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ATTEST TO POSTING:

Pam Moss
Pam Moss
Secretary of the Board

4-6-23 @ 9:30 a.m.
Date and Time of Posting
Outside Display Cases

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
MARCH 14, 2023**

1. CALL TO ORDER: The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order on March 14, 2023 by Chairperson Nelson at 1:03 p.m. in the Board Room of the District Office at 3707 Old Highway 395, Fallbrook, CA 92028. Chairperson Nelson presiding.

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL:

Present: Member Hensley, Member Johnson, Member Nelson.

Also Present: General Manager Kennedy, Executive Assistant Washburn, Alternate Williams, Operations Manager Gutierrez, Finance Manager Largent, Information Systems Specialist Espino.

Absent: Member Townsend-Smith.

Also Present Via Teleconference or Video Conference:

Human Resources Manager Harp, Information Technology Manager Khattab, Grant Specialist Kim, Administrative Analyst Barrow, Construction and Meters Supervisor Lagunas.

Three members of the public were present in person, via teleconference or video teleconference.

4. INSTRUCTIONS TO ALLOW PUBLIC COMMENT ON AGENDA ITEMS FROM THOSE ATTENDING THIS MEETING VIA TELECONFERENCE OR VIDEO CONFERENCE

Mr. Nelson read aloud the instructions for those attending the meeting via teleconference or video conference.

5. SEATING OF ALTERNATES

No alternates were seated.

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

There were no amendments to the agenda.

7. PUBLIC COMMENT RELATING TO ITEMS NOT ON THE AGENDA (Limit 3 Minutes)

There were no comments.

***8. APPROVAL OF MINUTES**

A. January 10, 2023

Motion:

To accept the minutes as written.

Action: Approve, Moved by Member Hensley, Seconded by Member Johnson.

Vote: Motion carried by unanimous roll call vote (summary: Ayes = 3).

Ayes: Member Hensley, Member Johnson, Member Nelson.

Absent: Member Townsend-Smith.

9. GENERAL MANAGER COMMENTS

Mr. Kennedy commented on the water supply situation in California has improved dramatically and how concerns are now are about massive flooding. He pointed out last year Metropolitan Water District (MWD) had indicated their plans to go to a water supply allocation plan this coming year unless the State Water Project deliveries hit 70%; however, due to the recent wet weather conditions, it is anticipated the State Water Project will reach their full allocations. He stated he expects California as well as in the Colorado River forecasts will see dramatic changes mainly due to huge snowpacks along with MWD switching to the State Water Project water at which time they will leave a half million acre feet in there unless they decide to move it out and store it locally for future use.

Mr. Kennedy reported there will be a LAFCO Special District Advisory Committee as well as a Cities Advisory Committee meetings to consider the staff report on the detachment which LAFCO said would be posted on the website soon. He said he believes the report will indicate the supply will be enough to handle what RMWD and FPU D needs, the price will be less, and that the law allows for detachment to take place; however, the conditions that will be put in place are still unknown and no specific recommendations will be included in this staff report. He mentioned the total number of pages shared among the parties involved in this matter totaled 11,567 which was more than enough for making an informed decision.

10. FINANCE MANAGER COMMENTS

Ms. Largent stated she was following what was currently transpiring within the banking industry. She noted RMWD is currently under Union Bank which is currently being bought out by US Bank and that she will continue to watch this to make sure RMWD is diversifying funds keeping some in LAIF, placing some in another instrument similar to LAIF, as well as taking advantage of some six-month term options with investments so that funds are readily available for water efficiency projects. Discussion followed.

Ms. Largent pointed out LAIF is basically covered by the State of California which cannot legally go into bankruptcy. She noted although this was very safe, there is not a good return.

11. COMMITTEE MEMBER COMMENTS

There were no comments.

12. REPORT ON PROGRESS OF GRANT APPLICATIONS AND RESEARCH

Ms. Kim shared a presentation providing an overview of the things that may have changed since the last grant report. She mentioned the Community Grants Program was the most exciting noting it was going to be a number of requests for appropriation to the Interior Subcommittee. She stated staff has already spoken with Darrell Issa's office to get his support to receive an appropriation for this project for a total of up to \$3.5 million. She noted the appropriation requests just opened this week; therefore, she will be reaching out to Darrell Issa's office again to ask what can be done to secure this request. She said if RMWD is able to get the request in by the March 24, 2023 deadline, an announcement will be made as to which projects will receive appropriations.

