

**MINUTES OF THE SPECIAL BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
RAINBOW MUNICIPAL WATER DISTRICT
OCTOBER 21, 2025**

1. **CALL TO ORDER** - The Special Meeting of the Board of Directors of the Rainbow Municipal Water District on October 21, 2025, was called to order by President Hamilton at 1:00 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. President Hamilton 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, Wastewater Utility Worker III Lopez, Construction Supervisor Nunez, Wastewater Superintendent Zuniga, Meters and Customer Service Supervisor Cruz, Member Nelson

**Also present in person,
via teleconference or**

video conference: Sr. Project Manager Tamimi, Safety and Risk Management Officer Johnson, Administrative Analyst II Barrow, Administrative Assistant Montano, Catherine Carter-Raftelis, Josh Farmer - Hazen and Sawyer, James Edward. One member of the public was present via teleconference or video conference.

3. **PLEDGE OF ALLEGIANCE**

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

No changes were made.

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**

There were no requests to speak.

7. EMPLOYEE RECOGNITIONS

A. Excellence Coin Award – Ruben Lopez

Mr. Wiley recognized Ruben Lopez for receiving all five of the value coins, a special recognition, as the coins are awarded through nominations from our peers. Ruben has several honorable mentions, as well. He's been with the District for 17 years and is a key member of the wastewater crew. He continued that Ruben is always willing to jump in and help, and his teamwork ethic is commendable. He was presented with a plaque signifying the accomplishment.

8. COMMITTEE MEETING SUMMARIES

Mr. Nelson reported on the October 14, 2025 Budget and Finance Committee meeting. Two options for rate increases were presented, and the Committee unanimously approved the staff's recommendation to hold the fixed rate and increase the variable rate. The Committee also voted to approve the variance requested as Item 11.B of today's agenda. The Engineering and Operations, and Communications and Customer Service Committees did not meet this month.

9. LINE NN EMERGENCY REPLACEMENT PROJECT UPDATE (DIVISION 1)

Engineering & CIP Manager Williams introduced Hazen & Sawyer's Josh Farmer, who reported on geotechnical findings for the Hwy 76 crossing near the San Luis Rey River. The area consists of loose sands, silts, clays, gravels, and fluctuating groundwater (20–40 ft), creating highly variable and challenging conditions. Caltrans data indicate potential instability.

Mr. Farmer presented very detailed information and diagrams regarding the findings of the evaluation of multiple repair methods. Geophysical methods (seismic, electrical, magnetic) were deemed ineffective due to site constraints and material variability. Additional borings would require Caltrans permits (3–6 months), which would delay the emergency repair project.

Six main ground risks were identified: settlement, groundwater inflow, sinkholes, embankment failure, boulders, and hydrolock. Microtunneling could eliminate or mitigate most risks; auger boring remains under review but carries higher uncertainty.

Engineering & CIP Manager Williams added that consideration was given to the Board's request to avoid causing traffic interruptions on Highway 76, and that staff recommends proceeding with microtunneling due to the risk mitigation advantages. Two contingencies were proposed: standby time and a vertical rescue shaft, with clear cost responsibilities defined in the bid. Director Irvine expressed his support for utilizing a sleeve. The board supported advancing to bidding with positive feedback on the proposed approach.

10. CONSENT CALENDAR

- A. Approval of the September 17, 2025, Special Board Meeting Minutes**
- B. Approval of the September 23, 2025, Regular Board Meeting Minutes**
- C. Ratify the Execution of the Second Amendment and Approve and Authorize Execution of the Third Amendment to the Agreement To Improve Major Subdivision and Second Amendment to the Joint Lien Contract and Holding Agreement for the Rancho Alegre Development (County of San Diego Tract No. 4750-1)(Division 5)**

Motion: To approve the Consent Calendar Items 10.A and 10.B, as presented, consisting of the September 17, 2025, and September 23, 2025 meeting minutes

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

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

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

- C. Ratify the Execution of the Second Amendment and Approve and Authorize Execution of the Third Amendment to the Agreement To Improve Major Subdivision and Second Amendment to the Joint Lien Contract and Holding Agreement for the Rancho Alegre Development (County of San Diego Tract No. 4750-1)(Division 5)

President Hamilton pulled this item for separate discussion and explained that he did not see that a time extension was permitted. Engineering & CIP Manager Williams explained that the third amendment extends the project for two years.

