

**MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
RAINBOW MUNICIPAL WATER DISTRICT
MAY 26, 2020**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on May 26, 2020 was called to order by Vice President Hamilton at 12:05 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. Vice President Hamilton presiding.

2. **ROLL CALL**

Present: Director Hamilton, Director Mack, Director Rindfleisch, Director Gasca (*arrived at 12:19 p.m.*), Legal Counsel Smith (*via teleconference*), Legal Counsel Duran-Brown (*via teleconference*).

Also Present: General Manager Kennedy, Executive Assistant Washburn, Information Technology Manager Khattab.

Absent: Director Brazier

No members of the public were present for Closed 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 12:06 p.m.

5. **CLOSED SESSION**

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

* Two Items

B. Conference with Legal Counsel – Existing Litigation Pursuant to Government Code Section 54956.9(d)(1)

* Kessner et al., v. Rainbow Municipal Water District, et al.

C. Conference with Legal Counsel – Potential Initiation of Litigation (Government Code § 54956.9(d)(4))

* One Case

(*) - Asterisk indicates a report is attached.

6. REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

This item was addressed under Item #10.

The meeting reconvened at 1:00 p.m.

Time Certain: 1:00 p.m.

7. REPEAT CALL TO ORDER

The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on May 26, 2020 was called to order by Vice President Hamilton at 1:00 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. Vice President Hamilton presiding.

8. PLEDGE OF ALLEGIANCE

9. REPEAT ROLL CALL

Present: Director Gasca, Director Hamilton, Director Mack, Director Rindfleisch.

Also Present: General Manager Kennedy, Executive Assistant Washburn, Information Technology Manager Khattab.

Absent: Director Brazier.

Present via video teleconference:

Legal Counsel Smith, Legal Counsel Duran-Brown, District Engineer Strapac, Operations Manager Gutierrez, Finance Manager Largent, Human Resources Manager Harp, Associate Engineer Powers, Customer Service and Communications Supervisor Gray, and Senior Accountant Rubio.

Eight members of the public attended the Open Session via video teleconference.

10. REPEAT REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

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

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

There were no changes to the agenda.

12. 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.

(*) - Asterisk indicates a report is attached.

***13. APPROVAL OF MINUTES**

A. April 28, 2020 - Regular Board Meeting

Motion:

To approve the minutes.

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

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

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

Absent: Director Brazier.

***14. 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)

There was no report given.

B. Representative Report (Appointed Representative)

1. SDCWA

A. Summary of Board Meeting April 23, 2020

Mr. Kennedy referenced the summary of the April meeting as well as the email he recently sent to the RMWD Board with a letter attached that he sent to SDCWA in advance of this month's meeting discussions regarding the MWD rates and charges, SDCWA's mid-year budget, as well as SDCWA's proposed rate increase. He noted the purpose of this letter was to generate some thoughts from the other member agencies.

Discussion ensued.

2. CSDA

Mr. Kennedy reported Thursday night there was a virtual happy hour Zoom meeting in place of the May 21, 2020 Quarterly Dinner meeting with approximately fifteen people in attendance. He noted there was a roundtable discussion regarding what each special district was dealing with in relation to the COVID-19 situation.

3. LAFCO

Mr. Kennedy reported the hearing will be on June 1, 2020 where LAFCO will speak about forming a committee to look at RMWD's proposal to detach from SDCWA.

(*) - Asterisk indicates a report is attached.

4. San Luis Rey Watershed Council

Director Gasca stated there was no information to report at this time.

5. Santa Margarita River Watershed Watermaster Steering Committee

Vice President Hamilton announced the next meeting is scheduled for July.

6. ACWA

Mr. Kennedy reported ACWA has changed their annual conference to a virtual conference.

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

1. Board Seminar/Conference/Workshop Training Attendance Reports

Director Gasca reported he virtually attended the CSDA Legislative Days. He referenced the webinar handouts he provided to the Board noting the highlights of each. He pointed out the most significant bill discussed was regarding the legislation helping to define the special districts at a federal level. He mentioned his certificates of participation were provided to Ms. Washburn for the District's records.

D. Directors Comments

Director Mack asked for an update on what was transpiring in terms of not turning off customer services for non-payment during the pandemic. Mr. Kennedy said as part of the Executive Order, the District was not allowed to turn off water service during the pandemic and that late fees are being waived through June 1, 2020 per Board approval. Vice President Hamilton added the Board also decided to monitor this relatively new process before taking any proactive action.

