show RMWD's meter costs were almost double FPUD's. He said on behalf of the RMWD residents and ratepayers, the Board has to look at any option available that will help stabilize or lower costs.

Herb Donner said he holds himself responsible for not having attended previous Board meetings. He talked about the business attitude called the Studibaker Complex where they thought they were doing a good job without comparing to other competing businesses and ended up failing. He said it is very important for the public to know comparable data. He addressed the Directors stating it appeared to him those responsible for representing the District over the period of years let the cost of the District get out of control. He said he did not think he could intelligently respond to the rate increase other than emotionally because he did not have the data. He said Ms. Largent provided the Board with all the comparable data in terms of what is happening in the other districts.

Nancy Morris stated she formally protests for the rate increase. She said there has been a great deal of valuable information shared today and she encouraged the Board to look at finding monies needs for whatever it is doing in some other bucket instead of putting it on the people on fixed incomes and cannot really afford the increase regardless of how much it is, especially considering the fact RMWD is one of the highest in the rates. She reiterated this was her formal protests in addition to the letter she wrote stating she does not want the increase.

Soleil Develle addressed the Board thanking them for hearing his comments. He spoke of the responsibilities regarding the rate increase and the budgetary concerns RMWD was addressing. He noted his concerns with the proposal in that he was pretty sure the vote was already set, and his words may not sway anyone; however, since this District has these budget issues he wanted to bring some similar concerns. He wanted the Board to look at what was reasonable with respect to rate increases including an apples-to-apples comparison of operation costs. He offered to share a spreadsheet he prepared comparing Valley Center MWD, RMWD, and FPUD operations charges. He mentioned he noticed the RMWD does not have a distinction between the meters with respect to whether the customer is agriculture or SAWR, but rather all fixed rates. He stated this was good since it was difficult to justify why an agricultural meter should be \$100 more per month compared to a residential meter serving water at a capacity with a certain amount of flow. He said the question in respect to this information is agricultural users were paying \$48.00 in RMWD for a 1" meter and almost \$100 more per month for the 1 1/2" meter. He added another concern was RMWD proposes to charge \$34.00 more than FPUD and \$51 more than Valley Center MWD for 1" residential (non-agriculture) meters. He pointed out RMWD proposes charging \$82 more than FPUD for agriculture and \$53 more than FPUD for SAWR for 1" agriculture meters. He stated his concern was two-fold in that was the proposed rate increase reasonable in there being such a huge divergence among the three districts. He asked why agriculture customers must pay so much more than domestic customers as why RMWD was in such a financial critical state the rates need to be so high. He concluded with noting he found it disconcerting the failed rate study from a few years ago was being followed by another failed rate study although he did not know all the facts associated with the studies. He said if RMWD must raise rates, he urged the Board to be considerable and fair taking into consideration all the ramifications for all concerned; the customers and the District. He told the Board to please reject the study and work to develop a more fair and reasonable approach as well as taking into consideration other district rates and profiles as a benchmark.

A public member stated he did not understand some of the questions raised and asked if staff or the Board would be responding.

President Brazier asked if any staff would like to respond to the concerns raised by the comments.

Mr. Kennedy spoke to some of the concerns noting one of the challenges everyone in RMWD faces is aging infrastructure built for farmers a long time ago. Some pipelines remain in place from mutual water companies post World War II era that RMWD faces the prospect of failing at an increasing rate. He stated the District's ratepayer-led committees have looked at this topic over the past several years trying to forecast and predict the break rates. He noted the pipeline described by Ms. Flanigan will be the first project to come out with design anticipated to be finished during the summer of 2019 with construction starting later in the year followed as well as a whole series of other similar pipelines in the southern part of the district. He explained if RMWD fails to put together the funds to implement the pipeline replacement project, the safety and reliability of the water will continue to go down. He pointed out fixing the pipeline every ten feet repeatedly is more expensive than replacing the pipeline. He stated when the financial analysis was conducted in consultation with the ratepayer-led committees regarding the number of pipelines now reaching the end of their lives needing replacement, the conclusion was problematic because the it does require rate increases, especially when the State was looking to come take more from the customers through RMWD. He acknowledged it was an unfortunate situation, but with a small customer base and a very large 80-square mile system with 330 miles of pipeline serving only 8,200 customers, RMWD does have different cost structures than other districts. He noted the Board has reviewed and discussed many times in public meetings was with water sales being 40% of what they used to be 12-13 years ago, relying on the volumetric rate does not work in that every year the volumetric sales keep decreasing making the only way to recover the funds would

