

**MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
RAINBOW MUNICIPAL WATER DISTRICT
AUGUST 27, 2024**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on August 27, 2024, was called to order by President Hamilton at 1:00 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. President Hamilton presiding.

Present: Directors Hamilton, Mack, Johnson, and Townsend-Smith

Also Present: General Manager Wiley, Legal Counsel Smith, Chief Financial Officer Aragon, District Secretary Quintanar, Engineering and CIP Program Manager Williams, Administrative Services Manager Harp, Information Technology Manager Khattab, Member Nelson, Operations Manager Gutierrez, Services Representative Constant, Billing Specialist Kilmer, Customer Service Supervisor Cruz, Safety and Risk Management Officer Johnson

Absent: Director Dale

**Also Present Via
Teleconference or
Video Conference:** Administrative Assistant Montano, Administrative Analyst II Barrow,
Construction and Meters Supervisor Lagunas

Several members of the public were present in person.

2. **PLEDGE OF ALLEGIANCE**

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

There were no changes.

5. **APPROVAL OF THE AGENDA**

Motion

To approve the Agenda as presented.

Action: Approve, Moved by Director Mack, Seconded by Director Johnson

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

Ayes: Directors Hamilton, Johnson, Mack, and Townsend-Smith

6. **PUBLIC COMMENT**

Duane Urquhart commented that water costs are a great issue for agriculture. He stated that he followed the LAFCO hearings regarding detachment and he expressed the need to sustain lower rates and fixed costs. He compared water bills for his two identical 15-acre groves, one of which is in Rainbow Municipal Water District and the other is in the Fallbrook Public Utility District's service area. He expressed concern for the loss of agricultural growers and urged expedient action to provide cost relief for growers.

Rick Carey, a grower in the southern portion of the Rainbow Municipal Water District expressed that the price of water is a problem, and the water supplied by the Colorado River is high in chloride, which is not good for avocado growers. Has asked for a letter to be sent to Metropolitan Water District to urge them to rectify that.

7. EMPLOYEE RECOGNITIONS

A. Amanda Constant – 5 Years

Mr. Wiley announced District Services Representative Constant's five-year milestone with the District and explained the many aspects involved in her job. He relayed appreciation for her and that she's become the go-to person. He congratulated her and presented a plaque of appreciation.

8. COMMITTEE MEETING SUMMARIES

- A. Budget and Finance Committee
- B. Engineering and Operations Committee
- C. Communications and Customer Service Committee

Mr. Nelson reported that the Engineering and Operations Committee met on August 6, 2024 and voted in support of today's Agenda Items 10.C, 10.D, and 10.E.

Ms. Harp summarized discussions held at the August 20, 2024, Communications and Customer Service Committee meeting.

9. CONSENT CALENDAR

- A. Approval of July 23, 2024, Regular Board Meeting Minutes
- B. Notice of Completion and Acceptance of Minor Facilities Constructed By Customers (Districtwide)

Motion

To approve the Consent Calendar as presented.

Action: Approve, Moved by Director Mack, Seconded by Director Johnson

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

Ayes: Directors Hamilton, Johnson, Mack, and Townsend-Smith

10. ACTION ITEMS

- A. Consider Notice of Completion and Acceptance of the LS-1 Replacement Project Phase 1 (Division 1 and 2)

Mr. Wiley and Mr. Williams provided updates and details related to the completion of the lift station. The project was completed for \$16,541,487. Answering Director Mack, Mr. Williams reported on landscaping and security cameras installed on site. In addition, he explained the plan for power recovery through an automatic transfer switch to a diesel generator, should there be an outage.

Motion

To approve Option 1: Option 1: Accept the LS-1 Replacement Project Phase 1 Infrastructure, Approve Filing the Notice of Completion, Add installation costs of \$16,202,305.30 to the District's valuation, Make a determination that the action identified herein was sufficiently analyzed in the Initial Study Mitigated Negative Declaration adopted by the Board in Resolution No. 21-02 on January 26, 2021 and does not require additional analysis.

Action: Approve, Moved by Director Johnson Seconded by Director Mack

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

Ayes: Directors Hamilton, Johnson, Mack, and Townsend-Smith

- B. Consider Approval of a Notice of Completion and Acceptance of the Huntley-Gomez and Magee Pump Station Emergency Generators Project (Division 5)

Mr. Williams explained the reason for two Notices of Completion and provided background information. Answering Director Johnson, generators typically last about twenty years and staff makes efforts to maintain them for longevity. Director Mack voiced concerns for noise complaints. Mr. Williams assured that residents are some distance away, and there are steps we can take to mitigate noise, if needed.