E. Legal Counsel Comments

1. Attorney Report: Claims Presentation Filing Requirements 150152-0005

Legal Counsel summarized the information contained in his report.

15. COMMITTEE REPORTS

A. Budget and Finance Committee

Ms. Largent reported the committee reviewed the budget assumptions as well as possibly condensing some of the customer payment options.

B. Communications and Customer Service Committee

Vice President Hamilton reported the committee reviewed the communication plan for the WSUP project. He mentioned the committee reviewed the public complaint policy section of the Administrative Code and how the committee asked him to express to the Board the appreciation for having been included in the process and to be given an opportunity to provide feedback on policies that affect communications and customer service. He said the committee's proposed revisions have been communicated to Ms. Washburn to be made part of the proposed revisions presented to the Board in June.

(*) - Asterisk indicates a report is attached.

Vice President Hamilton pointed out discussion on the CalState San Marcos Student Program has been deferred until the report provided to RMWD has been reviewed. He announced the Fallbrook Vintage Car Show has been rescheduled for August as well as noted Mr. Kennedy gave an update on the COVID-19 situation and how RMWD has been invited to participate in a webinar related to the District's response to emergencies.

Mr. Kennedy added the committee will discuss the process for reopening the front lobby at their June committee meeting.

C. Engineering and Operations Committee

Mr. Nelson reported the committee did not have a quorum; therefore, no business could be conducted.

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

***16. PUBLIC HEARING**

A. DISCUSSION AND POSSIBLE ACTION TO JOIN THE STATEWIDE COMMUNITY INFRASTRUCTURE PROGRAM ("SCIP") AND BECOME A PARTICIPATING MEMBER AGENCY, AND ADOPT A RESOLUTION "FORM OF RESOLUTION OF INTENTION TO BE ADOPTED BY CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY ("CSCDA")

Mr. Kennedy noted this was another piece to the CSCDA the District joined a few years ago when it formed the Community Facilities District for the DR Horton project. He explained the SCIP is designed for much smaller projects and provides a way for property owners to assess themselves to pay for public infrastructure for smaller projects that are not big enough for bond issuance. He pointed out this program would be utilized by smaller developers. He mentioned some of the benefits this program could bring to the District. He clarified at this time the Board would only be considering making this program available to those property owners within the RMWD service area.

Vice President Hamilton asked for clarification as to the administrative terms and conditions in which RMWD is involved relative to this program. Mr. Kennedy confirmed the District would be involved with the agreements as well as agreeing with that when something is done, it is a public asset and then make it a part of the District's portfolio of assets.

Vice President Hamilton solicited for further comment on this item. There were no additional comments.

Mr. Kennedy asked Legal Counsel if the public hearing needed to be opened differently that was done. Legal Counsel said as long as the Board confirmed there was no public comment, there was no additional requirements.

Vice President Hamilton confirmed there was no additional public comment. Mr. Khattab confirmed there were nobody raising their hands to comment.

Director Gasca inquired as to whether there were two motions required. Legal Counsel stated by adopting option 1, it would include the adoption of the resolution.

(*) - Asterisk indicates a report is attached.

Motion:

To approve Option 1 – The Board make a determination that becoming a participant in SCIP does not constitute a project that is subject to CEQA guidelines, adopt a Resolution of Intention, Resolution No. 20-06, that by a simple majority vote for the membership in SCIP, and authorize the General Manager to proceed with all documentation and filings to authorize membership in SCIP.

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

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

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

Absent: Director Brazier.

CONSENT CALENDAR ITEMS

- *17. DISCUSSION AND POSSIBLE ACTION TO APPROVE RESOLUTION NO. 20-08 — 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 MAY 26, 2020 THROUGH JUNE 30, 2020**

This item was pulled from the Consent Calendar for discussion purposes.

- 18. NOTICE OF COMPLETION AND ACCEPTANCE OF DENTRO DE LOMAS ROAD IMPROVEMENT PROJECT AS COMPLETE**

Motion:

To approve Item #18.

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

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

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

Absent: Director Brazier.

