
AGENDA

Engineering and Operations Committee Meeting

**Board Room
3707 Old Highway 395
Fallbrook, CA 92028**

**Tuesday, August 6, 2024
1:00 PM**

1. **CALL TO ORDER**
2. **PLEDGE OF ALLEGIANCE**
3. **ROLL CALL: Flint Nelson (Chair), Steve McKesson (Vice Chair), Members Robert Marnett, Cari Dale, *Mig Gasca, and Alternate Rick Aragon *** Pursuant to Government Code Section 54953, Engineering and Operations Committee Member Gasca may be participating remotely from 541 Moran Street, Reno, NV 89502 which will be accessible to the public. All votes will be taken by verbal roll call.
4. **SEATING OF ALTERNATES**
5. **ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA**
6. **APPROVAL OF THE AGENDA**
7. **PUBLIC COMMENT**

Any person may address the Committee at this time upon any subject not identified on this Agenda, but within the jurisdiction of Rainbow Municipal Water District; however, any matter that requires action will be referred to staff for a report and action at a subsequent meeting. As to matters on the Agenda, an opportunity will be given to address the Committee when the matter is considered.

Members of the public may make comments in person by submitting a Speaker Slip to the Board Secretary, virtually through virtual or teleconference options, or by submitting an email to tquintanar@rainbowmwd.ca.gov no less than one hour prior to the posted start time of the meeting. Comments shall be made in an orderly manner, and profanity, slander, or abusive language which is disruptive to the meeting will not be tolerated. Individuals have a limit of three (3) minutes to make comments and will have the opportunity when called upon by the presiding officer.
8. **APPROVAL OF MINUTES**
 - A. May 1, 2024
9. **COMMENTS & REQUESTS**
 - A. General Manager's Comments
 - B. Engineering & CIP Program Manager's Comments
 - C. Operations Manager's Comments
 - D. Committee Member's Comments
10. **BOARD ACTION UPDATES**

11. DISCUSS TERMINATION OF ALL AGREEMENTS WITH UTILITY SERVICES GROUP
12. DISCUSS AMENDMENT TO SECTION 8.11.010 OF THE ADMINISTRATIVE CODE – CONNECTION AND METER CHARGES
13. CAPITAL IMPROVEMENT PROJECT UPDATE
14. AS-NEEDED SERVICES EXPENDITURES SUMMARY
15. POST WSUP PROJECT UPDATE
16. LIST OF SUGGESTED AGENDA ITEMS FOR THE NEXT MEETING
17. ADJOURNMENT - To Tuesday, September 3, at 1:00 p.m.

ATTEST TO POSTING:

/s/Terese Quintanar
 Terese Quintanar
 Secretary of the Board

8/1/2024 10:41 AM
 Date and Time of Posting
 Outside Display Cases

Rainbow Municipal Water District (RMWD) provides remote attendance options solely as a matter of convenience to the public. RMWD will not stop or suspend its in-person public meeting should a technological interruption occur with respect to the zoom or call-in line listed on the agenda. We encourage members of the public to attend meetings in-person at 3707 Old Highway 395, Fallbrook, CA 92028, or remotely utilizing the options below:

For Online Participation:

Go to: <https://rainbowmwd.zoom.us/j/84694737361>

If members of the public attending virtually would like to ask a question or make a comment on any item listed on this agenda, please utilize the “Raise Hand” button, located at the bottom of the screen. We will be alerted that they would like to speak. When called upon, please unmute the microphone and ask the question or make comments in no more than three minutes.

For Call-in Only:

Call: (669) 900-6833, or (669) 444-9171, or
 (309) 205-3325, or (312) 626-6799, or
 (564) 217-2000, or (689) 278-1000
 Meeting ID: 846 9473 7361

*Those who have joined by dialing a number on their telephone, can dial *9 to alert us of a request to speak, and *6 to unmute, once called upon by the presiding officer.*

In accordance with the requirements of California Government Code Section 54954.2, this agenda has been posted at the District’s Administrative offices not less than 72 hours prior to the meeting date and time above. All public records relating to each agenda item, including any public records distributed less than 72 hours prior to the meeting to all, or a majority of all, of the members of District’s Board, are available for public inspection in the office of the District Secretary, 3707 Old Highway 395, Fallbrook, CA 92028

If you have special needs because of a disability which makes it difficult for you to participate in the meeting or you require assistance or auxiliary aids to participate in the meeting, please contact the District Secretary, (760) 728-1178, by at least noon on the Friday preceding the meeting. The District will attempt to make arrangements to accommodate your disability.

**MINUTES OF THE ENGINEERING AND OPERATIONS COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
MAY 1, 2024**

1. **CALL TO ORDER** – The Engineering and Operations Committee Meeting of the Rainbow Municipal Water District on May 1, 2024, was called to order by Chairperson Nelson at 3:30 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. Chairperson Nelson, presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

Present: Member Marnett, Member McKesson, Member Nelson, Member Dale

Also Present: General Manager Wiley, Operations Manager Gutierrez, District Secretary Quintanar, Construction and Meters Supervisor Lagunas, Information Technology Manager Khattab, Engineering and CIP Program Manager Williams, and Cross Connection Control and Backflow Technician Galloway

Absent: Member Gasca

Also Present Via Teleconference or Video Conference:

Finance Manager/CFO Aragon, Senior Project Manager Tamimi, Administrative Analyst Barrow, Administrative Assistant Montano, Administrative Services Manager Harp

No members of the public were present in person, via teleconference or video conference.

4. **SEATING OF ALTERNATES**

There was no need to seat and Alternate.

5. **ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA**

Member Marnett requested the addition of an item of discussion regarding the Engineering and Operations Committee's Regular Meeting times.

This matter was discussed as Item 11.A.

Motion:

To approve add an item to the Agenda to discuss amendment to the regular Engineering and Operations Committee meeting start time.

Action: Approve, Moved by Member Marnett, Seconded by Member McKesson.

Vote: Motion carried by unanimous vote (summary: Ayes = 3)

Ayes: Member McKesson, Member Nelson, Member Marnett

6. APPROVAL OF THE AGENDA

Motion:

To approve the Agenda as amended to add an item to discuss an amendment to the regular Engineering and Operations Committee meeting start time.

Action: Approve, Moved by Member Dale, Seconded by Member McKesson

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

Ayes: Member McKesson, Member Nelson, Member Marnett, Member Dale

7. PUBLIC COMMENT

There were no members of the public in attendance via teleconference or video conference; therefore, the instructions were not read aloud, and there were no requests to speak.

8. APPROVAL OF MINUTES

A. February 7, 2024

Corrections to the minutes were requested.

Motion:

To approve the minutes as corrected.

Action: Approve, Moved by Member Dale, Seconded by Member McKesson

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

Ayes: Member McKesson, Member Nelson, Member Marnett, Member Dale

9. FIVE-YEAR CIP UPDATE

Mr. Williams provided information regarding the Water and Wastewater Master Plan. Planned expenditures have been reduced to \$350,000 in year one and \$500,000 in year two, for a total of \$850,000. This is reduced from the previously budgeted amount of \$1M. Mr. Wiley mentioned the reduction is a result of an amendment to the scope, as there is no expectation for a large increase in water demands through build-out projections, and the analysis can be simplified. He also clarified for Member Dale that a portion of the work will be funded from the wastewater fund. Staff will be presenting this for Board approval during the budget adoption process and will have more details about that split once the Request for Proposals is issued. It is anticipated that the process from start to finish may take eighteen months, and the result may identify the priority of projects or better projects to consider.

Pictures of the construction progress for the West Lilac, Rancho Amigos, and Dentro De Lomas pump stations were shared. Mr. Williams explained some of the logistics and timing of the deliveries of equipment and building structures.

10. PRIVATE ROAD IMPROVEMENTS INVOLVING DISTRICT FACILITIES OR EASEMENTS

Mr. Wiley reported that Rainbow Municipal Water District has pipelines adjacent to or under private roads. District staff has been reviewing RMWD's responsibility to participate in the costs of maintaining certain private roads that are utilized for ingress and egress to our facilities. These specific costs would not be associated with work being performed by the District wherein repairs disturb a road. Nossaman LLP has also been asked to review California Civil Code 845 and the District's legal responsibility for participation in costs to maintain these shared roads. The intent is to meet all of our obligations in an equitable manner that considers equity for all of our customers. Development of a policy is prudent, and Member Dale suggested coordination with the County regarding their pavement overlay program. Staff will provide additional information for review at a future meeting.

11. INSOURCING REPAIRS OF CUSTOMER BACKFLOW DEVICES

Mr. Gutierrez briefed the Committee about the history and importance of the backflow program and provided a detailed report, including data collected over the past eighteen months. He explained that, due to a lack of resources in years past, RMWD struggled to test all devices and send required notifications to comply with this regulation. To date, significant improvements have been made to the backflow testing program, which is being managed in-house by the District's Meters Department staff and Cross-Connection Control and Backflow Technician Galloway. The outside private testing contractor is no longer needed, resulting in \$100,000 of savings. Mr. Galloway explained his testing procedure and methods of communication, and that a list of licensed backflow repair providers is provided to customers when repairs are needed. In addition, when repairs are made by these providers, the District is automatically notified.