Ms. Kim mentioned the upcoming award dates for the Beverage Container Recycling Program as well as the announcement of awards for WaterSMART Energy & Water Efficiency with 50% Cost-share for the Moosa Creek Pipeline Rehabilitation Project.

Ms. Kim provided an update on the Wildfire Prevention Grant application that is due March 15, 2023. She noted this was essentially the same request put into CalOES for which RMWD was waitlisted and recently notified the district was not selected for funding. She explained this was a different grant for approximately \$350,000 through CalFire for the same thing to include vegetation irrigation around RMWD's tanks and different pump stations.

Ms. Kim talked about the Regional Conservation Partnership Program. She mentioned Mr. Kennedy was recently notified this project was actually allocated money; therefore, the next step would be to get together with the member partners to determine how the money is to be distributed as well as to what project the funds will be utilized.

Ms. Kim mentioned staff recently discovered through regional efforts that SDCWA was awarded funds for all of their member partners to do work on water saving efforts. She explained this funding comes from MWD to SDCWA who in turn give a portion to each of their members. She reported RMWD was allocated \$15,000 of these funds and that they must be expended by March 2024. She said staff was currently working with a HOA on setting up a water conservation garden.

Ms. Kim concluded with noting one of the items missing from the list is for the JPIA Risk Control Grant for \$10,000. She reported RMWD was recently notified its application was not selected, but an announcement of those selected will be released next month.

Mr. Nelson asked for clarification as to the invoices and costs submitted for the California Disaster Assistance Act-Winter Storm Act 2023. Ms. Kim clarified the 2/9 in the second column was the date (February 9, 2023) the invoices and costs were submitted.

Mr. Stewart inquired as to whether the Regional Conservation Partnership Program was strictly agriculture or large association landscape. Mr. Kennedy answered it was primarily for agriculture as well as provided additional details. Mr. Stewart asked, relative to associations having perfect opportunities to convert turf to low-water requiring landscapes, whether he could be notified should RMWD's Grant Specialist come across any programs where funding is available. Mr. Kennedy stated Ms. Kim will let Mr. Stewart know if something becomes available.

Ms. Kim mentioned she has received notification from SDCWA regarding a program they will be launching in May through which they will provide step-by-step help in converting turf into water conservation gardens as well as direct install of some of those projects for disadvantaged communities. She noted more information will be made available in May.

Ms. Johnson thanked Ms. Kim for the work she was doing and for continually persevering.

13. PRELIMINARY WATER FINANCIAL PLAN AND COST OF SERVICE (NEW MODEL)

Andrea Boehling of IB Consulting provided a presentation for the Budget and Finance Committee Financial Plan and Rate Workshop. She noted the workshop will cover a financial plan for wastewater and water, respectively, as she walked the committee through the information provided for both.

Ms. Johnson asked if the information provided would stay the same should RMWD detach from SDCWA. Mr. Kennedy clarified if the detachment takes place, RMWD would not be subject to SDCWA's charges. Ms. Boehling pointed out pass-throughs are so important because should RMWD detach, it is a component on the rates that can adjust accordingly both up and down.

Mr. Hensley asked whether SDCWA's 14% planned increase for January was solely on variable cost of water usage or if any was for fixed costs. Mr. Kennedy stated it is a variable of both.

Ms. Boehling shared one of the scenarios being recommended as a very measured approach for FY2024-FY2028 revenue adjustments of 8% which would meet the minimum target in 2028 landing between the bandwidth. Ms. Johnson asked if this was reflective of the current users. Ms. Boehling confirmed it was reflective of the current users noting one of the major assumptions for this financial plan is to not rely on growth to occur because if RMWD relies on growth to occur the rates will be lower while relying for the growth to occur. Discussion ensued.

