



**DUE TO THE COVID-19 STATE OF EMERGENCY AND PURSUANT TO WAIVERS TO CERTAIN BROWN ACT PROVISIONS UNDER THE GOVERNOR'S EXECUTIVE ORDERS, THIS MEETING IS BEING CONDUCTED VIA TELECONFERENCE AND THERE WILL BE NO PHYSICAL LOCATION FROM WHICH MEMBERS OF THE PUBLIC MAY PARTICIPATE**

**MEMBERS OF THE PUBLIC ARE ENCOURAGED TO PARTICIPATE IN THE BOARD MEETING OPEN SESSION BY GOING TO <https://us02web.zoom.us/j/81228439068> OR BY CALLING 1-669-900-6833 or 1-346-248-7799 or 1-253-215-8782 or 1-301-715-8592 or 1-312-626- 6799 or 1-929-205-6099 (WEBINAR/MEETING ID: 812 2843 9068) (CLOSED SESSION WILL NOT BE ACCESSIBLE TO MEMBERS OF THE PUBLIC; HOWEVER, INSTRUCTIONS FOR SUBMITTING PUBLIC COMMENT ON CLOSED SESSION ITEMS ARE PROVIDED IN ITEM #4.)**

MEMBERS OF THE PUBLIC WISHING TO ADDRESS THE BOARD UNDER PUBLIC COMMENT OR ON A SPECIFIC AGENDA ITEM MAY SUBMIT WRITTEN COMMENTS TO OUR BOARD SECRETARY BY EMAIL AT [DWASHBURN@RAINBOWMWD.COM](mailto:DWASHBURN@RAINBOWMWD.COM) OR BY MAIL TO 3707 OLD HIGHWAY 395, FALLBROOK, CA 92028. ALL PUBLIC COMMENTS RECEIVED AT LEAST ONE HOUR IN ADVANCE OF THE MEETING WILL BE READ TO THE BOARD DURING THE APPROPRIATE PORTION OF THE MEETING. THESE PUBLIC COMMENT PROCEDURES SUPERSEDE THE DISTRICT'S STANDARD PUBLIC COMMENT POLICIES AND PROCEDURES TO THE CONTRARY.

**RAINBOW MUNICIPAL WATER DISTRICT BOARD MEETING**

**Tuesday, December 8, 2020**

**Closed Session 12:00 p.m.**

**Open Session 1:00 p.m.**

**THE PURPOSE OF THE REGULAR BOARD MEETING IS TO DISCUSS THE ATTACHED AGENDA**

**District Office**

**3707 Old Highway 395**

**Fallbrook, CA 92028**

**Board Agenda Policies**

Board of Directors Meeting Schedule Regular Board meetings are normally scheduled for the 4<sup>th</sup> Tuesday of the month with Open Session discussions starting time certain at 1:00 p.m.

Breaks It is the intent of the Board to take a ten-minute break every hour and one-half during the meeting.

Public Input on Specific Agenda Items and those items not on the Agenda, Except Public Hearings Any person of the public desiring to speak shall fill out a "Speaker's Slip", encouraging them to state their name, though not mandatory. Such person shall be allowed to speak during public comment time and has the option of speaking once on any agenda item when it is being discussed. Speaking time shall generally be limited to three minutes, unless a longer period is permitted by the Board President.

Public Items for the Board of Directors' agenda must be submitted in writing and received by the District office no later than 10 business days prior to a regular Board of Directors' Meeting.

Agenda Posting and Materials Agendas for all regular Board of Directors' meetings are posted at least seventy-two hours prior to the meeting on bulletin boards outside the entrance gate and the main entrance door of the District, 3707 Old Highway 395, Fallbrook, California 92028. The agendas and all background material may also be inspected at the District Office.

You may also visit us at [www.rainbowmwd.com](http://www.rainbowmwd.com).

Time Certain Agenda items identified as "time certain" indicate the item will not be heard prior to the time indicated.

Board meetings will be recorded as a secretarial aid. If you wish to listen to the recordings, they will be available after the draft minutes of the meeting have been prepared. There is no charge associated with copies of recordings. Recordings will be available until the minutes of such meeting are approved. Copies of public records are available as a service to the public; a charge of \$.10 per page up to 99 pages will be collected and \$.14 per page for 100 pages or more.