Per request, staff researched and analyzed the feasibility of insourcing backflow repairs by forecasting the anticipated backflow failure rate, estimating costs for parts to rebuild failed devices, and evaluating the impact on staff. The results and forecasted annual inventory needs were shared with the Committee. Mr. Lagunas stated that costs for performing in-house repair services have not been determined, and staffing needs have not yet been analyzed. Maintaining the current level of service and efficiency that has been established is important, and staff is limited. Therefore, providing in-house backflow device repair service is not feasible at this time. The Committee concurred with the staff. In addition, questions of fairness and equity for all customers and the risk of District liability also caused concern.

11.A. DISCUSS AMENDMENT TO ENGINEERING AND OPERATIONS COMMITTEE REGULAR MEETING START TIME

Member Marnett made the request for discussion of an earlier start time in an effort to save staff overtime.

Mr. Wiley reported that staff had intended to make this request as well. He explained that the other Standing Committees and the Board Meetings are all regularly held on Tuesdays at 1:00 p.m. He pointed out that the current schedule frequently results in back-to-back Committee meetings within the same week. In an effort to create consistency, adjust workloads, and reduce the potential for staff overtime, he requested consideration to move the Engineering and Operations Committee meetings to the first Tuesday of each month at 1:00 p.m. Those present were in favor of the schedule change and staff will relay the request to Member Gasca for his feedback.

11. COMMENTS & REQUESTS**A. General Manager's Comments**

Mr. Wiley provided an update on the progress and communication with the SDCWA regarding detachment efforts and answered questions regarding facilities, flows, and operations. The draft operations plan is almost complete. Coordination with MWD needs to be done also. An interim agreement will be put in place and formalized later. He also updated the Committee regarding MWD's rate increases. A brief discussion regarding MWD's revenue challenges and projected water sales followed. He also reported on the CropSWAP program.

B. Engineering & CIP Program Manager's Comments

Mr. Williams reported on recruiting efforts underway to recruit a civil engineer. Expenses for construction management and inspection services will be reflected in next month's report.

C. Operations Manager's Comments

Mr. Gutierrez reported that staff is working on a 16" water main at Camino Del Rey, across from the horse training facility.

He also reported on meter exchanges. In January of 2023, just over 500 meters were identified for replacement. To date, 660 meters have been replaced, and staff will continue to monitor particular meters to try to prevent rollover situations or decoupling.

D. Committee Member's Comments

Referencing the Capital Improvement Projects Plan, Member Dale spoke of the need to prioritize the detachment from the SDCWA, the master plan, projects related to safety, and the importance of replenishing reserves. She voiced concern about the financial ramifications of not doing so.

12. BOARD ACTION UPDATES

Notice of completions are forthcoming, and the results of the in-house backflow repair service review will be presented to the Board as well.

13. AS-NEEDED SERVICES EXPENDITURES SUMMARY

Member Nelson commented on contracting capacity for civil engineering construction management, and asked about Epic Land Solutions' work to appraise various properties. Mr. Wiley shared the results with the Committee, and explained there will be continued discussions about the future use of the properties.

14. LIST OF SUGGESTED AGENDA ITEMS FOR THE NEXT MEETING

Staff will present additional information to the Committee at a subsequent meeting regarding private road improvements involving district facilities or easements.

15. ADJOURNMENT

The meeting was adjourned by Chairman Nelson at 5:25 p.m.

Flint Nelson, Committee Chairperson

Terese Quintanar, District Secretary

BOARD OF DIRECTORS

August 27, 2024

SUBJECT

CONSIDER TERMINATION OF THE DISTRICT'S WATER TANK MAINTENANCE CONTRACT AND ADDENDA WITH USG WATER SOLUTIONS

BACKGROUND

Rainbow Municipal Water District (District) entered into an agreement for annual tank maintenance and inspection with Utility Services Company Inc. (USC) in December 2003 (see attached contract). The annual work included maintaining interior and exterior tank coatings for corrosion prevention and alternating visual inspections and washouts for the District's 12 welded steel tanks. A 2010 addendum to the agreement extended the expiration date to June 30, 2016. Since then, the agreement has been renewed on a yearly basis for maintenance, rehabilitation, and inspection services.

In 2015, the District and USC entered into an additional 10-year agreement for annual maintenance and inspection for the 6.0 million gallon (MG) pre-stressed concrete Pala Mesa tank, which was not included in the original 2003 agreement. In 2018, the Board approved an addendum to the original agreement for the construction of tank safety improvements. The safety improvements included the construction of metal stairways to the sides of the tanks and the installation of railing systems around the tops of the tanks. The fall prevention work was scheduled to be completed over a seven-year period.

Subsequent to approval of the 2018 addendum, District staff identified 10 tanks that needed additional security upgrades. The recommended work included the construction of security caging/fencing at the base of the newly installed stairways, and new electrical conduits. The proposed work would be completed over a five-year period. The Board approved the 2020 addendum at the August 2020 meeting.

From 2003 to present day, Utility Services Company Inc. has changed its name multiple times due to acquisition and/or restructuring. USC became Suez, then Veolia, and most recently USG Water Solutions (USG).

DESCRIPTION

Staff conducted a qualitative and quantitative review of the current outsourced tank maintenance program, and notes the following:

1. The exterior of the tanks have been maintained in good condition throughout the course of the contract. The anticipated schedule for rehabilitation in the original contract (exterior re-coating every eight to nine years) has been generally adhered to either through exterior touch-ups or full recoats.

2. The visual inspections of the tanks have been frequent and generally adequate. However, Operations staff has identified certain omissions of maintenance issues in the inspection reports provided to the District by USG.
3. The washdowns have been adequate, but less regular than the visual inspections and the scheduling appears to be somewhat sporadic.
4. The interior re-coatings have been deferred much longer than anticipated in the original contract agreement, for the larger steel tanks (4.0MGs and larger), which make up the most significant cost associated with tank maintenance. The contract estimated an interior coating life cycle of 10 to 11 years; however, the actual interior recoating schedule is averaging 16.6 years between coatings. Deferring interior coatings has the potential for significant long-term costs due to the high potential for corrosion of the tank structure and reduced service life of the tank itself.

As part of staff's analysis, cost comparisons were developed to assess any benefit to either extending the tank maintenance contract or cancelling the contract and taking over the work in-house. As summarized in the table below, the cost analysis estimates the District would save nearly \$4M over the 15-year rehabilitation period by bringing the tank maintenance and rehabilitation in-house.

Contract Maintenance Cost	District Maintenance Cost	Estimate District Savings
\$16,040,000	\$12,100,000	\$3,940,000

Note: Both Contract and District Maintenance costs include 5% annual escalation

In addition, over the next four years, the District would retain approximately \$3.2M in revenue to accelerate interior tank coatings that continue to be deferred by USG. Accelerating preventative maintenance and rehabilitation of these tanks lowers future costs by minimizing metal loss/deterioration of the existing structure. Staff is well positioned to take on this task. Engineering staff would lead the planning, scheduling, and oversight of major rehabilitation efforts utilizing a specialty coatings contractor (via competitive bid) for interior or exterior re-coating work as needed. Operations staff is prepared to assume the washdown responsibilities, which are required for each tank every three to four years.

Should the Committee/Board favor termination of the agreement, the following are the provisions to do so:

“This contract is subject to cancellation by the Owner only if intent to cancel is received by the Company ninety (90) days prior to the anniversary date. Notice of Cancellation is to be delivered by registered mail and signed by three (3) authorized voting officials of the Owner’s management and/or Commissioners.”

The anniversary date for the original agreement is December 10th. If the District intends to terminate the contract, notification must be received by USG no later than September 10th. Both the 2018 and 2020 agreement addenda apply to the original agreement terms and conditions to cancellations. The 2015 Pala Mesa agreement has a similar cancellation provision; however, Pala Mesa has an anniversary date of April 1st. It is staff's recommendation to terminate all agreements with USG in December of 2024 and assume tank maintenance and rehabilitation activities

The original payout terms for early cancelation of the original agreement expired in 2016, and the agreement has been on a year-to-year basis. No remaining agreement balances will be assessed to cancel the agreement. For the 2015 agreement (Pala Mesa Tank), 2018 and 2020 addenda, the remainder of the agreement fees must be paid to USG within 30 days of cancellation. The remaining balance due to USG is \$786,561 as of July 22, 2024 (see attached contract addendum summary), and is projected to be \$711,980 as of September 30, 2024, assuming one (1) additional regularly scheduled quarterly payment.

POLICY/STRATEGIC PLAN KEY FOCUS AREA

Strategic Focus Area Four: Fiscal Responsibility

ENVIRONMENTAL

In accordance with California Environmental Quality Act (CEQA) guidelines Section 15378, the action before the Board does not constitute a “project” as defined by CEQA and further environmental review is not required at this time.