be on the fixed charges. He stated this was unfortunate, but these are the facts associated with living in a rural area. He encouraged anyone who wants to get involved and know the details to join or participate in RMWD's committees that meet monthly and welcome customer input.

President Brazier welcomed Board Member comments. There were no comments.

President Brazier asked if anyone present had any comments solely to clarify any item raised by the Board Members.

Mr. Hatfield asked Mr. Kennedy to address the matter he raised related to loans. He said it appears to the simple farmer that if RMWD must raise the money now the rates may be higher as opposed to spreading the money out over a longer period which will be at much lower rates. Director Hamilton stated as mentioned in the discussion, RMWD was precluded from doing any borrowing from 1995 forward until last year. He explained the problem with trying to borrow money now is RMWD has no credit history which results in paying much higher rates than if the District had some established credit. He noted RMWD was in the process of initiating some borrowing activity to establish a good credit rating. He clarified the District has borrowed money for a Water Meter Replacement Program that will be rolled out this year. Mr. Kennedy added RMWD will be entering capital markets in the future; however, it only had the legal authority to do so for approximately the last five months.

Mr. Urghart addressed Director Hamilton's comments stating FPUD has not had the same restrictions and most likely have borrowing capacity. He said if RMWD was looking to spread costs out, why not look at getting with a district with a deeper pocket such as FPUD. Mr. Kennedy stated he believes FPUD does take out debt but do not have a bond rating either due to taking out State Revolving Fund Loans which is a different type of borrowing. He assured the audience it was on the RMWD Board's financial plan to figure out the way to make this as smooth as possible. He pointed out in any case going to capital markets, they want to know the Board is going to be able to fund it and how in the past five years RMWD did not have to draw from reserves in two of those years. He reiterated if it were possible to project how much water would be bought, the costs could be shifted back to the volumetric rate; however, it has always been a downward trend. He concluded by noting RMWD cannot go out of business, the pipes must be run as long as people live in the area.

Mr. Donner asked if the District was contemplating borrowing, would that change some of the capital funding requirement forecasts. He suggested it would make it a better looking future if RMWD got into the borrowing market. Mr. Kennedy explained if cash reserves are brought too low, that is looked upon as unfavorable in terms of credit worthiness. He noted this was a complex matter without one easy resolve. Director Hamilton pointed out the Board did not adopt a five-year rate increase structure because they prefer discussing the matter of rates on an annual basis.

A member of the public said it appears RMWD took a rather brief time window for planning; however, he would like to know if RMWD considered a longer timeframe of 10-15 years, would the District end up in a much worse position. Director Hamilton explained a five-year window planning window was reasonable when there is some degree of confidence relative to the forecasts; however, in the current environment even a five-year forecast is difficult due to the numerous unknown variables. Mr. Kennedy added from the capital and condition assessments aspects, RMWD does have much longer rates forecasted as well as a very detailed model of how pipes are expected to age as well as which pipelines are aging better than others. He pointed out the further out financial planning and long-range planning goes out, the larger the error bars.

Mr. Kennedy stated it was the District's job to find the best and most efficient to get its customers safe and reliable water and how unfortunately rate increases were a part of that process.