Motion

To approve Option 1. Accept the Huntley-Gomez and Magee Pump stations emergency generators, Filing the Notice of Completion, Add installation costs of \$339,182.26 to the District's valuation, and make a determination that the project was sufficiently analyzed as qualifying for a categorical exemption as a Class 3 Categorical Exemption under CEQA.

Action: Approve, Moved by Director Townsend-Smith, Seconded by Director Mack

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

Ayes: Directors Hamilton, Johnson, Mack, and Townsend-Smith

- C. Consider Approval of an Emergency Water Line Repair and Paving Repairs on Gopher Canyon Road (Division1)

Mr. Gutierrez provided pictures and background regarding the main break that occurred on July 26, 2024, and steps taken to make initial repairs. Upon inspection, staff determined that a large portion of the remaining stretch of pipe was delapidated and vulnerable to leaks. Staff recommended replacement of an additional 300 feet of 8" CMLC with 12" CMLC, and estimated the total project cost of \$600,000.

Responding to the Board's concern for budget impact, Mr. Wiley and Mr. Aragon answered that the work would be funded by debt financing and it may impact the timing of other planned CIP projects at a later date. A mid-year budget review will be done to determine impacts and make necessary adjustments. Discussion followed regarding agency responsibility and opportunities for cost savings.

Motion

To approve Option 1: Approve the addition of a new fiscal year 2024-2025 capital project "Gopher Canyon Mainline Repair" for a total budget of \$600,000 and authorize staff to have the project costs reimbursed by available funding from the \$10 million 2024 US Bank Loan. Make a finding that the action herein does constitute a "project" as defined by CEQA, and is a Class 1 Exemption

Action: Approve, Moved by Director Johnson, Seconded by Director Townsend-Smith

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

Ayes: Directors Hamilton, Johnson, Mack, and Townsend-Smith

D. Consider Termination of the District's Water Tank Maintenance Contract and Addenda with USG Water Solutions

Mr. Wiley provided a presentation explaining the existing tank maintenance contract, the subsequent amendment, auto-renewal and cancellation terms, maintenance costs, scope of work, and the reasoning behind staff's recommendation to terminate the contract. Staff is confident that the work can be done in-house. Estimated costs associated with bringing the work in-house vary from year to year. Benefits to taking on this work in-house include a more active interior coating management to minimize unplanned repairs and extend facility life. In addition, over a 15-year lifespan, there is an estimated savings of \$3.4M. With the savings, the District can re-invest in infrastructure rehabilitation. This item was discussed by the Engineering and Operations Committee and it was concluded that the work performed by USG Water Solutions was not meeting expectations. Discussion followed and it was determined that it would be prudent to notify the vendor of our intent to terminate the contract and re-negotiation in the future will remain an option. Staff will provide follow up information to the Board as it becomes available.

Motion

To approve Option 1, termination of the existing contract, negotiate payout total, and potentially renegotiate a new contract at a later date.

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

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

Ayes: Directors Hamilton, Johnson, Mack, and Townsend-Smith

E. Consider Adoption of an Ordinance Amending and Updating Administrative Code Section 8.11 – Connection and Meter Charges

Mr. Wiley explained recommended changes to the policy regarding removal of water services and downsizing meters. The policy clarification is intended to define the District's intent to recover all costs associated with a meter downsize request or meter removal request to ensure the actions and costs associated with a benefit to a single customer are borne fully by the requestor. Best practices call for disconnection of water services from the main, to avoid future leaks.

Regarding the meter size reduction policy, staff proposed the requirement for approval of a meter downsize request to an account that has not exceeded the defined capacity in any one month over a 12-month prior period, rather than a 12-month average. It allows for a singular warning over a 24-month period should the meter capacity be exceeded in any one month following downsizing. In addition, the proposed policy defines actions to upsize a meter and recover costs, in the event that a downsized meter continues to exceed the defined monthly meter capacity. This change would apply to all existing and future downsized meter requests. Once approved, these changes would take place immediately and be applied consistently. Notices of the revised policy will be provided to all affected customers.