Mr. Nelson referenced the Water Capital Reserve Chart as he inquired as to whether the reserve level would be reduced in the event the capital plan was stunted for funding purposes and thereby ease the burden. Ms. Boehling explained the five-year average is always forward facing. Ms. Largent pointed out the Wholesale Water Efficiency Projects should be excluded from the five-year average because they are independently funded. Discussion followed.

Ms. Johnson asked if what was being projected for RMWD was prevalent for other San Diego County water agencies. Ms. Boehling stated this was not just San Diego County, but all of Southern California. She stated they are seeing more heavy adjustments this year compared to any of her rate consulting years due to costs increasing more than anticipated, coming off of not doing revenue adjustments due to COVID, as well as deferring capital. She confirmed RMWD was in a very common situation. Ms. Largent added this plan includes the Wholesale Water Efficiency Capital Projects with \$4M being moved from FY23 to FY24 due to the delay in the supply chain. Discussion ensued.

Mr. Kennedy pointed out the proposed 8% revenue adjustment was to RMWD's portion of it as opposed to an automatic rate increase to everyone's bill.

Mr. Stewart said after looking at last month's report as well as water capital budget, it was abundantly clear RMWD has deferred any line replacement for so long, it was now backlogged. He noted the detachment will help make this situation better and better; however, should detachment not happen, it will require a huge amount of financing or really tough. Mr. Kennedy pointed out one of the main goals associated with the detachment was the Board's directing staff to find a new revenue which would include reducing costs. He stated when he addresses the community about detachment, he makes it clear to not expect it to come back as a rate decrease because RMWD was currently spending an extra \$6M-\$7M on things elsewhere that do not benefit RMWD's community.

Ms. Largent stated Ms. Harp has recommended the salaries be increased to 6% as opposed to 5% and that benefits will also need to be reviewed. Ms. Boehling acknowledged this change.

Ms. Largent pointed out the wastewater loss increased in FY22; therefore, this will be factored into the model as well as the forecast for this year. She confirmed this was a working document as well as there was a schedule to follow. Ms. Johnson recommended each projection be dated for historical purposes. Ms. Largent confirmed each presentation is dated, especially with the model changing every day.

Ms. Largent mentioned this presentation will be given at the March 28, 2023 Board meeting and then come back to this committee at their April meeting. She pointed out the rate hearing must be opened at the Board meeting scheduled for April 25, 2023. It was noted depending on what the Board decides, adjustments may need to be made.

Mr. Hensley asked what is being used as an increase on an annual basis. Ms. Boehling stated it was 7.2% for two years and then 3.93% for the remaining years.

Mr. Stewart asked Mr. Gutierrez if an estimate was made should RMWD fail to find a new revenue source in terms of crew size and equipment for addressing waterline failures should replacement not occur. Mr. Gutierrez stated he has not as well as pointed out installing cathodic protection will assist at every leak repair will help; however, should CIP be continually deferred, crews will be working continually on leaks and breaks which may become unobtainable.

14. WASTEWATER FINANCIAL PLAN AND COST OF SERVICE

Ms. Boehling reviewed the Wastewater Financial Plan that was shared with the committee previously. She pointed out that in 2018 the study proposed 7.5% annual increases, but the Board decided to only adopt one year of rate increases at that time and had not revisited the proposed increases for Years 2-5 resulting in the rates remaining at the 2018 adopted rates to date. She noted her firm was hired in Fall 2022 to conduct a financial plan and rate study with the goal of having proposed rates by July 1, 2023.

Ms. Largent pointed out the percentage for salaries should be changed. Ms. Boehling agreed to change the salaries on both the water and wastewater models to be consistent.

Ms. Boehling mentioned the treatment was a little different on this model showing an increase of 6% which is recommended to be a pass-through mechanism where the District will be able to automatically pass-through any increases that surpass the 6%.

Ms. Boehling reviewed RMWD's current wastewater financial position as well as the proposed financial plan objectives with the primary goal of eliminating operating deficit, funding operating reserve, and building up funding in capital reserve. She pointed out the model has been updated since it was first shared with the committee to include three financial plan options for consideration. She explained the first scenario (Deferred CIP) would be to not fund any CIP during the five years, the second scenario (Measured CIP) would be a measured approach to building up over time steadily to get to the point where RMWD needs to be, and the third scenario (Planned CIP) which would require debt financing in 2026. Ms. Largent clarified RMWD is able to finance debt without going to a vote. Ms. Boehling added RMWD would have to have the ratings to finance debt; however, to reach those ratings RMWD will need to get past the operating deficit first which should occur by 2026. Ms. Largent mentioned the reason this was coming back to the committee again was due to the Board advising staff to have CIP included in the plan as opposed to it being deferred.

