

**MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
RAINBOW MUNICIPAL WATER DISTRICT
JULY 27, 2021**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on July 27, 2021, was called to order by President Hamilton at 11:41 a.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. *(All meetings are being held with in person attendance following County and State COVID guidelines as well as virtually.)* President Hamilton presiding.

2. **ROLL CALL**

Present: Director Hamilton, Director Mack, Director Moss.

Also Present: General Manager Kennedy, Legal Counsel Smith, Executive Assistant Washburn, Finance Manager Largent.

Absent: Director Gasca, Director Rindfleisch.

Also Present Via Teleconference or Video Conference:

Information Technology Manager Khattab.

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

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

There are 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 public members present; therefore, these 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).**

There were no comments

The meeting adjourned to Closed Session at 11:42 a.m.

6. **CLOSED SESSION**

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

* Two Items

(*) - Asterisk indicates a report is attached.

- B.** Conference with Legal Counsel - Existing Litigation Pursuant to Government Code Section 54956.9(d)(1)
- * Rainbow Municipal Water District v. Blum, Inc., et al.
- C.** Appointment, Employment; Evaluation of Performance – General Manager (Government Code §54957(B)(1))

The meeting reconvened at 12:50 p.m.

7. REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

This item was addressed under Item #8.

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 27, 2021, was called to order by President Hamilton at 1:04 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. *(All meetings are being held with in person attendance following County and State COVID guidelines as well as virtually.)* President Hamilton presiding.

9. PLEDGE OF ALLEGIANCE

10. REPEAT ROLL CALL

Present: Director Gasca *(via video conference)*, Director Hamilton, Director Mack, Director Moss.

Also Present: General Manager Kennedy, Legal Counsel Smith, Executive Assistant Washburn, Finance Manager Largent.

Absent: Director Rindfleisch.

Also Present Via Teleconference or Video Conference:

Engineering and CIP Program Manager Williams, Human Resources Manager Harp, Construction and Maintenance Supervisor Lagunas, Engineering Technician Rubio, Project Manager Parra, Information Technology Manager Khattab.

Six members of the public were present for Open Session 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 four items and how the Board approved an agreement with Gilligan Groves for a payment plan regarding a past due balance for which copies will be made available upon request.

(*) - Asterisk indicates a report is attached.

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.

14. ORAL/WITTEN 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 22, 2021 - Regular Board Meeting

Motion:

To approve the minutes as written.

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

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

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

Absent: Director Rindfleisch.

***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 given.

B. Representative Report (Appointed Representative)

1. SDCWA

A. Summary of Board Meeting June 24, 2021

Mr. Kennedy reported the SDCWA Board met in July during which time a vote was taken on legal contract with the Brownstein law firm. Mr. Kennedy reported that he and others voted no on the contract as well as another contract with M Strategic Communications related to some sort of outreach in the Metropolitan service area. He explained that the no vote was based mainly on the premise there was not enough information to make an informed decision and uncertainty as

(*) - Asterisk indicates a report is attached.

to the exact role of these firms. He noted the focus was now on SDCWA's long-range financing plan.

2. CSDA

Director Mack reported the Legislative Committee met in June via Zoom highlighting some of the topics discussed related to CalPERS, the Governor's Executive Order will expire September 30th, Special District Week was now official, Dillon Gibbons has resigned from CSDA effective September 30th, as well as CSDA offering a free seminar related to obtaining grant money.

Mr. Kennedy announced the CSDA Quarterly Dinner meeting will be held at the Butcher Shop on August 19, 2021. Directors Hamilton and Moss expressed interest in attending.

3. LAFCO
A. LAFCO Communications

Mr. Kennedy announced President Hamilton was not successful in winning the seat as the Special District Alternate but that David Drake of Rincon Del Diablo MWD was the successful candidate.

4. Santa Margarita River Watershed Watermaster Steering Committee

President Hamilton noted he was unable to attend the July meeting; thus, there was no report.

