

The minutes presented herewith are not a verbatim transcription of the Regular Board meeting held electronically on December 15, 2020. The intent is to provide a synopsis of key points of discussion and to chronicle decisions and actions taken by a quorum of the Board of Directors (ref: Roberts Rules of Order, Section 48). For more information or background, please refer to the applicable board packet.

**MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS
OF THE RINCON DEL DIABLO MUNICIPAL WATER DISTRICT
December 15, 2020**

A Special Meeting of the Board of Directors of the Rincon Del Diablo Municipal Water District was held electronically on Tuesday, December 15, 2020 at 5:00 p.m.

Directors Present: Drake, Lump, Murtland, Quist, and Towne.

Directors Absent: None.

District Staff Present: Clint Baze, General Manager; Julia Escamilla, Public Information Officer; Jeffrey Umbrasas, Director of Administration and Finance; Karen Falk, Engineering Manager; Steve Plyler; Operations Manager; Josefina Traslavina-Washington, Accountant/Customer Service Supervisor; and Wanda Cassidy, Clerk of the Board.

Legal Counsel: Gerry Shoaf, Legal Counsel, Redwine and Sherrill.

Guests: Rick Vogt, Fire Chief, Escondido Fire Department; David Forman, CPA, CliftonLarsonAllen; Inki Welch, Incoming Rincon del Diablo Municipal Water District Director; and Risa Baron, Public Affairs Principal, San Diego County Water Authority.

President Murtland called the meeting to order at 5:00 p.m. Director Lump then led the Board of Directors and attendees in the Pledge of Allegiance to the Flag of the United States of America.

ADDITIONS/CHANGES TO AGENDA

There were no additions or changes to the agenda.

ORAL COMMUNICATIONS TO THE BOARD

There were no communications to the Board.

SECTION 1 - CONSENT ITEMS

In a motion by Director Drake and seconded by Director Towne, the Board of Directors unanimously approved the following consent items:

- 1-A. Minutes of the Regular Board of Directors Meeting of November 17, 2020.
- 1-B. General Fund Disbursements, November 2020.
- 1-C. Financial Statements, November 2020.
- 1-D. Board of Directors' Per Diem Fees and/or Expense Reports, November 2020.
- 1-E. Approval of the 2021 Board of Directors' Calendar.

by the following roll call vote:

Drake	Aye
Lump	Aye
Murtland	Aye
Quist	Aye
Towne	Aye

SECTION 2 – EMERGENCY PREPAREDNESS & FIRE SERVICES

- 2-A. Oral Report by Escondido Fire Department Regarding Current Events and Community Fire Readiness Relating to Improvement District E (ID E).

Chief Vogt reported on the following:

- Personnel – Battalion Chief Andre Paredes retired on December 7, 2020. Chief Paredes was with the Fire Department for 31 years. Captain Tyler Batson was promoted to Battalion Chief on December 13, 2020 and will fill the vacant Battalion Chief position.
- Christmas Tree Safety – Dry Christmas trees pose a huge fire risk and can catch fire in seconds. To avoid a Christmas tree fire, keep your tree watered. In addition, have a sturdy tree stand, replace old lights with new LED lights to prevent electrical hazards, and never burn a Christmas tree in the fireplace.
- Santa Ana Winds – SDG&E has had power shutdowns or Public Safety Power Shutoffs in the last two weeks due to strong Santa Ana Winds. Cutting power is a precaution power companies utilize to prevent gusts from blowing tree limbs into electrical equipment or knocking down power lines, which can spark wildfires. Customers are usually notified in advance to prepare for the shutdowns.

After the report, a discussion on unscheduled power outages took place. Chief Vogt then answered Director's questions regarding a carbon monoxide poisoning incident the fire department responded to. The incident occurred when a generator was being used in a closed garage during the recent power outages. Three individuals suffered carbon monoxide poisoning and were hospitalized. Chief Vogt reported the home had carbon monoxide alarms, however none of them were operational. Chief Vogt reminded Directors to check alarms monthly.

SECTION 3 – PUBLIC INFORMATION & INTERGOVERNMENTAL RELATIONS

There was nothing to report.

SECTION 4 – FINANCE, INSURANCE & PERSONNEL

- 4-A. Resolution No. 20-08: Resolution of the Board of Directors of the Rincon del Diablo Municipal Water District Expressing Sincere Appreciation for the Public Service of Diana Towne.