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Ms. Boehling reviewed the wastewater rate alternatives for capital funding and revenue adjustments for each of the three scenarios. Ms. Largent explained the measured CIP approach would be taking the CIP plan and spreading it out over three years.

Mr. Nelson and Ms. Johnson asked for clarification regarding the rate options being provided for the both the Planned CIP and Measured CIP scenarios. Ms. Boehling provided clarification. Ms. Largent stated she would not recommend proceeding with the Planned CIP scenario due to the fact it is unlikely RMWD would be able to drop an extra \$5M into a year, but would be more likely to do the \$2M-\$3M per year in wastewater.

Mr. Kennedy pointed out it was important to remember how critical the Thoroughbred Lift Station is for RMWD's system whereas the other planned improvements, although important and will be completed, are not as critical to the backbone of operating the system. He mentioned the Board was uncomfortable with complete deferral; therefore, staff wants to bring them other options to consider.

Mr. Nelson clarified his question noting he was making an assumption that it is basically the same projects to be prosecuted whether it be with a Planned CIP or Measured CIP. Mr. Kennedy explained the Measured CIP would defer some of the projects out resulting in a different total spend. Mr. Nelson asked would this mean adding more projects for the Planned CIP option which is why the dollar value is higher and apparently accelerating their production because more projects will be completed in two years as opposed to finishing fewer projects worth less money in three years. Mr. Kennedy pointed out a different CIP list than those provided in the Planned CIP option would involve spreading the planned projects out, change the projects, or do different smaller projects instead; however, he has not yet seen the adjusted CIP list.

Ms. Johnson asked whether Mr. Gutierrez and Mr. Williams have provided input in their role of what would be the most feasible in the planning to share with the committee. Ms. Largent explained this was done as part of the CIP ranking process with input from finance, operations, and engineering. Ms. Johnson inquired as to whether there will be a recommendation of options from which the committee can select. Ms. Boehling answered all three options being presented were all viable options from which the committee or Board could choose; however, if the committee was asking for her recommendation, it would be to proceed with the Measured CIP approach in that it would provide an opportunity to build up the CIP and getting to the level at which District should be for a viable annual spend.

Mr. Kennedy inquired as to whether the Board would be considering this matter at the April 25, 2023 Board meeting. Ms. Largent stated the different options will be presented to the Board in March and then it will be brought to the Board again in April for action on both water and wastewater rates. She explained the information being provided today was to bring the committee through the process and getting feedback prior to bringing the matter to the Board. Mr. Nelson pointed out the committee will meet prior to the April 25th Board meeting; therefore, the committee would have the opportunity to make a recommendation to the Board prior to them acting.

Mr. Hensley said with the Planned CIP scenario meaning getting the work done in a shorter period of time and the Measured CIP scenario spreading the work out over time, he wanted to know if those responsible for completing the work had a preference between the two. Mr. Williams stated although the Planned CIP scenario would be preferred, staff would not like to have to issue debt in order to do so. Mr. Hensley asked whether the Planned CIP work could be completed within the time with the current staffing levels. Mr. Williams stated it could be done. Ms. Boehling pointed out should the Planned CIP scenario be selected debt financing would be necessary to avoid adjusting the rates so high in the first to years to have enough funds in the third year after which the rates would be too high.

Ms. Boehling continued with the presentation as she reviewed the proposed revenue adjustments associated with each of the three plan scenarios. She pointed out there was not a means of getting past a large adjustment in the first year so that the operating deficit can be addressed. She confirmed the reason for the proposed adjustments for the Planned CIP scenario are lower is due to debt financing thereby reducing the amount to be financed by rates. Ms. Largent confirmed this would be no different than the debt financing done for the Wholesale Efficiency Projects, but at a higher interest rate.