BOARD OPTIONS/FISCAL IMPACTS

- 1) Option 1:
 - Approve termination of the tank maintenance contract and addenda with USG Water Solutions, and instruct three (3) board members to sign the notice of termination. Authorize the District to pay out the remaining balances on the 2018 and 2020 Addenda, and the remaining balance on the Pala Mesa Maintenance Agreement for an amount not-to-exceed the current balance of \$786,561.
 - Make a finding that the action before the Board does not constitute a “project” as defined by CEQA.
- 2) Option 2:
 - Provide other direction to staff.

STAFF RECOMMENDATION

Staff recommends Option 1.

Chad Williams
Engineering & CIP Manager

08/27/2024

Attachments:

1. Original 2003 Agreement
2. Contract Addendum Summary
3. Draft Termination Letter



COPY

RAINBOW MUNICIPAL WATER DISTRICT
3707 S. HIGHWAY 395, FALLBROOK, CALIFORNIA 92028
TELEPHONE: (760) 728-1178 FAX: (760) 728-2575

MAINTENANCE CONTRACT

AGREEMENT

THIS AGREEMENT is made on this 10th day of December, 2003, by and between RAINBOW MUNICIPAL WATER DISTRICT OF SAN DIEGO COUNTY, a public agency of the State of California, with its headquarters at Fallbrook, California, hereinafter designated as the "District" and Utility Service Co., Inc. located at 5618 W. 79th Street, Los Angeles, CA 90045 represented by Steven E. Bishop, hereinafter designated as the "Contractor", Telephone: (310) 649-5573.

Project Description - Provide labor and materials to maintain twelve (12) steel water tanks. Scope and fee attached as Exhibit "A". All work to be performed in accordance with Exhibit "A.", and Exhibit "B".

Workers' Compensation Insurance - By his/her signature hereunder, Contractor certifies that he/she is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and he/she will comply with such provisions before commencing the performance of the work of this agreement.

Indemnification - To the fullest extent permitted by law, Contractor shall indemnify and hold harmless and defend Rainbow Municipal Water District, its directors, officers, employees, or authorized volunteers, and each of them from and against:

- a. Any and all claims, demands, causes of action, damages, costs, expenses, losses or liabilities, in law or in equity, of every kind or nature whatsoever for, but not limited to, injury to or death of any person including Rainbow Municipal Water District and/or Contractor, or any directors, officers, employees, or authorized volunteers of Rainbow Municipal Water District or Contractor, and damages to or destruction of property of any person, including but not limited to, Rainbow Municipal Water District and/or Contractor or their directors, officers, employees, or authorized volunteers, arising out of or in any manner directly or indirectly connected with the work to be performed under this agreement, however caused, regardless of any negligence of Rainbow Municipal Water District or its directors, officers, employees, or authorized volunteers, except the sole negligence or willful misconduct or active negligence of Rainbow Municipal Water District or its directors, officers, employees, or authorized volunteers;

- b. Any and all actions, proceedings, damages, costs, expenses, penalties or liabilities, in law or equity, of every kind or nature whatsoever, arising out of, resulting from, or on account of the violation of any governmental law or regulation, compliance with which is the responsibility of Contractor;
- c. Any and all losses, expenses, damages (including damages to the work itself), attorneys' fees, and other costs, including all costs of defense, which any of them may incur with respect to the failure, neglect, or refusal of Contractor to faithfully perform the work and all of the Contractor's obligations under the agreement. Such costs, expenses, and damages shall include all costs, including attorneys' fees, incurred by the indemnified parties in any lawsuit to which they are a party.

Contractor shall defend, at Contractor's own cost, expense and risk, any and all such aforesaid suits, actions, or other legal proceedings of every kind that may be brought or instituted against Rainbow Municipal Water District or its directors, officers, employees, or authorized volunteers.

Contractor shall pay and satisfy any judgment, award or decree that may be rendered against Rainbow Municipal Water District or its directors, officers, employees, or authorized volunteers, in any and all such suits, actions, or other legal proceedings.

Contractor shall reimburse Rainbow Municipal Water District or its directors, officers, employees, or authorized volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided.

Contractor's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by the Rainbow Municipal Water District, or its directors, officers, employees, or authorized volunteers.

GENERAL CONDITIONS

Laws, Regulations and Permits - The Contractor shall give all notices required by law and comply with all laws, ordinances, rules and regulations pertaining to the conduct of the work. The Contractor shall be liable for all violations of the law in connection with work furnished by the Contractor. If the Contractor observes that the drawings or specifications are at variance with any law or ordinance, rule or regulation, he/she shall promptly notify the Rainbow Municipal Water District engineer in writing and any necessary changes shall be made by written instruction or change order. If the Contractor performs any work knowing it to be contrary to such laws, ordinances, rules or regulations and without giving notice to the Rainbow Municipal Water District engineer, the Contractor shall bear all costs arising therefrom.

Safety - The Contractor shall execute and maintain his/her work so as to avoid injury or damage to any person or property. The Contractor shall comply with the requirements of the specifications relating to safety measures applicable in particular operations or kinds of work.

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In carrying out his/her work, the Contractor shall at all times exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed, and be in compliance with all applicable federal, state and local statutory and regulatory requirements including California Department of Industrial Relations (Cal/OSHA) regulations; and the U.S.

Department of Transportation Omnibus Transportation Employee Testing Act. Safety precautions, as applicable, shall include but shall not be limited to: adequate life protection and life saving equipment; adequate illumination; instructions in accident prevention for all employees, such as the use of machinery guards, safe walkways, scaffolds, ladders, bridges, gang planks, confined space procedures, trenching and shoring, fall protection, and other safety devices; equipment and wearing apparel as are necessary or lawfully required to prevent accidents, injuries, or illnesses; and adequate facilities for the proper inspection and maintenance of all safety measures.

The Contractor shall be responsible for the safeguarding of all utilities. At least two working days before beginning work, the Contractor shall call the Underground Service Alert (USA) in order to determine the location of sub-structures. The Contractor shall immediately notify the Rainbow Municipal Water District and the utility owner if he/she disturbs, disconnects, or damages any utility.

In accordance with Section 6705 of the California Labor Code, the Contractor shall submit to the Rainbow Municipal Water District specific plans to show details of provisions for worker protection from caving ground during excavations of trenches of five feet or more in depth. The excavation/trench safety plan shall be submitted to and accepted by the Rainbow Municipal Water District prior to starting excavation. The trench safety plan shall have details showing the design of shoring, bracing, sloping or other provisions to be made for worker protection from the hazard of caving ground. If such a plan varies from the shoring system standards established by the Construction Safety Orders of the California Department of Industrial Relations (Cal/OSHA), the plan shall be prepared by a California registered civil or structural engineer. As part of the plan, a note shall be included stating that the registered civil or structural engineer certifies that the plan complies with the Cal/OSHA Construction Safety Orders, or that the registered civil or structural engineer certifies that the plan is not less effective than the shoring, bracing, sloping or other provisions of the Safety Orders. In no event shall the Contractor use a shoring, sloping, or protective system less effective than that required by said Construction Safety Orders. Submission of this plan in no way relieves the Contractor of the requirement to maintain safety in all areas. If excavations or trench work requiring a Cal/OSHA permit are to be undertaken, the Contractor shall submit his/her permit with the excavation/trench work safety plan to the Rainbow Municipal Water District before work begins.

The names and telephone numbers of at least two medical doctors practicing in the vicinity and the telephone number of the local ambulance service shall be prominently displayed adjacent to telephones.

Commercial General Liability and Automobile Liability Insurance - The Contractor shall provide and maintain the following commercial general liability and automobile liability insurance:

Coverage - Coverage for commercial general liability and automobile liability insurance shall be at least as broad as the following:

1. Insurance Services Office (ISO) Commercial General Liability Coverage (Occurrence Form CG 0001)
2. Insurance Services Office (ISO) Business Auto Coverage (Form CA 0001), covering Symbol 1 (any auto)

Limits - The Contractor shall maintain limits no less than the following:

1. General Liability - One million dollars (\$1,000,000) per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit or products-completed operations aggregate limit is used, either the general aggregate limit shall apply separately to the project/location (with the ISO CG 2503, or ISO CG 2504, or insurer's equivalent endorsement provided to the Rainbow Municipal Water District) or the general aggregate limit and products-completed operations aggregate limit shall be twice the required occurrence limit.
2. Automobile Liability - One million dollars (\$1,000,000) for bodily injury and property damage each accident limit.

Required Provisions - The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

1. The Rainbow Municipal Water District, its directors, officers, employees, and authorized volunteers are to be given insured status (via ISO endorsement CG 2010, CG 2033, or insurer's equivalent for general liability coverage) as respects: liability arising out of activities performed by or on behalf of the Contractors; products and completed operations of the Contractor; premises owned, occupied or used by the Contractor; and automobiles owned, leased, hired or borrowed by the Contractor. The coverage shall contain no special limitations on the scope of protection afforded to the Rainbow Municipal Water District, its directors, officers, employees, or authorized volunteers.
2. For any claims related to this project, the Contractor's insurance shall be primary insurance as respects the Rainbow Municipal Water District, its directors, officers, employees, or authorized volunteers. Any insurance, self-insurance, or other coverage maintained by the Rainbow Municipal Water District, its directors, officers, employees, or authorized volunteers shall not contribute to it.
3. Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to the Rainbow Municipal Water District, its directors, officers, employees, or authorized volunteers.
4. The Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
5. Each insurance policy required by this agreement shall state, or be endorsed to state, that coverage shall not be canceled by the insurance carrier or the Contractor, except after thirty (30) days (10 days for non-payment of premium) prior written notice by U.S. mail has been given to the Rainbow Municipal Water District.