Motion: To approve the Consent Calendar Item 10.C, to ratify the execution of the Second Amendment and Approve and Authorize Execution of the Third Amendment to the Agreement To Improve Major Subdivision and Second Amendment to the Joint Lien Contract and Holding Agreement for the Rancho Alegre Development (County of San Diego Tract No. 4750-1)

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, and Irvine

11. ACTION ITEMS

- A. Review and Consider Proposed Water Rates Effective January 1, 2026

Finance Manager Shilkov presented a proposal for proposed water rates, effective January 1, 2026. He explained that the District conducts periodic reviews of water rates to ensure revenues recover the full cost of service. Since the adoption of the Budget in May 2026, approving a 4% increase in variable and fixed rates, staff have been working with IB Consulting to evaluate cost recovery and water rate adjustment options. Some considerations included MWD's pass-through cost increases, long-term financial sustainability, and equitable cost recovery. At the same time, efforts were made to identify means of providing rate relief to our customers.

Two options were presented. Option 1 was to increase variable and fixed rates by 4%, ensuring cost recovery and equity while minimizing future rate increases. Residential customers would see a \$0.25/unit increase; agricultural customers, \$0.20/unit. Option 2 was to apply MWD's 3.46% pass-through increase to variable rates only, with no fixed rate increase. This would reduce FY 25/26 expenditures, offset a \$464,000 revenue gap, and maintain fixed charges at a steady level through January 2027. Residential and agricultural customers would see a \$0.19/unit increase.

Mr. Wiley reported that following the detachment, many cost-related challenges were met, and a benefit is that we are able to achieve steady fixed costs, benefiting all of Rainbow's customers. Mr. Shilkov relayed that both options meet Proposition 218 requirements and maintain equity, and recommended Option 2 for providing customer relief.

Director Irvine relayed compliments to staff and the IB Consulting team for developing this option, satisfying his concerns.

Motion: To approve Option 2, to apply MWD's 3.46% pass-through increase to variable rates only, with no fixed rate increase.

Action: Approve, Moved by Director Hoffman Seconded by Director Townsend-Smith
Vote: Motion carried by unanimous vote (summary: Ayes = 5)
Ayes: Directors Hamilton, Mack, Townsend-Smith, Hoffman, and Irvine

B. Consider Approval of a Variance Request to Approve a Parcel Larger than 0.49 Acres to Qualify for a Capacity Class B ¾-Inch Meter

Meter and Customer Service Supervisor Cruz explained that the District's capacity charges and meter classifications were developed by Wildan and Raftelis through a system-wide analysis of asset value and maximum day use patterns by meter size as part of a 2018 capacity fee study. Capacity Class B corresponds to a ¾-inch meter, with a maximum allowable demand of 50 units per month (one unit = 100 cubic feet, or 1.38 AF/year). To protect the system from potential overuse relative to meter capacity, Resolution No. 2024-08 established the lot size threshold requiring parcels larger than 0.49 acres to maintain a minimum 1-inch meter.

The District's meter sizing standards are based on potential demand capacity rather than historical consumption alone. While usage at this property has remained relatively low, the 1-inch requirement remains in effect due to parcel size to maintain policy consistency, ensure adequate capacity should land use change, and preserve long-term system integrity. He also informed the Board that, over time, the District had received hundreds of similar requests which were denied, upholding Resolution No. 2024-08.

The property owner of APN 121-240-11-00, Edward James, requested a variance to downsize their existing 1-inch meter to a ¾-inch meter. The request is based on historical water use, which has generally remained below 50 units per month, with one exceedance during the period of record. He relayed that he had no plans to increase water usage at the property and was experiencing financial hardship. The property lot size is 1.16 acres.

Mr. Nelson relayed that the Budget and Finance Committee understood the staff's points and efforts to enforce the resolution and acknowledged that variations can cause risk. However, in this particular situation, where Mr. James' neighbors benefit from previous policy, given the size and potential use of the property, and Mr. Nelson's personal experience with a ¾" meter, he recommended approval of the variance request and a re-evaluation of the resolution and policy.

Discussion followed, including support for staff's recommendation as well as compassion for the customer. Board direction was to re-evaluate the policy and Mr. Wiley agreed that it is important to have a policy fully supported by the Board.

Motion: To approve option 2, to approve the Variance Request to Approve a Parcel Larger than 0.49 Acres to Qualify for a Capacity Class B ¾-Inch Meter
Action: Approve, Moved by Director Hamilton, Seconded by Director Mack
Vote: Motion carried by majority vote (summary: Ayes = 3) Irvine & Hoffman opposed
Ayes: Directors Hamilton, Mack, Townsend-Smith

C. Consider Award of Contract with Raftelis for Strategic Planning and Organizational Assessment Consulting Services

General Manager Wiley explained that Rainbow's First Strategic Plan, adopted by the Board of Directors in 2016, was updated in 2020 and is typically refreshed every 3-5 years. Since the last update, major initiatives have been completed. We have relatively new leadership and new challenges and opportunities to address in the future, such as large housing developments and a new water wholesaler. We also need to ensure that the Board's vision is aligned with that of the

staff, and that appropriate budget planning is in place. Measurable goals will help the District be proactive rather than reactive, and an Organization Assessment will provide additional benefit. It will serve as a comprehensive diagnostic tool, providing leaders with a clear, fact-based understanding of their organization's current health and performance.