If you have special needs because of a disability which makes it difficult for you to participate in the meeting or you require assistance or auxiliary aids to participate in the meeting, please contact the District Secretary, (760) 728-1178, by at least noon on the Friday preceding the meeting. The District will attempt to make arrangements to accommodate your disability.

(\*) - Asterisk indicates a report is attached.

Notice is hereby given that the Rainbow Municipal Water District Board of Directors will hold Closed Session at 12:00 p.m. and Open Session at 1:00 p.m. Tuesday, December 8, 2020, at the District Office located at 3707 Old Highway 395, Fallbrook, CA 92028. At any time during the session, the Board of Directors Meeting may adjourn to Closed Session to consider litigation or to discuss with legal counsel matters within the attorney client privilege.

## **AGENDA**

1. **SWEARING IN AND SEATING OF NEWLY ELECTED AND RE-ELECTED DIRECTORS**
2. **CALL TO ORDER**
3. **ROLL CALL: Hamilton\_\_\_ Gasca\_\_\_ Mack\_\_\_ Rindfleisch\_\_\_**
4. **ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA (Government Code §54954.2)**
5. **INSTRUCTIONS TO ALLOW PUBLIC COMMENT ON AGENDA ITEMS FROM THOSE ATTENDING THIS MEETING VIA TELECONFERENCE OR VIDEO CONFERENCE**

***CHAIR TO READ ALOUD*** - "If at any point, anyone would like to ask a question or make a comment and have joined this meeting with their computer, they can click on the "Raise Hand" button located at the bottom of the screen. We will be alerted that they would like to speak. When called upon, please unmute the microphone and ask the question or make comments in no more than three minutes.

*Those who have joined by dialing a number on their telephone, will need to press \*6 to unmute themselves and then \*9 to alert us that they would like to speak.*

*A slight pause will also be offered at the conclusion of each agenda item discussion to allow public members an opportunity to make comments or ask questions."*

6. **ORAL/WRITTEN COMMUNICATIONS FROM THE PUBLIC OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD REGARDING CLOSED SESSION AGENDA ITEMS (Government Code § 54954.2).**

***Under Oral Communications, any person wishing to address the Board on matters regarding the Closed Session agenda should email or mailing their comments to the Board Secretary one hour before the Closed Session scheduled start time. All written public comments will be read to the Board prior to their adjournment to Closed Session. Any person wishing to speak to the Board regarding Closed Session agenda items may do so by calling (760) 728-1178, listening for "Thank you for calling Rainbow Municipal Water District ....", dialing Extension 429, and entering pin 8607 at the Closed Session scheduled start time. Once all public comment is heard, this call will be disconnected, and the Board will adjourn to Closed Session. To participate in the Open Session portion of the meeting, please follow the instructions provided at the top of Page 1 of this agenda. Speaking time shall generally be limited to three minutes unless a longer period is permitted by the Board President.***

7. **CLOSED SESSION**

- A. Conference with Legal Counsel-Anticipated Litigation (Government Code §54956.9(d)(2))

\* One Item

(\*) - Asterisk indicates a report is attached.

**B. Conference with Labor Negotiators (Government Code §54957.6 and §54957)**

Agency Designated Representatives

Tom Kennedy  
Karleen Harp

Discussions regarding labor negotiations for:

Rainbow Employees Association  
Rainbow Association of Supervisor and Confidential Employees  
Rainbow Exempt Employees Association

**8. REPORT ON POTENTIAL ACTION FROM CLOSED SESSION**

Time Certain: 1:00 p.m.

**9. REPEAT CALL TO ORDER**

**10. PLEDGE OF ALLEGIANCE**

**11. REPEAT ROLL CALL**

**12. REPEAT REPORT ON POTENTIAL ACTION FROM CLOSED SESSION**

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

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

**CHAIR TO READ ALOUD** - *"If at any point, anyone would like to ask a question or make a comment and have joined this meeting with their computer, they can click on the "Raise Hand" button located at the bottom of the screen. We will be alerted that they would like to speak. When called upon, please unmute the microphone and ask the question or make comments in no more than three minutes.*

*Those who have joined by dialing a number on their telephone, will need to press \*6 to unmute themselves and then \*9 to alert us that they would like to speak.*

*A slight pause will also be offered at the conclusion of each agenda item discussion to allow public members an opportunity to make comments or ask questions."*