Such liability insurance shall indemnify the Contractor and his/her sub-contractors against loss from liability imposed by law upon, or assumed under contract by, the Contractor or his/her sub-contractors for damages on account of such bodily injury (including death), property damage, personal injury, completed operations, and products liability.

The general liability policy shall cover bodily injury and property damage liability, owned and non-owned equipment, blanket contractual liability, completed operations liability, explosion, collapse, underground excavation, and removal of lateral support.

The automobile liability policy shall cover all owned, non-owned, and hired automobiles.

All of the insurance shall be provided on policy forms and through companies satisfactory to the Rainbow Municipal Water District.

Deductibles and Self-Insured Retentions - Any deductible or self-insured retention must be declared to and approved by the Rainbow Municipal Water District. At the option of the Rainbow Municipal Water District, the insurer shall either reduce or eliminate such deductibles or self-insured retentions.

Acceptability of Insurers - Insurance is to be placed with insurers having a current A.M. Best rating of no less than A:VII or equivalent or as otherwise approved by the Rainbow Municipal Water District.

Workers' Compensation and Employer's Liability Insurance - The Contractor and all sub-contractors shall insure (or be a qualified self-insured) under the applicable laws relating to workers' compensation insurance, all of their employees working on or about the construction site, in accordance with the "Workers' Compensation and Insurance Act", Division IV of the Labor Code of the State of California and any Acts amendatory thereof. The Contractor shall provide employer's liability insurance with limits of no less than \$1,000,000 each accident, \$1,000,000 disease policy limit, and \$1,000,000 disease each employee.

Responsibility for Work - Until the completion and final acceptance by the Rainbow Municipal Water District of all the work under and implied by this agreement, the work shall be under the Contractor's responsible care and charge. The Contractor shall rebuild, repair, restore and make good all injuries, damages, re-erections, and repairs occasioned or rendered necessary by causes of any nature whatsoever.

The Contractor shall provide and maintain builder's risk insurance (or installation floater) covering all risks of direct physical loss, damage or destruction to the work in the amount specified in the General Conditions, to insure against such losses until final acceptance of the work by the Rainbow Municipal Water District. Such insurance shall insure at least against the perils of fire and extended coverage, theft, vandalism and malicious mischief, and collapse.¹ The Rainbow Municipal Water District, its directors, officers, employees, and authorized volunteers shall be named insureds on any such policy. The making of progress payments to the Contractor shall not be construed as creating an insurable interest by or for the Rainbow Municipal Water District or be construed as relieving the Contractor or his/her subcontractors of responsibility for loss from any direct physical loss, damage or destruction occurring prior to final acceptance of the work by the Rainbow Municipal Water District.

¹ Addition of earthquake and flood should be considered if loss potential from these perils is significant.

The Contractor shall waive all rights of subrogation against the Rainbow Municipal Water District, its directors, officers, employees, or authorized volunteers.

Evidences of Insurance - Prior to execution of the agreement, the Contractor shall file with the Rainbow Municipal Water District a certificate of insurance (Acord Form 25-S or equivalent) signed by the insurer's representative evidencing the coverage required by this agreement. Such evidence shall include an additional insured endorsement signed by the insurer's representative and evidence of waiver of rights of subrogation against the Rainbow Municipal Water District (if builder's risk insurance is applicable). Such evidence shall also include confirmation that coverage includes or has been modified to include Required Provisions 1-5.

The Contractor shall, upon demand of the Rainbow Municipal Water District, deliver to the Rainbow Municipal Water District such policy or policies of insurance and the receipts for payment of premiums thereon.

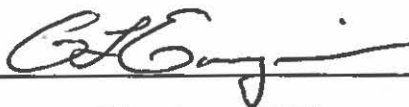
Continuation of Coverage - If any of the required coverages expire during the term of this agreement, the Contractor shall deliver the renewal certificate(s) including the general liability additional insured endorsement and evidence of waiver of rights of subrogation against the Rainbow Municipal Water District (if builder's risk insurance is applicable) to the Rainbow Municipal Water District at least ten (10) days prior to the expiration date.

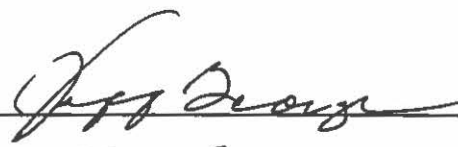
Sub-Contractors - In the event that the Contractor employs other contractors (sub-contractors) as part of the work covered by this agreement, it shall be the Contractor's responsibility to require and confirm that each sub-contractor meets the minimum insurance requirements specified above.

Note: This agreement is binding on the assigns of the District and on the assigns, successors and representatives of the District and the Contractor.

RAINBOW MUNICIPAL WATER DISTRICT
OF SAN DIEGO COUNTY

CONTRACTOR:

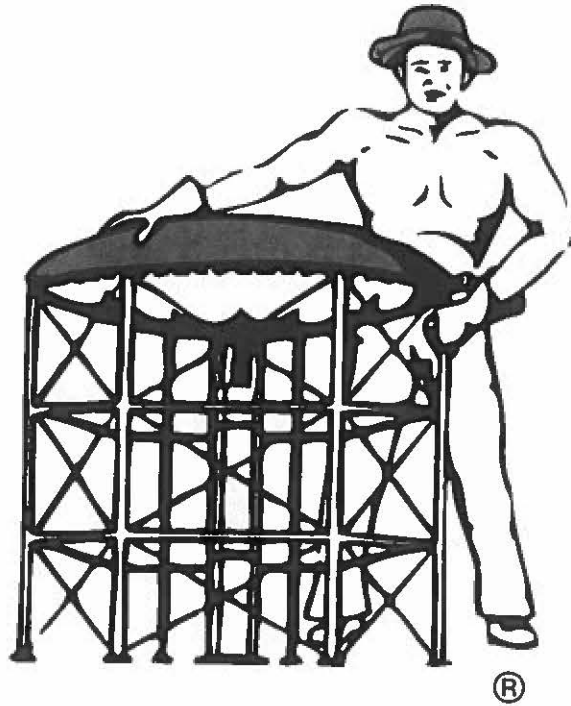

Name G.L. ENSMINGER
Title General Manager
Date 12/10/03

BY 
NAME JEFF GEORGE
TITLE Vice President
DATE 12/10/03

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UTILITY SERVICE co., inc.

WATER TANK MAINTENANCE CONTRACT



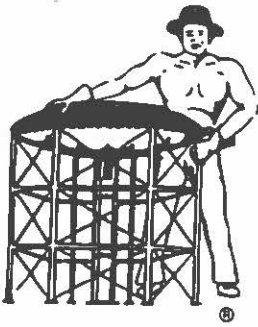
Owner RAINBOW MUNICIPAL WATER DISTRICT

Page 17 of 35

Tank Size TWELVE [12] TANKS

Location FALLBROOK, CALIFORNIA

Date NOVEMBER 17, 2003



UTILITY SERVICE co., inc.

535 Courtney Hodges Blvd.
P.O. Box 1354 • Perry, GA 31069

Phone (478) 987-0303
(800) 223-3695

Fax (478) 987-2991
www.utilityservice.com

WATER TANK MAINTENANCE CONTRACT

This agreement entered into, by, and between Rainbow Municipal Water District hereinafter known as the Owner, and Utility Service Co., Inc. hereinafter known as the Company.

The Owner agrees to employ the Company to provide the professional service needed to maintain its Twelve [12] Water Tanks located at Fallbrook, California.

This agreement binds the Company to total responsibility for the care and maintenance of the above described water storage tanks. Care and maintenance shall include but not be limited to the following:

The Company will annually inspect and service the tanks beginning in the year 2003. The tanks and towers will be thoroughly inspected to ensure that the structures are in a sound, water tight condition.

Biennially, beginning with the first washout/inspection in See Attached Schedule, the tanks will be completely drained and cleaned to remove all mud, silt, and other accumulations that might be harmful to the tanks or their contents. This cleaning will utilize high pressure equipment with chemical injection. After cleaning is completed, the interior will be thoroughly inspected and disinfected prior to returning to service.

The Company shall furnish all specialized services including engineering and inspection services needed to carry out any and all repairs to the tanks and towers needed during the term of this contract. These repairs include steel replacement, steel parts, expansion joints, water level indicators, sway rod adjustments, manhole covers/gaskets, and other component parts of the tanks or towers.

The Company will clean and repaint the interior and/or exterior of the tanks at such time as complete repainting is needed. The need for interior painting is to be determined by the thickness of the existing liner and its protective condition. The need for exterior painting is to be determined by the appearance and protective condition of the existing paint.