5. ACWA

There was no report.

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

Director Gasca mentioned Jo MacKenzie was encouraging all Board Members to attend the CSDA Annual Conference in September.

D. Directors Comments

There were no comments.

E. Legal Counsel Comments
1. Attorney Report: Brown Act Update 501668-0002

Legal Counsel summarized the information contained in the written report provided.

17. COMMITTEE REPORTS

A. Budget and Finance Committee

Mr. Nelson reported the committee did not meet in July.

B. Communications and Customer Service Committee

Mr. Shute reported the committee received updates on several topics.

(*) - Asterisk indicates a report is attached.

C. Engineering and Operations Committee

Mr. Nelson reported the committee received updates on variety of ongoing projects. He mentioned the committee has been working with Engineering staff on updating and overhauling the Request for Proposal (RFP) documents used by RMWD.

BOARD ACTION ITEMS

***18. DISCUSSION AND POSSIBLE ACTION TO APPROVE RESOLUTION NO. 21-17 — 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 JULY 27, 2021, THROUGH JUNE 30, 2022**

Ms. Harp explained this item was to add the Grant Specialist position to the pay grade structure. She stated she conducted a compensation analysis to determine the appropriate pay level and that this position would be exempt. She pointed out since RMWD does not currently have an exempt pay grade for the appropriate pay level, she was recommending adding E7 to the exempt salary grades as well as adjusting the minimum for E8 slightly to make it an even 15% between grades for consistency. She noted there would be no material impact on any existing employees, but rather creates a slightly wider grade which is more consistent with the others. She mentioned although there was quite a wide variation in the market rates for this position, she selected the average; however, given the current labor market conditions, there may be a need to present a revised recommendation if deemed necessary.

Director Moss inquired as to why the median was not utilized as opposed to the average. Ms. Harp explained the results would have been the same using either.

President Hamilton inquired as to whether RMWD has started the recruitment process. Ms. Harp explained this process would not begin until the Board approves the pay grade for this new position.

Motion:

To approve Option 1 – Approve Resolution No. 21-17.

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 Moss.

Absent: Director Rindfleisch.

19. NOTICE OF COMPLETION AND ACCEPTANCE OF THE NORTH RIVER ROAD SEWER PIPE LINING PROJECT

Mr. Williams explained this item was for the Notice of Completion for Phase II of the North River Road project. He noted Phase 2 involved relining the existing 15" sewer pipeline. He pointed out the last Change Order related to this project resulted in RMWD receiving a credit in the amount of \$70,800 as well as a two-year warranty due to complications that arose during construction.

(*) - Asterisk indicates a report is attached.

Motion:

To accept Option 1 – Accept the North River Road Sewer Pipe Lining Project, approve filing the Notice of Completion, add installation costs to the District’s total valuation, release the Payment Bond in the amount of \$608,968, release 90% of the Performance Bond in the amount of \$548,071, retain 10% of the performance bond in the amount of \$60,897 as the warranty bond for two years, and make a finding that the action herein does not constitute a “project” as defined by CEQA.

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

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

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

Absent: Director Rindfleisch.

***20. CONSIDER AND APPROVE A CONSTRUCTION AGREEMENT AND SEWER SERVICE AGREEMENT BETWEEN RAINBOW MUNICIPAL WATER DISTRICT AND BONSALE OAKS, LLC FOR THE BONSALE OAKS DEVELOPMENT TO IMPROVE MAJOR SUBDIVISION COUNTY OF SAN DIEGO TRACT NO. 4736-1**

Mr. Kennedy introduced David Pallinger, the developer involved in the project, who was present in the audience. He noted this project was once named the Polo Club.