BOARD ACTION ITEMS

- 17. DISCUSSION AND POSSIBLE ACTION TO APPROVE RESOLUTION NO. 20-08 — 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 MAY 26, 2020 THROUGH JUNE 30, 2020**

(This item was pulled from the Consent Calendar for discussion purposes.)

(*) - Asterisk indicates a report is attached.

Director Mack asked for clarification on the dates for May 26, 2020 and June 30, 2020 was due to a change or due to the MOU. Ms. Harp clarified this was not related to the MOU Cost of Living Adjustments that go into effect for the new fiscal year beginning in July.

Mr. Kennedy pointed out this item was for a title change on a position from superintendent to supervisor that according to CalPERS the Board is required to adopt.

Ms. Harp confirmed the June 30, 2020 date on Resolution No. 20-08 was to note the end of the fiscal year and how another resolution reflecting the Cost of Living Adjustments in accordance with the MOU's will be presented for Board consideration at their June meeting.

Motion:

To approve Resolution No. 20-08.

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

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

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

Absent: Director Brazier.

***19. DISCUSSION AND POSSIBLE ACTION TO ADOPT A RESOLUTION OF NECESSITY, RESOLUTION NO. 20-05, AUTHORIZING THE ACQUISITION OF EASEMENT BY EMINENT DOMAIN FOR A PORTION OF THE PROPERTY AT 7650 CAMINO DEL REY, BONSALE, CA 92003**

Vice President Hamilton noted to be included in the record was a letter from the property owner (Exhibit "A").

Mr. Strapac referenced the presentation noting the steps taken to locate a position for the pump station. He pointed out this was a resolution of necessity to start the process. He mentioned a pre-manufactured pump station will be built in the Moosa Creek area to serve the southern portions of the district with water. He noted RMWD has offered compensation; however, it has been rejected at this time.

Mr. Strapac explained the property RMWD was interested in acquiring is a 15,000 square foot permanent easement on land located off Camino Del Rey and owned by EWM Investments, LLC. He noted this was a larger parcel of 6.59 acres adjacent to several parcels owned by the same entity. He showed where the easement would be located as well as noted although it would not be utilized on a regular basis, the easement was necessary to access the pump station.

Vice President Hayden pointed out Moosa Creek also runs through the parcel of interest; therefore, there was not much usable land. Mr. Kennedy confirmed this was true.

Director Mack inquired as to how power would be provided to the pump station. Mr. Strapac stated this was something to be addressed with SDG&E.

Director Rindfleisch asked about the access roads. Mr. Strapac said this was part of staff's research and found there are three means for accessing the site.

(*) - Asterisk indicates a report is attached.

Discussion ensued regarding the easement and its purpose.

Director Gasca referenced the letter from Mr. Moody regarding this matter and how it seems Mr. Moody's expressed concern is the easement being located right in the middle of the property. Vice President Hamilton pointed out Mr. Moody's usable property is also dictated by flood plain and Moosa Creek running through the southwest portion. Mr. Kennedy pointed out the site would be at the very edge of Mr. Moody's usable property. Mr. Kennedy stated there may be a hypothetical use in the future the District would be willing to discuss with the owners at that time.

Mr. Kennedy pointed out RMWD got an appraisal for the proposed site; however, the owners did not like the results but were unwilling to do another appraisal. He said RMWD will pay the fair market value the District, it was just a matter of determining what that amount.

Director Gasca expressed concern with some of the listed items contained in Mr. Moody's letter. Legal Counsel Duran-Brown noted she has had discussions with the owner's representative regarding their concern with the valuation. She pointed out the Resolution of Necessity was to move the project forward and to do so the valuation was not an issue. She stated the owner's concerns have been taken into consideration and how she was currently in discussion with the owners as well as the District's appraiser to ensure anything missed is captured. She said as of right now, the current fair market value presented was appropriate and any should any adjustments be deemed necessary, those can be done in the future.

Vice President Hamilton clarified today the Board was authorizing acquisition of the easement. Mr. Strapac affirmed this to be true. Mr. Kennedy added the Resolution of Necessity was to make known the Board's intent to move forward with the project.

Mr. Kennedy mentioned the project itself was an incredible benefit to all the ratepayers that would injure one ratepayer for which they should be compensated for the injury.