When painting is needed, all products and procedures will be equal to or exceed the requirements of the San Diego Air Pollution Control District, the American Water Works Association, and the Steel Structures Painting Council as to surface preparation, coating materials, and disinfection.

When interior renovation is needed, procedures as outlined in A.W.W.A.-D102 specifications for cleaning and coating of potable water tanks will be followed. Only material approved for use in potable water tanks will be used on any interior surface area.

At the time the exterior requires painting, the Company agrees to utilize a coating system which best suits the site conditions, environment, and general location of the tanks.

The Company will install an anti-climb device on the access ladder to prevent unauthorized persons from climbing the towers.

A lock will be installed on the roof hatch of the tanks to prevent any unauthorized entry to the water tanks. Keys to the tanks will be retained by the Owner and the Company.

The Company will provide emergency service to handle any problems with the tanks at no additional cost to the Owner. Reasonable travel time must be allowed for the repair unit to reach the tank site.

The Company will furnish relief valves, if needed, to install in the water system so the Owner can pump direct and maintain water pressure while the tanks are being serviced.

The Company will furnish current certificates of insurance coverage to the Owner at the time any work is performed or upon renewal of any policy.

The Owner shall have the right to continue this contract for an indefinite period of time providing the annual fee is paid in accordance with the terms of payment. **The annual base fee for the twelve [12] tanks is established at \$715,000.00 during the initial ten [10] years of the Maintenance Program due to upfront renovations completed in Year 1 through Year 4. The annual fee in Years 11 and 12 is established at \$508,672.00.**

In year 2015 and each third year thereafter, the annual fee will be adjusted to reflect the current cost of service. The adjustments, either up or down, shall be limited to a maximum of 5% annually. **The adjustment is based off of the established base fee of \$508,672.00.**


It is agreed that future mandated environmental, health, or safety requirements which cause significant changes in the cost of tank maintenance will be just cause for modification of this agreement. The Company is accepting these tanks under program based upon existing structure and components [ANY MODIFICATIONS TO THE TANKS, INCLUDING ANTENNA INSTALLATIONS, SHALL BE APPROVED BY UTILITY SERVICE CO., INC. PRIOR TO IMPLEMENTATION AND MAY WARRANT AN INCREASE IN THE ANNUAL FEE]. This contract does not include the cost for containment or disposal of any hazardous waste materials, nor resolution to operational problems due to cold weather, Acts of God, or other conditions which are beyond the Owners and Company control.

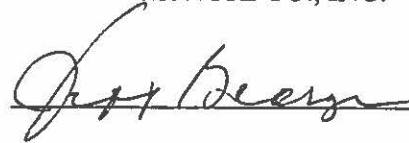
This contract is subject to cancellation by the Owner only if intent to cancel is received by the Company ninety [90] days prior to the anniversary date. Notice of Cancellation is to be delivered by registered mail and signed by three [3] authorized voting officials of the Owner's management and/or Commissioners.

This Agreement signed this 10TH day of December, 2003.

OWNER:

UTILITY SERVICE CO., INC.





by G.L. Ensminger, G.M.
title

by Jeff George, Vice President
title

witness Joyce L. Jamlinson

witness Regina J. Arthur

seal:

seal:

Addenda to Contract Number Twelve [12] Tanks, Dated 11-17-03

No. 1

PAYMENT TERMS: *All applicable taxes are the responsibility of the Owner and in addition to the stated costs and fees in this contract.* The annual fee shall be due and payable quarterly at \$178,750.00. The first quarterly fee is due November 1, 2003.

No. 2

Should the Owner elect to cancel the contract prior to the tenth year anniversary, any outstanding balance for completed work is due and payable within thirty [30] days of cancellation.

Owner

by GFB

date 12-10-03

witness Joyce L. Jamunson

Utility Service Co., Inc.

by Jess Deery

date 11-17-03

witness Regina J. Aithen

The above signatories certify that they are duly authorized to sign this Contract and the Addenda on behalf of the entities represented.

The Company reserves the right to assign any outstanding receivables from this Contract to its Bank or other Lending Institutions as collateral for any Loans or Lines of Credit.

SEAL

SEAL

**RAINBOW MUNICIPAL WATER DISTRICT
FALLBROOK, CALIFORNIA
PROJECTED WORK SCHEDULE**

TANK	1	2	3	4	5	6	7	8	9	10
CONSUITA	INT, EXT, R	VIS	W/O	VIS	W/O	VIS	W/O	VIS	EXT, W/O	VIS
GOMEZ	INT, EXT, R	VIS	W/O	VIS	W/O	VIS	W/O	VIS	EXT, W/O	VIS
GOPHER	INT, EXT, R	VIS	W/O	VIS	W/O	VIS	W/O	VIS	EXT, W/O	VIS
U1	EXT,W/O, R	INT	VIS	W/O	VIS	W/O	VIS	W/O	EXT	W/O
MORRO	EXT,W/O, R	INT	VIS	W/O	VIS	W/O	VIS	W/O	EXT	W/O
RAINBOW	EXT,W/O, R	VIS	INT	VIS	W/O	VIS	W/O	VIS	EXT, W/O	VIS
VALLECITOS	EXT,W/O, R	VIS	INT	VIS	W/O	VIS	W/O	VIS	EXT, W/O	VIS
TURNER	EXT,W/O, R	VIS	INT	VIS	W/O	VIS	W/O	VIS	EXT, W/O	VIS
RICE	EXT,W/O, R	VIS	INT	VIS	W/O	VIS	W/O	VIS	EXT, W/O	VIS
MAGEE	EXT,W/O, R	VIS	VIS	INT	VIS	W/O	VIS	W/O	EXT	W/O
HUTTON	EXT,W/O, R	VIS	VIS	INT	VIS	W/O	VIS	W/O	EXT	W/O
U-2	EXT,W/O, R	VIS	VIS	INT	VIS	W/O	VIS	W/O	EXT	W/O

EXT = EXTERIOR RENOVATION, ON 8 TO 9 YEAR CYCLES

INT = INTERIOR RENOVATION, ON 10 TO 11 YEAR CYCLES

R = REPAIRS

W/O = WASHOUT OR DIVE INSPECTION

VIS = NACE CERTIFIED INSPECTION, TANK IN SERVICE

**RAINBOW MUNICIPAL WATER DISTRICT
FALLBROOK, CALIFORNIA
TWELVE [12 TANKS AND INITIAL ANNUAL FEES**

NAME OF TANK	ANNUAL FEE
CONSUITA	\$101,495
GOMEZ	\$65,007
GOPHER	\$72,876
HUTTON	\$70,753
MAGEE	\$58,470
MORRO	\$68,825
RAINBOW	\$70,308
VALLECITOS	\$16,501
TURNER	\$67,700
RICE CANYON	\$72,309
U-1	\$16,825
U-2	\$33,931
TOTAL	\$715,000

October 29, 2003

EXHIBIT 'B'

The following is a list of additional conditions, requirements and/or clarifications for the water tank maintenance contract between Rainbow Municipal Water District and Utility Service Co., Inc. entitled Twelve (12) Tanks, dated 10-13-03.

1. The Owner, Rainbow Municipal Water District, shall be named as additional insured for liability and workers compensation insurance.
2. The Company will perform all work in compliance with CalOSHA safety regulations, including confined space access safety requirements.
3. The Company will provide full access to facilities being maintained for the Owner's Engineers, Operators, and Inspectors during all phases of the work.
4. The Company will perform all structural repairs requiring welding only with welders certified in the State of California.
5. Prior to each tank repair/coating activity, the Company will provide to the Owner, material data sheets with written installation recommendations from the materials manufacturer.
6. All work performed by the Company will be in strict conformance with all applicable Rainbow Municipal Water District Standards as stated in the April 2003 Standards Manual.

