

**MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
RAINBOW MUNICIPAL WATER DISTRICT
MAY 28, 2024**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on May 28, 2024, was called to order by President Hamilton at 1:01 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. President Hamilton presiding.

2. **ROLL CALL:**

Present: Directors Hamilton, Johnson, Mack, Townsend-Smith (arrived at 1:05), and Dale

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, Construction and Meters Supervisor Lagunas, Sr. Engineering Inspector Stockton, Cross Connection Control and Backflow Technician Galloway, Member Nelson

Also Present Via Teleconference or Video Conference:

Administrative Assistant Montano, Safety & Risk Management Officer Johnson, Chief Operating Officer Gutierrez

One member of the public was present in person.

3. **PLEDGE OF ALLEGIANCE**

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

There were no changes requested.

5. **APPROVAL OF THE AGENDA**

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 Dale

6. **PUBLIC COMMENT**

There were no members of the public in attendance in person, via teleconference or video conference; therefore, the instructions were not read aloud.

7. **EMPLOYEE RECOGNITIONS**

A. Ryan Stockton – 5 Years

Mr. Wiley relayed his appreciation for Mr. Stockton, how much he handles the construction inspection for RMWD and the quality of his work. Always a team player, and also accomplishing a great deal while working independently, Mr. Stockton is a valuable member of the team. Mr. Wiley congratulated him for reaching his five-year milestone and presented a plaque of recognition.

8. COMMITTEE MEETING SUMMARIES

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

Ms. Harp provided an update on last week's Communications and Customer Service Committee meeting. Mr. Nelson provided summaries of the Engineering and Operations Committee and the Budget and Finance Committee meetings.

9. CONSENT CALENDAR

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

- A. Approval of April 23, 2024, Regular Board Meeting Minutes
- B. Approval of May 14, 2024, Joint Board of Directors and Budget and Finance Committee Special Meeting Minutes
- C. Approval of a Notice of Completion and Acceptance of Infrastructure for Pala Mesa Highlands Development By Beazer Homes
- D. Approval of a Notice of Completion and Acceptance of Infrastructure for Live Oak Park Road Bridge Replacement – Water Main Relocation Project By Hazard Construction

Motion:

To approve the Consent Calendar, with a correction to the April 23, 2024 meeting minutes

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

Vote: Motion carried by unanimous vote (summary: Ayes = 5)

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

10. ACTION ITEMS

- A. Review and Consider Proposed Cuts to Draft Fiscal Year 2024-25 Budget and Revised Necessary Water Rate Increase

Mr. Wiley recapped the process of review and discussion of the Fiscal Year 2024-25 draft budget, through several workshops. Staff examined the draft budget and identified \$930,000 that could be deferred. It was our goal to minimize impacts to our customers and core business operations, and he thanked the Board, Committees, and staff for their time and efforts.

Mr. Aragon explained that this is a follow up to the May 14, 2024 meeting, where two options were presented. One option included two 4.5% increases, and the second option was a 6.5%, one-time increase. The Metropolitan Water District passthrough we'll have to administer in January will

be 3.6% and staff worked hard to bring down the District's projected rate increase to a single 4.5% increase in July 2024, which will be the only increase for RMWD operations projected over an eighteen-month timeframe until January 1, 2026. This brought the previously estimated increase of 6.5% down by 2%, and less than inflation increase in the San Diego area over the last 18 months. Some of the adjustments included reduction of the planned the CalPERS Liability payment, reduction of \$100,000 budgeted for the headquarters building studies, postponement of record scanning services, deferral of customer service software, reduction of proposed interns for operations, a delay in commencement of the Master Plan process, and postponement of the filling the open Engineer position in Engineering. Discussion followed regarding the District's Return to Work Program, employment of full time versus part time staff, and software needs. Staff proposed the addition of two full time employees and two interns, and not filling the vacant Engineer position for the next year.

Motion:

To approve Option 1: Amend the proposed FY2024-25 budget to include the reductions to the proposed budget and reduce the July 1, 2024 rate increase from 6.5% to 4.5%.

Moved by Director Hamilton, Seconded by Director Townsend-Smith

Vote: Motion carried by majority vote (summary: Ayes = 4, Noes =1)

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

Noes: Director Mack

B. Consider Insourcing Repairs of Customer Backflow Devices

Mr. Lagunas reported that RMWD tests backflow devices using internal staff, which is very uncommon in the industry. He provided background on past practices, and estimated the cost for insourcing backflow repairs to be \$319,855, annually. This does not account for expenses related to additional staffing, a vehicle, training, overtime, fuel, uniforms, PPE, parts inventory, backflow theft, and vandalism. In addition, concerns were relayed about liability, after-hours services, and an increase in monthly fixed rate charges for all customers with backflow devices.

At this time, the backflow program is being administered very efficiently. If a backflow device is found to be in disrepair, a list of licensed contractors is provided to that customer. Once repairs are made, the contractor provides documentation to the District. Due to the cost of implementing in house services to repair devices and the risk of liability to the District, staff was not in favor of insourcing the services. Staff presented this information to the Engineering and Operations Committee on May 1, 2024, and the Committee concurred with staff. This item was presented for informational purposes. There was no action taken.

C. Consider Appointment of James M. Kozak to Serve as a Member of the Communications and Customer Service Committee

Motion:

To appoint James M. Kozak as a member of the Communications and Customer Service Committee.

