



MINUTES OF THE JOINT REGULAR MEETING

BOARD OF DIRECTORS RANCHO CALIFORNIA WATER DISTRICT

and

RANCHO CALIFORNIA WATER DISTRICT FINANCING AUTHORITY ("FINANCING AUTHORITY")

Thursday, February 14, 2019
8:30 AM

INTRODUCTION

A Joint Regular Meeting of the Board of Directors of the Rancho California Water District and Rancho California Water District Financing Authority was held on Thursday, February 14, 2019, at the appointed meeting place of the Board, the Board Room of the District's Administrative Headquarters Building, located at 42135 Winchester Road, Temecula, California.

Bill Wilson	President
Danny Martin	Sr. Vice President
Carol Lee Brady	Board Member
Angel Garcia	Board Member
Lisa Herman	Board Member
William Plummer	Board Member
John Rossi	Board Member

Also present were members of the District staff and others, including but not limited to, General Counsel Jim Gilpin of Best Best & Krieger, General Manager Jeff Armstrong, Assistant General Manager-Engineering & Operations Eva Plajzer, Assistant General Manager CFO/Treasurer Rick Aragon, Director of Administration Jason Martin, Director of Human Resources Eileen Dienzo, Engineering Manager-CIP & Development Jake Wiley, Water Operations Manager Rich Ottolini, Water Resources Manager Jeff Kirshberg, Public Affairs Manager Meggan Valencia, Field Services Manager Randy Crowell, Operations and Maintenance Planner/Scheduler Lauren Nelson, Senior Administrative Assistant Milin Ream, Administrative Services Supervisor/Deputy District Secretary Denise Todd, and District Secretary Kelli Garcia.

Present in the audience were Eastern Municipal Water District Director Steve Corona, Congressman Ken Calvert representative Brenda Dennstedt, and JD and Katie Harkey.

President Wilson called the meeting to order at 8:30 AM.

PLEDGE OF ALLEGIANCE

Sr. Vice President Martin led the Pledge Allegiance to the Flag.

ADDITIONS TO AGENDA

Items may be added to the Agenda in accordance with Section 54954.2(b)(2) of the Government Code (Brown Act), upon a determination by a two-thirds vote of the legislative body, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of Rancho California Water District after the Agenda was posted.

There were no additions to the Agenda.

APPROVAL OF AGENDA

President Wilson entertained a motion to approve the Agenda of the joint regular meeting of the Board of Directors of the Rancho California Water District and Board of Directors of the Rancho California Water District Financing Authority of February 14, 2019, as presented.

MOTION: Director Plummer moved to approve the February 14, 2019 meeting Agenda, with the possibility that Item 1 may be deferred and discussed later in the meeting. Director Brady seconded the motion, and it carried unanimously.

RESULT: **APPROVED [UNANIMOUS]**

MOVER: William Plummer, Board Member

SECONDER: Carol Lee Brady, Board Member

AYES: Wilson, Martin, Brady, Garcia, Herman, Plummer, Rossi

PUBLIC COMMENT

An opportunity was given for any person to address the Board of Directors (Board) upon any subject not identified on the Agenda, but within the jurisdiction of the Rancho California Water District (RCWD/District). For items not listed on the Agenda, the Brown Act imposes limitations on what the Board may do during public comment. As to matters on the Agenda, persons will be given an opportunity to address the Board when the matter is considered.

At this time, Eastern Municipal Water District (EMWD) Board member Steve Corona addressed the Rancho California Water District Board to provide an update on EMWD's sewage treatment plants.

MEETING OF THE RANCHO CALIFORNIA WATER DISTRICT

ITEM 1. PRESENTATION

A. Presentation on Behalf of Congressman Ken Calvert

On behalf of Congressman Ken Calvert's office Brenda Dennstedt presented to the Drake family a congressional record honoring former Rancho California Water District (District) Board member Ben Drake. Ms. Dennstedt recited some of the words from the plaque, which was initially read by Mr. Calvert on the Congress floor, citing Mr. Drake as a pillar of the Agriculture community who will always be remembered for his passion and contributions to Temecula and the surrounding area.

Following the presentation, a few members of the District Board shared some closing thoughts on their beloved colleague.

ITEM 2. APPROVAL OF MINUTES

There being no additions or revisions to the subject Board of Directors' (Board) meeting minutes, President Wilson entertained a motion from the Board.