RMWD Balances on USG Maintenance Contract Addendums

Addendum Fee Amounts-Electrical

Tank	Project	Original Amount	Elec/Paid To Date	Elec/ per Qtr Payment	Current Balance (7-23-24)	Projected 9-30-24 Balance
CANONITA TANK	110431	\$34,088	(\$8,522)	\$1,704	\$25,566	\$23,861
GOPHER TANK	110432	\$14,989	(\$6,745)	\$749	\$8,244	\$7,495
GOMEZ TANK	110433	\$75,749	(\$49,237)	\$3,787	\$26,512	\$22,725
MAGEE TANK	110434	\$14,989	(\$5,996)	\$749	\$8,994	\$8,244
VALLECITOS TANK	110435	\$14,989	(\$6,745)	\$749	\$8,244	\$7,495
HUTTON TANK	110436	\$14,989	(\$5,246)	\$749	\$9,743	\$8,994
MORRO TANK	110438		\$0			
RAINBOW HEIGHTS TANK	110439	\$14,989	(\$6,745)	\$749	\$8,244	\$7,495
RICE TANK	110440	\$34,088	(\$10,226)	\$1,704	\$23,861	\$22,157
LOWER LOOKOUT MT U-2 1.6MG TANK	110441	\$14,989	(\$6,745)	\$749	\$8,244	\$7,495
TURNER TANK	110442	\$14,989	(\$6,745)	\$749	\$8,244	\$7,495
UPPER LOOKOUT MT U-1 TANK	110443					
PALA MESA TANK	132570					
Totals		\$248,849	(\$112,953)	\$12,442	\$135,896	\$123,454

Addendum Fee Amounts-Stairs

Tank	Project	Original Amount	Stairs/Paid to Date	Stairs/per Qtr Payment	Current Balance (7-23-24)	Projected 9-30-24 Balance
CANONITA TANK	\$110,431	\$123,801	(\$61,901)	\$6,190	\$61,901	\$55,710
GOPHER TANK	\$110,432	\$113,797	(\$91,038)	\$5,690	\$22,759	\$17,070
GOMEZ TANK	\$110,433	\$113,210	(\$113,210)	\$5,661		
MAGEE TANK	\$110,434	\$117,298	(\$70,379)	\$5,865	\$46,919	\$41,054
VALLECITOS TANK	\$110,435	\$162,106	(\$24,316)	\$8,105	\$137,790	\$129,685
HUTTON TANK	\$110,436	\$122,919	(\$43,022)	\$6,146	\$79,897	\$73,751
MORRO TANK	\$110,438					
RAINBOW HEIGHTS TANK	\$110,439	\$113,690	(\$79,583)	\$5,685	\$34,107	\$28,423
RICE TANK	\$110,440	\$119,867	(\$35,960)	\$5,993	\$83,907	\$77,914
LOWER LOOKOUT MT U-2 1.6MG TANK	\$110,441	\$124,357	(\$80,832)	\$6,218	\$43,525	\$37,307
TURNER TANK	\$110,442	\$122,919	(\$43,022)	\$6,146	\$79,897	\$73,751
UPPER LOOKOUT MT U-1 TANK	\$110,443	\$95,190	(\$61,874)	\$4,760	\$33,317	\$28,557
PALA MESA TANK	\$132,570					
Totals		\$1,329,154	(\$705,135)	\$66,458	\$624,019	\$563,222

Addendum Fee Amounts Overflow

Tank	Project	Original Amount	Overflow Paid to Date	Overflow/per Qtr Payment	Current Balance (7-23-24)	Projected 9-30-24 Balance
CANONITA TANK	\$110,431					
GOPHER TANK	\$110,432					
GOMEZ TANK	\$110,433					
MAGEE TANK	\$110,434					
VALLECITOS TANK	\$110,435	\$26,838	(\$10,735)	\$1,342	\$16,103	\$14,761
HUTTON TANK	\$110,436					
MORRO TANK	\$110,438					
RAINBOW HEIGHTS TANK	\$110,439					
RICE TANK	\$110,440					
LOWER LOOKOUT MT U-2 1.6MG TANK	\$110,441					
TURNER TANK	\$110,442					
UPPER LOOKOUT MT U-1 TANK	\$110,443					
PALA MESA TANK	\$132,570					
Totals		\$26,838	(\$10,735)	\$1,342	\$16,103	\$14,761

Addendum Grand Total		\$1,604,841	(\$828,823)	\$80,242	\$776,018	\$701,437
Pala Mesa maintenance agreement (early termination payment)					\$10,543	\$10,543
Grand Total (Addendum and Maintenance Contract Payout)					\$786,561	\$711,980

End Dates for Addendum Billing

Tank	Project	Elec End	Stairs End
CANONITA TANK	110431	1-Feb-28	1-Nov-26
GOPHER TANK	110432	1-Feb-27	1-May-25
GOMEZ TANK	110433	1-Feb-26	1-Nov-23
MAGEE TANK	110434	1-May-27	1-May-26
VALLECITOS TANK	110435	1-Feb-27	1-Aug-28
HUTTON TANK	110436	1-Aug-27	1-Aug-27
MORRO TANK	110438		
RAINBOW HEIGHTS TANK	110439	1-Feb-27	1-Nov-25
RICE TANK	110440	1-Nov-27	1-Nov-27
LOWER LOOKOUT MT U-2 1.6MG TANK	110441	1-Feb-27	1-Feb-26
TURNER TANK	110442	1-Feb-27	1-Aug-27
UPPER LOOKOUT MT U-1 TANK	110443		1-Feb-26
PALA MESA TANK	132570		

VIA REGISTERED MAIL

August 27, 2024

USG Water Solutions
2240 East Cedar Street
Ontario, CA 91761

Re: Notices of Cancellations

This serves as notice of cancellation of the December 10, 2003 agreement for services between Rainbow Municipal Water District and your company, then known as Utility Services Company, Inc. That agreement was extended to June 30, 2016 by an amendment in 2010 and has been on a year to year renewal since that expiration date.

This shall also serve as notice of cancellation of the following:

- 1) The 10 year agreement executed in 2015 for the Pala Mesa tank;
- 2) The 2018 seven year addendum for safety improvements at the tanks; and
- 3) The August 2020 five year agreement for additional safety upgrades as the tanks.

In accordance with the terms of the agreements, payment will be forthcoming for any sums due under the 2015, 2018, and 2020 agreements.

Optional

The final payment will be adjusted to reflect that services that were to be performed at _____ were not timely performed so that the value of those services, calculated to be \$ _____ will be deducted from the payment.

Title: President

Title: Vice-President

Title: Treasurer

BOARD OF DIRECTORS

August 27, 2024

SUBJECT

DISCUSSION AND POSSIBLE ACTION TO APPROVE AN ORDINANCE AMENDING AND UPDATING ADMINISTRATIVE CODE SECTION 8.11 – CONNECTION AND METER CHARGES

BACKGROUND

This item proposes modifications to two existing Administrative Code Policies within Section 8.11: *Section 8.11.040.03 - Reduction in Meter Size* and *Section 8.11.040.10 – Removal of Water Service*.

Section 8.11.040.03 defines the requirements for a reduction in the size of an existing District water meter. As demands have dropped across the service area, primarily due to conservation efforts and a reduction in agricultural activity, the downsizing of meters has become a frequent occurrence. The current policy defines the general requirements for District approval of a meter reduction, primarily that the average water use over the prior 12-month period falls within the range of allowable capacity of the smaller meter size. The policy also provides general requirements for undoing a meter downsize should water use increase. The District has seen a rise in premature meter failures and attributes a majority of these to undersized meters being exposed to high instantaneous water use, which exceeds defined capacities but may or may not exceed a 12-month average. In addition, the policy does not clearly define cost recovery for District time and materials to process and complete the physical downsizing of the meter, leading to inconsistent execution of a meter downsize application.

Section 8.11.040.10 defines the requirements for removing metered water service to a property. Although less frequent than the meter downsize requests, an increase in these applications has also coincided with a drop in agricultural activity across the District. The current policy defines the general requirements for District approval of meter removal. However, it does not clearly define cost recovery for District time to process and remove the meter and is discretionary on removing the lateral from the main, which leads to inconsistent execution of the meter abandonment.

DESCRIPTION

The proposed red-lined changes to Administrative Code Sections 8.11.040.03 and 8.11.040.10 are attached to this report. The modifications are intended to clearly define the intent of the District 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. In addition, the following principal changes are proposed for each of the code sections:

Section 8.11.040.03 - Reduction in Meter Size

- Modifies 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.

- Allows for a singular warning over a 24-month period should the meter capacity be exceeded in any one month after a downsize has occurred.
- Defines actions to upsize a meter and recover costs should a downsized meter continue to exceed the defined monthly meter capacity.

Section 8.11.040.10 – Removal of Water Service

- Makes clear the District’s intent to remove the lateral connection at the main of each meter that is removed from service due to the liability associated with unused connections remaining in service. When left, these services are prone to water leaks, leading to water loss and the need for future repairs, whose costs are inequitably borne by all District customers.

POLICY/STRATEGIC PLAN KEY FOCUS AREA

Strategic Focus Area Three: Fiscal Responsibility

ENVIRONMENTAL

In accordance with CEQA guidelines Section 15378, the action before the Board does not constitute a “project” as defined by CEQA and further environmental review is not required at this time.

BOARD OPTIONS/FISCAL IMPACTS

- 1) Approve the Ordinance amending and updating Administrative Code Section 8.11.040.03 and 8.11.040.10 as provided.
- 2) Approve the Ordinance amending and updating Administrative Code Section 8.11.040.03 and 8.11.040.10 with revisions.
- 3) Do not approve the Ordinance amending and updating Administrative Code Section 8.11.040.03 and 8.11.040.10

Fiscal impacts include full District cost recovery by benefiting customers for the actions associated with a single account that would otherwise have to be recovered through water rates.

STAFF RECOMMENDATION

Staff recommends adopting Option 1.



Jake Wiley

August 6, 2024

application may be submitted with the applicable payment at the current fees.

8.11.040.01.4 If applicant desires to sell the property during the term of the application transfer to the future owner with the same parcel of land and use, the applicant must submit in writing to the District of the transfer. Otherwise, at the expiration of the application for water connection, the connection fees minus administrative costs, will be refunded to the applicant. The parcel and use described in the application must be the same and the new owner must complete a new application. The term of the application will remain the same.