**15. ORAL/Written COMMUNICATIONS FROM THE PUBLIC OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD REGARDING ITEMS NOT ON THIS AGENDA (Government Code § 54954.2).**

***Under Oral Communications, any person wishing to address the Board on matters not on this agenda should indicate their desire to speak or may email or mail their comments to the Board Secretary one hour before the Open Session scheduled start time. All written public comments received will be read to the Board during the appropriate portion of the meeting. No action will be taken on any oral communications item since such item does not appear on this Agenda, unless the Board of Directors makes a determination that an emergency exists or that the need to take action on the item arose subsequent to posting of the Agenda (Government Code §54954.2). Speaking time shall generally be limited to three minutes unless a longer period is permitted by the Board President.***

(\*) - Asterisk indicates a report is attached.

**16. EMPLOYEE RECOGNITIONS**

- A. Cynthia Gray (5 Years)
- B. Jesus Hernandez (15 Years)
- C. Delia Rubio (15 Years)

**\*17. APPROVAL OF MINUTES**

- A. October 27, 2020 - Regular Board Meeting

**\*18. BOARD OF DIRECTORS' COMMENTS/REPORTS**

Directors' comments are comments by Directors concerning District business, which may be of interest to the Board. This is placed on the agenda to enable individual Board members to convey information to the Board and to the public. There is to be no discussion or action taken by the Board of Directors unless the item is noticed as part of the meeting agenda.

- A. President's Report (Vice President Hayden)
- B. Representative Report (Appointed Representative)
  - 1. SDCWA
    - A. Summary of Board Meeting October 22, 2020
  - 2. CSDA
  - 3. LAFCO
  - 4. San Luis Rey Watershed Council
  - 5. Santa Margarita River Watershed Watermaster Steering Committee
  - 6. ACWA
- C. Meeting, Workshop, Committee, Seminar, Etc. Reports by Directors (AB1234)
  - 1. Board Seminar/Conference/Workshop Training Attendance Reports
- D. Directors Comments
- E. Legal Counsel Comments
  - 1. Attorney Report

**19. COMMITTEE REPORTS**

- A. Budget and Finance Committee
- B. Communications and Customer Service Committee
- C. Engineering and Operations Committee

**PRESENTATIONS AND ACTION ITEM**

**\*20. PRESENTATION AND ACCEPTANCE OF THE AUDIT REPORT AND FINANCIAL STATEMENTS FOR FISCAL YEAR ENDING JUNE 30, 2020**

*(Annually, the District contracts for the preparation of an independent audit and compilation of the year-end financial statements with a Certified Public Accountant (CPA) firm. The Board of Directors will consider accepting the June 30, 2020 audit of the District by the CPA firm of Lance, Soll & Lunghard, LLP.)*

**CONSENT CALENDAR ITEMS**

**\*21. NOTICE OF COMPLETION AND ACCEPTANCE OF FACILITIES CONSTRUCTED UNDER THE WIESTLING WATER LINE EXTENSION IMPROVEMENT PLANS**

*(The facilities included in the Wiestling Water Line Extension improvement plans have been constructed per the approved plans and specifications, inspected, tested, and are ready for acceptance. These facilities include 195-feet of 12-inch PVC Pipe and associated appurtenances. The District requested the improvements to be upsized at the District's expense to accommodate a planned capital improvement project.)*

(\*) - Asterisk indicates a report is attached.

