

**MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
RAINBOW MUNICIPAL WATER DISTRICT
OCTOBER 27, 2015**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on October 27, 2015 was called to order by President Sanford at 12:03 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. President Sanford presiding.

2. **ROLL CALL**

Present: Director Walker
Director Sanford
Director Brazier
Director Griffiths
Director Lucy

Absent: None

Also Present: General Manager Kennedy
Executive Assistant/Board Secretary Washburn
Legal Counsel Moser
Finance Manager Thomas
Operations Manager Atilano
Engineering Manager Kirkpatrick
Superintendent Maccarrone
Superintendent Zuniga
Superintendent Walker

No members of the public were present for Closed Session. Seven 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 12:03 p.m.

(*) - Asterisk indicates a report is attached.

5. CLOSED SESSION

- A. Conference with Legal Counsel—Anticipated Litigation (Government Code §54956.9(d)(4))
- One potential case

6. REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

This item was addressed under Item #8.

The meeting reconvened at 1:01 p.m.

Time Certain: 1:00 p.m.

7. PLEDGE OF ALLEGIANCE

8. REPEAT REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

Legal Counsel stated there was nothing to report.

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

Director Griffiths requested Item #15 be an informational item only. Mr. Kennedy explained it was a time sensitive matter for which staff needed Board direction.

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).

There were no comments.

***11. APPROVAL OF MINUTES**

- A. September 16, 2015 - Regular Board Meeting

Director Walker pointed out the word “not” should be removed before the word “innocent” on Page A-4 of the minutes.

Action:

Moved by Director Brazier to approve the minutes as revised. Seconded by Director Walker.

After consideration, the motion CARRIED by the following roll call vote:

AYES: Directors Brazier, Griffiths, Sanford, and Walker
NOES: None
ABSTAINED: Director Lucy
ABSENT: None

(*) - Asterisk indicates a report is attached.

12. **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 Sanford)

President Sanford said he was happy the Board was finally able to focus on water issues.

B. Representative Report (Appointed Representative)

1. SDCWA

Mr. Kennedy referred to the handout provided. He also mentioned SDCWA's General Counsel has left and that SDCWA was currently in the process of looking for a replacement.

Mr. Kennedy reported the final judgement came through on the lawsuit between SDCWA and MWD; however, it was now waiting on appeal. He noted RMWD's share would be millions of dollars once settled.

2. CSDA

Mr. Kennedy reported the next meeting will be on November 17th.

3. LAFCO

It was noted up until November 6, 2015 any interested party can file for a Notice of Reconsideration with LAFCO in regards to the FPUD application to dissolve RMWD. It was also confirmed it has been heard FPUD was done with this matter.

4. San Luis Rey Watershed Council

Director Walked reported the September 2015 meeting cancelled; however, at the October meeting an election was held for various Board of Director positions. He mentioned the He mentioned the agriculture representative seat remains vacant. He talked about the two guest speakers who focused on the Highway 76 and San Luis Rey San Diego County Park.

Director Lucy offered to contact the two people he thought would be good candidates to serve on this Council.

5. Santa Margarita Watershed Council

President Sanford reported on the October 20, 2015 meeting at which there was discussion on groundwater. He also noted there may be an increase in dues. He confirmed the Council is involved in the conjunctive use project; however, the Council only meets quarterly.

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

President Sanford reported he and Mr. Kennedy attended the CSDA conference in Monterey in September at which time they were presented the District Transparency Certificate of Excellence on behalf of RMWD.

D. Directors Comments

Director Lucy expressed how proud he was of RMWD's entire team and their extraordinary effort put forth in the LAFCO matter.

Director Brazier announced there were rain barrels available and how with the discounted rates and State rebates, they cost only \$10. She noted the website was <http://www.rainbarrelprogram.org/sandiego>. It was noted this was on the District website. She noted the new pick up place was Fallbrook Public Utility District.