Director Gasca thanked everyone for attending the meeting today. He pointed out how last year the Board denied approval of a five-year rate increase that would disallow the opportunity for public input and comment as shown today. He stated the Board should not assume it has all the knowledge and make the best decision for everyone. He said the attendance today was a pleasant success because things went according to what he expected if not for this year, then maybe next year because the District would have been in the situation being looked at today. He talked about projections and how RMWD was 100% dependent on imported water which presents challenges. He mentioned RMWD continues to look at other opportunities to provide water at lower costs. He explained RMWD has inventoried every piece of infrastructure which has been entered into a database to study failure rates. He pointed out a Capital Improvement Study has been conducted to assist with prioritizing projects and that RMWD was striving to get ahead of pipeline failures before property damage results. He acknowledged RMWD may need to improve communicating with the public better via the District website. He echoed Mr. Kennedy's comments regarding participation in the committee meetings may be beneficial to those interested.

President Brazier addressed the assumption heard from the public regarding the law of supply and demand applies in water. She stated just because RMWD has more water it does not mean the wholesale agency will reduce the District's costs; it was quite the contrary. She said RMWD was working hard on projects to determine if local or other sources of water were available. She explained the District was at the mercy of Metropolitan Water District and San Diego County Water Authority. Ms. Flannigan said she has been told by well dwellers that underneath Gopher Canyon an astronomical amount of water exists. President Brazier pointed out RMWD would need to have water rights to drill. Mr. Kennedy explained property owners can drill a well for personal use with underlying rights granted to the property owner; however, for a municipality to drill and extract a large amount of water for distribution to other properties, there was a different level legal requirement and water rate laws involved. He stated there is no groundwater in the San Luis River basin and how the river valley is considered a flowing river regulated by the State Water Resources Control Board. He noted RMWD has talked to the water rights owners and were actively trying to put together a project to get access to water rights where possible; however, it does not mean it will be a great deal cheaper due to the water being too salty. He reiterated RMWD has many irons in the fire and consistently seek input from the standing committees as to how this can be done better, faster, and cheaper.

Director Mack said he has resided in Rainbow for twenty-five years and was also on a fixed income which caused him to reduce his meter size just to help ends meet. He explained he ran for a seat on the Board to find out why rates were so ridiculously high and has since become educated. He mentioned not only does the District have aging infrastructure, elevation was also a factor which incurs pumping costs. He stressed RMWD was not like every other water district. He assured the public this Board works very hard to find ways to save the ratepayers money; however, living in this beautiful rural area comes may be more expensive due to limitations in terms of the number of connections available to help offset costs. He explained there was so much pipe deteriorating, RMWD needs money in reserves to start addressing the problem. He asked the audience to trust the Board is seeking other opportunities for lower cost water. President Brazier added if the water were half the cost, it would still be expensive to get it to the customer due to the current condition of the infrastructure, the elevation differences, and the distances between dwellings. She stated this does not mean the Board was not working on trying to make it less so, but this was part of the explanation.

Director Rindfleisch introduced himself as a new Board Member. He stated he works full time and has children attending school within the local school district. He explained how he find himself in the same situations as those customers present and decided to run for the Board in 2018. He noted it has been extremely eye opening as a ratepayer with a family in how expensive it was to live here; however, he could promise that in both Closed and Open Sessions everyone in the room (on payroll or not) are doing everything possible to mitigate the expenses the customers have to pay each month. He stated going forward, the customers will be able to see what everyone at RMWD was doing to be able to make this work. He said the things of the past must be recovered and improved at some point, including the reserves for capital expenditures. He pointed out borrowing was a short-term solution with long-term ramifications.

Mr. Byer pointed out pipe repairs is a major issue with 330 miles with approximately 8,000 customers. He expressed how important it would be to have four items on the bill with one item showing how much money was being spent on pipe repairs so the customers would have a better understanding of where their money was being spent. Mr. Kennedy reported staff was currently in the process of working on this change.