General Manager Baze brought forward Resolution No. 20-08: Resolution of the Board of Directors of the Rincon del Diablo Municipal Water District Expressing Sincere Appreciation for the Public Service of Diana L. Towne. Director Towne's last day on the District's Board of Directors will be on December 31, 2020. Resolution 20-08 was written to express the District's appreciation to Director Towne for her loyalty and hard work and officially acknowledge Director Towne's twenty-five years of service. After General Manager Baze read Resolution No. 20-08 aloud, President Murtland asked for a motion:

After a motion by Director Drake and seconded by Director Quist, the Board of Directors unanimously approved Resolution No. 20-08: Resolution of the Board of Directors of the Rincon del Diablo Municipal Water District Expressing Sincere Appreciation for the Public Service of Diana L. Towne. by the following roll call vote:

Drake	Aye
Lump	Aye
Murtland	Aye
Quist	Aye
Towne	Aye

After the resolution was approved, General Manager presented Director Towne with a token of appreciation.

4-B. Receive and File Audited Annual Financial Statements for the Fiscal Year Ended June 30, 2020.

General Manager Baze and Director of Administration and Finance Umbrasas introduced David Forman of CliftonLarsonAllen LLP. Mr. Forman presented the Audited Annual Financial Statements for Fiscal Year Ended June 30, 2020.

Mr. Forman began his presentation by stating WhiteNelsonDiehlLarson has merged with CliftonLarsonAllen. He also reported with the ongoing COVID-19 quarantine, a large part of the audit was completed electronically.

Mr. Forman reported the audit process began in May and was completed in December, with the Audit Committee meeting on December 14th. At the conclusion of the audit, the required items were reported to the Board:

- The financial statements contained estimates of the Fair Value of Investments, the Pension and OPEB Liabilities, and the Useful Lives of Capital Assets.
- There were no significant difficulties or disagreements in dealing with management in performing and completing the audit.
- The findings included the following:
 - All material adjustments were corrected by management.
 - The Management Letter stated one finding regarding the land value of the Harmony Grove Sewer Treatment Plant. The finding was related to the Sewer Treatment Plant and the lack of documentation regarding the value of the land of the Sewer Treatment Plant.

At the conclusion of the Independent Auditors' Report, CliftonLarsonAllen issued an "unmodified Opinion" on the District's financial statements for the year ended June 30, 2020.

Highlights of the audit are as follows:

- The Sewer Enterprise reported separately from Water Enterprise.
- An \$18 million in Contributed Asset for the Sewer Enterprise.
- A Net OPEB Liability increased 66 percent to \$3.1M.
- An increase of 11.6 percent in Operating Revenues from FY 2019.
- The Current Ratio (Current Assets over Current Liabilities) was at 16 to 1 in FY 2020, compared to 8.4:1 in FY 2019.
- The Operating Margin Before Depreciation (Operating Revenue Over Operating Expense) 1.3:1 in FY 2020, compared to FY 2019 1.27:1.

A few highlights of the Summary of Statement of Debt and the Balance Sheets are as follow:

- Investments increased by approximately \$5M.
- Accounts Payable decreased, partially due to fewer capital projects.
- Developer deposits decreased, in large part due to Harmony Grove Village. Previous year deposits had included meters in Harmony Grove, however, with a number of the meters in ground, the liability decreased.

Cash investments went up by \$5,004,725, due in large part to Sewer Treatment Plant operations. Net cash was provided including \$300,000 to \$400,000 in cash from operations. Cash inflows were at \$7.3M, less cash going out.

The Summary of Proprietary Funds Statements of Revenues, Expenses, and Changes in Net Position showed total operating revenues up \$2 million, due to an increase in water sales, service charges and sewer revenue. Non-revenue increased due to increase in capital contributions.

After the presentation, Mr. Forman and Director of Administration and Finance Umbrasas answered questions regarding the Audit.

**Received and Filed Audited Annual Financial Statements for
the Fiscal Year Ended June 30, 2020.**

4-C. FY 2019-20 Year-End Financial Results.

Director of Administration and Finance Umbrasas presented the FY 2019-20 Year End Financial Results. The presentation focused on the budgetary side of the financials.

- Revenues and Expenses
- Working Capital (Available Fund Balance)
- Reserves and Fund Balances

In addition, the presentation included historical metrics at the end.

