**MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
RAINBOW MUNICIPAL WATER DISTRICT
JUNE 23, 2026**

CLOSED SESSION

President Hamilton called the meeting to order at 12:30 p.m., and the Board adjourned to Closed Session to discuss:

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 1:05 p.m. There was no reportable action.

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on June 23, 2026, was called to order by President Hamilton at 12:30 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, Chief Operations Manager Gutierrez, Finance Manager Shilkov, Engineering & CIP Manager Williams

**Also Present in Person,
Via Teleconference or
Video Conference:** Sr. Project Manager Tamimi, Administrative Analysts Barrow and Montano, Safety and Risk Management Officer Johnson, Engineering Intern Aiden Hicks, Wastewater Superintendent Zuniga, Michael Miller, Public

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

6. **PUBLIC COMMENT**

There were none.

7. PUBLIC HEARINGS

A. Public Hearing to Consider Adoption of an Ordinance for ID 1 Standby Charges

President Hamilton called the public hearing open at 1:07 p.m.

General Manager Wiley explained that each year, information is mailed to new property owners regarding the standby charge they will see on their tax bill. The standby charge, also known as the Readiness to Serve (RTS) Charge, is a fixed charge imposed by the region's water wholesaler, the Metropolitan Water District of Southern California (MWD), to its Member Agencies. These charges began in the 1995-96 fiscal year, and the charge has remained at $10.54 per acre, or part thereof, since that time. Improvement District (ID) No. 1 includes the entire service area of RMWD. The Board approves the proposed ID 1 standby charges annually.

No written materials or comments had been received, and there were no requests for public comment. With no additional questions, comments, or information from the Board or staff, the hearing was closed at 1:11 p.m.

Motion: To adopt Ordinance No. 26-01 establishing water availability charges for all of the Rainbow Municipal Water District Improvement District No. 1 for the fiscal year commencing July 1, 2026, and ending June 30, 2027.
Action: Approve, Moved by Director Hoffman, Seconded by Director Irvine
Vote: Motion carried by unanimous vote (summary: Ayes = 5)
Ayes: Directors Hamilton, Mack, Townsend-Smith, Hoffman, and Irvine

B. Public Hearing to Consider Adoption of an Ordinance Updating Existing Service Fees, and the Adoption of New Fees, Including Charges Related to Service Requests, and Delinquencies, and Adoption of an Ordinance Establishing Administrative Fines for Water Theft and Unauthorized Use of District Water Facilities Pursuant to SB 394, and Authorizing Amendment to Section 8.19.010 of the Administrative Code

President Hamilton called the public hearing open at 1:11 p.m.

Finance Manager Shilkov explained suggested updates to certain existing service fees to support cost recovery based on updated labor rates, operational requirements, materials, and administrative processing costs. The proposed fees are calculated to recover the reasonable cost of providing the applicable service and are not intended to generate revenue beyond cost recovery.

He also reported that California Government Code section 53069.45, added by SB 394 and signed into law on October 10, 2025, authorizes a local agency that provides water service to adopt an ordinance prohibiting water theft and making violations subject to administrative fines or penalties. The statute also requires the local agency to establish administrative procedures for imposition, enforcement, collection, administrative review, and hardship waiver consideration. He explained the proposed fines, which are established specifically to escalate for each violation and that these administrative fines are separate from the cost recovery charges. Notification of consequences for violations will be placed on fire hydrants and other facilities.

Staff answered several questions during the brief discussion that followed.

No written materials or comments had been received, and there were no requests for public comment. With no additional questions, comments, or information from the Board or staff, the hearing was closed at 1:17 p.m.

Motion: To adopt Ordinance No. 26-09, Amending the Fees for Services – Appendix A to Ordinance No. 23-04
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

Motion: To adopt Ordinance No. 26-10, Prohibiting Water Theft, Unauthorized Use, and Tampering, and Authorizing Amendment to the Administrative Code Section 8.19.010 and Appendix A to Ordinance No. 23-04
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

8. CONSENT CALENDAR

A. APPROVAL OF:
1. May 26, 2026, Regular Board Meeting Minutes
2. June 9, 2026, Special Board Meeting Minutes

Motion: To approve the Consent Calendar as presented: the May 26, 2026, and June 9, 2026, Minutes
Action: Approve, Moved by Director Mack, Seconded by Director Hoffman
Vote: Motion carried by unanimous vote (summary: Ayes = 5)
Ayes: Directors Hamilton, Mack, Townsend-Smith, Hoffman, and Irvine

9. ACTION ITEMS

A. Discuss and Consider Adoption of a Resolution Establishing Job Classifications and Monthly Pay Ranges for District Employees and the General Manager Effective July 1, 2026 to June 30, 2027

In compliance with Government Code Section 54953(c)(3), President Hamilton provided an oral summary of the recommended compensation changes for Department Heads. He stated that this action updates the pay grades for all exempt positions to reflect a 3.8% adjustment, alongside an administrative 1.5% cost-of-living base pay adjustment. The new monthly salary ranges being approved for department heads apply to Pay Grades X-9 and X-8. For Pay Grade X-9, the biweekly pay range shall increase to a minimum of $7,141.33 and a maximum of $9,997.66 for the Engineering and Capital Improvement Program Manager, the Finance Manager/CFO, and the Operations Manager/COO. For Pay Grade X-8, the biweekly pay range shall increase to a minimum of $6,492.11 and a maximum of $9,088.96 for the Administrative Services Manager and Information Technology Manager. No changes are being made to benefits for these positions.