- \*22. ACCEPTANCE OF THE 2019 SEWER PIPE LINING PROJECT**  
*(NU-LINE Technologies completed construction on a portion of the 2019 Sewer Pipe Lining Project to line a sewer main segment under Interstate 15. The final construction is defective and the contractor has not responded to the District's request to remedy the defective work. The Board may consider accepting the facilities and issuing a Change Order including a credit to the District pertaining to the defective work. Upon acceptance, the improvements would become part of the District sewer system and Staff would take over the operation and maintenance.)*
- \*23. NOTICE OF COMPLETION AND ACCEPTANCE OF THE OLIVE HILL ESTATES TRANSMISSION LINE RECONNECTION PROJECT**  
*(The Olive Hill Estates Transmission Line Reconnection project included the construction of approximately 2,550 lineal feet of 14-inch diameter ductile iron pipe (DIP), fittings, and appurtenances and approximately 30 lineal feet of 12-inch diameter DIP and fittings. All facilities have been constructed per plans, inspected, and tested per specifications. Upon acceptance by the Board, the improvements become part of the District's water distribution system and Staff takes over operation and maintenance.)*
- \*24. APPROVAL OF ORDINANCE NO. 20-12 - AMENDING AND UPDATING ADMINISTRATIVE CODE SECTION 1.02.020 – CONFLICT OF INTEREST**  
*(As the positions change at the District, a review of the Conflict of Interest Code is conducted to determine whether those positions listed in the Conflict of Interest Code need to be updated accordingly.)*
- \*25. POSSIBLE ACTION TO ADOPT ORDINANCE NO. 20-14 AMENDING AND UPDATING VARIOUS ADMINISTRATIVE CODE SECTIONS AND SUBSECTIONS INCLUDED IN TITLES 1, 2, 4, 5, 8, AND 9**  
*(In accordance with SB-179 which went into effect last year, any references to personal gender specific pronouns in any RMWD policies needed to be replaced with pronouns that are not gender specific.)*
- \*26. ADOPTION OF ORDINANCE NO. 20-11 AMENDING AND UPDATING ADMINISTRATIVE CODE SECTION 1.05.030 - PROCESS, SUBSECTION 1.05.030.03 – COMMITTEE REVIEW AND RECOMMENDATIONS**  
*(As part of the ongoing review of the Administrative Code, it was discovered one of the references in the above-referenced subsection had not been revised to reflect one of the updated chapter numbers.)*

## **BOARD ACTION ITEMS**

- \*27. CONSIDERATION AND POSSIBLE ACTION TO APPROVE RESOLUTION NO. 20-15, A RESOLUTION OF THE BOARD OF DIRECTORS OF RAINBOW MUNICIPAL WATER DISTRICT COMMENDING HELENE BRAZIER FOR HER OUTSTANDING SERVICE AS A DIRECTOR, SECRETARY, AND BOARD PRESIDENT**  
*(Helene Brazier served as the Division 1 director on Rainbow Municipal Water District's Board from February 2012 to November 2020. Resolution No. 20-15 commends Helene Brazier for her dedicated service.)*
- \*28. CONSIDER ESTABLISHING THE 2021 REGULAR BOARD MEETING SCHEDULE**  
*(The Board will consider establishing the 2021 Regular Board Meeting schedule.)*
- \*29. DISCUSSION AND POSSIBLE ACTION TO APPROVE A CONTRACT CHANGE ORDER FOR KENNEDY JENKS DESIGN CONTRACT FOR SEWER INFRASTRUCTURE PROJECTS LIFT STATION NO. 1 REPLACEMENT PROJECT IN THE AMOUNT OF \$239,623 AND EXTENSION OF CONTRACT TERM THROUGH JULY 30, 2021**  
*(An analysis of the District's existing wastewater conveyance system prepared by Dexter Wilson Engineering, Inc. projected the need for certain projects in order to serve the Meadowood Development. Kennedy Jenks and Associates have been undertaking the design of improvements to the District Sewer Facilities since 2014, but the improvements currently under design need modifications to meet the requirements identified in the Dexter Wilson Report.)*

(\*) - Asterisk indicates a report is attached.