Ms. Boehling concluded the presentation noting where RMWD falls within the Regional Rate Comparison currently as well as with each of the proposed plan scenarios. She solicited the committee for comments and feedback.

15. COMMITTEE MEMBERSHIP APPOINTMENTS

Mr. Stewart stated he would like to seek Board appointment to serve on this committee as a member of the public.

Mr. Nelson noted Mr. Stewart served on this committee as the Board representative and how it would be difficult to find someone with a better set of skills, knowledge, and experience to serve on this committee; therefore, it would be fabulous if were reappointed as a member of the public. Ms. Johnson concurred.

Motion:

To recommend the Board appoint Bill Stewart to serve on the Budget and Finance Committee as a member of the public.

Action: Approve, Moved by Member Johnson, Seconded by Member Hensley.

Vote: Motion carried by unanimous roll call vote (summary: Ayes = 3).

Ayes: Member Hensley, Member Johnson, Member Nelson.

Absent: Member Townsend-Smith.

16. REVIEW OF THE MONTHLY BOARD FINANCE PACKET

Ms. Largent explained the reason the finance packets are emailed to the committee members as opposed to be included in the agenda packet is due to not being quite ready with the month-end information on the day the agendas go out. She pointed out the sentence on the end of the first page should read “the purchases for the seven months are below FY22”.

Ms. Largent solicited the committee as to their preference for receiving updates on the grants program. Mr. Hensley suggested updates only be provided when there is something new to report. Mr. Nelson agreed noting having a written report in the finance packet would suffice unless there was something the committee needed to hear.

Ms. Largent pointed out she will be adding a column for the forecasted year end in the packet.

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17. LIST OF SUGGESTED AGENDA ITEMS FOR THE NEXT SCHEDULED BUDGET AND FINANCE COMMITTEE MEETING

It was noted the water and wastewater financial plans should be on the next committee agenda.

18. ADJOURNMENT

The meeting was adjourned by Chairperson Nelson.

The meeting adjourned at 2:28 p.m.

Flint Nelson, Committee Chairperson

Dawn M. Washburn, Board Secretary

BOARD OF DIRECTORS

April 25, 2023

SUBJECT

DISCUSSION AND POSSIBLE ACTION TO APPROVE A 24 MONTH PAYMENT PLAN FOR ACCOUNT 005458-000.

BACKGROUND

On December 29, 2022, the District discovered an illegal water connection on the line that feeds 13170 Rancho Heights Road. An illegally installed fitting connected a PVC pipe to the District's copper service lateral between the water main and the meter. This illegal connection resulted in a leak that prompted a response by the District for repair. As District staff repaired the leak and removed the illegal connection, they confirmed that the connection led to an irrigation control box at 13170 Rancho Heights Road.

DESCRIPTION

This illegal connection is a violation of Rainbow Municipal Water District Administrative Code Section 8.19.030 – Water Theft as well as other California statutes. The minimum fine from the District for this violation is \$500 and was applied to the account for the subject property. In addition, the District incurred direct expenses of \$5,021.27 in order to respond to and repair the leak and associated damage caused by the illegal connection. This amount was also charged to the account for the subject property. The total for the fine and repair costs is \$5,521.27 which was added to the balance on account #005458-000.

District staff was unable to determine the length of time or amount of water that had been received from the illegal service connection.

Notification of the situation was sent to the property owner providing a 21-day period for them to challenge the assessment. The property owner said they were not aware of the illegal connection and have been the recipient of many other issues after buying the foreclosed property from a contractor.

Irrespective of whether this illegal connection was made prior to the current owner's purchase of the property, the illegal connection was delivering water to their property without going through the meter and being properly billed which benefitted the property owner at the expense of other ratepayers. In addition, the District has incurred extra costs for the repair of the service lateral, also at the expense of other ratepayers. We are duty-bound to protect the rights of all ratepayers and as such, are required to take steps to resolve the matter.

The owners of the property understand that they owe the balance but are asking the board for a 24-month payment plan.

ATTACHMENTS

- Attachment A – District Initial Correspondence February 2, 2023
- Attachment B – Customer Response February 22, 2023
- Attachment C – District Response March 3, 2023
- Attachment D – Customer Response dated March 17, 2023

POLICY/STRATEGIC PLAN KEY FOCUS AREA

Strategic Focus Area Five: Customer Service. This type of agreement allows the Board to fit the requests of an individual customer based on their specific use patterns which fall outside the expectations covered by the existing policy.