Mr. Strapac pointed out should this matter go to litigation, a litigation appraiser not involved with the RMWD nor the owners would be brought in to do a new valuation of the property. Ms. Duran-Brown confirmed a litigation appraiser would be hired to do a new valuation of the property as of the date of value that is set by when the litigation is filed. She said should it get to this point in litigation, the new valuation would be the amount paid unless the property value remains flat.

Motion:

To approve Option 1: Receive public testimony, make a determination that the eminent domain process does not constitute a project that is subject to CEQA guidelines, make a determination that the installation of the pump station is not a project that is subject to CEQA guidelines, adopt a Resolution of Necessity, Resolution No. 20-05, by a two-thirds vote for the acquisition by eminent domain an easement at 7650 Camino Del Rey, Bonsall, CA 92003, and authorize the General Manager to proceed with all condemnation filings and proceedings necessary to acquire the interests in the subject parcel.

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

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

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

Absent: Director Brazier.

(*) - Asterisk indicates a report is attached.

20. **DISCUSSION AND POSSIBLE ACTION TO AUTHORIZE THE AWARD OF THE CONSTRUCTION CONTRACT FOR THE RAINBOW HEIGHTS PUMP STATION REHABILITATION PROJECT**

Mr. Strapac referenced the presentation noting this was for the demolition of the existing Rainbow Heights Pump Station and abandoned 8th Street Pump Station and replacement with a pre-manufactured pump station. He stated the rationale was the two large natural gas motors need to be replaced and how he found it was difficult to get maintenance on these and how the permitting costs and maintenance were extremely expensive. He noted two pumps and a cover are on an MWD easement and MWD was requiring the two pumps to be moved out of their easement. He also noted staff recently began the process to relocate the Vallecitos Pump Station to a location across the street from this pump station that may provide RMWD nice redundancy.

Mr. Strapac continued with the presentation pointing out the locations of these pump stations and plan sites. Mr. Kennedy added the pump station across the street from the proposed new pump station has been out of service for at least two decades. He pointed out there were also some structural cracks in the existing Rainbow Heights Pump Station building.

Mr. Kennedy stressed the need for this pump station was due to the gas-fired pumps being out of service and if the remaining two electric pumps fail, there will be a need to go into emergency pumping mode with temporary pumps. He confirmed the Vallecitos Tank belongs to RMWD. Discussion followed regarding potential electrical savings.

Mr. Strapac provided talked about the bid results and project details as summarized in the presentation. Director Rindfleisch asked if the bid price includes acquisition of the new pump stations. Mr. Strapac confirmed the bids do include the new pump stations and demolition of the old pump station.

Director Mack asked if the site would have a roof. Mr. Strapac noted there would be a hatch located in the roof at each pump. Director Mack explained his inquiry was to find out whether it was possible to utilize solar at this site. Discussion ensued.

Vice President Hamilton pointed out RMWD planned for \$2.2 Million for this project; however, it will now cost approximately \$2.6 Million. Mr. Strapac confirmed this was true.

Motion:

To approve Option - Allocate funding and award the construction contract for the Rainbow Heights Pump Station rehabilitation Project to Orion Construction in accordance with the California Public Contracting Code for a not to exceed amount of \$2,637,397, make a finding that the project is Categorically Exempt from CEQA, and authorize General Manager to execute contract for the construction of the Rainbow Heights and Pump Station Rehabilitation Project to Orion Construction.

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

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

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

Absent: Director Brazier

(*) - Asterisk indicates a report is attached.

***21. CONSIDER ADOPTION OF A RESOLUTION OF APPLICATION AUTHORIZING THE GENERAL MANAGER TO PREPARE AND SUBMIT AN APPLICATION TO THE SAN DIEGO LOCAL AGENCY FORMATION COMMISSION TO ANNEX THE PARDEE “MEADOWOOD” DEVELOPMENT FROM THE VALLEY CENTER MUNICIPAL WATER DISTRICT INTO THE RAINBOW MUNICIPAL WATER DISTRICT**

Mr. Kennedy noted this item was a carry on from the April Board meeting for Board consideration. He pointed out although the application form was not complete, the steps to complete it were being taken including the Valley Center MWD Board approving a Resolution of Support.

Mr. Kennedy pointed out Staff Recommendation Option 1 would also authorize him to provide additional information to LAFCO that may come forward in LAFCO’s decision process.