- \*30. CONSIDER AWARDING A PROFESSIONAL SERVICES AGREEMENT (PSA) TO VALLEY CONSTRUCTION MANAGEMENT FOR PROJECT MANAGEMENT SERVICES ON CONSTRUCTION PROJECTS DISTRICT-WIDE AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE PSA**  
*(The engineering and operations activities of Rainbow Municipal Water District (District) requires project and construction managers to see through projects from design to construction. District staff has analyzed the current workload and has determined that the most cost-effective manner to keep projects on track in design and construction is to bring on an as needed consultant to provide project and construction management support. An evaluation of proposals determined that Valley Construction Management (Valley CM) ranked the highest and was deemed most qualified to perform as-needed project management services for the District.)*
- 31. DISCUSSION AND POSSIBLE ACTION UPDATING BOARD OF DIRECTOR MEMBERSHIP ON STANDING COMMITTEES**  
*(The Board of Directors will have an opportunity to consider appointing one Board Member to the Engineering and Operations Committee and removing one Board Member from the Budget and Finance Committee.)*
- \*32. DISCUSSION AND POSSIBLE ACTION TO ADOPT ORDINANCE NO. 20-09 AMENDING AND UPDATING ADMINISTRATIVE CODE TITLE 3 – BOARD MEETINGS**  
*(As part of the ongoing process, staff conducted a review of RMWD’s Administrative Code Title 3 and found no significant changes needed to be made, but rather minor typographical, grammatical, and formatting updates.)*
- \*33. DISCUSSION AND POSSIBLE ACTION TO ADOPT ORDINANCE NO. 20-13 AMENDING AND UPDATING VARIOUS ADMINISTRATIVE CODE CHAPTERS, SECTIONS AND SUBSECTIONS INCLUDED IN TITLES 2, 6, 8, AND 9**  
*(Board approval of reclassifying a job title at their October 27, 2020 Board meeting resulted in updating various policies throughout the Administrative Code where the previous job title was referenced. Also, in accordance with SB-179 which went into effect last year, any references to personal gender specific pronouns required updating. The proposed revisions under consideration also include those made to bring the policy into alignment with current District practices as well as minor typographical, grammatical, and formatting changes.)*
- \*34. DISCUSSION AND POSSIBLE ACTION TO ADOPT ORDINANCE NO. 20-10 AMENDING AND UPDATING ADMINISTRATIVE CODE SECTION 5.05.050.01 – RECORDS RETENTION – DISTRICT RECORDS**  
*(Upon review of the District’s Administrative Code Section 5.05.050.01 and since RMWD has never videoed meetings until the pandemic outbreak, video recordings were not included in the updated policy and needs to be added.)*
- 35. BOARD MEMBER REQUESTS FOR AUTHORIZATION TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS**

**BOARD INFORMATION ITEMS**

- \*36. PRESENTATION OF THE 2021 RATE INCREASE TO PASS THROUGH SAN DIEGO COUNTY WATER AUTHORITY (SDCWA) RATE INCREASES**  
*(During the Annual Budget process in April - June 2020, it was determined that the upcoming calendar year 2021 SDCWA rate increases would need to be passed through to the district customers.)*
- \*37. CASH RESERVE POLICY 5.03.220 COMPLIANCE REPORT**  
*(At the end of each fiscal year, compliance with the Reserve Policy will be reported to the District’s Board of Directors.)*
- \*38. RECEIVE AND FILE INFORMATION AND FINANCIAL ITEMS**
- A. General Manager Comments**
1. Meetings, Conferences and Seminar Calendar

(\*) - Asterisk indicates a report is attached.

**B. Communications**

1. Staff Training Report – Washburn
2. Staff Training Report – Holtz

**C. Operations Comments**

1. Operations Report

**D. Engineering Comments**

1. Engineering Report
2. As-Needed Services Expenditures Report
3. RMWD Sewer Equivalent Dwelling Units (EDU's) Status

**E. Human Resource & Safety Comments**

1. Human Resources Report

**F. Finance Comments**

1. Board Information Report
2. Budget vs. Actual Fund 1, 2, and 3
3. Fund Balance Projections
4. Treasury Report
5. Five Year Demand
6. Water Sales Summary
7. Check Register
8. Directors' Expenses
9. Credit Card Breakdown
10. Developer Projections
11. RMWD Properties

39. **LIST OF SUGGESTED AGENDA ITEMS FOR THE NEXT REGULAR BOARD MEETING**

40. **ADJOURNMENT - To Tuesday, June 23, 2020 at 1:00 p.m.**

**ATTEST TO POSTING:**

  
\_\_\_\_\_  
**FOR:** Carl Rindfleisch  
Secretary of the Board

11-20-20 @ 9:30 a.m.  
\_\_\_\_\_  
Date and Time of Posting  
Outside Display Cases

(\*) - Asterisk indicates a report is attached.





**MINUTES OF THE REGULAR BOARD MEETING  
OF THE BOARD OF DIRECTORS OF THE  
RAINBOW MUNICIPAL WATER DISTRICT  
OCTOBER 27, 2020**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on October 27, 2020 was called to order by Vice President Hamilton at 12:00 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. Vice President Hamilton presiding.

2. **ROLL CALL**

**Present:** Director Gasca, Director Hamilton, Director Mack, Director Rindfleisch (*via teleconference*).

**Also Present:** General Manager Kennedy, Executive Assistant Washburn, Information and Technology Manager Khattab, Information and Technology Specialist Espino.