Moved by Director Johnson, Seconded by Director Townsend-Smith

Vote: Motion carried by unanimous vote (summary: Ayes = 5)

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

- D. Consider Adoption of an Ordinance Amending and Updating Administrative Code Chapter 2.06 – Committees, Section 2.06.010.04 -Term, and Incorporating Section 2.06.010.08.4 - Standing Committee Meeting Schedule

Mr. Wiley explained that the policy amendment is to appoint the committee chair and vice chair each January, for that calendar year and to formalize the regular meeting dates of the standing committees.

Motion:

To Adopt Ordinance No. 24-07, amending and updating Administrative Code Chapter 2.06 – Committees, Section 2.06.010.04 -Term, and Incorporating Section 2.06.010.08.4 Standing Committee Meeting Schedule and revising the Table of Contents for this Chapter

Moved by Director Johnson, Seconded by Director Townsend-Smith

Vote: Motion carried by unanimous vote (summary: Ayes = 5)

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

- E. Consider Adoption of an Ordinance Amending and Updating Administrative Code Chapter 3.01, Sections 3.01.010 Regular Meetings, 3.01.101.01 Schedule, 3.01.010.02 Open Sessions, 3.01.010.03 Closed Sessions, and 3.01.010.04 Agenda Item Order

Mr. Wiley explained that the intent of the suggested amendment provides more flexibility regarding scheduling of the combined November and December Board Meetings. President Hamilton requested clarification be made regarding the public's opportunity to provide public comment on items listed on the agenda, including closed session matters, as well as items not appearing on the agenda but which are regarding matters within the jurisdiction of the District.

There was no action taken. Staff was directed to provide further clarity to the policy at the next meeting, for consideration.

11. INFORMATION ITEMS

Vice President Johnson requested additional information regarding the Change Order for West Lilac. Staff explained that additional expenses are related to obtaining higher-rated valves, expedited shipping methods, and temporary facilities for SDG&E to perform the work we need. Mr. Williams will be providing additional detail in future reports.

12. REPORTS & COMMENTS

Mr. Smith provided two updates. The first update involved a recent appellate court decision involving claims against a water purveyor for home plumbing system damage due to allegedly corrosive water. The second update involved a discussion of the "Making Water Conservation a California Way of Life" regulations. Discussion ensued regarding reporting and tracking water savings, and adding legislative issues to the scope of the Communications and Customer Service Committee.

Mr. Wiley provided an update on the CropSWAP Program. We are leading in participation, with twelve applicants and \$305,000 in funding reservations. He also reported that the efforts to detach from the San Diego County Water Authority (SDCWA) continue and construction completion for all three pump stations is estimated to be mid-October. Staff is attending bi-weekly meetings with MWD, SDCWA, Eastern Municipal Water District, and Fallbrook Public Utility District to work through details and logistics of the draft water service agreements.

Mr. Wiley also provided an update on the SDCWA's proposed rate increases. Two options presented included an 18% and a 19% increase for January 1, 2025. At last week's SDCWA Board meeting a \$47M construction contract was awarded for the Pipeline 5 Relining San Luis Rey Canyon Project. SDCWA staff have offered to attend the July Communications & Customer Service and Board of Directors meetings to share their plans for community outreach for that project.

The Thoroughbred Lift Station Project is slightly delayed and a change order was approved for construction management and geotechnical services and other services for the next 2.5 months. Mr. Williams will provide information regarding extra costs associated with this project.

Vice President Johnson explained that some of the benefits of membership with the California Special District Association (CSDA) include free training. She has attended several training sessions and presented a certificate from the University of Southern California for completion of Executive Education in Public Policy. She was also presented with a certificate of recognition for completion of the SDCWA Citizens Water Academy training.

LAFCO met in May, and approved a tolling agreement with the Port of San Diego. LAFCO has asserted they have jurisdiction and there is disagreement. Also, SANDAG was moved up the priority list for a municipal service review.

Director Mack reported that Bernardo Nunez was recognized at the ACWA JPIA Conference for an award for his reorganization of RMWD's construction storage area. He also reported that costs associated with property liability coverage will be increasing by 30%. One of the highlights of the conference was a speech by Governor Newsom.

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

In observance of Memorial Day, Director Dale thanked those who made the ultimate sacrifice and service members for their service to our Country, and stated "God Bless America."

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

Agenda Item No 10.D will be presented once again in June, as well as the 2024/25 Fiscal Year Budget.

President Hamilton called for a 15 minute break at 2:58 p.m.

The Board readjoined at 3:15 p.m. to address the remainder of the agenda.

15. CLOSED SESSION

The Board and staff adjourned to closed session at 3:15 p.m. to discuss:

- A. Conference with Real Property Negotiators- Government Code Section 54956.8, Property: 32232 Aqueduct Rd., Bonsall, California, APN 127-071-05 and 127-071-06. Agency Negotiator: Jake Wiley, Negotiating Party: Don Dabbs, Under Negotiation: Lease Payment

The Board readjoined to open session at 3:39 p.m. Mr. Smith reported that, in closed session, the Board gave direction to staff regarding price and terms for the lease agreement for 32232 Aqueduct Rd., Bonsall, California.

- 16. ADJOURNMENT** - The meeting was adjourned at 3:40 p.m. by President Hamilton to a regular meeting on June 25, 2024, at 1:00 p.m.



Terese Quintana, District Secretary



Hayden Hamilton, Board President