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

- A. Budget and Finance Committee
1. August 11, 2015 Minutes

Mr. Stitle said there was nothing to report.

- B. Communications Committee
1. August 10, 2015 Minutes

No report was given.

- C. Engineering Committee
1. September 2, 2015 Minutes

Mrs. Kirkpatrick reported the last meeting was held on October 7, 2015 where discussion took place regarding the sewer policy. She also mentioned the committee took a facilities tour.

BOARD ACTION ITEMS

*14. CONSIDER RELEASE OF DRAFT STRATEGIC PLAN FOR PUBLIC REVIEW AND COMMENT

President Sanford talked about how the District as a whole embarked on the Strategic Plan

Mr. Kennedy introduced Michele Tamayo of Tamayo Group as the consultant who worked with RMWD on drafting a strategic plan. He explained the process that took place and the work involved.

Ms. Tamayo stated that as someone who has done this process for many other California water agencies, she wanted to commend RMWD. She said every Board Member was extremely committed as well as aligned, which is not always the case. She noted all of the committee members were all very actively involved. She concluded by noting how outstanding RMWD's staff was and how engaged they were in the process. She explained what took place at the end of all these workshop sessions and how the presentation before the Board today was the sum of all that took place.

(*) - Asterisk indicates a report is attached.

Director Griffiths expressed his concern with “reclamation services” being in the RMWD Mission Statement. Mr. Kennedy explained how RMWD was already involved in reclamation services by transferring wastewater to the City of Oceanside. Director Brazier pointed out water reclamation services could legitimately refer to RMWD’s transferring waste from here to Oceanside where it is reclaimed and how should RMWD go into its own water reclamation in the future, it will just have a deeper meaning.

Mr. Kennedy proceeded with presenting the draft plan. He mentioned how once a Strategic Plan is adopted by the Board of Directors, some of the standards will be incorporated into the day-to-day operations at the District as well as become a part of all the job descriptions.

President Sanford emphasized that going forward, pretty much any action taken at the Board level should and must tie back to the strategic plan. He stressed the seriousness of developing this plan. Mr. Kennedy noted once this plan is developed, all action items will be related to one of the goals and objectives presented in the strategic plan. He also suggested this plan be incorporated into the budget process.

Director Lucy suggested replacing “resource” with “asset” where it says “employees are our most important valuable resource”. He also noted cross training will save RMWD a great deal of money. Mr. Kennedy added succession planning was something that needed to be looked at very carefully so that there is a properly trained person to back up certain key roles at the District in the event there comes a need. He also noted it was important to find ways to recognize those employees that are doing great.

Mr. Kennedy pointed out one of the objectives for RMWD to be fiscally responsible, transparent, and sustainable approaches would be improving the budget process as well as getting the new financial software system up and running. He also emphasized the need to continually find ways to improve and streamline excellent customer service to the ratepayers.

Mr. Kennedy continued by noting another idea was to improve the relationship between the Board and the committee members.

Ms. Rhyne suggested it be communicated better to the ratepayers that they own this district and have a stake in RMWD. Mr. Kennedy stated messaging to the customers is one of the things that will be included in the goals and objectives for the new Administrative Analyst.

Mr. Kennedy noted this was now out for review internally, on the website, distributed to the committee members, and included in the newsletter for comment and input. He talked about how this plan will be incorporated into the goals and objectives for budgeting as well as in making staff decisions. Ms. Tamayo pointed out this would also be a good for orientation with new Board and staff members.

Mr. Kennedy noted this plan establishes direction for RMWD staff so work can begin on long term projects as well as continuity. It was noted this plan would be revisited periodically. He confirmed once the Board has approved this plan, another step would include being this back to the entire RMWD staff so that they have an opportunity to discuss ways it will be incorporated into their daily routine. He explained there was no Board action required today. He asked the Board to review the plan and send him any comments they have as well as any from the public, committee members, etc. and incorporate them into a final draft that will be brought back to the Board for approval in December.