**Absent:** Director Brazier.

**Also Present Via Teleconference or Video Conference:**

Legal Counsel Smith, Legal Counsel Kennedy.

No members of the public were present via teleconference or video teleconference before Closed Session.

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

There were no changes to the agenda.

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

Vice President Hamilton read aloud the instructions for those attending via teleconference or video conference.

5. **ORAL/WRITTEN COMMUNICATIONS FROM THE PUBLIC OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD REGARDING CLOSED SESSION AGENDA ITEMS (Government Code § 54954.2).**

There were no comments.

***The meeting adjourned to Closed Session at 12:03 p.m.***

(\*) - Asterisk indicates a report is attached.

**6. CLOSED SESSION**

**A.** Conference with Legal Counsel-Anticipated Litigation (Government Code §54956.9(d)(2))

\* One Item

**B.** Conference with Legal Counsel – Existing Litigation Pursuant to Government Code Section 54956.9(d)(1)

\* Chris Waite v. Rainbow Municipal Water District, et al.

**7. REPORT ON POTENTIAL ACTION FROM CLOSED SESSION**

This item was addressed under Item #11.

***The meeting reconvened at 1:00 p.m.***

Time Certain: 1:00 p.m.

**8. REPEAT CALL TO ORDER**

**CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on October 27, 2020 was called to order by Vice President Hamilton at 1:03 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. Vice President Hamilton presiding.

**9. PLEDGE OF ALLEGIANCE**

**10. REPEAT ROLL CALL**

**Present:** Director Gasca, Director Hamilton, Director Mack, Director Rindfleisch (*via teleconference*).

**Also Present:** General Manager Kennedy, Executive Assistant Washburn, Operations Manager Gutierrez, Information and Technology Specialist Espino.

**Absent:** Director Brazier.

**Also Present Via Teleconference or Video Conference:**

Legal Counsel Smith, Engineering Technician Rubio, Human Resources Manager Harp, Acting District Engineer Williams, Finance Manager Largent, Customer Service and Communications Supervisor Gray, Information and Technology Manager Khattab, Meter Services Supervisor Wilson.

Eight members of the public were present for Open Session via teleconference or video teleconference.

(\*) - Asterisk indicates a report is attached.

**11. REPEAT REPORT ON POTENTIAL ACTION FROM CLOSED SESSION**

Legal Counsel reported the Board met in Closed Session to discuss two items and there was no reportable action.

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

There were no changes to the agenda.

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

Vice President Hamilton read aloud the instructions for those attending the meeting via teleconference or video conference.

**14. ORAL/WRITTEN COMMUNICATIONS FROM THE PUBLIC OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD REGARDING ITEMS NOT ON THIS AGENDA (Government Code § 54954.2).**

There were no comments.

**\*15. APPROVAL OF MINUTES**

**A. September 22, 2020 - Regular Board Meeting**

Director Gasca pointed out on Page 4 the SDCWA project should be \$5-\$6 Billion as opposed to \$5-\$6 Million.

***Motion:***

***To approve the minutes as revised.***

***Action: Approve, Moved by Director Mack, Seconded by Director Gasca.***

***Vote: Motion carried by unanimous roll call vote (summary: Ayes = 4).***

***Ayes: Director Gasca, Director Hamilton, Director Mack, Director Rindfleisch.***

***Absent: Director Brazier.***

**\*16. BOARD OF DIRECTORS' COMMENTS/REPORTS**

Directors' comments are comments by Directors concerning District business, which may be of interest to the Board. This is placed on the agenda to enable individual Board members to convey information to the Board and to the public. There is to be no discussion or action taken by the Board of Directors unless the item is noticed as part of the meeting agenda.

**A. President's Report (Director Brazier)**

There was no report given.

(\*) - Asterisk indicates a report is attached.

**DRAFT**

**DRAFT**

**DRAFT**

Vice President Hamilton reminded everyone the election was in process and encouraged all voters to mail in their ballots by today or drop it off at a polling station.

**B. Representative Report (Appointed Representative)**

**1. SDCWA**

**A. Summary of Board Meeting September 24, 2020**

Mr. Kennedy noted RMWD received the anticipated information about the TSWAR conversion to PSWAR which has been provided from SDCWA and found to be incorrect. He stated staff was in discussion with SDCWA regarding this matter. He explained if this does not get resolved, a request will be made to SDCWA to delay this conversion for six months to allow for an opportunity to allow for an opportunity to sort out the data.