8.11.040.02 Capacity Charge for Increasing Meter Size

If a property owner wishes to increase the size of a water meter serving their property and the District determines that such a larger sized meter is appropriate, the difference between the current capacity charge of the new meter and the current capacity charge of the existing meter to be replaced shall be the total capacity charge to be collected. In the event property owner replaces a smaller meter with a larger meter, they must abandon the existing smaller meter lateral. Additional administrative and inspection fees shall apply.

8.11.040.03 Reduction in Meter Size

Reduction of meter size is subject to District approval. The water usage history for the property will be reviewed by the District to determine if a smaller meter is capable of meeting the water usage demands and capacity class requirements. The water usage would have to demonstrate the most current 12-month average at the that it did not exceed the maximum monthly flow capacity of the requested lower sized meter in any month in the last 12 months. For the basis of this calculation, the maximum monthly flow capacity per meter size is the same as is used to assess the amount of current capacity fees. The property owner must complete all required District forms and provide proof of ownership. If approval is granted by the District for the meter capacity class downsize, the owner will be required to sign a Meter Downsize Agreement and their account must be current.

The owner is responsible to pay the cost to replace their existing meter with the new downsized meter. This cost will be assessed via a deposit due prior to the execution of the Meter Downsize Agreement. The amount of the deposit is determined on a case by case basis by District staff in assessing the total probable cost to replace the meter size requested by the owner for that property. Should the actual cost to downsize the meter be less than the deposit a refund of the difference will be issued. If the actual cost is higher than the deposit, the difference will be added to the owner's next monthly bill and be payable on the same terms as other standard charges for water service, including the ability for the owner to request a standard payment arrangement of up 12 months.

If the flow through a meter exceeds its maximum monthly flow capacity in any month after it has been downsized, it is subject to the following actions if the flow continues to exceed this limit in the meter read billing period beginning at least 30 days after a warning notice is issued by the District. The District may immediately commence with the following actions if the owner of the parcel has already been given a warning notice in the last 24 months.

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M:\Administration\Confidential\Administrative Code-Current Policies\Title-8\Connection and Meter Charges-8-11.docx
Approved 8-3-05 by Ordinance No. 05-07\Amended and Updated 10-28-14 by Ordinance No. 14-07\Amended and Updated 3-22-16 by Ordinance No. 16-05\Amended and Updated 3-28-17 by Ordinance No. 17-02\Amended and Updated 10-24-17 by Ordinance No. 17-12\Amended and Updated 4-24-18 by Ordinance No. 18-07\Amended and Updated 12-8-20 by Ordinance No. 20-14\Amended and Updated 3-22-22 by Ordinance No. 22-09

1. If in the future a larger water meter is required due to higher water usage, the owner will be required to pay all the past District Operations and Maintenance (O&M) fees starting from the effective date of the Meter Downsize Agreement through the effective date of the signing of the Meter Upsize Memorandum of Understanding or pay the difference between their current meter size and the increased meter size, whichever is less—the lesser of either (1) the difference in fixed monthly service charges, as determined by meter size, between the current meter size and the smallest meter size whose maximum monthly flow capacity would exceed the maximum monthly flow on the meter since the execution of the Meter Downsize Agreement on the property, or (2) the difference in capacity fees between the downsized meter and the larger meter size necessary with higher meter size as determined in the same manner.
2. The owner will be required to pay the cost to physically upsize the meter, inclusive of District material, labor, and administrative costs, to the appropriate meter size determined in Action 1 above, if the District makes a determination that the higher usage impairs the accuracy of the meter or otherwise damages the meter, degrades its useful life, or would cause an increase in necessary maintenance. The District will notify the owner that it is electing to physically upsize the meter unless the owner can get the water usage on the meter down below the applicable maximum monthly flow capacity limit within the meter read billing period beginning at least 30 days from the date of the notification. This may be the same or a different period than the original exceedance notice.
3. The fixed monthly service charge for the applicable customer account will be assessed based on the larger meter size as determined in Action 1 above.
— Any fees assessed under Actions 1-3 will be added to the owner's next monthly bill and be payable on the same terms as other standard charges for water service, including the ability to request up to a standard 12-month payment arrangement. Alternatively, the owner may elect to request the total amount be financed under the options and terms included in Section 9.05.070 pertaining to owing additional sewer capacity fees.

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No capacity charge shall be imposed upon and no credit or refund shall be made to a property owner replacing an existing water meter with a meter of smaller size, whether or not any capacity charge was in effect for the larger meter when it was obtained. The difference in capacity between the larger and smaller meter is lost.

The requirements of this Section shall also apply to any property that previously elected to downsize a meter.

8.11.040.04 Exchange of Meter for Multiple Smaller Meters

Owners of parcels presently receiving water service through a District meter that subdivide their property and apply to exchange their original meter for smaller meters to new legal parcels will be given a credit toward the new capacity charges for the new meters. This credit is equal to the amount of capacity for the meter being replaced at the current capacity charge rate for that meter size. Meters must be downsized and installed concurrently in order to receive credit. Additional administrative and inspection fees shall apply.

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8.11.040.05 Fire Service Meters

No capacity charge shall be imposed upon a property owner for a water meter obtained and used solely for fire protection purposes. Should it be later determined that other water uses are being made from a fire service meter, the then appropriate capacity charge shall be immediately due and payable or service shall be immediately discontinued. Administrative and inspection fees shall apply.

8.11.040.06 Meter Relocation

Meters shall not be relocated to other parcels of land within the District unless the parcels are abutting and owned by the same Owner. Owner must hire a private contractor with an "A" Class license to abandon the existing meter lateral and install a new meter lateral per District Standards. Owner must pay appropriate inspection fees to the District. Relocation of meters is subject to the approval of General Manager.

8.11.040.07 Transfer of Capacity Charges or Meters

Neither capacity charges nor meters shall be transferable to other parcels of land within the District unless the parcels are abutting and owned by the same owner. Transfer of capacity charges or meters are subject to the approval of the General Manager.

8.11.040.08 Reimbursement of Capacity Charges

Once the water meter for which capacity charges have been paid has been installed in the District's water system and inspected and accepted by the District, no portion of the capacity charges paid for that meter shall be reimbursable.

8.11.040.09 San Diego County Water Authority (SDCWA) Capacity Charges

As required by Section 5.9 of the County Water Authority Act, the District as a member agency of the San Diego County Water Authority shall collect and remit to the Authority the capacity charges imposed by the Authority. The Ordinance of the Authority in effect at the time that a water meter is obtained from the District shall govern the amount of the charge, the persons liable therefore, and the procedures to be followed. The District shall not provide a water meter to a property owner until the property owner has paid to the District the applicable capacity charge of the Authority.

8.11.040.10 Removal of Water Service

If the owner of ~~vacant-District serviced~~ property ~~being serviced~~ no longer requires service and wants a meter removed permanently, the owner must provide a written request to the District. In addition, the owner must sign a Meter Removal Agreement with the District that outlines the terms of the removal of the water meter, including the forfeiture of capacity rights in the system. The District will seal the meter service, ~~and~~ remove the meter, ~~and, in most cases, abandon the lateral connection at the District water main.~~ The customer must provide a deposit, based on an estimate of the work, to cover all District costs for meter removal and meter lateral abandonment. The deposit amount shall be determined by District staff and any unused amounts will be refunded once the project is accepted by the District. All work shall be done according to the District's most current specifications. If

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a contractor performs any work, tThe contractor shall have minimum licensing (typically Class A) and certificationsinsurance as determined by District staff.The District will determine whether the meter lateral will or will not be removed. Per Section 8.11.0430.8.7 no portion of the capacity charges paid for that meter shall be reimbursable. If the Owner requires a meter to serve the property in the future, the owner must install a new service and pay all the O&M fees at the current rates from the effective date of the Meter Removal Agreement to the effective date of the request or pay the current capacity fees, whichever is less.