BOARD OPTIONS/FISCAL IMPACTS

- There is minimal Fiscal Impact to approving the 24-month payment plan.
- 1) Approve the 24-month payment plan.
 - 2) Deny the Payment Plan.
 - 3) Provide other direction to staff.

ENVIRONMENTAL

In accordance with CEQA guidelines Section 15378, the action before the Board does not constitute a “project” as defined by CEQA and further environmental review is not required at this time.

STAFF RECOMMENDATION

Staff recommends Option 1.


Tracy Largent, CPA
Finance Manager

April 25, 2023



February 2, 2023

Mr. & Mrs. Palmer
13170 Rancho Heights Road
Pala, CA 92059-1850

Subject: Water Theft at 13170 Rancho Heights Road

Dear Mr. & Mrs. Palmer:

On December 29, 2022, the District discovered an illegal water connection on the line that feeds 13170 Rancho Heights Road. An illegally installed fitting connected a PVC pipe to the District's copper service lateral between the water main and the meter. This illegal connection resulted in a leak that prompted a response by the District for repair. As District staff repaired the leak and removed the illegal connection, they confirmed that the connection led to an irrigation control box at 13170 Rancho Heights Road.

While District staff worked to repair the damage, a male resident walked out of the home at 13170 Rancho Heights Road, approached the team, and made comments to the crew members indicating that it was his intention to make another illegal connection to the District's lateral after the crew was finished. He indicated that his plans to illegally tap the line in the future was related to the fact that now that the illegal connection had been severed he would not have supply to the irrigation system mentioned above.

This illegal connection is a violation of Rainbow Municipal Water District Administrative Code Section 8.19.030 – Water Theft as well as other California statutes. The minimum fine from the District for this violation is \$500 and this will be applied to the account for the subject property. In addition, the District incurred direct expenses of \$5,021.27 in order to respond to and repair the leak and associated damage caused by the illegal connection. This amount will also be charged to the account for the subject property. The total for the fine and repair costs is \$5,521.27 which will be added to the balance on account #005458-000.

As a courtesy, I will provide you a 21-calendar day period to challenge this assessment of the fine and repair charges prior to it being applied to the account. Any challenge to this action must be in writing and must be focused on the facts presented. As the individual appointed by the Board of Directors to evaluate these matters, I will review any challenge and decide on the application of the fine. The decision will be made within three business days of the receipt of the challenge, or within 24 calendar days from the date of this letter, whichever is sooner.

We want to remind you that water theft is a serious matter and will not be tolerated. Water that is stolen raises the cost of water for you and all of your neighbors. Also, this type of water tap can cause the quality of the drinking water to become compromised. Should any future violations of this nature occur at this property, the fine will increase by \$1,000 for each additional violation. In addition, any subsequent theft of water will be referred to the San Diego County District Attorney for criminal prosecution.

Sincerely,

Tom Kennedy, General Manager

3707 Old Highway 395 • Fallbrook, CA 92028
(760) 728-1178 • Fax (760) 728-2575 • www.rainbowmwd.com

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cc: Alfred Smith, General Counsel
Property owner at 13170 Rancho Heights Road

Finance Department

February 22, 2023

2023 Rainbow Water District

3707 Old Highway 395

Fallbrook CA 92028

Dear Mr. Kennedy,

We were unaware that there was an illegal line connection until we received your letter. We noticed the yellow tape around our meter and thought it had something to do with the backflow problem we had the month before. When we heard workers the next day by the meter both my husband and I walked up the hill to find out what the problem was, we were greeted with a massive pile of dirt and three workers. One of the workers came down closer to us and told us there was a leak and told us it was on Rainbow Waters side of the pipe and not ours to which we were relieved. Another worker asked us if we knew we had two lines to which we replied yes and he gave us a strange look. We told him we knew there was a shut off by the house and also one on the hill that shut off everything hence, two lines. The second worker said he was going to disconnect one of the lines and we thought he was joking with us so my husband jokingly said back that we would have to put it back not knowing it was an illegal line he was talking about. So imagine our surprise when we received your letter. Not one of the workers told us that it was illegal and we couldn't see down in the hole where we were standing. Do you have any pictures of what was the illegal line they are talking about?