Mr. Flannigan addressed the matter of the salt water and a process Israel utilizes. He suggested it may be beneficial for RMWD to research providing a resolution for agricultural users. He thanked the Board for their time.

A member of the public asked about RMWD replacing meters. Mr. Kennedy explained a Water Service Upgrade Project currently active that will not only deal with meters located in front of customer homes, but also pressure regulators, installing new customer-side ball valves, as well as upgrading and replacing meter boxes. He added RMWD conducted a water meter study and found the meters only record approximately 93% of the water going through the meters which in turn costs the District nearly \$1.6 Million per year in revenue losses based on inaccurate meters or additional water paid for by RMWD for which it receives any revenue. He noted when there are meters stop registering, it will only get worse over time; therefore, the Board's direction has been to provide fair and equitable cost recovery for everyone for the use of water. He said if there is some subset of ratepayers with inaccurate meters, those with accurate meters are paying for subsidizing the water use of others. He explained the most and equitable means for recovering water costs is for everyone to have an accurate meter and pay for only the water they use as opposed to picking up the costs of other customers. The public member asked why RMWD does not believe more water will be used if the costs are lower. Mr. Kennedy answered one of the challenges seen over the past 10-12 years is wholesale water costs has well over doubled and the agricultural water users have become hyper-efficient. He stated higher water sales are not coming back with water sales reaching 30,000 acre feet per year. He noted it would be fiscally irresponsible for RMWD not have enough money when a pipeline fails. The public member said the reason few ratepayers attend these meetings is because they come to share their concerns and it does not change the outcome of the decision made by the Board.

***President Brazier closed the testimony portion of the Public Hearing at 12:31 p.m.***

Director Gasca emphasized for everyone to contact the District as well as visit the RMWD website to get information. He stated the Board and staff were diligently working on ways to alleviate concerns of the ratepayers. President Brazier added the District would like to be responsive in terms of the website and encouraged everyone to contact the District if there was information the public would like to have made available.

President Brazier asked if there was any further Board discussion. She asked if there was any further recommendations or comments from staff.

**President Brazier closed the Public Hearing at 2:33 p.m.**

**Motion:**

**Approval of Ordinance No. 19-04.**

**Action: Approve, Moved by Director Mack, Seconded by Director Rindfleisch.**

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

**Ayes: Director Brazier, Director Gasca, Director Hamilton, Director Mack, Director Rindfleisch.**

**President Brazier called for a break at 2:35 p.m.**

**The meeting reconvened at 2:51 p.m.**

**\*12. APPROVAL OF MINUTES**

**A. February 26, 2019 - Regular Board Meeting**

**Motion:**

**Approve the minutes as presented.**

**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 Rindfleisch.**

**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 referenced Administrative Code Section 2.09 and 3.05 as she commented on the importance of meeting minutes as well as an occurrence she observed she found to be upsetting. She explained at a recent committee meeting, an individual shared sensitive and confidential information with volunteer committee members that was not first provided to the Board. She explained once the information was provided, the individual stated for the recording what was shared should be kept out of the minutes. She expressed concern with one individual unilaterally determining what should be recorded in the meeting minutes as well as what information the public can know. She said these actions cannot be allowed to represent the values of the District and how public trust was vital to RMWD's successful operation. She concluded with noting she has attended virtually every meeting at RMWD for more than twenty years and since being elected to

(\*) - Asterisk indicates a report is attached.

represent the Division 1 constituents. She said she takes her role in charging her civic duty very seriously and will do her best to represent Division 1, but not with blinders on.

**B. Representative Report (Appointed Representative)**

**1. SDCWA**

**A. Summary of Board Meeting February 28, 2019**

Mr. Kennedy reported at the last meeting it was announced Maureen Stapleton would no longer be overseeing SDCWA. He added there was mention of other personnel changes to follow. He noted there were also updates related to the MWD matter, but those cannot be discussed at this time.

**2. CSDA**

There was no report given.