MOTION: It was moved by Director Garcia and seconded by Director Rossi to approve the subject minutes, as presented and referenced below. The motion carried as follows:

RESULT: APPROVED [UNANIMOUS]

MOVER: Angel Garcia, Board Member

SECONDER: John Rossi, Board Member

AYES: Wilson, Martin, Brady, Garcia, Herman, Plummer, Rossi

A. Consider Approval of Minutes of the Board of Directors' Regular Meeting of January 10, 2019 and Special Meeting(s) of January 3 and January 17, 2019

ITEM 3. CONSENT CALENDAR

Consent Calendar items are expected to be routine and non-controversial, to be acted upon by the Board of Directors (Board) at one time without discussion. If any Board member, staff member, or interested person requests that an item be removed from the Consent Calendar, it shall be removed so that it may be acted upon separately.

At this time, Sr. Vice President Martin requested that Consent Calendar Item 3I *Authorization of Sale of Surplus Vacant Property (Assessor's Parcel Number 951-150-001)* be pulled from the Consent Calendar and acted upon separately.

Hearing no additional requests to remove any other items, President Wilson entertained a motion to approve remaining Consent Calendar Items 3A through 3H, as presented.

MOTION: Director Plummer moved to approve Consent Calendar Items 3A through 3H, as presented. Director Martin seconded the motion and carried as follows:

RESULT: APPROVED [UNANIMOUS]
MOVER: William Plummer, Board Member
SECONDER: Danny Martin, Sr. Vice President
AYES: Wilson, Martin, Brady, Garcia, Herman, Plummer, Rossi

- A. Consider Approval of Financial Statements, December 31, 2018
- B. Semi-Annual Review of Investment Report and Portfolio for Second Half of 2018; and Consider Approval of Treasurer's Report, Certification of Cash Sufficiency, and Related Investment Activity Data, as of December 31, 2018
- C. Consider Ratifying Register of Audited Demands for the Period December 22, 2018 through January 24, 2019
- D. Annual Review of Rancho California Water District's Investment Policy
- E. Acceptance of Award Received from the Government Finance Officer's Association for Rancho California Water District's Fiscal Year 2018-2019 Operating and Non-Operating Budget
- F. Annual Review Regarding Level of Compensation for Members of the Board
- G. Consider Extending Professional Services Contract Between Rancho California Water District and ENS Resources, Inc. through February 28, 2021
- H. Consider Request for Approval of a Sole-Source Professional Services Agreement for Modeling, Planning, and Preliminary Design Services for a Proposed Series of New Groundwater Wells Related to the Upper Valle De Los Caballos Regional Pump Station (Project No. D1903)
- I. Item Pulled from Consent

PULLED FROM CONSENT CALENDAR

Authorization of Sale of Surplus Vacant Property (Assessors Parcel Number 951-150-001)

At this time, Assistant General Manager-CFO/Treasurer Rick Aragon reported that the subject item is regarding 4.51 acres of property, previously declared as surplus by the Board of Directors (Board). He conveyed that staff's recommendation is to authorize the general manager to execute the sale agreement for a purchase price of \$299,000.

Following staff's review, President Wilson entertained a motion from the Board related to Consent Calendar Item 3I *Authorization of Sale of Surplus Vacant Property (Assessor's Parcel Number 951-150-001)*.

- MOTION:** It was moved by Director Rossi and seconded by Director Martin to authorize the General Manager to do the following:
1. Authorize the General Manager to negotiate and execute a property purchase and sale agreement to sell the 4.51-acres surplus vacant property on Calle Contento (Assessor's Parcel Number 951-150-001) for \$299,000 and take any and all corresponding administrative actions to effectuate and record the sale of the property.

2. Determine that this action is categorically exempt under the California Environmental Quality Act (CEQA) Guidelines, Section 15312.

The motion carried as follows:

RESULT: **APPROVED [UNANIMOUS]**
MOVER: John Rossi, Board Member
SECONDER: Danny Martin, Sr. Vice President
AYES: Wilson, Martin, Brady, Garcia, Herman, Plummer, Rossi

ITEM 4. ACTION ITEMS

A. Consider Amending Administrative Code Section 3.13 Board of Directors' Compensation

Addressing the Board of Directors (Board) General Manager Jeff Armstrong advised that the Agenda item was previously discussed at the January 17 Planning and Administration Committee (Committee) meeting. Utilizing a PowerPoint slide, Mr. Armstrong summarized the Committee's recommendations to amending Administrative Code Section 3.13 Board of Directors' Compensation, as follows:

Modify:

- Amend language in Administrative Code Section 3.13.2 bulleted item(s) to read:
 - Attending a meeting or other official business/event of the Metropolitan Water District of Southern California where District business is discussed or affected; and
 - Attending meetings of Eastern Municipal Water District and Western Municipal District where agenda items of potential interest to the District is discussed.

