

**MINUTES OF THE SPECIAL BOARD MEETING  
OF THE BOARD OF DIRECTORS OF THE  
RAINBOW MUNICIPAL WATER DISTRICT  
MAY 12, 2026**

1. **CALL TO ORDER** - The Special Meeting of the Board of Directors of the Rainbow Municipal Water District on May 12, 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, Irvine, Hoffman

**Also Present:** Administrative Services Manager Harp, Information Technology Manager Khattab, District Secretary Quintanar, Finance Manager Shilkov, Engineering & CIP Manager Williams

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

**Video Conference:** General Manager Wiley, Safety and Risk Management Officer Johnson, Customer Service Representative Snyder

3. **PLEDGE OF ALLEGIANCE**

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

None were requested.

5. **APPROVAL OF THE AGENDA**

***Motion: To approve the Agenda as presented.***

***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***

6. **PUBLIC COMMENT**

No public comments were made.

7. **ACTION ITEM**

A. Consider Adoption of a Resolution Authorizing the Execution of an Amended and Restated Joint Exercise of Powers Agreement Related to the Bonsall Unified School District – Rainbow Municipal Water District Joint Powers Financing Authority

General Manager Wiley explained the purpose of the amendments presented for consideration. The amendments include minor changes, including adding an alternate representative for each agency to the JPA Board and designating the Secretary position to be filled by either the Secretary to the Board of Trustees or the RMWD Secretary. In addition, language was added requiring the

Board of each member agency to approve the formation of new CFDs prior to consideration by the JPA.

***Motion: To adopt Resolution No. 2026-05, Authorizing the Execution of an Amended and Restated Joint Exercise of Powers Agreement Related to the Bonsall Unified School District – Rainbow Municipal Water District Joint Powers Financing Authority***

***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***

## 8. PRESENTATION

### A. Fiscal Year 2026/27 and Fiscal Year 2027/28 Draft Operating Budgets

General Manager Wiley explained that a two-year budget had been prepared due to improved certainty in long-term forecasting, now that SDG&E and MWD have adopted rates for the next few years. Rainbow's Cost of Service Study is also relevant for another two years. A two-year budget will align with long-term labor agreements, utility rates, and water cost projections, and will result in efficiencies for staff as well.

Finance Manager Shilkov acknowledged staff's efforts during this planning process and reviewed the budget preparation timeline. The budget overview indicated that the proposed rate increases are lower than originally estimated. Several cost saving measures are being implemented to reduce controllable costs and mitigate pass-through impacts before rate increases are considered. Detachment from the San Diego County Water Authority is a primary driver of cost savings for the District, as well as in-house pipeline replacement and software upgrades.

Cost drivers affecting the Water Fund include the San Diego County Consumer Price Index, SDG&E increases, an increase in MWD's water purchase price, an increase in CalPERS UAL, increased regulatory and compliance costs, and increased fuel costs. He explained MWD's new fixed charges in detail, which include a Treatment Peaking Capacity Charge, a Treatment Used Standby Capacity Charge and a Treatment Remaining Capacity Charge. Current debt obligations extend to 2035. However, in 2029 the Meter Replacement Loan will be paid, dropping the annual debt payment by \$1.25M.

Administrative Services Manager Harp presented a multi-year staffing plan to address infrastructure and replacement needs, enhance technology capacity, and prepare for the planned growth in our community. Filling the Engineer position will boost the design work and steps required to expedite replacement and rehabilitation projects included in the approved CIP Budget. New positions would be incorporated gradually over the next three years. In addition, temporary staff is proposed short-term for the Finance and Information Technology departments, in FY 2027. In-house crews to perform pipeline replacements and valve installations will result in reduced contractor costs, water loss, leak response overtime, and claim risks.

Water Fund O&M expenditures, accounting for 87% of the General Fund, were reviewed and discussed. Water revenues and expenses are projected to total \$53,427,007 for Fiscal Year 2027 and \$55,160,006 for Fiscal Year 2028. Staff proposed a 5% increase in variable and fixed rates on January 1, 2027, and another 5% increase in variable and fixed rates on January 1, 2028. The proposed increases align with the Metropolitan Water District's timing for a 6.2% pass-through rate increase and are also less than half of the increase approved in the 2023 Cost of Service Study.

Discussion ensued about the balance between fixed and variable rate charges, maintaining reserve balances, debt obligation risks, CIP needs and Proposition 218 requirements. A request was made for staff to explore ways to shift more costs to the commodity side to provide ratepayers more control through conservation measures taken to conserve at home, and to return that information to the Board at the May 26, 2026 meeting.

Staff proposed a 13% increase to EDU fixed monthly charges in July of this year and again in July 2027, as previously adopted in the Board-approved 2023 five-year Cost of Service Study. The increases are needed to address rising costs from the City of Oceanside treatment plant and future debt repayment capacity required for major CIP projects, and to continue to recover from several years of foregoing rate increases in the past. Revenue and expenditures for Fiscal Year 2027 are projected to be \$12,243,799, and \$13,484,531 in Fiscal Year 2028.

Staff was commended for their efforts to reduce costs and maintain fiscal responsibility, and the request was repeated for alternative rate scenarios for fixed versus variable rate structures.

**9. INFORMATION ITEMS**

In regard to Item 9.A, Draft Policy for Credit Card Processing Service Fees, the Board reviewed and briefly discussed the proposed 2.95% service fee for credit card payments, intended to pass through processor fees rather than generate revenue. The proposed credit card service fee policy supports fiscal responsibility by reducing operating costs, improving cost recovery, and aligning optional payment processing costs with the customers who choose to use that payment method. If approved, customers will be notified via various methods.

**10. ADJOURN** The meeting was adjourned at 2:47 p.m.

  
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Terese Quintana, District Secretary

  
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Hayden Hamilton, Board President