Vice President Hamilton said this was straight forward; however, he asked if there was any anticipation of opposition. Mr. Kennedy stated he did not anticipate any functional reason there would be a negative response to this request.

Legal Counsel Smith pointed out it is in the agreement that Pardee is responsible for indemnifying the District.

Motion:

Approve the Resolution of Application that directs the General Manager to prepare and submit an application to San Diego LAFCO for the annexation of the Pardee development project, pay the filing fees and provide any and all additional or supplemental forms, data, information, plans and documentation as the San Diego Local Agency Formation Commission may request during the processing of the application.

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

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

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

Absent: Director Brazier

22. DISCUSSION AND POSSIBLE ACTION REGARDING “AS NEEDED” LAND SURVEY SERVICES CHANGE ORDERS

Mr. Strapac said this was a discussion regarding the land survey ad-needed services. He noted these services were coming up to the approved maximum limits set at \$50,000. He talked about where the services have been utilized. He stated due to need for these services for important projects, staff was asking the Board to increase the limits to \$100,000.

(*) - Asterisk indicates a report is attached.

Motion:

To approve Option 1 - Approve Change Orders in the amount of \$50, 000 each for KDM Meridian, Inc. and Right-Of-Way Engineering, Inc. to continue to provide professional services to the District, a Authorize the General Manager to execute Change Orders for the “As Needed” contracts with KDM Meridian, Inc. and Right-Of-Way Engineering, Inc., and make a determination that the action identified herein does not constitute a “project” as defined by CEQA.

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

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

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

Absent: Director Brazier.

22A. DISCUSSION AND POSSIBLE ACTION ON AGREEMENT TO APPROVE AND EXECUTE JOINT AGREEMENT TO IMPROVE MAJOR SUBDIVISION COUNTY OF SAN DIEGO TRACT NO. 5354-1

Mr. Kennedy explained this was a standard agreement used when major subdivisions agree to build public assets with the County and RMWD. He stated he received this late Wednesday afternoon which was after the agenda packet was complete; however, due to the timelines involved, this was being brought to the Board to consider giving him authority to sign the agreement as well as make the appropriate adjustments. He added this agreement also provides for bonds to make sure the work is completed correctly, and should that not happen, RMWD can use that bond money to finish the work.

Motion:

To approve Option 1 - Approve the Agreement to Assume Joint Agreement To Improve Major Subdivision, make a determination that the action before the Board today does not constitute a “project” as defined by CEQA, and authorize the General Manager, District Engineer, and General Counsel to make appropriate adjustments to certain details contained in the agreement and then execute the agreement once adjustments, if any, are completed.

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

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

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

Absent: Director Brazier.

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

There were no requests.

(*) - Asterisk indicates a report is attached.

BOARD INFORMATION ITEMS

24. BUDGET PREVIEW

Ms. Harp presented an update on the 2020 Staffing Analysis and Projections as part of the budget review process. She pointed out some of the key topics is the status of the organization, overtime trends by department, any changes in the projected labor supply as a result of pending retirements dates and eligibility, as well as current and projected turnover rates. She added she also included some information on how COVID-19 has impacted the workforce.

Ms. Harp pointed out a change has been made this year to start moving away from using the superintendent job title to the supervisor job title for all the positions with direct reports under a department manager. She mentioned Resolution No. 20-08 approved by the Board today was an example of how the changes from Water Operations Superintendent to Water Operations Supervisor. She talked about some of the other departmental changes that took place throughout the year.

Ms. Harp continued with her presentation noting current and future staffing challenges as well as impact of COVID-19 on labor use, operations, and labor availability. She pointed out the true impacts of COVID-19, if any, will not be known for a couple of years.

Mr. Kennedy asked Ms. Harp to provide a copy of the presentation to Ms. Washburn so she can email it to the Directors.

Director Rindfleisch excused himself from the meeting at 2:50 p.m.

Ms. Largent gave a presentation on the FY 2020-21 Proposed Operating Budget and Capital Improvement Plan noting the assumptions include growth of 292 new water connections and 39 for sewer and how the Meadowood development was not included due to the fact it would not be on-line the entire 2020-21 fiscal year. She added this budget was set with a water demand of 14,000 acre feet and the assumptions also include the pass-through rate increase from SDCWA effective January 1, 2021.