Modify:

- Amend language in Administrative Code Section 3.13.3 bulleted item(s) to read:
 - Murrieta Valley Chamber of Commerce when event is District sponsored or at the Request of the General Manager; and
 - Temecula Valley Chamber of Commerce when the event is District sponsored or at the Request of the General Manager.

Remove:

- CalDesal
- California Water Awareness
- National Endangered Species Act Reform Coalition
- Water Agencies Association of San Diego County

Add:

- California Special District Association
- Murrieta Temecula Group when Requested by the District General Manager
- Southwest Legislative Council
- Riverside County Water Task Force

Moreover, Mr. Armstrong noted that additional language would be added stating that Board members are expected to provide verbal reports to the full Board regarding what was learned at the meetings/conferences attended.

At this time discussion ensued amongst the Board regarding the relevance of attendance at meetings with some of the approved organizations, Board discretion as meetings relate to District business, and the importance of member participation.

Addressing a comment by Director Herman regarding reporting on Ad Hoc Committee meetings, General Counsel Jim Gilpin conveyed that said meetings deal with sensitive information and should be treated as such.

MOTION: It was moved by Director Plummer to recommend the Board of Directors update the list of approved meetings which qualify for Board per diem compensation, as presented. Director Brady seconded the motion, and discussion continued.

SUBSTITUTE

MOTION: It was moved by Director Herman to recommend the Board of Directors update the list of approved meetings which qualify for Board per diem compensation, as presented, with the addition of verbiage stating at the General Manager's or Executive Teams request. The motion died due to a lack of a second.

SUBSTITUTE

MOTION: It was moved by Director Garcia to recommend the Board of Directors update the list of approved meetings which qualify for Board per diem compensation, as presented, with the addition of verbiage stating at the General Manager's or Executive Teams request added to the Southwest California Legislative Council. Director Wilson seconded the motion and it carried as follows:

RESULT: **APPROVED [UNANIMOUS]**

MOVER: Angel Garcia, Board Member

SECONDER: Bill Wilson, President

AYES: Wilson, Martin, Brady, Garcia, Herman, Plummer, Rossi

B. Review and Consider Approval of Rancho California Water District's 2019 Ad Hoc Committee Appointees

Addressing the Board of Directors (Board), General Manager Jeff Armstrong reported that this item was presented to the Planning and Administration Committee (Committee) at their January meeting whereby, the Committee approved the Rancho California Water District's (RCWD/District) Ad Hoc Committee appointees with one modification. Said change included switching Ad Hoc Committee appointments with Director Brady serving on the City of Temecula and Director Garcia serving on the City of Murrieta.

Mr. Armstrong conveyed that following Committee discussion, President Wilson announced a conflict with attending the monthly Joint Inland Orange County Caucus meeting. As such, Mr. Armstrong advised that Director Plummer was recommended as the appointed member in place of President Wilson.

Continuing, Mr. Armstrong reviewed the internal list of Ad Hoc Committees which included a recent addition of forming a Code of Conduct Committee, with President

Wilson recommending Directors Herman, Brady, and himself as its members. He expounded that now is a great time for said Committee to develop and formulate such a code that defines the decorum of the Board and its expectations.

Following brief discussion, President Wilson entertained a motion from the Board.

MOTION: Director Herman recommended the Board of Directors ratify the 2019 Ad Hoc Committee appointments, as presented, and reviewed by General Manager Jeff Armstrong. Director Rossi seconded the motion, and it carried as follows:

RESULT: **APPROVED [UNANIMOUS]**

MOVER: Lisa Herman, Board Member

SECONDER: John Rossi, Board Member

AYES: Wilson, Martin, Brady, Garcia, Herman, Plummer, Rossi

C. Consider Approval to Award a Construction Contract for Sewer Collection System Pipeline Repairs (Project No. PG168)

Addressing the Board of Directors (Board), Engineering Manager-CIP & Development Jake Wiley reported that the Board authorized funding for the design and construction of the subject project as part of Rancho California Water District's (District) Capital Improvement Program. After initial review of the bids, the apparent low bidder failed to submit their bid security (bid bond) to the District by the close of the bid period, as required by the contract Documents, rendering the bid non-responsive.