Mr. Williams explained this project is located within Division 1 off Gopher Canyon Road adjacent to the Vista Valley County Club noting it dates back to 1999 as noted in the memo included in the agenda packet. He stated the District has been recently working with the developer to enter into a Construction and Sewer Agreement, respectively, for Phase 1A1 which will include a total of five phases. He noted Phase 1A1 involves a winery, tasting room, and a bed and breakfast. He pointed out with approval of the motion before the Board today, the General Manager would be authorized to enter into a Construction Agreement as well as a Sewer Service Agreement between the District and Bonsalle Oaks LLC.

President Hamilton inquired as to whether grapes would be grown on the property. Mr. Pallinger explained the grapes will be grown elsewhere; therefore, this will be more of a tasting room.

Motion:

To approve Option 1 – Approve the Construction Agreement (Exhibit B) and Sewer Service Agreement (Exhibit C) by and between Rainbow Municipal Water District and Bonsalle Oaks LLC, authorize the General Manager to execute the agreement, 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 Hamilton.

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

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

Absent: Director Rindfleisch.

(*) - Asterisk indicates a report is attached.

***21. DISCUSSION AND POSSIBLE ACTION TO ADOPT ORDINANCE NO. 21-04 AMENDING AND UPDATING ADMINISTRATIVE CODE SECTION 5.05.050 – RECORD RETENTION POLICY, CHAPTER 5.09 – DISTRICT COMMUNICATION SYSTEMS, AND CHAPTER 5.10 – VEHICLE POLICIES**

Mr. Kennedy explained the changes involve formatting changes as well as renumbering as part of the process of working through updating the Administrative Code. He noted there were no revisions to the content in these policies.

Motion:

To approve the amendments to the Administrative Code and Ordinance No. 21-04.

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

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

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

Absent: Director Rindfleisch.

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

Director Moss noted her interest in attending the Special District Leadership Academy in Lake Tahoe during the last week of September.

Motion:

To approve Director Moss' attendance at the Special District Leadership Academy.

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

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

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

Absent: Director Rindfleisch.

BOARD INFORMATION ITEMS

***23. CONSIDERATION OF REQUEST BY THE SAN DIEGO LOCAL AGENCY FORMATION COMMISSION FOR ADDITIONAL FUNDS FOR THE PROCESSING OF THE DISTRICT'S APPLICATION FOR DETACHMENT FROM THE SAN DIEGO COUNTY WATER AUTHORITY AND CONCURRENT ANNEXATION INTO EASTERN MUNICIPAL WATER DISTRICT**

Mr. Kennedy explained this was not an action item due to the fact the Board authorized the General Manager to pay any additional amounts that may come forward in December 2019; however, he wanted to bring this to the Board's attention. He mentioned LAFCO sought \$50,000 in March 2021 to pay for the services of Dr. Michael Hanemann to conduct an analysis on supply reliability, fiscal impact to SDCWA, as well as whether an exit fee, if any, would apply. He noted

(*) - Asterisk indicates a report is attached.

Dr. Hanemann's services involve working through multiple reams of documents and at a rate of \$500 per hour, those funds have been depleted; therefore, Keene Simonds sent a letter to RMWD and FPUD requesting an additional \$60,00 from each agency to complete this project which will total approximately \$220,000. He stated RMWD and FPUD will be co-signing a letter to LAFCO expressing a certain level of umbrage to the cost and time involved with these services; however, this was all part of the getting the job done and how he will be directing Ms. Largent to remit payment to LAFCO next week.

Director Mack inquired as to whether it was anticipated this could cost more. Mr. Kennedy explained this question was asked of Mr. Simonds at LAFCO who said although he does not anticipate any further requests for money for these services, he could not make any guarantees. He added LAFCO was ensuring this process was as complete as possible with leaving no stones unturned.

Director Gasca explained as he has said from the beginning, he was committed to seeing this process through, especially as important as it is to the agricultural community. He said it was critically important to go about the business for that community doing everything possible to get through this process as quickly as possible to make the change to a lower rate with an equally reliable water provider.

