

**MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
RAINBOW MUNICIPAL WATER DISTRICT
JULY 25, 2017**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on July 25, 2017 was called to order by President Brazier at 12:03 p.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 Mack, Director Stewart, Director Gasca.

Also Present: General Manager Kennedy, Legal Counsel Smith, Executive Assistant Washburn, Administrative Analyst Gray, Associate Engineer Powers, Engineering Manager Kirkpatrick, Human Resources Manager Harp, Superintendent Zuniga.

Absent: Director Hamilton, Finance Manager Martinez, Operations Manager Milner, Superintendent Maccarrone.

No members of the public were present before Open Session. Three 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 not comments.

The meeting adjourned to Closed Session at 12:04 p.m.

5. **CLOSED SESSION**

A. Appointment, Employment; Evaluation of Performance – General Manager (Government Code §54957)

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

The meeting reconvened at 1:32 p.m.

(*) - Asterisk indicates a report is attached.

Time Certain: 1:00 p.m.

7. PLEDGE OF ALLEGIANCE

8. REPEAT REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

President Brazier stated there was no reportable action.

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).

Jeanne Meadow introduced herself to the Board noting she is very interested in the water industry. She asked for a status update on the report of the District's leased properties. She requested a copy of such report should there be one available. President Brazier noted the need for this report has been reaffirmed today.

Mrs. Meadow asked about the status of the report on large delinquent accounts. Mr. Kennedy noted the Administrative Code has been updated over the few years to provide more stringent policies for addressing delinquent accounts.

Mrs. Meadow referenced the recent water quality report as she inquired as to why Lake Skinner and Twin Oaks were included in the report when RMWD is not receiving much water from either resource. Mr. Kennedy pointed out RMWD has no control over which of the two resources provides the District with water due to the fact RMWD is located in the middle of the blending point; however, if necessary an estimate of how much water comes from each could be produced. Discussion followed.

11. ANNIVERSARY ACKNOWLEDGEMENT

A. Gerardo Cancino (10 Years)

Mr. Kennedy mentioned Gerardo Cancino normally works in Valve Maintenance; however, for the past several months he has been taken over the purchasing and warehouse department while an employee is out on extended leave. Mr. Cancino was presented with a plaque and check in recognition of his tenure.

B. Clem Taylor (10 Years)

Mr. Kennedy noted Clem Taylor works in the Meters Department and deals with the RMWD customers on a regular basis. Mr. Taylor was presented with a plaque and check in recognition of his tenure.

C. Jerry Kraft (10 Years)

Mr. Kennedy noted Jerry Kraft works as a system operator in the Water Operations Department. He pointed out Mr. Kraft has also assisted the District by helping out in other departments when necessary. Mr. Kraft was presented with a plaque and check in recognition for his tenure.

(*) - Asterisk indicates a report is attached.

***12. APPROVAL OF MINUTES**

- A. June 20, 2017 – Special Board Meeting
- B. June 27, 2017 - Regular Board Meeting
- C. July 6, 2017 – Special Board Meeting

Director Stewart referenced Page 15 noting the comment made during the Engineering Services report should be corrected. Mrs. Kirkpatrick offered to provide the correct language on this item.

Director Stewart referenced Page 17 pointed out “Legislative Days” should be “CSDA Leadership Academy” in the motion. He also stated his intention for the motion was for all Directors who attended the academy receive a per diem for each day they attended the conference, not just Director Mack. President Brazier said she has listened to the entire meeting recording for a second time and the motion was specific for Director Mack and not the other Board Members. Director Stewart said based on this information, there was no need to revise the minutes except for the name of the conference.

Motion:

Approve the minutes as revised.

Action:

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

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

Ayes: Director Brazier, Director Mack, Director Stewart, Director Gasca.

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)

Director Brazier suggested there be a requirement included in the Administrative Code that Directors read the materials provided on the Ralph M. Brown Act (Open & Public). Mr. Kennedy pointed out Board Members are required to complete AB1234 training immediately after being elected to their seat on the Board and how AB1234 covers the Brown Act. Discussion followed. Director Stewart reported he has read all the materials provided on the Brown Act. He also noted each of the Directors present at the recent conference were very cautious about making sure not to violate the Act while in attendance.