Ms. Largent recalled in January 2020 it was determined to wait until June 2020 to decide whether the pass-through costs should be increased. She said the Board will need to determine if those rates should be passed through the remainder of 2020 or wait until January 1, 2021. She pointed out the last rate increase resolution included these rates; therefore, it would only require a 30-day notice to the customers in their bills or a separate mailer.

Vice President Hamilton asked for clarification that the question was to wait until January 2021 to pass along the costs. Mr. Kennedy explained it was to wait until January 2021 to pass through both the 2020 and 2021 pass through increases in January 2021.

Director Mack inquired about the statement made earlier related to percentage of pass-through increases. Ms. Largent explained RMWD just received notification of the proposed pass-through increases; however, they were not broken out by member agency.

Ms. Largent pointed out the proposed budget includes a 2% increase on RMWD's fixed fees. She continued to review the information contained in the presentation.

Discussion ensued regarding weather impacts on water demands.

(*) - Asterisk indicates a report is attached.

Ms. Largent referenced the proposal budget summary pointing out how RMWD will be affected. She explained the alternative scenarios provided in the presentation.

Mr. Kennedy pointed out although a definite rate increase from SDCWA would not be known until the end of June, it was important to tailor the RMWD budget around 14,000 acre feet in water sales.

Ms. Largent continued with reviewing variable and fixed revenues, variable revenues by rate class, general funds, as well as operating budget summaries.

Ms. Largent pointed out RMWD was not transferring anything to capital nor rate stabilization in this budget.

Director Mack asked about the Pardee project and RMWD creating a CFD from which revenue would be collected. Mr. Kennedy said capacity fees would be collected through the CFD created for Meadowood. Discussion ensued.

Ms. Largent continued with the presentation explaining the water capital fund balances and noting the worse-case scenarios for Years 1-3. She stated she is very much involved with the CFD's and monitoring them.

Discussion ensued regarding the Capital Improvement Plan budget.

Ms. Largent solicited the Board for input in terms of what sales level and rate increase they would like to recommend for the final budget.

Director Gasca said with projections made over the past 5-6 years have being off; therefore, he predicts the water sales will most likely be less than anticipated.

Vice President Hamilton asked about the rationale for not passing through the SDCWA rate increases until January 2021 versus starting the pass through in July or August of this year. Mr. Kennedy explained this was possible if the required thirty-day notice requirement can be met. Vice President Hamilton expressed concern RMWD cannot continue to subsidize the pass-throughs. Ms. Largent said to continue subsidizing the pass-throughs would not be best for the District. Director Gasca noted a few options available to the District to find a stronger position in which it should be placed. Mr. Kennedy suggested holding the line until the end of the year with continuous messaging to the customers throughout the entire time. Vice President Hamilton agreed with not passing through SDCWA's increased rates in July; however, he does not recommend waiting until January either.

Director Mack inquired as to the progress on purchasing excess water from the City of Oceanside. Mr. Kennedy stated this was still in progress.

Ms. Largent said to put the budget package together for Board consideration in June, she would like input as to which numbers should be presented. Vice President recommended going with 13,500 acre feet and Option B.

Vice President Hamilton asked Legal Counsel Smith about the worst-case scenario for finalizing the detachment. Legal Counsel Smith agreed the best scenario would be it will finalize in 2022 and the worst could be approximately five years out if it happens at all. Discussion ensued.

Vice President Hamilton called for a break at 3:43 p.m.

The meeting reconvened at 3:51 p.m.

25. COVID-19 EMERGENCY UPDATE

Mr. Kennedy noted the rules are relaxed and RMWD was working on a plan for reopening the front office as well as how to conduct public meetings while protecting the employees. He said the initial plan is to open the offices to the public starting June 8, 2020. He noted the proposed plan will be provided to the Communications and Customer Service committee on June 4, 2020.

Mr. Kennedy said RMWD will continue to move back to as much a normal routine as possible.

26. NORTH RIVER ROAD EMERGENCY UPDATE

Mr. Kennedy stated at this time this emergency will officially end now that the procurement needs have been met and the work is complete.

Mr. Gutierrez recapped on what transpired at North River Road pipeline and how the excavation was 23' deep with a hole big enough to collapse the pipe. He reported the work has been validated after the pipeline was videotaped once the repair was made. He explained the footprint of what was transpiring on North River Road during the repair. He said staff will be present a plan to the Engineering and Operations Committee after which time something will be brought to the Board for consideration.