Director Lucy expressed how pleased he was at how well this document was done. Director Walked added he thought it was well written and concise.

Director Griffiths suggested narrowing in on some of the specific goals. Mr. Kennedy explained this document was more global and how the specified goals and objectives will come into play through other means.

Mr. Carlstrom congratulated the District for doing a very fine job working on putting this together. He said he found the professionalism to be amazing. He talked about how the District had to really work through diversity with the LAFCO matter.

Director Brazier said she was pleased with the whole thing.

No action taken.

***15. CONSIDER THE ESTABLISHMENT OF A GROUNDWATER SUSTAINABILITY AGENCY FOR THE SAN LUIS REY GROUNDWATER BASIN**

Mr. Kennedy explained how it was signed into law that every groundwater basin had to be essentially adjudicated. He noted there were also priorities set for different groundwater basins. He pointed out the San Luis Rey groundwater basin was a medium priority basin which means RMWD has until June 2017 to have a Groundwater Sustainability Agency similar to the Water Master of Santa Margarita. He talked about how the basic idea was for local agencies who have groundwater management authority to establish these Groundwater Sustainability Agencies and develop groundwater sustainability plans. He pointed out those water districts who fail to set up these agencies will cause the State to come in and set them up. He said the question for the Board was do they want to staff work toward establishing this agency and bring back all the proper formation documents for the Board to consider or allow the State to do it on RMWD's behalf.

Director Walker explained the main thing was to set up the authority to do something due to the fact the worst thing to allow to happen is for the State (or County) to come in and take care of it for the District.

Mr. Kennedy noted the costs involved really depends on whether the Board wants to keep control at RMWD or allow someone in Sacramento have control.

Director Griffiths inquired as to the Groundwater Study. Mr. Kennedy stated the first draft was given to the Engineering Committee on October 7, 2015 for review as per RMWD's past protocol for projects such as this.

Discussion ensued.

Director Walker mentioned there was a Sustainable Groundwater Management Act website that provides interesting information including timelines.

Action:

Moved by Director Brazier the Board conceptually approve the development of a Groundwater Sustainability Agency for the Bonsall and Pala groundwater basins and direct the General Manager to continue discussions with other local agencies and the State of California to create the legal and regulatory structures required to establish the GSA. Seconded by Director Lucy.

After consideration, the motion CARRIED by the following roll call vote:

AYES: Directors Brazier, Griffiths, Lucy, Sanford, and Walker
NOES: None
ABSTAINED: None
ABSENT: None

- 16. CONSIDER SETTING A TIME AND PLACE FOR A PUBLIC HEARING TO CONSIDER ADOPTING INCREASES IN THE RATES FOR RAINBOW MUNICIPAL WATER DISTRICT SERVICE FEES EFFECTIVE JANUARY 1, 2016 AND AN ORDINANCE AUTHORIZING THE DISTRICT TO PASS THROUGH INCREASED COSTS IN PURCHASED WHOLESALE WATER, INCREASES TO THE DISTRICT'S COST OF OPERATIONS AND MAINTENANCE AND CAPITAL FACILITIES, AND ANY REDUCTION IN THE ALLOCATION OF AD VALOREM PROPERTY TAX REVENUES BY THE STATE OF CALIFORNIA (Public Hearing tentatively scheduled for December 15, 2015 – 1:00 p.m.)**

Mr. Kennedy explained this item was for the Board to consider setting a time and place for a public hearing at which to possibly adopt rate increases that will go into effect January 1, 2016. He mentioned per Proposition 218, it was necessary to give a 45-day notice to hold a rate increase hearing and how the State Water Resource Control Board was propelling this to be completed by November 1, 2015.

Mr. Sudhir Pardiwala repeated the presentation given at the October 23, 2015 Special Board meeting with some minor revisions.

Director Lucy suggested the number of houses be included in the presentation to the ratepayers.

Mr. Kennedy stressed the importance of the Board giving the growth rates and capacity fee revenue adjustments much consideration. Discussion ensued.