**3. LAFCO**

Mr. Kennedy reported the Special Districts Advisory Committee met to review the matter of converting agricultural land. He mentioned after receiving input from him and Mr. Arant of Valley Center Municipal Water District, Mr. Keene removed this matter from the agenda. He also announced the Julian Cuyamaca Volunteer Fire Department has been dissolved after a voted taken at LAFCO following a protest hearing.

**4. San Luis Rey Watershed Council**

Director Gasca stated he has reached out to Mr. Stewart and the administrator again but has not received a response yet.

**5. Santa Margarita River Watershed Watermaster Steering Committee**

Director Hamilton reported the next meeting will be on April 23, 2019.

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

**1. Board Seminar/Conference/Workshop Training Attendance Requests and Reports**

President Brazier reminded the Board Members to submit written reports each time they attend workshops, conferences, etc. She asked for any outstanding reports to be provided.

**D. Directors Comments**

Director Mack complimented a customer service representative, Ms. Gray, and Ms. Washburn for going above and beyond as well as how they present themselves. He said he wanted to thank them publicly for a good job. President Brazier second Director Mack's comments.

Director Gasca mentioned a string of comments on the Ranger Road Neighborhood social media site and suggested RMWD find a way to respond in terms of providing accurate information as well as mitigate some customer concerns. President Brazier pointed out the Saratoga social media group duplicated some of the same comments. Ms. Gray suggested there be guidelines determined prior to preparing responses.

- E. Legal Counsel Comments
  - 1. Attorney Report - New CEQA Guidelines (501668-0002)

Legal Counsel summarized the information contained in the report provided.

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

- A. Budget and Finance Committee
  - 1. February 12, 2019 Minutes

Mr. Stitle reported the software transition is expected to be completed July 1, 2019. He mentioned he and Mr. Nelson met with Ms. Largent to determine the best way to assign fixed rates and would like to take the next step by meeting with Mr. Strapac and Mr. Kennedy.

- B. Communications and Customer Service Committee
  - 1. February 7, 2019 Minutes

Director Hamilton reported Bill Stewart was seated at the March committee meeting. He noted there were two other public members interested in serving on the committee which the Board will consider later in this meeting. He stated the committee discussed the language regarding leaks for the door hangers, WASUP program details, status of the video, phone tree concerns, utilization of the RMWD logo and Excellence Coin, as well as the Avocado Festival on April 14, 2019.

- C. Engineering and Operations Committee
  - 1. February 6, 2019 Minutes

Mr. Nelson reported there were two items on this agenda the committee recommend the Board approve. He added the committee has also been discussing and receiving regular updates on the Record of Survey, ABM, Via Ararat Pipeline and pipeline relocation projects respectively. He noted the committee will begin activities to obtain a consultant for the Programmatic Environmental Impact Report.

**BOARD ACTION ITEMS**

**\*15. DISCUSSION AND POSSIBLE ACTION TO AWARD A PROFESSIONAL SERVICES AGREEMENT TO PROVIDE DAM INUNDATION MAP DEVELOPMENT SERVICES FOR THE BECK DAM INUNDATION MAP DEVELOPMENT PROJECT AND APPROPRIATE \$30,000 TO THE PROJECT BUDGET**

Mr. Strapac explained this item was regarding an inundation study required by the State for any dam capable of holding water. He stated although RMWD has tried to get out of having to conduct this study due to the dam not being in use, the request was denied. He stated staff then proceeded to put out a Request for Proposal (RFP) for qualified professionals to which eight responses were received. He reported on March 19, 2019, the Division of Safety of Dams contacted RMWD's Engineering Department indicating the District had the option of making the dam inoperable. He said by doing such, the annual fees would be reduced by approximately \$18,000, the safety hazard ratings would be dropped from high to low, and the inundation map would no longer be required. Mr. Kennedy mentioned there would be some risk involved should the District want to change the dam back to operational; however, since there was not a plan in place to utilize the dam soon, it may be worth welding it open and leaving it be at this time.