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AS-NEEDED CONTRACT EXPENDITURES REPORT

July 2024

CONTRACT INFO	FUND SOURCE	ASSIGN. NO.	STATUS	DATED	DESCRIPTION	CONTRACT AMOUNT	AUTHORIZED ASSIGNMENT	INVOICED TO DATE	
Title: On-Call Civil Engineering Services, PSA #22-25 Firm: Ardurra Expires: 11/2/25 CCO:									
CONTRACT AMOUNT:						\$ 150,000			
		2023-__							
					Unspecified		\$ 150,000.00	\$ -	
						TOTALS:	\$ 150,000	\$ 150,000.00	\$ -
Title: On-Call Civil Engineering Services, PSA #22-26 Firm: Dexter Wilson Eng. Expires: 11/2/25 CCO:									
CONTRACT AMOUNT:						\$ 150,000.00			
		2023-__							
					Unspecified		\$ 150,000.00		
						TOTALS:	\$ 150,000	\$ 150,000.00	\$ -
Title: On-Call Civil Engineering Services, PSA #22-27 Firm: Harris & Assoc. Expires: 11/2/25 CCO:									
CONTRACT AMOUNT:						\$ 150,000			
		2023-__							
					Unspecified		\$ 150,000.00		
						TOTALS:	\$ 150,000	\$ 150,000.00	\$ -
Title: On-Call Civil Engineering Services, PSA #22-28 Firm: Water Works Engineers Expires: 11/2/25 CCO:									
CONTRACT AMOUNT:						\$ 150,000			
		2023-__							
					Unspecified		\$ 150,000.00	\$ -	
						TOTALS:	\$ 150,000	\$ 150,000.00	\$ -
Title: On-Call Real Estate Services, PSA #22-29 Firm: Anderson & Brabant Expires: 11/3/25 CCO:									
CONTRACT AMOUNT:						\$ 50,000			
		2023-__							
					Unspecified		\$ 50,000.00	\$ -	
						TOTALS:	\$ 50,000	\$ 50,000.00	\$ -

AS-NEEDED CONTRACT EXPENDITURES REPORT

July 2024

CONTRACT INFO	FUND SOURCE	ASSIGN. NO.	STATUS	DATED	DESCRIPTION	CONTRACT AMOUNT	AUTHORIZED ASSIGNMENT	INVOICED TO DATE
Title: On-Call Real Estate Services, PSA #22-30 Firm: Epic Land Solutions Expires: 11/3/25 CCO:								
CONTRACT AMOUNT:						\$ 50,000		
	Non CIP	2023-01	Closed	2/13/23	Bonsall Reservoir - Appraisal for Rental & Sale of Property. Beck Reservoir - Apparials for Sale of Property.		\$ 7,000.00	\$ 7,000.00
					Unspecified		\$ 43,000.00	\$ -
TOTALS:						\$ 50,000	\$ 7,000.00	\$ 7,000.00
Title: On-Call Land Surveying Services, PSA #22-33 Firm: GIS Surveyors, Inc. (GSI) Expires: 1/3/2026 CCO:								
CONTRACT AMOUNT:						\$ 100,000		
	Non-CIP	2024-01	Closed	3/28/24	Bonsall Reservoir Staking		\$ 4,840.00	\$ 4,825.00
					Unspecified		\$ 95,160.00	\$ -
TOTALS:						\$ 100,000	\$ 4,840.00	\$ 4,825.00
Title: On-Call Land Surveying Services, PSA #22-34 Firm: KDM Meridian Expires: 1/3/2026 CCO:								
CONTRACT AMOUNT:						\$ 100,000		
	CIP	2023-01	Closed	2/9/23	Live Oak Park Bridge - Staking of 8" and 16" Water main.		\$ 7,480.00	\$ 6,043.00
	Non-CIP	2024-02	Closed	2/9/24	Kendall Farms Staking		\$ 10,000.00	\$ 10,000.00
	CIP	2024-03	Open	4/25/24	Dentro De Lomas Pump Station Easement Staking		\$ 7,500.00	\$ 5,880.00
					Unspecified		\$ 75,020.00	\$ -
TOTALS:						\$ 100,000	\$ 24,980.00	\$ 21,923.00
Title: On-Call Land Surveying Services, PSA #22-35 Firm: Right-of-Way Eng. Expires: 1/3/2026 CCO:								
CONTRACT AMOUNT:						\$ 100,000		
	Non-CIP	2023-01	Closed	2/1/23	Genista Place - Staking of existing utility easements.		\$ 2,860.00	\$ 2,450.00
	Non-CIP	2023-02	Closed	2/6/23	Via Monserate/Ramona - Staking of existing utility easements.		\$ 5,550.00	\$ 2,692.34
	Non-CIP	2023-03	Closed	2/28/23	Via Mariposa - Staking of existing easment.		\$ 2,970.00	\$ 2,545.00
	Non-CIP	2023-04	Closed	8/9/23	Maravilla Lane - Staking of existing pipeline.		\$ 6,750.00	\$ 5,908.70
	CIP	2024-05	Open	5/9/24	Camino Del Ray Water Line Survey		\$ 20,620.00	\$ 19,055.00
					Unspecified		\$ 61,250.00	\$ -
TOTALS:						\$ 100,000	\$ 38,750.00	\$ 32,651.04
Title: On-Call Geotechnical Services, PSA #22-36 Firm: Atlas Tech Consultants Expires: 1/6/2026 CCO:								
CONTRACT AMOUNT:						\$ 100,000		
	Non-CIP	2023-01	Open	2/21/24	Morro Tank Movement		\$ 42,550.00	\$ 1,094.25
					Unspecified		\$ 57,450.00	\$ -
TOTALS:						\$ 100,000	\$ 42,550.00	\$ 1,094.25

AS-NEEDED CONTRACT EXPENDITURES REPORT

July 2024

CONTRACT INFO	FUND SOURCE	ASSIGN. NO.	STATUS	DATED	DESCRIPTION	CONTRACT AMOUNT	AUTHORIZED ASSIGNMENT	INVOICED TO DATE
Title: On-Call Geotechnical Services, PSA #22-37 Firm: Leighton Consultants Expires: 1/6/2026 CCO:								
CONTRACT AMOUNT:						\$ 100,000		
	600013	2024-01	Open	2/26/24	West Lilac, Rancho Amigos, & Dentro Pump Stations		\$ 84,177.00	\$ 23,085.75
					Unspecified		\$ 15,823.00	\$ -
TOTALS:						\$ 100,000	\$ 84,177.00	\$ 23,085.75
Title: On-Call Geotechnical Services, PSA #22-38 Firm: Ninyo & Moore Expires: 1/6/2026 CCO:								
CONTRACT AMOUNT:						\$ 100,000		
	CIP	2023-01	Closed	4/4/23	Sumac Communication Tower Photovoltaic & Battery System -		\$ 9,732.00	\$ 562.50
					Unspecified		\$ 90,268.00	\$ 562.50
TOTALS:						\$ 100,000	\$ 9,732.00	\$ 562.50
Title: On-Call Construction Management & Insp. Services, PSA #23-04 Firm: Acrostic Expires: 5/23/26 CCO:								
CONTRACT AMOUNT:						\$ 100,000		
	CIP	2024-01	Open	3/22/24	District wide Construction Management Services		\$ 100,000.00	\$ 21,350.00
					Unspecified		\$ -	\$ -
TOTALS:						\$ 100,000.00	\$ 100,000.00	\$ 21,350.00
Title: On-Call Construction Management & Insp. Services, PSA #23-05 Firm: Ardurra Expires: 5/23/26 CCO:								
CONTRACT AMOUNT:						\$ 100,000		
					Unspecified		\$ 100,000.00	\$ -
TOTALS:						\$ 100,000	\$ 100,000.00	\$ -

AS-NEEDED CONTRACT EXPENDITURES REPORT

July 2024

CONTRACT INFO	FUND SOURCE	ASSIGN. NO.	STATUS	DATED	DESCRIPTION	CONTRACT AMOUNT	AUTHORIZED ASSIGNMENT	INVOICED TO DATE
Title: On-Call Construction Management & Insp. Services, PSA #23-06 Firm: Valley CM Expires: 5/23/26 CCO:								
CONTRACT AMOUNT:						\$ 100,000		
	Non-CIP	2023-01	Open	8/2/23	District staff support with coordination & logistics in finalizing the Standard Specifications and Drawings.		\$ 18,500.00	\$ 12,025.00
	Both	2023-02	Open	8/4/23	Inspection support services on various District projects.		\$ 51,993.00	\$ 21,147.00
					Unspecified		\$ 29,507.00	\$ -
					TOTALS:	\$ 100,000	\$ 70,493.00	\$ 33,172.00
Title: On-Call Environmental Services, PSA #23-07 Firm: Helix Expires: 5/23/26 CCO:								
CONTRACT AMOUNT:						\$ 100,000		
	Non-CIP	2023-01	Closed	8/4/23	Nesting bird surveys for upcoming tree trimming at District headquarters.		\$ 2,025.00	\$ 652.50
	600013	2023-02	Open	8/17/23	Environmental compliance support for the West Lilac, Rancho Amigas, & Dentro de Lomas Pump Station project.		\$ 6,240.00	\$ 5,880.00
	530001	2023-03	Open	10/24/23	LS-1 Replacement environmental compliance support services		\$ 43,711.00	\$ 28,190.32
	600013	2024-04	Open	1/12/24	Pump Stations Bird Surveys		\$ 3,200.00	\$ 3,151.30
	Non-CIP	2024-05A	Open	3/19/24	Bird Nesting Surveys Canonita Tank & HQ B-Plant		\$ 3,155.01	\$ 1,130.01
	Non-CIP	2024-06	Open	4/18/24	Environmental Beck Reservoir		\$ 4,262.00	\$ 2,403.14
					Unspecified		\$ 37,406.99	\$ -
					TOTALS:	\$ 100,000	\$ 62,593.01	\$ 41,407.27
Title: On-Call Environmental Services, PSA #23-08 Firm: RECON Expires: 5/23/26 CCO:								
CONTRACT AMOUNT:						\$ 100,000		
		2024-			Unspecified		\$ 100,000.00	\$ -
					TOTALS:	\$ 100,000	\$ 100,000.00	\$ -