

**MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
RAINBOW MUNICIPAL WATER DISTRICT
AUGUST 18, 2026**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on August 18, 2026, 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 (attended remotely under Brown Act provisions), Irvine, Hoffman (attended remotely)

Also Present: General Manager Wiley, Legal Counsel Smith, Information Technology Manager Khattab, District Secretary Quintanar, Engineering & CIP Manager Williams

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

Video Conference: Sr. Project Manager Tamimi, Administrative Analyst Barrow, Administrative Analyst Montano, Safety and Risk Management Officer Johnson, Bernadette Duran-Brown, Joe Wendt, Richard Maher, Bryan Rall – Atlas, Rick Carey

3. **PLEDGE OF ALLEGIANCE**

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

There were none.

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 = 4)

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

6. **PUBLIC COMMENT**

There were none.

7. **CONSENT CALENDAR**

A. **APPROVAL OF:**

1. July 21, 2026, Communication & Customer Service Committee Meeting Minutes
2. July 28, 2026, Regular Board Meeting Minutes
3. August 4, 2026, Engineering & Operations Committee Meeting Minutes

4. Notice Of Completion and Acceptance of the Paving Restoration for the La Canada Road Pipeline Replacement Project (Division 3)
5. Adoption of a Resolution Approving Authorized Committees to Utilize Teleconferencing Provisions as Eligible Subsidiary Bodies Under the Brown Act

Motion: To approve the Consent Calendar as presented: July 21, July 28, August 4, 2026 Meeting Minutes, NOC for the Paving Restoration for the La Canada Road Pipeline Replacement Project, Resolution No. 2026-12

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

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

8. PRESENTATION

A. Status Update on the Existing Morro Tank (Division 2)

Mr. Williams reported that the tank was built in 1972, and distress and movement were observed within a few years of construction. Periodic investigations began in the early 1980s and the District is currently contracted with Atlas to determine replacement or tank retrofit options, KDM Meridian for monitoring of vertical settlement and horizontal movement of the tank, and Peterson Structural Engineers for a structural condition assessment. Staff does not foresee imminent catastrophic failure of the tank, and recommend continuation of operation at 50 percent of capacity, and replacement of the tank in five to ten years. Retrofit is not recommended but will be further examined. Brian Rall explained that the clay soil should have been removed down to the bedrock prior to the tank's construction. For replacement, a new foundation would be needed for the new steel tank, which will be sized accordingly. In the future, the Master Plan and a hydraulic model will be helpful in determining the operational demands of the new tank, which is estimated to cost approximately \$10.8M - \$14M.

9. ACTION ITEMS

A. Consider Adoption of the 2026 Rainbow Municipal Water District Strategic Plan

General Manager Wiley explained that the refresh to the 2020 Strategic Plan is significant, and includes input from all levels. The result is updated Mission and Vision statements, and the core values remain unchanged. The strategic focus areas that address infrastructure, emergencies, finance, leadership, staff, technology, and communication. The Plan is actionable and the objectives set a framework for moving ahead in a direction that mirrors the needs of the District and the community, and the priorities of the Board. The Organizational Assessment was also beneficial to the planning process. Mr. Wiley expressed his appreciation for the efforts at all levels to develop the new plan.

Motion: To approve the 2026 Rainbow Municipal Water District Strategic Plan

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

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

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

- B. Consider Termination of the District's Water Tank Maintenance Contract and Addenda with USG Water Solutions (Districtwide)

Mr. Williams provided background on the vendor currently contracted for tank maintenance and the amendments and addenda approved subsequent to the original contract in 2003.

In 2024, staff found that the interior re-coatings had been deferred much longer than anticipated in the original contract agreement, for the larger steel tanks (4.0 MG and larger), which make up the most significant cost associated with tank maintenance. 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. Rather than proceeding with contract termination at that time, the Board authorized staff to renegotiate the contract with USG. In November, the Board approved the amendment to contract with USG, establishing a four year schedule to recoat the interiors of eight tanks and calling for annual meetings to discuss coating requirements. The agreement continued to be year-to-year with the anniversary date of December 10. Since the maintenance agreement, USG has failed to meet the agreed upon contract obligations. After careful consideration, staff determined that the District would save nearly \$4M over the 15-year rehabilitation period by bringing the tank maintenance and rehabilitation in-house. Staff requested termination of the current tank maintenance contract and addenda with USG Water Solutions and the submittal of a Notice of Cancellation pursuant to the contract termination requirement. The District would pay the remaining balances on the 2018 and 2020 Addenda, and the remaining balance on the Pala Mesa Maintenance Agreement, totalling \$228,257.63.

