

**MINUTES OF THE REGULAR BOARD MEETING  
OF THE BOARD OF DIRECTORS OF THE  
RAINBOW MUNICIPAL WATER DISTRICT  
DECEMBER 9, 2025**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on December 9, 2025, 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 presided.

2. **ROLL CALL:**

**Present:** Directors Hamilton, Mack, Townsend-Smith, Irvine, Hoffman

**Also Present:** General Manager Wiley, Legal Counsel Smith, Administrative Services Manager Harp, Information Technology Manager Khattab, District Secretary Quintanar, Administrative Analyst Weber, Chief Operations Manager Gutierrez, Finance Manager Shilkov, Engineering & CIP Manager Williams, Meters & Customer Service Supervisor Cruz

**Also Present in Person,  
Via Teleconference or**

**Video Conference:** Sr. Project Manager Tamimi, Administrative Analyst Barrow, Safety and Risk Management Officer Johnson, Rick Carey, Pam Moss, Delorez Salgado (Arduira), Administrative Assistant Montano, Rodney Smith, Wastewater Superintendent Zuniga, Bernadette Duran-Brown (Nossaman), Berrett Warnick

Several additional members of the public were also present in person.

3. **PLEDGE OF ALLEGIANCE**

4. **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 Irvine*

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

**Ayes:** *Directors Hamilton, Mack, Townsend-Smith, Hoffman, and Irvine*

6. **PUBLIC COMMENT**

Ms. Pam Moss addressed the Board to commend Robert Gutierrez and his team for their diligence and hard work to repair a leak in her area.

## **7. COMMITTEE MEETING SUMMARIES**

General Manager Wiley reported on items reviewed at the Budget and Finance Committee and the Engineering and Operations Committee meetings. Several items appear on today's agenda and all were recommended for approval by the Committees.

Administrative Analyst Weber reported on the November 18, 2025 Communications and Customer Service Committee Meeting items presented for review and discussion. Items included a rebate update, a draft digital media policy, newsletter planning, current and future events, website updates and requirements, and articles recently published by Village News.

Ms. Weber and Mr. Wiley also reported that the District is featured in the San Diego Union Tribune as a Top Workplace, for the fifth year in a row. Rainbow is the only public agency in the small companies category and placed 15<sup>th</sup>. The designation is based on an employee survey, and the feedback assists the District in identifying areas for continuous improvement.

## **8. PRESENTATION**

- A. Recognition of Government Finance Officers Association (GFOA) Awards for Fiscal Year 2026 Budget and Fiscal Year 2024 Annual Comprehensive Financial Report

Finance Manager Shilkov announced that the Government Finance Officers Association (GFOA) recognized the District for outstanding achievements in both budgeting and financial reporting. The District's Budget Document qualified for the Distinguished Budget Presentation Award for Fiscal Year 2026, marking the tenth time the District has earned this honor. In addition, the District received the Certificate of Achievement for Excellence in Financial Reporting for its Fiscal Year 2024 Annual Comprehensive Financial Report (ACFR), representing the fifth consecutive year the District has received this prestigious award. He thanked the staff in Finance and all other departments for their team effort and explained that receipt of these awards enhances transparency and improves the District's standing when applying for loans or grants.

## **9. CONSENT CALENDAR**

- A. Approval of October 21, 2025, Regular Board Meeting Minutes
- B. Approval of a Notice Of Completion and Acceptance Of Minor Facilities Constructed by Customers (Division 3)
- C. Approval of the Sixth Amendment to the Unrecorded Joint Agreement to Improve Major Subdivision, Release of Joint Lien Contract, and Termination of Original Holding Agreement for San Diego Tract No. 4736-1 (Final Map 13856/Amended Map 16566)
- D. Approval of Award of Three Agreements for As-Needed Construction Management and Inspection Services (Districtwide)

In regard to Consent Calendar Item 9.C, President Hamilton asked if the project is moving forward. Mr. Williams explained that the plan for the project has been in place since 1999 and the contract is needed as final action on this particular phase, consisting of 165 original units. This amendment would remove the lien and establish a bond, and the developer will award the construction contract.