Director Lucy inquired about fire protection in the home.

Mr. Kennedy solicited for Board feedback in regards to RMWD having a Rate Stabilization Reserve. He confirmed it was best for largely agricultural water districts to have this type of reserve. President Sanford, Director Lucy, and Director Walker confirmed RMWD having a Rate Stabilization Reserve would be best for the District.

Discussion ensued regarding pumping charges and how they were adjusted and reduced by 20%-30% in 2011. Mr. Kennedy noted under Proposition 218, RMWD has to capture all the costs associated with pumping. He said moving forward he would like to have RMWD to setup Asset Management to better track labor, costs, etc.

Mr. Pardiwala recommended the rates be presented in percentages in the Proposition 218 notices.

Mr. Kennedy explained the differences in the two proposed scenarios.

Mr. Carlstrom inquired as to what costs were in RMWD's control. Discussion ensued.

President Sanford suggested RMWD caution on the conservative side. Directors Brazier and Lucy agreed.

President Sanford solicited the Budget and Finance Committee members in the audience for their input regarding the conservative approach. Discussion ensued.

Director Lucy asked if the final presentation would be given at the December 15th Special Board meeting. He suggested there be bullet points in order to help those present understand the information.

Mr. Kennedy explained the 45-day protest period process. He noted RMWD has until November 1st to mail out written approximately 8,000 rate hearing notices to all registered ratepayers, tenant ratepayers, or property owners. He noted that should 50% of those notified protest the proposed rates, then the new rates cannot be implemented; otherwise, the Board can adopt the new rates at the December 15th meeting.

Action:

Moved by Director Brazier to set the rate hearing at a Special Board Meeting on December 15, 2015 at 1:00 p.m. Seconded by Director Walker.

After consideration, the motion CARRIED by the following roll call vote:

AYES: Directors Brazier, Griffiths, Lucy, Sanford, and Walker
NOES: None
ABSTAINED: None
ABSENT: None

Action:

Moved by Director Brazier to take a more conservative approach as presented as Scenario 2. Seconded by Director Lucy

After consideration, the motion CARRIED by the following roll call vote:

AYES: Directors Brazier, Griffiths, Lucy, Sanford, and Walker
NOES: None
ABSTAINED: None
ABSENT: None

***17. DISCUSSION AND POSSIBLE ACTION TO APPROVE RESOLUTION NO. 15-13-A RESOLUTION OF THE BOARD OF DIRECTORS OF RAINBOW MUNICIPAL WATER DISTRICT ESTABLISHING CLASSIFICATIONS AND MONTHLY RATES OF PAY FOR DISTRICT EMPLOYEES EFFECTIVE JULY 3, 2015 THROUGH JUNE 30, 2016**

Mr. Kennedy noted this Resolution reflects the new salary rates to include the 2% COLA adjustments approved by the Board during the MOU negotiation processes. He explained CalPERS requires RMWD to publish this information.

Director Brazier asked for clarification that what the Board was voting on today was nothing more than what the Board voted on when they approved the last MOU's plus the COLA.

Legal Counsel pointed out CalPERS has been auditing local agencies to make sure they have actually adopted resolutions to put in place employee compensation. He explained this was the product of meeting their regulations.

Director Griffiths said he would like to see if RMWD was looking at possibly putting a freeze on gross number of employees hired due to a possible reduction in water sales. It was noted this would be something to discuss during the budgetary process and could be addressed under an entirely different topic at a future meeting.