The District received a proposal for Strategic Planning services, which was one of four proposals reviewed by the ad hoc Committee in September. The Committee concluded that Raftelis was the best fit for the work, and suggested an amendment to the scope to include an Organizational Assessment.

Mr. Wiley continued that the District previously budgeted \$90K for these professional services, he expressed confidence in the proposal, and recommended award of contract to Raftelis in the amount of \$69,500 to facilitate both Strategic Planning and Organizational Assessment Services.

If awarded, there will be strategies identified to support goals, and input from the Board and all levels of the organization will be included. The consultant will hold meetings with the Board to gather input, feedback, and insights regarding priorities for the District.

Motion: To approve a Professional Services Agreement with Raftelis, in the amount of \$69,500, for organizational assessment and strategic planning services

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

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

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

12. INFORMATION ITEMS

There was no discussion of the information provided in the packet.

13. REPORTS & COMMENTS

Mr. Wiley reported on a meeting with MWD regarding CropSWAP, to see if MWD's Water Savings Incentive Program could incorporate similar programs to incentivize similar projects. The goal is to continue funding, which will be initiated as Phase 1 after the remaining CropSWAP funding is expended.

The District received its first EV Truck, which is a Chevrolet. The purchase was required to meet zero-emissions fleet ACF requirements. The 1:1 purchase ratio for EV and traditional gas-powered vehicles will extend to 2030.

There are two pipeline replacements underway. La Canada, including PRVs, will begin pipeline replacement around the first of the year. The work will be done in-house and is expected to take about two months. Outreach will be conducted to ensure local residents are well-informed. Design plans are being revised for Eagle's Perch, and Docken is the firm working on that project. Director Irvine requested a review of the design plan by the Engineering and Operations Committee.

Legal Counsel Smith reported on recent changes affecting the Brown Act – Open Meeting Law. Changes taking effect on January 1, 2026, include updates to the requirements for virtual attendance by members of the Board. Mr. Smith also invited all of the Districts' ACWA Fall Conference attendees to a reception being hosted by Nossaman LLP on Tuesday, December 2, 2025, at Coasterra, 880 B Harbor Island Dr, San Diego, from 6:30 - 8:30 p.m.

President Hamilton reported on his attendance at the Eastern Municipal Water District's 75th anniversary celebration, where he learned that Alfred Smith was recently appointed as their legal counsel. He also noticed several EV charging stations in EMWD's parking lot. He continued that the Santa Margarita Water Master held a meeting this morning and is actively pursuing a new General Manager.

Mr. Wiley reported that LAFCO recently provided an update on the Wholesale MSR and may have a draft available in January. LAFCO also has several seats on its Special District Advisory Committee, for which it is accepting nominations. This group meets quarterly and comprises special districts. The District is well-represented by Jack Bebe, Jeff Egkan of the North County Fire Protection District, Kim Thorner, and others. Staff can provide additional information on the nomination process.

There is an Ad Hoc Committee meeting tomorrow with EMWD, where staff expect to receive updates on MWD, including MWD's recent hiring of Inland Empire Utilities Agency's (IEUA) General Manager Shivaji Deshmukh as its new General Manager.

Director Mack reminded everyone of the ACWA Region 8,9, 10 event, November 13-14, 2025, and the December ACWA Conference. He also commented on EMWD's 75th anniversary coin, distributed at the EMWD 75th event and suggested RMWD do the same.

14. REQUESTS TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS

There were no additional requests made beyond existing conference registrations.

15. SUGGESTED AGENDA ITEMS FOR THE NEXT REGULAR BOARD MEETING

Future agenda items will include a review of the District's meter sizing policy and discussion of the District's standing committees.


16. CLOSED SESSION

The Board and appropriate staff adjourned to closed session at 3:00 p.m. to discuss:

- A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION Pursuant to Government Code Section 54957, Title: General Manager
- B. 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

The Board readjourned to open session at 4:00 p.m. There was no action to report.

- 17. ADJOURNMENT** – The meeting was adjourned at 4:01 p.m. to a regular meeting on December 9, 2025, at 1:00 p.m.



Terese Quintanar, District Secretary



Hayden Hamilton, Board President