**Motion: To approve the Consent Calendar as presented, including approval of the October 21, 2025 meeting minutes, a Notice of Completion, the Sixth Amendment to the Unrecorded Joint Agreement to Improve Major Subdivision, Release of Joint Lien Contract, and Termination of Original Holding Agreement for San Diego Tract No. 4736-1 (Final Map 13856/Amended Map 16566), and award of three Agreements for As-Needed Construction Management and Inspection Services**

**Action: Approve, Moved by Irvine, Seconded by Mack**

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

**Ayes: Directors Hamilton, Mack, Townsend-Smith, Hoffman, and Irvine**

## 10. ACTION ITEMS

- A. Consider Adoption of a Resolution Honoring Gary T. Arant for His Years of Dedicated Service

General Manager Wiley explained that Mr. Arant's experience spans even further than that of his tenure at Valley Center MWD, with a unique career serving almost 37 years as the general manager. He has been a valued partner to the District and is deserving of formal recognition.

**Motion: To adopt Resolution No. 2025-11, Honoring Gary T. Arant for His Years of Dedicated Service**

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

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

**Ayes: Directors Hamilton, Mack, Townsend-Smith, Hoffman, and Irvine**

- B. Consider Appointment of Board Officers

In accordance with Administrative Code Section 3.01.030, the annual appointments of Board Officers were considered.

Director Hamilton nominated Konstantin Shilkov as Treasurer and Terese Quintanar as Secretary.

**Motion: To appoint Director Irvine as Board President for 2026.**

**Action: Approve, Moved by Director Hoffman, Seconded by Director Irvine**

**Vote: Motion carried by majority vote (summary: Ayes = 4, Mack Opposed)**

**Ayes: Directors Hamilton, Townsend-Smith, Hoffman, and Irvine**

**Motion: To appoint Director Hoffman as Board Vice President for 2026.**

**Action: Approve, Moved by Director Irvine, Seconded by Director Townsend-Smith**

**Vote: Motion failed (summary: Ayes = 2, Mack, Townsend-Smith, Hamilton Opposed)**

**Ayes: Directors Hoffman, and Irvine**

**Motion: To appoint Director Mack as Board Vice President for 2026.**

**Action: Approve, Moved by Director Townsend-Smith, Seconded by Director Hamilton**

**Vote: Motion carried by majority vote (summary: Ayes = 4, Irvine Opposed)**

**Ayes: Directors Hamilton, Mack, Townsend-Smith, Hoffman**

**Motion: To appoint Konstantin Shilkov as Treasurer and Terese Quintanar as Secretary.**

**Action: Approve, Moved by Director Hamilton, Seconded by Director Hoffman**

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

**Ayes: Directors Hamilton, Mack, Townsend-Smith, Hoffman, and Irvine**

C. Consider Approval of the 2026 Regular Board Meeting Schedule

Director Mack suggested adding a November Board Meeting to the schedule. Discussion ensued regarding the public's ability to attend meetings.

**Motion: To conduct Board Meetings on the second Tuesday of the month, with Closed Sessions at 5:00 p.m. and the open session to commence at 6:00 p.m., and to also add a November Board Meeting to the schedule.**

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

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

**Ayes: Directors Hamilton, Mack, Townsend-Smith, Hoffman, and Irvine**

D. Consider Adoption of a Resolution Establishing Job Classifications and Monthly Pay Ranges for District Employees and the General Manager, Effective December 9, 2025, To June 30, 2026

Ms. Harp explained that the District maintains a Salary Grade structure that includes all job titles, salary grade levels, and monthly salary ranges for each grade. This year, Gallagher consulting compared the District's base pay and total compensation for 30 benchmark positions with those of similar positions at 14 comparator agencies. The consultant's recommendation was to adjust the pay grade structure for Non-Exempt classifications from a 45% range spread and a 15% range increase to a 35% spread and a 5% increase between grades. This enables the District to assign positions within the pay grade structure at a level closer to the market median, without deviating too far above or below the median. This will enable the District to balance its dual goals of offering competitive pay and remaining fiscally responsible.

Recommended action was to also eliminate three positions that are no longer needed, and to add an accounting specialist III, Customer Service Lead, and a Sr. Wastewater Utility Worker. Three employees will have a base pay impact due to the narrowed pay grade structure. Total fiscal impact is less than \$20,000 for the first fiscal year, and no budget adjustments are needed.

The MOUs will be negotiated in the next six months, but this is a mid-year adjustment as a result of the class and comp study that was conducted. These studies are conducted every few years with an outside consultant.

**Motion: To adopt Resolution No. 2025-10**

**Action: Approve, Moved by Hamilton, Seconded by Townsend-Smith**

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

**Ayes: Directors Hamilton, Mack, Townsend-Smith, Hoffman, and Irvine**

E. Presentation and Acceptance of the Annual Audit Report for Fiscal Year Ending June 30, 2025

Finance Manager Shilkov introduced Berrett Warnick, with LSL, who led the audit and attended to answer any questions. Mr. Shilkov reported that The preliminary audit was completed without issue. The District received a modified clean opinion on its financial statements for the Fiscal Year Ending June 30, 2025, meaning they are in compliance with GASB standards. He thanked the staff for their timely response with information and answers that helped keep the audit work on

schedule for the auditors. The Budget will be submitted to the GFOA within six months for consideration of the award.