As such, Mr. Wiley advised that staff is recommending the Board approve the second lowest bidder and award the construction contract to Insituform Technologies, Inc.

Following review, President Wilson entertained a motion from the Board.

MOTION: Director Herman recommended that the Board of Directors take the following actions related to the construction of the Sewer Collection System Pipeline Repairs (Project NO. PG168):

- Reject the bid by Nu-Line Technologies, LLC. as non-responsive; and
- Approve the award of a construction contract to Insituform Technologies, Inc. as the lowest responsive bidder, in the amount of \$258,977.

Director Brady seconded the motion, and it carried by the following vote:

RESULT: **APPROVED [UNANIMOUS]**

MOVER: Lisa Herman, Board Member

SECONDER: Carol Lee Brady, Board Member

AYES: Wilson, Martin, Brady, Garcia, Herman, Plummer, Rossi

CONVENE TO MEETING OF THE FINANCING AUTHORITY

ITEM 5. ACTION ITEMS

A. Consider Adoption of Resolution Amending the List of Appointed Officers

1. Resolution of the Rancho California Water District Financing Authority, Amending Resolution No. FA-2015-12-1 In Part

Addressing the Board of Directors (Board), Assistant General Manager-CFO/Treasurer Rick Aragon presented a request for the Board to adopt the appropriate Rancho California Water District Financing Authority (Authority) resolution, amending Resolution No. FA-2015-12-1 in part, to correctly identify an updated list of appointed-officer positions.

Referring to the report, Mr. Aragon briefly discussed that this item is a housekeeping matter to reflect an organizational change, affecting the appointment of officers of the Authority; namely, a title change with the Chief Financial Officer/Treasurer now having the designation of Assistant General Manager-CFO/Treasurer.

MOTION: Director Herman moved to adopt the appropriate Rancho California Water District Financing Authority resolution, amending Resolution No. FA-2015-12-1 in part, as presented. Director Martin seconded the motion, and the resolution is titled:

Resolution No. FA-2019-12-1

**Resolution of the Rancho California Water District
Financing Authority, Riverside County, California,
Amending Resolution No. FA-2015-12-1 In Part**

The motion carried by the following vote:

RESULT: **ADOPTED [UNANIMOUS]**

MOVER: Lisa Herman, Board Member

SECONDER: Danny Martin, Sr. Vice President

AYES: Wilson, Martin, Brady, Garcia, Herman, Plummer, Rossi

RECONVENE TO MEETING OF THE RANCHO CALIFORNIA WATER DISTRICT

ITEM 6. INFORMATION ITEMS

There being no discussion concerning the following items, President Wilson moved on to the next order of business.

A. Activity Report, Committees of the Board for the Month of January

B. Claims Activity Report for the Month of January

C. Newspaper Articles

ITEM 7. EXECUTIVE REPORTS

A. General Counsel's Report

General Counsel Jim Gilpin provided a reminder to the Board of Directors regarding reportable items, per best practice, under public records requests of Rancho California Water District business related to texts/emails on personal devices.

B. General Manager's Report

General Manager Jeff Armstrong provided a brief update on Governor Newsoms recent State of the State address and in particular the California WaterFix. Mr. Armstrong reported that Governor Newsom declared that he rather supports a single tunnel fix compared to the originally proposed twin tunnels.

Next, Mr. Armstrong briefed the Board of Directors on the Governors recent appointments of Joaquin Esquivel as the new Chair of the State Water Resources Control Board, and appointee Laurel Firestone.

Concluding, Mr. Armstrong announced the retirement announcement of Elsinore Valley Municipal Water District General Manager John Vega in early June 2019.

At this time, Assistant General Manager-Engineering & Operations Eva Plajzer provided a PowerPoint presentation and report highlighting the recent storm event and its related impact to river flows and Vail Lake storage.

C. Board Members' Comments and Reports

Director Garcia shared his attendance at the Council of Water Utilities, San Diego meeting, whereby General Manager Jeff Armstrong provided a presentation on Advanced Metering Infrastructure. He further noted his attendance at the California Association of Sanitation Agencies Winter Conference where asset management was a topic of discussion and his participation in roundtable dialogue regarding the hot topic of water affordability.

Director Brady commented on her attendance at the January Southwest California Legislative Council (SWCLC) meeting, in which their 2019 Policy Platform was reviewed and discussed.