(*) - Asterisk indicates a report is attached.

B. Representative Report (Appointed Representative)

1. SDCWA

A. Summary of Board Meeting June 22, 2017

Mr. Kennedy pointed out SDCWA plans to give a pump station to RMWD; therefore, he will be executing a small agreement to discuss the formal agreement. He noted RMWD would need to restructure one of its pipelines to serve as a suction line. He talked about the steps to be taken should this project move forward.

2. CSDA

There was no report given.

3. LAFCO

Mr. Kennedy announced there was a gathering to take place during the August 7, 2017 LAFCO meeting to honor those employees retiring and resigning from LAFCO, including Michael Ott and Harry Ehrlich.

4. San Luis Rey Watershed Council

Director Stewart reported the Council was getting organized to start getting more active. He stated he would like to get more information from RMWD as to what the District may like to see come from the Council that would be beneficial.

5. Santa Margarita Watershed Council

There was no report given.

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

Director Mack reported the CSDA Leadership Academy was phenomenal and recommends this conference be mandatory for all new Board Members. He mentioned he had a new appreciation for how the RMWD Board operates. He found the interactive courses beneficial in providing examples of Board conduct including funneling ideas through the General Manager, getting involved, as well as not necessarily agreeing with the other Board Members on every topic in order to bring additional ideas to the table.

Director Gasca reported CSDA has grown a great deal since he served on a previous Board. He stated the product CSDA delivers to districts is tremendous. He mentioned the law that has been added to support the Brown Act was beneficial. He pointed out he had an opportunity to speak extensively with the CEO and other staff members of CSDA.

Director Stewart reported there was quite a bit of time spent talking about fiduciary matters he found very interesting. He stated although RMWD has financial professionals at the District, the Board still has a duty to be very cognizant in how public funds are utilized including long term planning. He added one thing that stood out to him most was the importance of having active communication program to and with the ratepayers. He commended the RMWD committees for their dedication in attending meetings, operating under the Brown Act, and looking at everything which in turns make the job of the Board much easier. He congratulated the General Manager and staff for moving RMWD in the right direction.

(*) - Asterisk indicates a report is attached.

D. Directors Comments

There were no comments.

E. Legal Counsel Comments

1. Proposition 218 (501668-0002)

Legal Counsel summarized the report provided in the agenda packet.

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

A. Budget and Finance Committee

1. June 13, 2017 Minutes

Mr. Stitle reported the committee approved the budget. He provided an overview of the budget suggesting RMWD watch its employee headcount as well as look at adjusting employee benefits in the next 2-3 years. Discussion ensued regarding reserves.

B. Communications Committee

1. June 5, 2017 Minutes

Mrs. Gray reported the committee was given a presentation by a local vendor on senior healthcare and wellness services in order to get an idea of what types of services may be available to RMWD's customers. Discussion followed.

C. Engineering Services Committee

1. June 7, 2017 Minutes

Mrs. Kirkpatrick stated there was discussion regarding emergency storage projects, reviewed and recommended the capacity fee changes as provided under Item #16 of this agenda, and sewer overflow remedies.

BOARD ACTION ITEMS

***15. DISCUSSION AND POSSIBLE ACTION TO APPROVE A VARIANCE FROM THE DISTRICT'S ADMINISTRATIVE CODE AND ALLOW THE SMITH FAMILY TRUST TO TRANSFER AND RELOCATE METER FROM PARCEL 108-291-43 TO PARCEL 108-291-28**

Mrs. Kirkpatrick referenced Page 51 of the Board packet noting a customer on Yucca Road was requesting a meter that sits on Lot 43 to where it actually serves which is Lot 28. She explained the request was to approve a variance to the Administrative Code policy to accommodate this transfer. She pointed out the Engineering Services Committee did discuss this matter and recommends Board approval as long as documentation is provided from the abutted parcels about this work. She mentioned the District has not received anything from Parcel 42 as of yet; therefore, the Board's option would be to grant a variance contingent upon receiving this final documentation. Discussion ensued.

It was decided to have this item brought back to the Board once the documentation is received.

No action taken.

(*) - Asterisk indicates a report is attached.