Director Brazier made comments regarding what was on her plate in the future regarding this issue. She explained how for decades she had asked every subsequent general manager a few simple questions regarding salary scales, how those scales are aligned, etc. She stated the response she received back was either it was none of her business due to the fact she was just a ratepayer, they would find out if this information could be shared with her, or they would get back to her which they never did. She stressed she believes in collective bargaining and does not believe in micro-managing. She talked about the steps she took to research this information further after which she came up with more questions than answers. She noted some of her questions included how does one propose and approve a 5-digit raise in a category within the salary scale, why (philosophically) can someone get more money for taking on more responsibility and when the responsibilities are lowered the money still stays, what and who determines job descriptions and how are they arranged for the benefit of both the employee and the District. She said the most difficult things to talk about are what credentials does RMWD require for qualifications, who determines what those qualifications are, who is entitled to know what the qualifications are, and how does RMWD gear its compensation to those qualifications. She said the big question was there ever a formal salary study performed at RMWD. She explained although this was not on the agenda, she believes this was something this should be considered in conjunction with other things currently being done at RMWD.

Director Brazier suggested RMWD be a little aggressive in light of the growth coming and having greater financial responsibilities. She suggested this was a critical thing to look into at this stage. Mr. Kennedy agreed as part of going forward and now that the LAFCO matter was over, this was something that could be looked into in terms of workforce development including recruitment and retain the best people for the services needed at the District. He suggested there may need to define and possibly make some policy adjustments. Director Brazier noted most of this was a discretionary managerial matter; however, some involved Board policies and may be interconnected with decisions made in this area. Mr. Kennedy stated the transparency rule outweighs everything and if there was something the Board does not understand, then it has not been done transparently enough so that the rationale for any decision is very clear. He said RMWD wants to show the record needs to very clear, especially to the ratepayers.

President Sanford asked if the discussion Director Brazier was requesting prevents the Board from approving this resolution. Mr. Kennedy says it does not; however, what he was committing to do was start doing a better job of staffing analysis every year with five year projections and planning. He said if there has never been a really good salary study conducted at RMWD, it would be something to consider having done.

Discussion ensued.

Action:

Moved by Director Lucy to approve Resolution No. 15-13 and direct the Human Resources Manager to post a copy on the RMWD website. Seconded by Director Brazier.

After consideration, the motion CARRIED by the following roll call vote:

| | |
|-------------------|---|
| AYES: | Directors Brazier, Griffiths, Lucy, Sanford, and Walker |
| NOES: | None |
| ABSTAINED: | None |
| ABSENT: | None |

Director Lucy excused himself from the meeting at 4:01 p.m.

18. DISCUSSION AND POSSIBLE ACTION TO AWARD A PROFESSIONAL SERVICES CONTRACT TO PREPARE THE 2015 URBAN WATER MANAGEMENT PLAN (UWMP)

Director Walker recused himself from this discussion due to a contract he currently has with Atkins.

Director Walker excused himself from the meeting at 4:02 p.m.

Mrs. Kirkpatrick recalled RMWD approved an Urban Water Management Plan which the States requires RMWD to update every five years. She noted the District solicited for proposals to update this plan and received three responses. She said after staff evaluated each of the three proposals, they would like to recommend negotiating a contract with Atkins for Urban Water Management Plan.

Mrs. Kirkpatrick said although she worked on the plan the last time; however, now she was the only engineer at RMWD and her workload would prevent her from working on it this year. Mr. Kennedy pointed out this was a time-sensitive item.

Action:

Moved by Director Brazier to authorize staff to negotiate a contract with Atkins and execute a professional services contract not to exceed \$46,180. Seconded by Director Sanford.

After consideration, the motion CARRIED by the following roll call vote:

AYES: Directors Brazier, Griffiths, and Sanford.
NOES: None
ABSTAINED: None
ABSENT: Directors Lucy and Walker

Director Walker rejoined the meeting at 4:06 p.m.

19. DISCUSSION AND POSSIBLE ACTION TO AWARD CONSTRUCTION CONTRACT FOR THE AFTON FARMS WATERLINE EXTENSION

Mrs. Kirkpatrick recalled the Board approved purchasing an easement for the Afton Farms waterline extension a few months ago. She mentioned RMWD went out for formal bid with the bid opening held last week. She noted there were nine contractors who bid on this project and after reviewing the lowest three bidder contracts and their respective references, staff recommends the contract be awarded to Kirtley Construction.