Berrett Warnick, with LSL, complimented staff and relayed that there were no major audit findings for FY 2025. The audit received an unqualified opinion, indicating that the financial records were presented fairly and in accordance with Generally Accepted Accounting Principles (GAAP). The report will be finalized next week, allowing it to be submitted for the GFOA award. Management and staff are responsible for the statements, policies, and controls, and auditors assess and provide an opinion on whether the information is within the established standards. If any issues or concerns had been found, they would have been reported; however, none were identified. A few recommendations were provided to improve future audits.

Last year's depreciation-related finding has been addressed. The auditors also recommended earlier adjustments during the year-end close. Rainbow intends to report all facilities and track depreciation in real time, moving forward. Staff answered various questions throughout a brief discussion that followed Mr. Warnick's report.

Director Irvine briefly left the room.

***Motion: To approve and recommend the Board accept the June 30, 2025 audit of the District by the CPA firm of Lance, Soll & Lunghard, LLP.***

***Action: Approve, Moved by Hoffman, Seconded by Townsend-Smith***

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

***Ayes: Directors Hamilton, Mack, Townsend-Smith, Hoffman***

F. Consider Approval of a Pass-Through Wastewater Rate Adjustment Due to Increased Operational and Capital Improvement Charges from the City of Oceanside

Mr. Shilkov explained that the District budgeted \$1.7M for costs associated with the City of Oceanside's services to process Rainbow's wastewater. The City of Oceanside typically bases its charges on the previous fiscal year. This year's increase was 16.22 percent. Staff reviewed the charges and determined that the District had been paying for 32% of the flow to Oceanside. However, Rainbow's flows account for 38% of the treated flow. In addition, the City of Oceanside conducted a salary survey, which resulted in a labor increase of 20%, for which RMWD pays a share.

In light of the City of Oceanside O&M charges gap of \$277,298 and the Capital Program gap of \$415,318, a pass-through rate adjustment of \$3.92 per EDU/month, from \$85.01 to \$88.93, and an additional 4.6% increase were recommended. It was noted that, despite the proposed increase, the District's rates remain competitive with neighboring agencies, and the implementation is in compliance with Proposition 218. A discussion followed regarding criteria for establishing EDUs, anticipated refunds, and potential reasons for the increase. Staff will continue to review the details of metering flows and cost increases with City of Oceanside staff, returning additional information to the Committee, which will specifically explain outstanding debt.

Staff recommended approval of the proposed rate adjustment, to take effect on February 1, 2026. Customers will be informed at least 30 days in advance, it will be included in the newsletter, and the information will include the July 1, 2025, 13% increase, as well as the proposed 4.6% increase to Rainbow's rate, resulting from Oceanside's 16% increase. Discussion ensued.

**Motion: To Acknowledge receipt and record authorization for the FY 2026 wastewater pass-through rate adjustment effective February 1, 2026, in accordance with the District's adopted rate study**

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

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

**Ayes: Directors Hamilton, Mack, Townsend-Smith, Hoffman, Irvine**

G. Consider Approval of a Change Order to Ardurra for Engineering Support Services (Districtwide)

Engineering and CIP Manager Williams described the services that Ardurra provides and the projects in various phases which Ardurra is assisting with. Ardurra's services are almost completely driven and funded by developer and customer project administration fees. The developer hires the contractor and the District performs inspections. Ultimately, we have to accept the facilities but risk factors fall to the developer as the owner, their engineer and their contractor. Ardurra ensures that project designs meet District standards and provides ongoing engineering support.

**Motion: To approve Option 1: Change Order No.7 (CCO#7) in the amount \$300,000, increasing the total not-to-exceed contract amount from \$552,750 to \$852,750, and to authorize the General Manager to execute CCO#7 with Ardurra.**

**Action: Approve, Moved by Director Irvine, Seconded by Director Hoffman**

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

**Ayes: Directors Hamilton, Mack, Townsend-Smith, Hoffman, Irvine**

President Hamilton called for a break from 2:35 p.m. to 2:55 p.m.