Motion: To approve the Termination of the District's Water Tank Maintenance Contract and Addenda with USG Water Solutions (Districtwide)

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

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

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

- C. Consider Adoption of an Ordinance Adding Administrative Code Chapter 5.11 - Financial Reporting and Year-End Closing

Mr. Wiley explained that the proposed policy establishes year end procedures, checks and balances, and other actions that are standard practice. The draft policy contains language similar to those of neighboring agencies, and was reviewed by the District's auditors, and legal counsel.

Motion: To adopt Ordinance No. 26-15 Adding Administrative Code Chapter 5.11 - Financial Reporting and Year-End Closing

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

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

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

10. INFORMATION ITEMS

Mr. Wiley reported on the fiscal year end water sales of 11,777 acre feet. Operating expenses were below budget by 7 percent, and kudos were relayed to staff for efficient management of resources, resulting in \$5.3M savings in our unrestricted reserves. The savings help fund the rate stabilization fund, to minimize or avoid rate impacts. In addition, over \$7M in Capital Improvement

Projects were completed. The majority of the projects consisted of valve and pipeline replacement and maintenance.

11. REPORTS & COMMENTS

Mr. Wiley reported that Ocean Breeze Ranch and the Haven Developments are in the midst of major progress, resulting in increased field inspections, and document review. Ardurra has been asked to add resources to maintain the District's service levels with the peak of the construction progress over the next few months. In response to a question by Director Hoffman, he relayed that a 12-inch steel pipeline is being constructed off of Highway 395 by the developer to meet fire flow requirements. It will tie into Dulin Road, and will belong to the District when complete.

In regard water supply, this year's runoff has not been good. Lake Mead and Lake Powell levels are at record lows. The Metropolitan Water District is receiving \$65M from the Bureau of Reclamation (BOR) to not draw on the water. The BOR released Final EIR on the management of the River and the Operating Agreement terminates this October. It appears that a 10 percent cut will be applied to California, or a 4.4M AF allocation on the River. Discussions are ongoing between MWD and IID about the how to manage the cuts. Arizona is taking a 30 percent cut and drawing on their groundwater reserves. Nevada will have a 28 percent cut and will utilize recycling to help manage that reduction. If conditions do not improve, the cuts will be increased. State Water Project water has higher salinity content but can be utilized. Staff will continue to work with Eastern MWD to best manage imported water purchases.

Legal Counsel Smith reported on the information provided in the meeting packet regarding recent, very favorable decisions concerning Proposition 218 challenges.

President Hamilton reminded Board Members of the District's policy regarding the respective roles of the Board and General Manager. He noted that the Board provides strategic direction and oversight, while the General Manager is responsible for District operations and staff. He further emphasized that operational requests to staff should be coordinated through the General Manager to maintain clear lines of communication and an effective chain of command.

President Hamilton reported that CSDA is opposed to proposed Senate Bill 154, as it has potential financial impacts to public agencies related to wildfire liability and emergency response.

The EMWD ad hoc group met this week, where updates on the Colorado River and items being addressed by MWD were relayed. President Hamilton shared water storage information discussed at that meeting.

12. REQUESTS TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS

In anticipation of the upcoming Urban Water Institute and California Special Districts Association conferences, President Hamilton reminded the Board of the provision allowing for compensation for Board Members who attend non-required trainings, conferences, or seminars, subject to the required written or verbal report being provided at the Board meeting immediately following the event.

13. SUGGESTED AGENDA ITEMS FOR THE NEXT REGULAR BOARD MEETING

There were none.

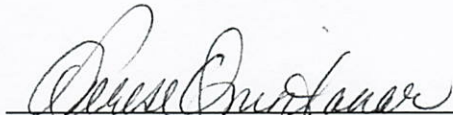
14. CLOSED SESSION

The Board adjourned to closed session at 2:07 p.m. to discuss the following item:

- A. CONFERENCE WITH LEGAL COUNSEL – Anticipated Litigation Significant Exposure to Litigation Pursuant to Government Code section 54956.9(d)(4) (1 case)

The Board resumed open session at 2:25 p.m. There was no reportable action.

- 15. ADJOURNMENT** – The meeting was adjourned at 2:26 p.m., to a regular meeting on September 22, 2026, at 1:00 p.m.



Terese Quintanar, District Secretary



Hayden Hamilton, Board President