- Potable Water – Total potable revenues were at \$21,225,211, which were 3.2 percent or \$657,323 over projection. Operating expenses for potable water were at \$13,893,515 and were 8.4 percent or \$1,281,489 under budget.
- Recycled Water – Revenues were at \$1,360,098, which was 41.3 percent or \$397,539 over projection. The over-projection was primarily due to Engineering Fees from developer projects and Grant Proceeds (El Norte Retrofit Project). Expenses were at \$602,512 and were 18.7 percent or \$95,013 over budget. This was mainly due to engineering and inspection expenses related to developer projects.
- Potable and Recycled CIP- Unspent funds up until June 30, 2020 were at \$8,478,660. This was due in part to the COVID-19 epidemic.

- Fire Revenues and Expenses – Revenues were at \$2,450,562 and were at 13.5 percent or \$290,562 over projection. This was mainly due to an over projection of property taxes. Expenses were at \$2,322,557, which was 7.5 percent or \$162,557 over budget. This was mainly due to over budget due to calculated fire contract costs.
- Sewer Revenues and Expenses - Revenues of \$633,605, which were 2.4 percent or \$15,550 under projection. This was primarily under projection due to service charges. Not shown in the statement is a \$17,973,000 one-time capital contribution revenue from the acquisition of sewer assets. Expenses were at \$227,265, which was 59.2 percent or \$329,701 under budget. Expenses were under budget due to less than a half-year of operational expenses.
- Available Fund Balance – Focusing on water activities, both Potable and Recycled), the net position of \$70,731,991 includes all assets and liabilities. The available Fund Balance of \$36,073,001, removes unavailable assets and liabilities and is an amount in liquid assets which can fund reserves and immediate needs.

Mr. Umbrasas then presented a Ten-Year Historical Annual Financials & Metrics. The presentation included the following historical data:

- Revenue and Expense Overall - Revenue and expenses have increased over time. Revenue always exceeds expenses.
- Water Purchases and Sales - Water purchases and sales make a large part of the District budget. Water purchases have decreased since 2014. This is partially due to customers being much more conscious of drought. Water sales has continued to increase.
- Employee Costs and Counts – This has remained relatively stable. There have been approximately 21 employees for the last six to seven years.
- Operating Income – The operating income as spiked for the last three years. This includes strong investment earnings and developer fees.
- Operating Outflows – Previous long-term debt was paid off in 2014. In 2016, the District obtained a \$10M bond issuance.
- Unrestricted Net Position – The District is doing well with the Unrestricted Net Position and Cash on hand.
- Operation Ratio/Days Cash on Hand – The District currently has 802 days of cash on hand.

After the presentation, Directors discussed the Rate Study the District is currently undergoing and the possibility of future possible rate decreases.

Received and Filed the FY 2019-20 Year End Financial Results.

SECTION 5 – OPERATIONS; ENGINEERING & LONG-RANGE PLANNING

There was nothing to report.

SECTION 6 – SEWER

6-A. Sewer Treatment Plant Update.

General Manager Baze reported the Operations: Engineering and Long-Range Planning will be meeting on December 16th and the Sewer Committee will be meeting on December 17th.

He then provided a brief update on the Sewer Treatment Plant. Overall, the plant is running well. The plant operator is doing an exceptional job and the water quality continues to be excellent.

Mr. Baze did report there has been an increase in non-flushable wipes.

Mr. Baze also reported he and Engineering Manager Falk met with Kennedy Jenks to discuss plant operations and the future of the plant.

In closing, General Manager Baze invited the Directors to tour the Sewer Plant.

SECTION 7 – SDCWA DIRECTOR'S REPORT & DIRECTORS/STAFF ACTIVITIES REPORT

7-A. This portion of the agenda may be used by the San Diego County Water Authority (SDCWA) representative to make informal reports on activities.

President Murtland reported at the November 19th meeting, despite opposition from several agencies, the SDCWA Board of Directors authorized staff to move forward with Phase B of the Regional Water Conveyance System Study. Over the next two years, staff will be working on Phase B, and focus on an economic analysis of the two conveyance route alternatives and explore partnerships that may provide benefits to stakeholders and possibly reduce the cost project development. Once the phase is completed, the Board will determine how to move forward with the project. President Murtland then announced that since the Vice Chair Officer position became vacant with the resignation of Christy Guerin, an election to fill the seat was held on December 10th and Mona Rios, the Vice-Mayor of National City was elected.

President Murtland then responded to questions from the Directors.

7-B. This portion of the agenda may be used by the Board of Directors or management to make informal oral reports on their activities.