Following Director Brady's comments, Director Herman noted that with the new amended Administrative Code Section 3.13, Board of Directors Compensation adopted earlier, the SWCLC would not be eligible for per diem compensation, unless the event is District sponsored or at the General Manager's request.

Director Brady commented that whether or not the meeting(s) are compensated, she opined that it's a valuable organization/meeting to attend regardless.

President Wilson clarified that it's important for Board members to use their discretion when attending meetings and knowing the agenda's content and whether or not it's relevant or impactful to District business. If person(s) attend just for general knowledge then it should not be at the expense via the rate payers.

Next, Director Herman noted her attendance at the Western Municipal Water District (WMWD) Ad Hoc Committee meeting, citing that the Local Agency Formation Commission effort is proceeding and that she appreciates WMWD providing updates on Metropolitan Water District of Southern California matters.

Director Rossi thanked staff for his recent onboarding orientation meetings and tour of District facilities. He then briefly reported on the Joint Inland Orange County Caucus

meeting, whereby an important item impacting the District was tabled for next month regarding the potential credit to enhance in-lieu deliveries for the cyclic program.

With no further comments from the Board, President Wilson called for a five-minute break prior to adjourning to closed session.

ITEM 8. CLOSED SESSION

At any time during the regular session, the Board may adjourn to closed session to consider litigation, personnel matters, or to discuss with legal counsel matters within attorney-client privilege. Discussion of litigation is within the attorney-client privilege and may be held in closed session. Authority: Government Code Section 54956.9

- A. CONFERENCE WITH REAL PROPERTY NEGOTIATORS (Per Government Code § 54956.8) - Property: VAIL LAKE RV RESORT 38000 Highway 79 South, Temecula, CA. District Negotiators: General Manager Jeff Armstrong, Assistant General Manager-CFO/Treasurer Rick Aragon, Assistant General Manager-Engineering & Operations Eva Plajzer, and General Counsel James Gilpin. Negotiating Parties: Kampgrounds Enterprises Incorporated, Paydar Properties Incorporated, and Urban Park Concessionaires. Under Negotiations: Price & Terms
- B. CONFERENCE WITH REAL PROPERTY NEGOTIATORS: Property: APNs 917050003, 917050007, 581070013, 581070016, 581150013, 581120005, 581070015, 581150016, 581150017, 581150015, 927320039, 927320042, 927320043, 927320079, 927680002, 927680004, 927680005, 927680006, 927680007, 927680008, 927680009, 927680010, 927680011, & 927680012; District Negotiators: General Manager Jeff Armstrong, Assistant General Manager-CFO/Treasurer Rick Aragon, Assistant General Manager-Engineering & Operations Eva Plajzer, and General Counsel James Gilpin. Negotiating Parties: RCWD & Rivers and Lands Conservancy. Under Negotiation: Price & Terms
- C. CONFERENCE WITH REAL PROPERTY NEGOTIATORS (Per Government Code § 54956.8) – Property: 28061 Diaz Rd., Temecula CA. District Negotiators: General Manager Jeff Armstrong, Assistant General Manager-CFO/Treasurer Rick Aragon, Assistant General Manager-Engineering & Operations Eva Plajzer, and General Counsel James Gilpin. Negotiating Party: Stos Partners. Under Negotiations: Price & Terms
- D. CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION (Per Government Code § 54956.9 (a)) Rancho California Water District vs. Linda R. Davis, Trustee of the Linda R. Davis Family Income Trust, U/A Dated 01/01/1997; Southern California Addiction Center, Case No. MCC1800189
- E. CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION (Per Government Code § 54956.9 (a)) – United States vs. Fallbrook Public Utility District, Case No. 1247
- F. CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION (Per Government Code § 54956.9 (a)) – United States of America et al. vs. J-M Manufacturing Company, Inc. Case No. 5:06-CV-00055-GW

- G. PUBLIC EMPLOYEE PERFORMANCE EVALUATION – Title: General Manager (Per Government Code § 54957)
- H. CONFERENCE WITH LABOR NEGOTIATORS (Per Government Code § 54957.6) – Agency Representative: General Counsel James Gilpin; Unrepresented Employee: General Manager

The Board reconvened in open session at 11:13 AM, whereby General Counsel Jim Gilpin announced that there were no reportable actions.

ITEM 9. ADJOURNMENT

There being no further business to come before the Board of Directors, the meeting adjourned at 11:13 AM.