MINUTES OF THE SPECIAL BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
RAINBOW MUNICIPAL WATER DISTRICT
JUNE 9, 2026

1. **CALL TO ORDER -** The Special Meeting of the Board of Directors of the Rainbow Municipal Water District on June 9, 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), Irvine, Hoffman

Also Present: 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 in Person,
Via Teleconference or
Via Video Conference: Sr. Project Manager Tamimi, Administrative Analyst Montano, Julie Johnson, Sirisha Nerella, Jeff Woldhuis, and Nancy Rorabaugh- Opterra Energy Services, Dr. Lon House, public

3. **PLEDGE OF ALLEGIANCE**

4. **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

5. **PUBLIC COMMENT**

Julie Johnson addressed the Board regarding the need for additional transparency concerning expenses incurred by Board Members for meetings and conferences. She suggested that the monthly expense reimbursement report be posted on the District's website. She also noted that there is limited information regarding the benefits derived from attendance at conferences and community meetings.

6. **ACTION ITEMS**

A. Consider the Establishment of Administrative Fines for Water Theft and Unauthorized Use of District Water Facilities Pursuant to SB 394

California Government Code Section 53069.45, added by SB 394, authorizes a local agency 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. It also defines water theft by reference to Penal Code Section 498 and generally includes actions to divert, tamper with, or reconnect water utility service without authorization. For meter tampering, the statute authorizes fines up to $130 for a first violation, $700 for a second violation, and $1,300 for a third or subsequent violation. For water theft committed by means other than meter tampering, administrative penalties up to $1,000 for a first violation, $2,000 for a second violation, and $3,000 for a third or subsequent violation are authorized. In addition, the Code authorizes enhanced administrative fines for unauthorized connection to, or unauthorized use of, a fire hydrant, fire hydrant meter, or fire detector check. These fines may be up to $2,500 for a first violation, $5,000 for a second violation, and $10,000 for a third or subsequent violation.

The proposed administrative fines are separate from cost recovery charges, and service fees are limited to the estimated reasonable cost of providing the service. Therefore, punitive or deterrent-based fines should be separately adopted as administrative penalties, rather than treated solely as cost-of-service fees. These fines would be separate from any other damage or water loss.

Discussion ensued and staff answered several questions regarding internal protocols. Staff was directed to proceed with presenting this matter at a public hearing.

B. Consider Fee for Service Update for Fiscal Year 2026-2027

As part of the District's fiduciary responsibility and commitment to long-term financial sustainability, staff annually reviews service-based fees intended to recover the District's reasonable costs.

Finance Manager Shilkov explained proposed updates to certain existing service fees to support cost recovery based on updated labor rates, operational requirements, materials, and administrative processing costs, which are not subject to Proposition 218 notification. 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. Without appropriate service-based fees, these costs may be subsidized by the general rate base.

Direction was given to staff to review the proposed increase amounts to ensure necessity and accuracy of cost recovery for engineering related fees and deposits, in particular.

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

Mr. Williams introduced the item, which had been requested by the Board for discussion regarding increasing the number of compensated meetings per month and reviewing the per-meeting compensation amount. President Hamilton noted that information from some neighboring special districts is not reflected in the information provided, and that he considers the District's compensation to be in line with other special districts. He expressed dissatisfaction that this discussion is occurring after adoption of the annual budget.

Director Irvine suggested review and potential parameters regarding the number of conferences attended each year, and to also take travel distance into consideration. He further suggested that the types of meetings eligible for compensation should not be so narrowly defined in the Administrative Code.

Directors Hoffman and Townsend-Smith expressed interest in increasing the number of meetings compensated per month to eight.

Director Mack recalled periods of lower participation and attendance in prior years and emphasized the importance of maintaining the District's representation at meetings and conferences. A per year limit of conferences attended may hinder representation by those willing to attend.

Julie Johnson commented that attendance of ACWA and CSDA conferences offers immense benefits, including professional growth, representation of our agency, and learning from other professionals in the industry. She relayed that representatives attending need to represent Rainbow Water in an interactive and professional way, and be mindful of the quality of attendance as priority, versus quantity of meetings attended. Limiting the ability to attend valuable conferences may be detrimental. She urged for focus on fulfilling the role of the board representing Rainbow Water in a professional way for every meeting compensated.

Following brief discussion, Legal Counsel Alfred Smith confirmed that compensation of one meeting per day is defined by statute.

Direction was given to staff to prepare proposed revisions to the Board Compensation Policy for consideration at a future meeting. The Board requested simplification of policy language regarding specific meetings, increasing the number of compensated meetings per month, and establishing parameters regarding attendance at local and out-of-town conferences.

D. Review and Discuss the Opterra Energy Services Proposed Projects

Engineering & CIP Manager Williams introduced Sirisha Nerella, Jeff Woldhuis, and Nancy Rorabaugh, with Opterra Energy Services, and Dr. Lon House. Ms. Rorabaugh presented an overview of the proposed project, including the scope of work, financial analysis, project implementation process, installation of solar generation and battery energy storage systems, equipment maintenance, return on investment, grant opportunities, contract duration, and next steps. She relayed confidence that the District would receive the full Inflation Reduction Act grant and Opterra's guarantee of half of the grant amount, should it not be awarded. She also explained the Inflation Reduction Act safe harbor requirements and timing. Government Code Section 4217 allows sole-source procurement, and Opterra Energy Services would guide the project for the next 20 years.

Dr. Lon House stated that Opterra is a reputable company. He has reservations related to some of the costs and the unknowns, such as changes in daylight saving time, and unpredictable circumstances we can experience 20-30 years from now. A shift in SDG&E's billing methods could affect their fixed rates, directly impacting projected earnings.

Discussion ensued regarding calculation factors, considerations, guarantees, and long-term dependence on Opterra.

Upon careful review, staff identified several risks for consideration, including unknown financial variables, impact on debt, rate impacts, logistical hurdles, and impacts on staff. Unknown variables that may impact return on investment include the CEQA process time and costs, SDG&E rate forecasting, availability of lower cost batteries, the need to research feasibility of smaller projects that fit financial resources, potential rate increases that would impact customers, impacts on the five-year CIP project budget, accessibility concerns related to established access and egress areas, the expedited period for consideration and board action, and the level of risk to be assumed by the District. Mr. Williams relayed that staff did not recommend moving forward with the project.

Due to the unknown or unpredictable elements over the long term, and the current financial and infrastructure demands, the Board concurred with staff's recommendation to not to proceed with the project at this time, but to revisit solar generation or other cost-saving opportunities in the future.

The Board and staff relayed their appreciation to the Opterra Energy Services Staff for their extensive evaluation and proposal for services.

7. INFORMATION ITEM

There was no discussion regarding the Financial Statements included in the meeting packet.

8. ADJOURNMENT The meeting was adjourned at 3:26 p.m.

C H Hamilton, III

Hayden Hamilton, Board President

Terese Quintanar

Terese Quintanar, District Secretary