Discussion followed.

27. WSUP UPDATE

Mr. Gutierrez reported last month work had resumed with Concord following the COVID-19 guidelines. He noted approximately 350 meters have been exchanged. He mentioned four members of the RMWD construction crews have been trained to assist with the meter exchanges which in turn will assist in making more progress with the program.

Mr. Kennedy added the relocation of the backflow devices has slowed Concord's work with the meter replacement process; however, additional resources have been brought in to help increase their productivity. He reported RMWD's teams are ahead of Concord right now and how the intent is to have the meters replaced with as few go backs as possible.

Discussion followed regarding the anticipated timeline for finishing the project.

28. BOARD MEMBER INPUT ON ADMINISTRATIVE CODE TITLE 1 PROPOSED REVISIONS

Mr. Kennedy pointed out at the April Board meeting the Board had asked for an opportunity to review the proposed policy changes before considering approval. He encouraged the Board to review the policies that have been forwarded to the Board and have any revisions sent to Ms. Washburn as soon as possible within the next two weeks so these policies can be brought to the Board for consideration at the June meeting.

Ms. Washburn requested the Board Members to also let her know if they do not have any additional recommended changes so she can finalize the documents for the June Board meeting packet.

(*) - Asterisk indicates a report is attached.

***29. HEADQUARTERS SITE DEVELOPMENT PROGRESS**

Mr. Kennedy gave an update on the headquarters site development progress. He noted a Request for Proposal has been solicited for which RMWD received response from three firms. He stated interviews were held with two of those firms and that contract documents will be brought to the Board in June for consideration.

Vice President Hamilton inquired as to whether an ad hoc committee will be formed to address this project. Mr. Kennedy noted this was a recommendation of the Engineering and Operations Committee and how it will be helpful to get input from a couple of the Directors as well as members of the committee. Discussion ensued.

Mr. Kennedy noted the goal would be to get a more functional building at little or no cost to the ratepayers.

Director Gasca said he would be interested in serving on the ad hoc committee depending on how frequent the ad hoc committee with Fallbrook meets. Vice President Hamilton suggested those Board Members not present today also be made aware of the opportunity to serve on this ad hoc committee. Mr. Kennedy agreed noting this could be on the agenda for the next meeting.

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

A. General Manager Comments

1. Meetings, Conferences and Seminar Calendar

B. Communications

1. SB 1386 (Moorlach): Protecting Fire Hydrant System Funding- Support
2. SB 1386 Senate Governance Finance Committee Analysis

C. Operations Comments

1. Operations Report

D. Engineering Comments

1. Engineering Report
2. As-Needed Services Expenditures Summary
3. RMWD Sewer Equivalent Dwelling Units (EDU's) Status

E. Human Resource & Safety Comments

1. Human Resources Report
2. Organizational Chart

F. Finance Comments

1. Information Report
2. Budget vs. Actual Fund 1, 2, and 3
3. Fund Balance Projections
4. Treasury Report
5. Five Year Demand
6. Credit Card Breakdown
7. Directors' Expense
8. Check Register
9. Water Sales Summary
10. Developer Projections
11. RMWD Properties

Mr. Kennedy drew the Board's attention to the letters provided under Items #30B1 and #30B2.

(*) - Asterisk indicates a report is attached.

Motion:

To receive and file information and financial items.

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

Vote: Motion carried by unanimous roll call vote (summary: Ayes = 3).

Ayes: Director Gasca, Director Hamilton, Director Mack.

Absent: Director Rindfleisch, Director Brazier.

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

It was noted the June meeting will be held jointly with the Budget and Finance Committee and that the budget, award of the PUP 1 project, Administrative Code changes, a Professional Services Agreement for the headquarters, the Public Hearing for ID1, an update on the WSUP project, as well as an update on the North River Road sewer project need to be on the next meeting agenda.

32. ADJOURNMENT - To Tuesday, June 23, 2020 at 1:00 p.m.

The meeting was adjourned by Vice President Hamilton to a joint meeting with the Budget and Finance Committee on June 23, 2020, 2020 at 1:00 p.m.

The meeting was adjourned at 4:30 p.m.

Hayden Hamilton, Board Vice President

Dawn M. Washburn, Board Secretary