(\* ) - Asterisk indicates a report is attached.

Director Hamilton directed staff to gather more information in terms of what determines a dam to be classified as inoperable as well as an estimate of costs associated with recertification before the Board takes this matter into consideration. Discussion ensued.

***Motion:***

***To table this item for further discussion.***

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

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

***Ayes: Director Brazier, Director Gasca, Director Hamilton, Director Mack, Director Rindfleisch.***

**16. DISCUSSION AND POSSIBLE ACTION TO APPOINT RUSSELL VERNON AND BILL SHUTE AS MEMBERS OF THE COMMUNICATIONS AND CUSTOMER SERVICE COMMITTEE**

***Motion:***

***To appoint Russell Vernon and Bill Shute as members of the Communications and Customer Service Committee.***

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

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

***Ayes: Director Brazier, Director Gasca, Director Hamilton, Director Mack, Director Rindfleisch.***

**17. CONSIDER INFORMATION REGARDING THE STATUS OF FLUME WATER MONITORING SYSTEM PILOT PROJECT AND PROVIDE DIRECTION TO STAFF ON DEVELOPMENT OF A REBATE PROGRAM**

Mr. Kennedy pointed out he was presenting some options provided by Flume for the Board to consider. He encouraged the Board to review the memorandum and provide him with input and feedback.

Director Mack expressed concern with the reliability of the device. President Brazier stated she too experienced an issue with her device in that it carefully measures her consumption but the portion of the device detecting when something is running has not worked since being installed. She noted she has reached out to Flume several times and has yet to receive a response.

Director Gasca stated he has received timely responses to each of his emails. He mentioned Flume has identified his batteries needed to be replaced which they supplied in a timely manner.

Mr. Kennedy explained as part of the Strategic Plan, staff was direction to find a way to give the customers more information; therefore, he was seeking direction from the Board as to whether the device should be advertised by RMWD for the customers to purchase on their own or put some funding behind it to incentivize people to utilize the devices.

(\*) - Asterisk indicates a report is attached.

Director Gasca inquired as to the feedback received from the pilot program and whether there was a report identifying the responses from all the participants. Ms. Gray replied the Communications and Customer Service Committee reviewed the questions for the survey which Flume prepared and sent out to the participants. She noted the results were provided to RMWD and how they were all positive. She offered to share a copy of the results to the Board. Discussion ensued.

Director Hamilton stated his position was to have the customers to work directly with Flume. He said RMWD should negotiate with Flume for 1,000 devices available offering a bigger discount for early adopters and some type of discount for additional subscribers should there be an oversubscription. President Brazier agreed the District should not be put in the middle of Flume and the customers as well as not required to maintain anything. Director Hamilton suggested letting the public know the Board has researched and tested the device and found it to be great; therefore, they want to encourage customers to subscribe by offering a special discount to the first 1,000 customers wishing to participate.

Mr. Kennedy reiterated this item was to get clarity from the Board prior to finalizing any paperwork such as contracts or indemnity agreements. Discussion continued regarding means of encouraging subscribers.

No action taken.

**\*18. DISCUSSION AND POSSIBLE ACTION TO ADOPT ORDINANCE NO. 19-03 AMENDING AND UPDATING ADMINISTRATIVE CODE CHAPTER 8.13 – DISPUTED BILLS**

Ms. Largent explained this update added some clarity to the disputed bills definitions as well as the processes involved with disputing bills. Mr. Kennedy added the types of scenarios would be considered a dispute as opposed to filing a claim which has an entirely different level of time restraints.