24. HEADQUARTERS DEVELOPMENT STUDY UPDATE

Mr. Kennedy explained the purpose for the headquarters development study as well as steps taken as part of the process. He said once the ad-hoc committee reconvenes to review the most recent set of drawings, staff will start meeting with the County to get their first impression of the project, and make any necessary adjustments, staff will come back to the Board to layout the process for doing a full general plan amendment application. Discussion followed.

Director Moss asked if the Parks Department was trying to connect with the parcel near Camino del Cielo. Mr. Kennedy confirmed this will connect to that area.

25. MORRO MIXERS UPDATE

Mr. Lagunas reported the project was working well. Mr. Kennedy added additional measurements have been taken to confirm the mixing was working appropriately as well as noted a presentation will be provided at the August Board meeting.

26. HELI-HYDRANT PROJECT UPDATE

Mr. Lagunas reported information has been added to the website as well as noted rocks have been delivered to Pala Mesa Tank, CalFire will be assisting in clearing out brush over the next couple of weeks, the waterline feeding the Heli-Hydrant has been 100% complete, and a little bit of water has been added to the tank, staff was working with the contractor dialing in the control panel, and how it was anticipated the project will be completed within the next week.

Mr. Kennedy mentioned the project was pretty much on schedule with tests expected to be completed soon. He stated RMWD's and CalFire's logos will be placed on the Heli Hydrant and how Channel 10 News wanted to come out and do a report on it. President Hamilton pointed out there was a front-page article regarding this project in a recent edition of The Village News.

Discussion ensued.

Director Mack said he would like staff to document these projects to submit to ACWA as part of their awards program. Mr. Kennedy agreed noting staff has been documenting this project.

Director Gasca stated this was the kind of state-of-the art technology that keeps RMWD on the cutting edge and at the top of our game as well as setting examples for other agencies throughout the County. He said doing these types of project jointly with other agencies that the community relies upon, helps build confidence in them that RMWD knows what it is doing looking out for the community which is important for the near term as well as in the future.

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

A. General Manager Comments

1. Meetings, Conferences and Seminar Calendar

B. Communications

1. Public Comment Received Jun 28, 2021

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. Board Information Report
2. Budget vs. Actuals
3. Fund Balance & Developer Projections
4. Treasury Report
5. Five Year Water Purchases Demand Chart
6. Water Sales Summary
7. Check Register
8. Directors' Expenses Report
9. Credit Card Breakdown
10. RMWD Properties

Mr. Kennedy pointed out there was one letter received from a ratepayer for the Board to review provided under Item #27B1.

Ms. Harp introduced Amanda Parra as RMWD's newest Project Manager who joins RMWD from the County of San Diego and how she is already familiar with the District's unique demographics and community groups. She also pointed out Excellence Coin Awards have been provided in her written report.

Ms. Largent reported following the June Board meeting, staff sent out rate hearing notices by July 9th providing a 45-day notice of the rate hearing scheduled for August 24, 2021, noting these notices were sent to all RMWD customers and property owners as well as followed up with HOA's that may not be listed as either. She stated RMWD has received three rate protest letters to date.

Mr. Kennedy mentioned RMWD has been trying to obtain an exemption from the APCD for its sewer Vactor Truck which is approximately 18 years old. He stated those efforts have come to an end with APCD notifying RMWD to stop using the truck; therefore, some of the cleaning services will need to be outsourced until RMWD finds another solution. He noted he and Mr. Gutierrez were actively looking into various alternatives to determine the best option. Ms. Harp added staff was still trying to get emergency use permissions. Discussions followed.

The information and financial items were received and filed.

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

It was noted the rate hearing, ACWA election, and updates on the Morro Mixers should be on the next meeting agenda.

29. ADJOURNMENT

The meeting was adjourned by Director Hamilton to a regular meeting on August 24, 2021, at 1:00 p.m.

The meeting was adjourned at 2:05 p.m.

Hayden Hamilton, Board President

Dawn M. Washburn, Board Secretary