Administrative Manager Harp explained that this is an annual action and the MOUs differ slightly, with the exempt group's MOU utilizing the 12 month change in CPI for San Diego County, and the non-exempt MOU utilizing the higher CPI for Riverside or San Diego County, resulting in a

3.2 percent adjustment. In addition, three new classifications were added to the Pay Grade schedule and there is no change to budgeted headcount.

Motion: To adopt Resolution No. 2026-10, Establishing Job Classifications and Monthly Pay Ranges for District Employees and the General Manager Effective July 1, 2026 to June 30, 2027
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, and Irvine

B. Consider Adoption of an Ordinance Authorizing Amendment to Administrative Code Section 5.05.050.05 - Engineering Records Retention Policy (Districtwide)

Engineering and CIP Manager Williams explained that the retention schedule and policy for records created and retained by the Engineering Department had been reviewed and updated in accordance with current industry standards.

Motion: To adopt Ordinance No. 26-11, authorizing amendment to Section 5.05.050.05 of the Administrative Code
Action: Approve, Moved by Director Irvine, Seconded by Director Hamilton
Vote: Motion carried by unanimous vote (summary: Ayes = 5)
Ayes: Directors Hamilton, Mack, Townsend-Smith, Hoffman, and Irvine

C. Consider Approval of an Increase of $325,000 to the FY 26/27 Valve Replacement Budget Funded Through the Sale of Valves to the Havens Development Project

Mr Gutierrez reported that valves that the District had in inventory were sold to the Havens Development Project to avoid lengthy lead time for ordering. The proceeds were used to restock critical valves. After sales tax, $325,000 remains in funds restricted for CIP related activities as a result of the sale. Staff requested an amendment to the FY 26/27 Valve Replacement CIP budget to include these funds. The reallocation will allow the purchase of equipment and supplies necessary to accelerate the in-house buried infrastructure replacement program. He answered several questions and added that staff anticipates replacing between 30 and 40 valves this next fiscal year.

Motion: To approve Option 1, to utilize proceeds from the valve sales, increase the CIP budget for Valve Replacements for FY 26/27 from $500,000 to $825,000, thus allowing the purchase of additional equipment and supplies for CIP replacement in FY26/27.
Action: Approve, Moved by Director Townsend-Smith, Seconded by Director Hoffman
Vote: Motion carried by unanimous vote (summary: Ayes = 5)
Ayes: Directors Hamilton, Mack, Townsend-Smith, Hoffman, and Irvine

D. Consider Extension of Contracts with Fernandez, Jensen, and Kimmelshue (FJK) for State Representation and The RBW Group (RBW) for Federal Representation

Mr. Wiley explained that these contracts are a result of the Mutual Services Agreement, and these shared services have resulted in cost savings for the participating agencies. There is no contract cost increase for the work in the next two years. The associated costs will be allocated evenly amongst Rainbow, FPUD, and VCMWD. The annual cost to the District will be $100,000. This is an increase of $10,000 from the previous year due to the loss of participation of YMWD.

Motion: To approve an agreement with FJK for State representation for two years for a total of $240,000 and RBW for a total of $360,000 and approve the updated Exhibit "B" to the Mutual Services Agreement Between FPUD, RMWD and VCMWD to reimburse their share of the costs, under the condition that the respective agencies approve them.
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

E. Consider Approval of Tyler Technologies as the District's Preferred Enterprise Resource Planning (ERP) Replacement Solution

Mr. Khattab explained the importance of updating the District's Enterprise Resource Planning software. FPUD is currently updating its ERP solution as well and has also selected Tyler Technologies's software. He explained the reasons for staff's recommendation to obtain Tyler's sofware, resulting from considerations including cost, implementation structure, operational fit, vendor accountability, pricing certainty, and long-term administrative risk. He also introduced Tyler representative Sean Collins, attending to respond to additional questions. Mr. Khattab answered questions of the Board and stated that the District will retain sixteen years of customer data and incorporate five years of historical customer data into the new system to assist our customers.

Mr. Shilkov provided a financial cost analysis. Staff anticipates an 18-month timeline to implement and will be providing notification to three separate companies per defined contract termination requirements prior to separating those services. The Tyler quote includes one-time costs totaling $350,717, consisting of $347,800 for Tyler's services and third-party hardware and software services of $2,917.