H. Review of Meter Sizing/Downsize Program (Resolution No. 2024-08, Administrative Code Section 8.11 – Connection and Meter Charges)

"Mr. Wiley provided background on the policy and reported an increase in customer requests for meter downsizing due to hardship. Customer Service & Meter Supervisor Cruz explained the District's capacity charges and meter classifications were developed by Wildan and Raftelis (July 2017) through a system-wide analysis of maximum monthly water usage by capacity class. They took the water usage and meter flow capacity into consideration to determine meter size per lot size. If water usage exceeds these flow limits, the meters can decouple and under-register water use, which results in a loss of District revenue and requires District replacement, with costs borne by all ratepayers. To protect the system from potential overuse relative to meter capacity, a resolution was first adopted in July 2017, establishing the lot size threshold requiring parcels 0.50 acres or larger to maintain a minimum 1-inch meter.

Mr. Cruz continued by explaining the downsize process. Once the downsize is completed, if the customer's monthly water usage exceeds the maximum allowable use, they will receive one written notice. If a second exceedance occurs within a two-year period, the customer will be required to upsize the meter and pay applicable charges. The District's meters cannot monitor real-time flow, making it necessary for staff to perform a data log at the property.

Staff suggested the creation of a non-ratepayer low income water rate assistance program. The District could dedicate a portion of non-rate revenue to fund the program starting in FY 26/27, and utilize SDG&E's CARE program to establish low-income eligibility. Currently, there are 2,439 1-inch meters serving large lots within the District's service area. With staff's proposed program, those customers would be eligible to downsize their 1" meter to a ¾" meter based on their water usage alone, which would reduce their monthly fixed charge from \$157.20 to \$96.76 on the SFR rate (\$60.44 difference). However, this could result in a \$147,413 revenue loss per month or \$1.7 million per year and could require a 4% rate increase for all customers.

Another adjustment would be to meld capacity classes to phase out ¾" meters and establish a revenue neutral fixed O&M charge. In this case, fixed costs for customers with ¾" meters would increase to \$123 per month and fixed charges for customers with 1" meters would decrease to \$123 per month. This would require a Cost of Service Study, and another consideration is that the majority of customers with ¾" meters are also sewered connections. Agricultural users utilize water much differently and should be a separate consideration.

Mr. Rick Carey relayed that he has wanted to downsize his 2" meter for quite some time, and that the volumetric premise needs to be removed from the policy. He referenced the 2017 Study, and stated that, regardless of what the original hookup fee amount, when a downsize later requires an upsize, customers should only pay the difference. He stated that volumetric measure is meaningless and flow restrictors or other devices could be installed for those with excessive flows.

Staff presented three recommendations: 1) Begin development of a low-income rate assistance program for discussion and potential implementation as part of the FY 25/26 Budget; 2) Maintain Policies on Residential Downsizing (water use + lot size) to ensure balance between mostly indoor use housing (small lot, duplex, etc.) and large lots with potential for expanded outdoor use; and 3) To establish a more appropriate meter sizing program for Ag properties, verifying instantaneous use, and establishing proper sizing and equip for ongoing monitoring. The Board expressed consensus support for all three recommendations.

#### I. Review Policy on Standing Committees – Administrative Code Section 2.06.010

In order to make Standing Committee meetings more efficient, Director Hoffman recommended the appointment of two Board Members to lead the meetings, with less formality. She also suggested consideration to change the time of day for the meetings. She opined that this would enable more items to be presented to the Board on the Consent Calendar, and may draw more members of the public to the meetings.

Director Hamilton suggested a non-voting meeting to be attended by all Board Members. He also provided background regarding the current structure, which was established to increase transparency and encourage participation. He expressed concern that the proposed reorganization may not be well received.

Mr. Rick Carey commented that more interaction with agricultural users, in a less formal forum is needed. Mr. Smith also suggested informal meetings including two Board members.

Director Irvine explained the meetings would be for informational gathering and discussion. This would provide the public the opportunity to ask questions and participate in an informal forum. Director Mack expressed his preference for including rate payers. Discussion followed, regarding consideration of staff's time, time and frequency of meetings, formality, and appointment process and number of committee members.

***Motion: Appoint Directors Hamilton and Irvine to an ad hoc committee to work with staff to establish options for Committee structure***

***Action: Approve, Moved by Director Hamilton, Seconded by Director Townsend-Smith***

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

***Ayes: Directors Hamilton, Mack, Townsend-Smith, Hoffman, Irvine***

Concerns were expressed regarding the committee appointments, and a workshop including all five Board Members was proposed for early January.

***Motion: To rescind appointment of Directors Hamilton and Irvine and dissolve the ad hoc committee established to work with staff to establish options for Committee structure***

***Action: Approve, Moved by Director Hamilton, Seconded by Director Irvine***

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

***Ayes: Directors Hamilton, Mack, Townsend-Smith, Hoffman, Irvine***

## **11. INFORMATION ITEMS**

There were no questions about the information included in the packet.