Mr. Kennedy reported SDCWA presented their Urban Water Masterplan forecast sales deliveries. He explained many member agencies will be providing feedback on what seems to be over forecasted numbers.

Mr. Kennedy stated Board Chair Croucher will meet with him and Vice President Hamilton to discuss RMWD's possible detachment from SDCWA.

Director Mack inquired as to the steps taken by SDCWA when forecasting water sales. Mr. Kennedy explained there are models used to make sales projections.

**2. CSDA**

Mr. Kennedy announced the SDCSDA Executive Board was still searching for individuals to replace him as President and Jim Peasley as Vice President. He pointed out the November 19<sup>th</sup> meeting will take place; however, it will be conducted virtually.

**3. LAFCO**

Mr. Kennedy mentioned there was an application in place for the Pardee project which may be on the LAFCO agenda in either December or January.

Mr. Kennedy mentioned there was an announcement for nominations for the Special Districts Advisory Committee; however, since he stills serves on the committee, the Board would not be able to make nominations at this time.

**4. San Luis Rey Watershed Council**

Director Gasca said he has sent another email; however, he did not receive a response.

**5. Santa Margarita River Watershed Watermaster Steering Committee**

Vice President Hamilton reported the committee met on October 20, 2020. He mentioned some of the highlights provided in his written report that was provided as a handout.

**6. ACWA**

There was no report.

(\* ) - Asterisk indicates a report is attached.

- C.** Meeting, Workshop, Committee, Seminar, Etc. Reports by Directors (AB1234)
- 1.** Board Seminar/Conference/Workshop Training Attendance Reports

There were no reports.

**D.** Directors Comments

Vice President Hamilton mentioned his receipt of an email from CSDA regarding grants expiring at the end of October for power generation. Mr. Kennedy explained staff was looking into this opportunity to determine if RMWD qualifies. He pointed out staff was also actively working with Hoch Consulting on any grant opportunities that may be available to the District.

**E.** Legal Counsel Comments

- 1.** Attorney Report: Brown Act and Social Media Update 501668-0002

Legal Counsel summarized the information provided in his report. He clarified this only involves only two Directors to be in violation of the Brown Act as opposed to a majority of the Board. He explained this applies to any internet-based social media platform accessible to the public.

Vice President Hamilton expressed concern this was so restrictive in terms of being able to discuss business of the organization in a public forum. Legal Counsel clarified one-way communications would be alright; however, for two Directors to respond would be a violation.

**17. COMMITTEE REPORTS**

**A.** Budget and Finance Committee

Ms. Largent reported the committee received an update on the WSUP program, discussed a variance application being presented to the Board today, an audit update was provided and that an audit presentation will be presented to the Board in December.

**B.** Communications and Customer Service Committee

Vice President Hamilton reported the committee received a briefing on the PSWAR program which will be postponed to the November meeting in terms of how to communicate this out to the public, reviewed a communications postcard related to Flume and the WSUP program, and will be discussing the rate increase and ad hoc committee activities, the PSWAR program, and PUP signage at the next committee meeting.

**C.** Engineering and Operations Committee

Mr. Nelson reported the committee met and considered a number of items, two of which were before the Board for consideration today (Items #19 and #21) which the committee recommended the Board approve. He noted there were a few other items the committee will be discussing including taking a broader look at the CIP program at their next meeting.

**BOARD ACTION ITEMS**

**\*18. DISCUSSION AND POSSIBLE ACTION TO APPROVE A VARIANCE FROM ORDINANCE 19-04 TO ALLOW A LOT, LARGER THAN 0.5 ACRES, TO QUALIFY FOR CAPACITY CLASS “B” AND APPROVE THE CAPACITY CLASS WATER USE AGREEMENT**

Ms. Largent explained this was for a customer with a 1.13 acre lot and a 1” meter. She stated under RMWD’s regulations, they are required to be under 1/2 acre in order to downsize to a 3/4” meter; however, there is a provision allowing customers to complete an application to be brought to the Board for consideration as long as their usage has been under the threshold for a 3/4” meter. She noted this customer has not quite had a year of service, but their highest usage has been 33 units per month, the threshold is 50 and it has been eleven months. She mentioned the Budget and Finance Committee recommended this downsize be passed on to the Board for approval.