- Director Lump reported that she virtually attended and enjoyed the Water Education Foundation Central Valley Tour.
- Director Drake reported on participating in a JPIA Cyber Security Event. Director Drake also announced that at the November 30, 2020, ACWA/JPIA Executive Committee meeting, Rincon del Diablo Municipal Water District was named as one of the recipients receiving the President's Special Recognition Awards in each of the Liability, Property, and Workers' Compensation Programs. The awards recognize members of JPIA that have a loss ratio of 20 percent or less. The data for the calculation is for a three-year period, 2016 to 2019, as of September 30, 2020. Director Drake then acknowledged staff and management for their work excellent work. In closing, Director Drake announced the upcoming JPIA officers election in the Spring.
- Director Quist reported he has been working on the Urban Water Institute's Virtual 2021 Spring Conference. The conference will include short sessions held over two days and an evening reception. Director Quist also reported Brian Brady was elected to the Rancho California Water District in Temecula as a Director.
- Director Towne reported attending the ACWA Conference. She also reported that at the November 19th CSDA meeting the following officers were elected: President: Al Lau, General Manager of Santa Fe Irrigation District; Vice President: Jack Bebee, General Manager, Fallbrook Public Utility District; and Secretary: Jose Martinez, General Manager, Otay Water District.
- President Murtland reported on the AWCA Conference.

7-C. This portion of the agenda may be used by the Board of Directors to request items for future agendas.

There were no requests.

7-D. Request Approval for a Board Member(s) to Attend Upcoming Meetings; Conferences; or Seminars for Those Not Authorized in the District's Administrative Code, Section 502 "Authorized District Memberships."

There were no requests.

7-E. District Activities Report (DAR), October 2020.

There were no questions.

7-F. Election of Officers and Discuss Assignments to Committees and Seating Appointments.

General Manager Baze brought forward Election of Officers and Discuss Assignments to Committees and Seating Appointments. After a brief discussion, a motion was made:

After a motion by Director Lump and a second by Director Drake, the Board of Directors unanimously approved to vote for Board of Director officers during the current Board of Directors meeting and postpone Discuss Assignments to Committees and Seating Appointments to the January 26, 2021 Board of Directors' meeting by the following roll call vote:

Drake	Aye
Lump	Aye
Murtland	Aye
Quist	Aye
Towne	Aye

After discussion, President Murtland asked for a motion to approve the slate of Officers:

After a motion by Director Quist and a second by Director Drake, the Board of Director unanimously approved the following officers:

President:	Erin R. Lump
Vice President:	David A. Drake
Treasurer:	James B. Murtland

By the following roll call vote:

Drake	Aye
Lump	Aye
Murtland	Aye
Quist	Aye
Towne	Aye

SECTION 8 – GENERAL MANAGER’S REPORT

8-A. District Status as a Result of the COVID-19 Pandemic.

General Manager Baze reported the District is complying with the Governor’s orders and has re-closed the lobby. In addition, District staff was required to take OSHA training related to disinfecting and sanitizing procedures for COVID-19. Also received an alert related to COVID-19 vaccines.

Director Drake commented on the possibility of claiming Workers Compensation under COVID-19 presumptive outbreaks.

8-B. General Manager’s Oral Report.

General Manager Baze reported the following:

- The Operations: Engineering and Long-Range Planning (ELRP) Committee meeting will be held on Wednesday, December 16th at 8:30 a.m.
- The Sewer Committee Meeting will be held on Thursday, December 17th at 8:00 a.m.
- The Special Meeting for Legal Counsel Interviews will be held on Monday, December 21st at 2:00 p.m.

SECTION 9 – LEGAL MATTERS

9-A. Legal Counsel Report.

There was nothing to report.

9-B. Closed Session

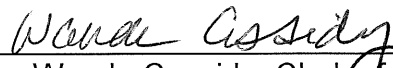
- a. CONFERENCE WITH LEGAL COUNSEL – LITIGATION, Litigation pursuant to Government Code Section 54956.9(d)(4): San Diego County Office of Education, et al. v. The County of San Diego, et al. (This is a long-term item related to dissolution of redevelopment agencies and successor agencies and will remain on the agenda if Rincon Water is involved. No action is required on our part at this time.)
- b. CONFERENCE WITH LEGAL COUNSEL – Pursuant to Government Code Section 54957 (b)(1) to discuss the appointment of a public employee. Title: Legal Counsel.
- c. CONFERENCE WITH LEGAL COUNSEL - Pursuant to Government Code Section 54956.9 (d)(4) to discuss potential litigation (one case).

There was nothing to report.

ADJOURNMENT

There being no further business before the Board of Directors, the meeting was adjourned by President Murtland at 7:21 p.m.

APPROVED: 
James B. Murtland, President

ATTEST: 
Wanda Cassidy, Clerk of the Board