Discussion ensued regarding the most efficient means of getting this waterline extension completed.

Director Walker asked if the material Kirtley Construction was proposing to use was of this same rating. Mrs. Kirkpatrick confirmed it would be at the same higher pressure rating.

Action:

Moved by Director Griffiths to authorize the General Manager to execute a contract for the construction of the Afton Farms Waterline Extension to the lowest qualified bidder. Seconded by Director Brazier.

After consideration, the motion CARRIED by the following roll call vote:

AYES: Directors Brazier, Griffiths, Sanford, and Walker
NOES: None
ABSTAINED: None
ABSENT: Director Lucy

***20. RECEIVE AND FILE INFORMATION ITEMS FOR SEPTEMBER 2015**

A. General Manager Comments

1. Meetings, Conferences and Seminar Calendar (November & December)

B. Communications

1. Ratepayer Letters
2. Gregory Canyon Project Opposition Letter

C. Construction & Maintenance Comments

1. Construction and Maintenance Report
2. Valve Maintenance Report
3. Garage/Shop Repair

- D. Water Operations Comments**
 - 1. Water Operations Report
 - 2. Electrical/Telemetry Report
- E. Wastewater Comments**
 - 1. Wastewater Report
- F. Operations Comments**
 - 1. Water Quality Report
 - 2. Cross Connection Control Program Report
- G. Engineering Comments**
 - 1. Engineering Report
 - 2. Morro Tank Update
- H. Customer Service Comments**
 - 1. Field Customer Service Report
 - 2. Meters Report
- I. Safety Comments**
 - 1. Safety Report
- J. Human Resources Comments**
 - 1. Changes in Personnel
 - 2. Organizational Chart

Mr. Kennedy pointed out the letter sent to the State Board regarding RMWD's monthly report was included in the agenda packet for Board informational purposes. He noted this letter was again to request the Conservation Order be rescinded as well as report on all RMWD's efforts.

Ms. Washburn encouraged the Board to review the meeting and conference reports for November and December due to the holiday schedules.

Director Lucy returned to the meeting at 4:12 p.m.

Mrs. Kirkpatrick gave an update on Morro Tank. Discussion ensued.

Action:

Moved by Director Brazier to receive and file information items. Seconded by Director Walker.

After consideration, the motion CARRIED by the following roll call vote:

AYES: Directors Brazier, Griffiths, Lucy, Sanford, and Walker
NOES: None
ABSTAINED: None
ABSENT: None

***21. RECEIVE AND FILE FINANCIAL STATEMENTS AND INFORMATION FOR SEPTEMBER 2015**

- A. Finance Manager Comments**
 - 1. Interim Financial Statement
 - 2. Monthly Investment Report
 - 3. Visa Breakdown
 - 4. Directors' Expense

(*) - Asterisk indicates a report is attached.

5. Check Register
6. Month Water Usage
7. Projected CIP Cash Flow Report
8. RMWD Sewer Equivalent Dwelling Units (EDU's) Status

Director Griffiths requested an item to discuss RFP's for legal services be on the next agenda.

Director Griffiths made several inquiries on Item #21.

Action:

***Moved by Director Brazier to receive and file financial statements and information.
Seconded by Director Lucy.***

After consideration, the motion CARRIED by the following roll call vote:

AYES: Directors Brazier, Griffiths, Lucy, Sanford, and Walker
NOES: None
ABSTAINED: None
ABSENT: None

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

Director Griffiths requested an item to solicit Requests for Proposals for legal services as well as one to discuss staffing levels.

23. ADJOURNMENT - To Tuesday, November 17, 2015 at 1:00 p.m.

The meeting was adjourned with a motion made by Director Brazier and seconded by Director Sanford to a regular meeting on November 17, 2015 at 1:00 p.m.

The meeting was adjourned at 4:23 p.m.

Dennis Sanford, Board President

Dawn M. Washburn, Board Secretary