***Motion:***

***To accept Ordinance No. 19-03 amending and updating Administrative Code Chapter 8.13 – Disputed Bills as written.***

***Action: Approve, Moved by Director Mack, 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 Rindfleisch.***

**\*19. DISCUSSION AND POSSIBLE ACTION TO APPROVE ORDINANCE NO. 19-02 AMENDING AND UPDATING ADMINISTRATIVE CODE SECTION 3.01.020 – SPECIAL, ADJOURNED AND EMERGENCY MEETINGS**

Mr. Kennedy recalled it was suggested this item be brought back to the Board after the last Board meeting with some revisions to the last line regarding committees. President Brazier strongly objected to the proposed language although it was probably included with the best of intentions. She pointed out RMWD's committees were not in the position to do anything except make recommendations to the Board and emergency situations would be addressed by staff.

Discussion ensued regarding updating the Administrative Code Chapter 2.09 in terms of possibly including processes to address special, adjourned, and emergency meetings. It was determined a review of this policy would be conducted by the Board after the budget process has been completed.

***Motion:***

***Approve Ordinance No. 19-02 except for the sentence, "Each committee, with approval of the Board President, may call special meetings in the same manner as the Board".***

***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 Gasca, Director Hamilton, Director Mack, Director Rindfleisch.***

**\*20. DISCUSSION AND POSSIBLE ACTION TO APPROVE RESOLUTION NO. 19-04 — 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 MARCH 26 THROUGH JUNE 30, 2019**

Mr. Kennedy explained a new legacy grade has been created to facilitate a smooth transition of employees within the District related to the senior inspector position.

President Brazier inquired if there was adjustment within the budget to compensate for the ever-escalating salary ranges. Mr. Kennedy replied the position was being eliminated; therefore, the movement to another position at the same salary range was already included in the budget.

***Motion:***

***To approve Resolution No. 19-04 as presented.***

***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 Rindfleisch.***

**\*21. DISCUSSION AND POSSIBLE ACTION REGARDING CSDA BOARD OF DIRECTORS CALL FOR NOMINATIONS, SEAT B**

Mr. Kennedy announced CSDA was seeking nominations for candidates to be seated on their statewide Board of Directors from RMWD's region. Discussion ensued regarding the stipulated deadlines for receiving nominations and votes being casted.

Director Mack expressed an interest in serving on the CSDA Board. Discussion ensued regarding the Board's expectations associated with them making a nomination.

(\*) - Asterisk indicates a report is attached.

**Motion:**

**To nominate Michael Mack for the CSDA Board of Directors, Seat B.**

**Action: Approve, Moved by Director Hamilton, Seconded by Director Rindfleisch.**

Director Hamilton amended his original motion.

**Motion:**

**To nominate Michael Mack for the CSDA Board of Directors, Seat B with the District funding his campaign efforts up to \$500.00.**

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

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

**Ayes: Director Brazier, Director Gasca, Director Hamilton, Director Mack, Director Rindfleisch.**

**\*22. DISCUSSION AND POSSIBLE ACTION REGARDING SPECIAL DISTRICT BALLOT FORM FROM SAN DIEGO LOCAL AGENCY COMMISSION (LAFCO) REGULAR AND ALTERNATE MEMBER**

Director Hamilton inquired as to what criteria was used in making candidate recommendations. Mr. Kennedy explained the steps committee members took in determining which candidates should be recommended for election. Discussion followed.

**Motion:**

**To vote for Barry Willis as primary member and Erin Lump as alternate member.**

**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 Rindfleisch.**

**\*23. DISCUSSION AND POSSIBLE ACTION RELATED TO REQUEST FOR CERTAIN WASTEWATER CONVEYANCE SERVICES FROM VALLEY CENTER MUNICIPAL WATER DISTRICT**

Mr. Kennedy recalled the Board had directed him to look at the Meadowood development when he first joined RMWD. He noted a few years ago a study was conducted to determine how wastewater could be conveyed and provide water services of which Valley Center MWD was not in favor; therefore, RMWD requested another option. He stated Valley Center MWD presented another option as provided in the agenda item backup material which he referenced as he shared the details. He stated additional internal review was conducted. He recommended the Board consider moving forward with Valley Center MWD in that they would have to pay for upsizing whatever facilities necessary to serve the 850 homes including the completion of Thoroughbred Lift Station, putting a main force over the bridge, North River Road pipeline expansion, and a few

(\*) - Asterisk indicates a report is attached.

other projects needing to be completed. He suggested a component be added for buying into the capacity of RMWD's already enlarged system and recovery of Operations and Maintenance costs to offset the cost of transporting the wastewater through. He pointed out the benefits of getting RMWD's facilities upgraded would be significant in the long run especially with the prospects for obtaining additional large sums of money was lessening.