***16. DISCUSSION AND POSSIBLE ACTION TO ADOPT ORDINANCE NO. 17-07 REVISING APPENDIX A OF THE RULES AND REGULATIONS REGARDING WATER AND SEWER CAPACITY CHARGES AND ORDINANCE NO.17-08 AMENDING AND UPDATING ADMINISTRATIVE CODE SECTION 9.02-DEFINITIONS AND 9.07-EQUIVALENT DWELLING UNITS ESTABLISHED**

Mr. Kennedy explained the benefits of having capacity fees associated with meter sizes which in turn may alter the impact on the facilities and system as well as assist the customers by getting charges and fees set appropriately.

Mrs. Kirkpatrick noted the most important changes made were within Appendix A. She also referenced Page 79 pointing out a \$5.00 Fire Service Charge will now be assessed. She pointed out the new capacity classes and charges are listed on Page 79 and how the unconnected charge for sewer has been eliminated and instead of going by number of bedrooms, the charges will be based on square footage.

She noted this item is to approve an ordinance noting the changes to both water and sewer capacity fees.

Motion:

Approve Ordinance No. 17-07.

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

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

Ayes: Director Brazier, Director Mack, Director Stewart, Director Gasca.

Motion:

Approve Ordinance No. 17-08.

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

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

Ayes: Director Brazier, Director Mack, Director Stewart, Director Gasca.

***17. DISCUSSION AND POSSIBLE ACTION TO AWARD A CONTRACT FOR WATER AND WASTEWATER RATE SETTING SERVICES**

Mr. Kennedy talked about the Cost of Service Study. He noted part of this study was to be able to address the concerns of the ratepayers and high fixed fees. He noted this item was for Board approval of the change orders required to complete these services since the amounts are more than his approval level.

Motion:

Approval of Staff Recommendation – the approval of the initiation of the water and wastewater rate setting process and the contract with Raftelis Financial Consultants.

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

(*) - Asterisk indicates a report is attached.

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

Ayes: Director Brazier, Director Mack, Director Stewart, Director Gasca.

***18. DISCUSSION REGARDING ADMINISTRATIVE CODE CHAPTER 2.03 – REMUNERATION AND REIMBURSEMENT**

Mr. Kennedy referenced the memorandum provided to the Board related to the results of the survey conducted with other agencies.

President Brazier suggested prior to discussing the number of meetings, it would be important to address budgetary impacts.

Mr. Kennedy summarized each of the variances provided in the memorandum. President Brazier recommended addressing the Board's financial responsibility and how it will impact costs by sending all the Directors to every conference. Director Gasca suggested Mr. Kennedy review each of the topics after which the Directors could give their input.

President Brazier recommended exercising a responsibility by finding conferences that would not cost as much as others. She mentioned receiving a phone call from a member of the public regarding the picture of four RMWD Directors attending a conference published in the District newsletter and their inquiry regarding approval for attendance. Mr. Kennedy replied it was discussed informally; however, he has already implemented a change by adding a standing item on each regular meeting agenda to allow for Board consideration and action when it comes to attendance at workshops and conferences. President Brazier agreed this would allow for transparency.

President Brazier stated with RMWD barely breaking even and with the possibility of considering passing rate increases on to the customers, she would recommend this matter be brought to the Budget and Finance Committee for their input and a recommendation to the Board. Mr. Kennedy explained this was a policy matter and the expenses were already included in the budget; therefore, each time this matter is considered during a regular Board meeting, an informed decision can be made based on the budget and costs involved.

Director Gasca inquired as to which Directors serve on each of the three committees. He noted his interest in serving on the Budget and Finance Committee. It was suggested he attend one of the committee meetings and informing the committee of his interest so that the committee could make a recommendation to the Board that he be appointed as a member.

Director Mack stated as a new member to the Board, he was very fortunate to be able to attend these conferences and how they are beneficial training opportunities. Discussion ensued regarding frequency and monetary costs based on where these events are held. Mr. Kennedy pointed out the budgeted amount for Board Member conferences and training is \$25,000 which does not include per diems.

Director Gasca agreed with President Brazier regarding using a methodical procedure in trying to find the best mix in conferences to support RMWD within the budgeted amounts. Discussion ensued regarding establishing an ad hoc committee or holding a Board workshop to discuss this further and provide a recommendation to the Board for consideration.