Motion

To approve Option 1: adoption of Ordinance No. 24-12 approving amendments to Section 8.11 of the Administrative Code

Action: Approve, Moved by Director Johnson, Seconded by Director Hamilton

Vote: Motion carried by majority vote with Director Townsend-Smith abstaining.(summary: Ayes = 3)

Ayes: Directors Hamilton, Johnson, and Mack

11. INFORMATION ITEMS

- A. Operations Report
- B. Engineering Report
- C. Administrative Services Report
- D. Finance Report

In addition to the Departmental reports included in the packet, Mr. Williams provided a brief update on the construction progress of three lift stations. Mr. Aragon noted that the actual numbers for June are unaudited and staff is still performing year-end analysis. Also, a new graph has been added to capture historical cash balances and new target levels.

12. REPORTS & COMMENTS

Mr. Smith provided a verbal summary of the memorandum included in the meeting packet regarding a recent Supreme Court ruling that limits Federal rulemaking authority of federal regulatory agencies.

Mr. Wiley reported on water sales and that the West Lilac, Dentro De Lomas and Rancho Amigos pump stations are nearing finalization, as a result of a huge effort to coordinate logistics and communication with other critical entities. He also provided an update regarding the CropSWAP Program. Staff will be meeting with Eastern Municipal WMD to share about our local programs and efforts to assist the agricultural community.

Mr. Wiley reported that SDCWA was visited by Metropolitan Water District's (MWD) General Manager and Chairman, who shared their Climate Action Management Plan (CAMP), future infrastructure needs, and business model. Also, MWD was named as the prevailing party in the litigation with the SDCWA.

Vice President Johnson reminded everyone of the upcoming CSDA Conference in Indian Wells and invited everyone to the Finance Corporation Board meeting of September 10, 2024.

Director Mack reported on the Quarterly CSDA Meeting, where the guest speaker was with San Diego Community Choice, an alternative to SDG&E.

The LAFCO Commission met in August and are finalizing the MSR for the Oceanside area. They also appointed their alternate public member, Brigitte Browning.

Director Mack announced the ACWA Fall Conference, December 3-5, 2024, in Palm Desert. Vice President Johnson reported about attending the Region 9 event. She also attended a webinar on Urban Water Use Objective.

13. BOARD MEMBER COMMENTS AND REQUESTS TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS

Vice President Johnson thanked staff for providing a recent tour of the three pump stations under construction in Division 1. Director Mack requested to attend the ACWA Fall Conference and preceding ACWA JPIA Meetings.

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

Director Townsend-Smith requested future discussion of potential PFAS Contamination by artificial turf. Vice President Johnson requested review of fixed costs to see if a reduction is possible for ratepayers, and also discussion of water quality, to see what can be done about the chlorine levels.

15. CLOSED SESSION

The Board observed a 15-minute break at 3:10 p.m., and adjourned to closed session at 3:25 p.m., to discuss the following items:

- A. CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION
Anticipated Initiation of Litigation Pursuant to Government Code section 54956.9(d)(4)
- B. CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION
Significant Exposure to Litigation Pursuant to Government Code section 54956.9(d)(2)
(2 Cases)
- C. CONFERENCE WITH PROPERTY NEGOTIATORS Pursuant to Government Code §54956.8
Property: Four Facility Locations in Northern San Diego County
 - 1) 5608 8th Street, Fallbrook, California 92028 [Shared RB1/FB3]
 - 2) 3635 Reche Road, Fallbrook, California 92028 [RB8]
 - 3) 33°24'22.3"N 117°10'57.9"W, near 2026 Rainbow Glen, Fallbrook, CA 92028 [RB9]
 - 4) 9795 Huntley Road Fallbrook, California 92028 [RB10]Agency Negotiators: (Jake Wiley and Rick Aragon, RMWD)
Negotiating Parties: (San Diego County Water Authority)
Under Negotiation: Price and Terms
- A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION Pursuant to Government Code Section 54957, Title: General Manager

The Board reconvened to open session at 5:13 p.m. Mr. Smith reported the Board authorized dispute resolution process with Corpro for the Cathodic Protection Project on Rainbow Valley Road.

- 16. ADJOURNMENT** - The meeting was adjourned at 5:14 p.m. by President Hamilton to a regular meeting on September 24, 2024, at 1:00 p.m.



Hayden Hamilton, Board President



Terese Quintanar, District Secretary