The implementation costs and annual subscription costs are already included in the FY 2027 and FY 2028 budgets. Tyler's annual SaaS subscription cost is $128,572 and is contractually locked for the initial five-year term. This represents a net savings compared to the District's existing Infor ERP subscription, which currently costs approximately $300,000 annually and has been increasing by approximately 10% per year.

Implementation of Tyler would reduce the District's recurring ERP subscription costs, improve long-term budget predictability, and provide price stability by eliminating exposure to continued annual increases under the current Infor system.

Motion: To approve Option 1: Approve Tyler Technologies as the District's preferred ERP replacement solution for financials, utility billing, and asset management.
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

F. Review and Discuss Board Compensation Policy Section 2.03.010 – Remuneration and Reimbursement

Mr. Wiley explained that the $150 per day of compensation was established over twenty years ago, and is close to what similar agencies pay. The outlier is the number of paid meetings per month. Many agencies compensate directors for up to ten meetings per month. In the past few years, Rainbow has become more interactive with other agencies and requires more Board Member representation and participation than in the past. The Board has defined particular conferences to attend and staff has budgeted two conferences per Board Member, and the annual budget actuals are relatively steady, averaging between $35,000 and $45,000 per year for travel, training, per diem, despite adding more agency meetings to our Administrative Code.

Director Townsend-Smith suggested an increase to $200 per day for compensation and eight days per month compensated. Director Hoffman suggested keeping the compensation at $150 per day and to consider an annual adjustment. President Hamilton voiced favor of increasing the number of meetings compensated per month to eight, at $150 per day. Discussion ensued regarding value and benefit in attending various meetings and conferences. Mr. Wiley explained that staff typically budgets for ten conferences per year for the Board as a whole. The budget for annual conferences and per diem can be reviewed each year and staff will plan to review this information with the Board in January or February each year.

Staff was asked to present this matter for consideration at the next meeting.

10. INFORMATION ITEMS

Mr. Wiley reported that, consistent with the District's approved capacity fee adjustment methodology, staff is applying a 2.4% inflationary adjustment to the capacity component of the District's adopted water and sewer capacity fees effective July 1, 2026 for Fiscal Year 2026 - 2027.

11. REPORTS & COMMENTS

Mr. Wiley relayed the updates that the contractor repairing Line NN is advancing the casing, and making good progress, with no negative impacts on Highway 76, the District is anticipating the final payment of the Ocean Breeze development capacity fees, The Havens Development has submitted fees related to the Sewer Service Agreement, and the Bonsall USD JPA actions are moving forward to form the CFD and issue bonds of about $20M for infrastructure.

Metropolitan Water District (MWD) Pipeline 4 is currently shut down for repairs south of Dulin Road. Some customers have experienced low pressure. In the past, prior to the construction of the southern pump stations and interconnects, Rainbow would have been calling for water conservation restrictions.

Grant funding currently being pursued includes MWD Integrating a CropSWAP-like program into its conservation program. $3M is being pursued through the USDA's Natural Resource Conservation Service's (NRCS) Conservation Innovation Grants (CIG) On-Farm Conservation Innovation Trials. In addition, we will pursue funding through CAL Fire's brush clearing grant. ACWA JPIA awarded the District a $10,000 grant for increased security monitoring, and the District will pursue additional opportunities. The District is also requesting $1.4M through Federal Appropriations for Community Funded Projects to fund water pipeline replacements and sewer rehabilitation projects.

The Engineering & IT modular trailer has arrived, and staff is working to secure power, fiber-optic cable, and water and sewer connections.

Mr. Wiley relayed his appreciation for everyone's concern and support when his son was injured.

Mr. Gutierrez reported that the District's heli-hydrant was recently utilized to fight a wildfire. There may be funds available from the state for an additional heli-hydrant and the request has been made for funding for projects of that type.

Legal Counsel Smith provided a summary report related to information included in the meeting packet pertaining to a recent Court of Appeal decision regarding challenges to Proposition 218 rates.

Director Mack suggested the use of electronic business cards.

Directors Irvine and Hamilton requested an onsite visit to see the Line NN repair process.

Director Townsend-Smith thanked staff for their time and efforts reviewing Opterra's proposal and urged for continued investigation into opportunities for smaller solar projects.

President Hamilton announced that the CSDA Southern Region election will be held next month.

Mr. Wiley reported that LAFCO shelved the draft SDCWA MSR. EMWD is working with Rainbow to encourage MWD to contribute CropSWAP-like funding to their conservation program, and EMWD's Director Paule has requested information on the former discount ag rate.

12. REQUESTS TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS

There were no requests.

13. SUGGESTED AGENDA ITEMS FOR THE NEXT REGULAR BOARD MEETING

The Board will consider amendments to the Board of Directors' compensation policy.

14. ADJOURNMENT - The meeting was adjourned at 2:49 p.m., to a Regular Meeting on July 28, 2026, at 1:00 p.m.

C.H. Hamilton, III

Hayden Hamilton, Board President

Terese Quintanar

Terese Quintanar, District Secretary