Discussion continued regarding what scenarios and details should be considered during the policy review process.

Motion:

To hold a Board workshop to discuss this matter in greater detail.

Action: Approve, Moved by Director Gasca, None seconded.

Motion failed for lack of a second.

Director Gasca amended his original motion.

Motion:

To have an ad-hoc committee of the Board with members to be appointed by the President to prepare a draft plan for Board activity that remains within the \$25,000 budget to be presented at a Board workshop.

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

Vote: Motion passed (summary: Ayes = 3, Noes = 1, Abstain = 0).

Ayes: Director Brazier, Director Stewart, Director Gasca.

Noes: Director Mack.

President Brazier confirmed she and Director Gasca will serve on the ad hoc committee and that Mr. Kennedy would participate in the ad hoc committee meetings.

Director Stewart recommended a summary of average costs associated with attending conferences and training events. Mr. Kennedy solicited the Board Members for input in terms of they would like the ad hoc committee to consider. Director Stewart pointed out the amount of time involved in reviewing this topic was valuable in that it will assist in determining the cost associated with serving on the RWMD Board of Directors, especially when individuals are considering running for the Board. President Brazier pointed out there should also be a public value service to the role as well. Director Stewart agreed.

Director Gasca recommended this process be utilized to gauge where RMWD ranks compared to other water agencies. Discussion ensued. Mr. Kennedy stated this may be something to make part of the strategic planning goals and objectives.

Director Stewart recommended this matter be addressed expediently.

19. DISCUSSION AND POSSIBLE ACTION TO APPOINT ROBERT MARNETT AS A MEMBER AND LEE KIRBY AS AN ALTERNATE MEMBER TO THE ENGINEERING SERVICES COMMITTEE

Mr. Kennedy explained Mr. Kirby has notified the District that due to his work schedule, his attendance at meetings are less frequent. It was confirmed the change in membership was mutually agreeable to both parties.

(*) - Asterisk indicates a report is attached.

Motion:

Approve staff recommendation - the Board appoint Robert Marnett as a member and Lee Kirby as an alternate member to Engineering Services Committee.

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

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

Ayes: Director Brazier, Director Mack, Director Stewart, Director Gasca.

***20. ACWA CALL FOR CANDIDATES NOMINATIONS FOR THE 2018-2019 TERM**

Mr. Kennedy pointed out ACWA was seeking candidates for top positions on their Board; therefore, he was putting this before the Board in the event they wanted to make a nomination. He confirmed the nominees had to be an elected or appointed member of a governing body.

No action taken.

21. AUTHORIZATION TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS

Mr. Kennedy noted the 2017 CSDA Annual Conference scheduled for September 25-27, 2017 in Monterey will be addressed at the August 22, 2017 Board meeting. It was pointed out the conference would be held when the RMWD Board meeting is scheduled in September 2017.

***22. RECEIVE AND FILE INFORMATION AND FINANCIAL ITEMS FOR MAY/JUNE/JULY 2017**

A. General Manager Comments

1. Meetings, Conferences and Seminar Calendar

B. Operations Comments

1. Operations Report

C. Engineering Comments

1. Engineering Report

D. Customer Service Comments

1. Customer Service Report

E. Human Resource & Safety Comments

1. Human Resources Report
2. Organizational Chart

F. Finance Manager Comments

1. Interim Financial Statement
2. Credit Card Breakdown
3. Directors' Expense
4. Check Register
5. Water Sales Summary
6. RMWD Sewer Equivalent Dwelling Units (EDU's) Status

Motion:

Receive and file information and financial items.

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

(*) - Asterisk indicates a report is attached.

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

Ayes: Director Brazier, Director Mack, Director Stewart, Director Gasca.

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

It was noted the ad hoc committee report/update as well as the General Manager evaluation and contract need to be on the next agenda.

24. ADJOURNMENT - To Tuesday, August 22, 2017 at 1:00 p.m.

The meeting was adjourned with a motion made by Director Brazier to a regular meeting on August 22, 2017.

The meeting was adjourned at 4:17 p.m.

Helene Brazier, Board President

Dawn M. Washburn, Board Secretary