## **12. REPORTS & COMMENTS**

Legal counsel Smith summarized the report which was included in the meeting packet.

Director Mack thanked Chief Operations Manager Gutierrez and his team for assistance with a 16" line repair in his neighborhood, and noted there were multiple repairs in progress at the time. He also reported on his attendance of the CSDA Quarterly Chapter Dinner meeting.

Director Irvine commended the addition of the General Manager section to the newsletter.

Director Hoffman reported on her attendance of the Colorado River Aqueduct tour in November.

Director Hamilton reported on the ACWA Conference, and specifically about SB 827, requiring officials to complete fiscal and financial training every two years.

General Manager Wiley relayed that EMWD recently honored Deven Upadehyay and also plans to attend an upcoming meeting to provide an update.

Director Townsend-Smith reported on her attendance of the ACWA Region 8,9,10 event in November, where former MWD General Manager Jeffrey Kightlinger presented fascinating information about the water world.

Director Mack reported on the ACWA JPIA Summit, relaying that Karleen Harp was a scholarship recipient for the Leadership Program, and that Robert Gutierrez and Luke Johnson were awarded the HR LaBounty Safety Award for emergency response equipment on District trucks and upgrades to the effectiveness of hard hats. Lawsuits related to improperly installed meter boxes were also a discussion topic, and Tim Quinn shared information on Oceanwell pods designed for desalination.

**13. REQUESTS TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS**

There were no requests.

**14. SUGGESTED AGENDA ITEMS FOR THE NEXT REGULAR BOARD MEETING**

Director Townsend-Smith inquired about the potential utilization of solar power and offered to share information about two solar vendors. Mr. Wiley answered that staff has been communicating with several vendors to schedule site visits within the District's service area. Director Hamilton added that TierraVerde Energy provides audits of SDG&E rates to advise on the most efficient times of use. Mr. Williams reported that Aptera is scheduled to tour our district soon.

Committee structure will be discussed in January.

**15. CLOSED SESSION**

The Board and appropriate staff adjourned to closed session at 5:00 p.m. to discuss:

- A. CONFERENCE WITH LABOR NEGOTIATORS - Government Code §54957.6 and §54957 Agency Designated Representatives Jake Wiley and Karleen Harp; labor negotiations for: Rainbow Employee Association, & Rainbow Association of Supervisor and Confidential Employees
- B. PUBLIC EMPLOYEE PERFORMANCE EVALUATION Pursuant to Government Code Section 54957, Title: General Manager
- C. CONFERENCE WITH REAL PROPERTY NEGOTIATORS – Government Code § 54956.8 - 3707 Old Hwy 395, Fallbrook, CA 92028, District Negotiator - J. Wiley, Negotiating Party: CG 7600 LP; Under Negotiation: Price and Payment Terms

The Board re-adjourned to open session at 5:56 p.m. No reportable action was taken.

**16. DISCUSSION AND POSSIBLE ACTION REGARDING THE APPOINTMENT, EMPLOYMENT, EVALUATION OF PERFORMANCE, OR COMPENSATION OF THE GENERAL MANAGER (JACOB WILEY)**

A brief discussion was held regarding general manager base pay and Cost of Living Adjustment. A merit increase and bonus were under consideration.

***Action: To authorize the Board President to execute an amendment to the General Manager's contract to reflect the following compensation change: A 3% merit increase to Mr. Wiley's base salary to bring the annual salary to \$284,227.06, beginning on September 25, 2025 and a one-time lump sum discretionary bonus of \$20,000, to be paid on the next regular pay date.***

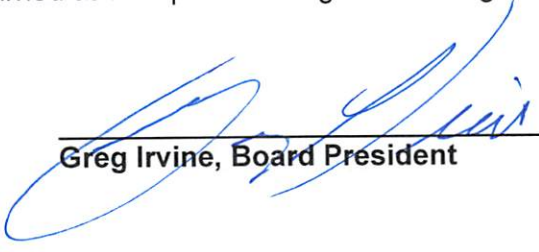
***Action: Approve, Moved by Director Hamilton, Seconded by Director Irvine***

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

***Ayes: Directors Hamilton, Mack, Townsend-Smith, Irvine, Hoffman***

17. **ADJOURNMENT** - The meeting was adjourned at 6:08 p.m. to a regular meeting on January 27, 2026

  
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Terese Quintanar, District Secretary

  
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Greg Irvine, Board President