Mr. Strapac added having a high-pressure force main located in the front of RMWD's offices would not be prudent. He stated if a deal could be reached where Meadowood receives water from RMWD, it would be extremely beneficial for water quality issues, redundancy, and several other items.

President Brazier asked for clarification as to what staff was seeking from the Board. Mr. Kennedy explained staff needed to direction from the Board as to whether to not proceed with the option or move forward to make the best deal possible for Board consideration. He mentioned some of the benefits to RMWD should a deal be reached.

Director Hamilton inquired as to whether Valley Center MWD has filed for permits. Mr. Kennedy stated this could be part of the planning process required by the County of San Diego. Discussion ensued.

***Motion:***

***To direct the General Manager and District Engineer to work with Valley Center MWD to conduct any necessary engineering studies and develop contracts to provide wastewater conveyance services as well as potable water service to Valley Center MWD.***

***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 Rindfleisch.***

**24. AUTHORIZATION TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS**

Director Mack stated as the CSDA representative, he would like to attend the annual Legislative Days conference for the benefit of networking and learning about what is transpiring legislatively. Mr. Kennedy agreed it would be beneficial to have someone from RMWD present at this conference.

***Motion:***

***To approve Director Mack's attendance at the CSDA Legislative Days and the per diems associated with such.***

***Action: Approve, Moved by Director Gasca, Seconded by Director Rindfleisch.***

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

***Ayes: Director Brazier, Director Gasca, Director Hamilton, Director Mack, Director Rindfleisch.***

(\*) - Asterisk indicates a report is attached.

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

- A. General Manager Comments**
  - 1. Meetings, Conferences and Seminar Calendar
- 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. Monthly Financial Statements
  - 2. Monthly Balance Sheets
  - 3. Treasurer Report
  - 4. Credit Card Breakdown
  - 5. Directors' Expense
  - 6. Check Register
  - 7. Water Sales Summary
  - 8. RMWD Sewer Equivalent Dwelling Units (EDU's) Status

Mr. Kennedy mentioned RMWD has been asked to submit letters in support of a legislative matter; however, the District does not have a legislative support policy. He recommended the Communications and Customer Service Committee develop some sort of boundaries for supporting or opposing legislative matters before staff signs anything on behalf of the District. It was noted any letters of support be provided in the communications portion of the agenda packet.

President Brazier noted her appreciation of Ms. Harp working with her to bring a more accurate reflection of the organizational chart.

***Motion:***

***To receive and file information and financial items.***

***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 Rindfleisch.***

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

President Brazier recommended a section within the budget be created for the Communications and Customer Service Committee due to the fact this committee provides public outreach and may need to make purchases for community events. It was confirmed this would not be on the next agenda, but rather made a part of the budget which will come back to the Board for consideration.

(\*) - Asterisk indicates a report is attached.

It was noted the contract for the Programmatic Environmental Impact Report services, the Dam Inundation Map Development Services, and an update on both the Flume and Valley Center MWD projects will be on the next agenda.

**27. ADJOURNMENT - To Tuesday, April 23, 2019 at 1:00 p.m.**

***The meeting was adjourned by President Brazier to a regular meeting on April 23, 2019 at 1:00 p.m.***

The meeting was adjourned at 4:51 p.m.

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**Helene Brazier, Board President**

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**Dawn M. Washburn, Board Secretary**