My husband and I have tried to think who would do something like this because we know it wasn't us and the only people who had been up on the hill by the water meter was TS Backflow and we know he didn't do any digging and had nothing to gain by doing so. The only other person would be the previous owner of the property Mr. Kevin Fox. Mr. Fox is a large contractor in Temecula and he purchased the land and built this house. Do you think it was a contractor connection for when he was building the house and it wasn't removed? We are the only other owners of this property and bought it after Mr. Fox was foreclosed upon. We have spent a great deal of money because of Mr. Fox and his many misdeeds and would be happy to show you what we have gone through because of him. My husband and I are nearing our 70's and know we didn't and wouldn't do something that was illegal. We have worked hard all our lives to earn what we have. We are not thieves and never have been! We also know that being the present owners we will be liable and all we can ask of you is for leniency.

Thank You,



Bob and Leslie Palmer

13170 Rancho Heights Rd.

Pala CA 92059



March 3, 2023

Mr. & Mrs. Palmer
13170 Rancho Heights Road
Pala, CA 92059-1850

Subject: Illegal water connection at 13170 Rancho Heights Road

Dear Mr. & Mrs. Palmer:

The District has received your response to our letter dated February 2, 2023, regarding an illegal connection serving the property at 13170 Rancho Heights Road. This illegal connection caused a leak under the roadway that required an emergency repair by District staff. As the owner of the property that received water from the illegal connection, you are responsible for both the illegal connection as well as the cost of damages caused by the connection – irrespective of whether or not this connection was initially made by a previous owner. We have no reason to doubt your assertion that this was an existing condition but also cannot independently verify that. This is similar to if a previous owner built a portion of the home without permits, the County would require you to correct it or tear it down.

In your letter, you asked if this could have been a connection installed by a contractor at the time the initial connection was made. When connections are made, District inspectors visually inspect the service lateral and ensure that no illegal connections are present. As requested, we are including pictures of the illegal connection.

As noted above, irrespective of whether or not this illegal connection was made prior to your purchase of the property, the illegal connection was delivering water to your property without going through the meter and being properly billed which you have benefitted from at the expense of other ratepayers. In addition, the District has incurred extra costs for the repair of the service lateral, also at the expense of other ratepayers. We are duty-bound to protect the rights of all ratepayers and as such, are required to take steps to resolve the matter.

While we empathize with your situation, we have no authority to waive the fine or the repair costs in this matter. We can offer you a 12-month payment plan to ease the burden of the expense. This 12-month plan is the longest we are authorized to offer under our Administrative Code, but if you can choose to request our Board to consider a longer payment plan. In certain cases, the Board has approved longer payment plans up to 24 months.

Unless a payment plan is arranged or the matter is referred to the Board to consider at our March 28th Board meeting, the full amount will be added to your account effective April 1, 2023.

Sincerely,

Tom Kennedy,
General Manager

cc: Alfred Smith, General Counsel
Property owner at 13170 Rancho Heights Road

Finance Department

3/17/2023

Rainbow Municipal Water Dist.

Dear Mr. Kennedy,

We would like to thank you for the pictures you sent us as it gives a much better perspective to understand what was in the ground and also why your men were so stoic when we went up the hill to speak with them. My husband tried to make light of the situation not knowing what they saw in the hole which we were unable to see. We only have one question and maybe your men could answer it for us. We assume that they took the PVC pipe out but are wondering if they know where the other end was connected so we can make sure the whole thing is gone and no longer a problem.

We understand that we are liable for this because we own the home but once again we want to make you aware that we were not the ones who did this illegal water tap.

We would like to request of the board that we would like to have the fine you imposed on us to be spread over 24 months as we are retired and it would help us greatly to spread out the payment.

Thank you for your time.

Sincerely,

A handwritten signature in blue ink, consisting of a stylized initial 'L' followed by the name 'Leslie C. Palmer' written in a cursive script.

Robert and Leslie Palmer