Vice President Hamilton asked if this was for one customer. Ms. Largent confirmed this was for one customer.

***Motion:***

***To approve Option 1 - Approve the variance to Ordinance 19-04 to allow a property larger than 0.5 acres to qualify for capacity class B and approve the New Water Service Agreement.***

***Action: Approve, Moved by Director Gasca, Seconded by Director Mack.***

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

***Ayes: Director Gasca, Director Hamilton, Director Mack.***

***Absent: Director Rindfleisch, Director Brazier.***

**\*19. CONSIDER APPROVAL OF A PROFESSIONAL SERVICE AGREEMENT WITH PALOMAR BACKFLOW FOR THE TESTING OF BACKFLOWS THROUGHOUT THE DISTRICT**

Mr. Gutierrez explained how in late 2018 the Board approved a position here at RMWD to conduct backflow testing in-house. He said in 2019, the District did not meet the requirement to complete a certain number of backflow tests.

Mr. Kennedy added RMWD has another 1,200 backflow tests to complete before the end of the year. He said because the person tasked with conducting the tests has been pulled to work on the Water Service Upgrade Project (WSUP), it needed to be backfilled to ensure all the tests are done by the deadline. He said this agreement will assist the District in meeting its goals. He pointed out Palomar Backflow has conducted tests on behalf of the District in previous years.

Vice President Hamilton asked how many tests Palomar Backflow will be performing. Mr. Kennedy stated it will depend on staff availability. He also pointed out RMWD has made a commitment to the State Board these tests will be completed and how this agreement will extend into 2021 due to having limited resources with WSUP. Vice President Hamilton inquired as to whether the District was subject to fines. Mr. Kennedy explained to the State exactly what caused the delay; therefore, they understand the situation.

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Director Mack asked for clarification this agreement would be for the remainder of 2020 and for part of 2021. Mr. Kennedy confirmed.

Mr. Gutierrez pointed out the staff recommendation was to approve Option 1 to approve the PSA with Palomar Backflow in the amount not to exceed \$140,000 for backflow testing services.

Director Rindfleisch asked the due date for the testing to be completed. Mr. Kennedy stated the testing is to be completed each calendar year by December 31st. Director Rindfleisch inquired as to RMWD being behind in conducting the number of required tests for 2019 only. Mr. Kennedy said the District was a little behind in 2018 as well. He added staff does not anticipate spending the full amount allotted in this agreement; however, with the WSUP project it was difficult to determine exactly how much the consultant will be needed.

Director Gasca asked how many crew members would normally conduct backflow testing. Mr. Gutierrez explained there was one dedicated position as well as six crew members in meter department who could assist by conducting the tests while out on site. Director Gasca asked where Palomar Backflow was located. It was noted they are out of Escondido. Director Gasca inquired as to whether this project went out for bid. Mr. Gutierrez said it was conducted as a Request for Proposal. Mr. Kennedy and Mr. Gutierrez added Palomar Backflow was also most qualified due to their experience with RMWD as well as knowledge of all the areas throughout the District.

***Motion:***

***To approve Option 1 - Approve the PSA with Palomar Backflow in the amount not to exceed \$140,000 for backflow testing services.***

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

***Vote: Motion carried by unanimous roll call vote (summary: Ayes = 4).***

***Ayes: Director Gasca, Director Hamilton, Director Mack, Director Rindfleisch.***

***Absent: Director Brazier.***

- \*20. **CONSIDER APPROVAL OF AN AMEMDMENT TO THE ANNEXATION AGREEMENT WITH PARDEE HOMES AND APPROVAL OF RESOLUTION 20-14 (1) AUTHORIZING THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY (THE "AUTHORITY") TO FORM A COMMUNITY FACILITIES DISTRICT WITHIN THE TERRITORIAL LIMITS OF THE RAINBOW MUNICIPAL WATER DISTRICT TO FINANCE CERTAIN PUBLIC IMPROVEMENTS AND DEVELOPMENT IMPACT FEES; (2) EMBODYING A JOINT COMMUNITY FACILITIES AGREEMENT SETTING FORTH THE TERMS AND CONDITIONS OF THE COMMUNITY FACILITIES DISTRICT FINANCING; (3) APPROVING A FORM OF ACQUISITION AGREEMENT BETWEEN THE AUTHORITY, THE DISTRICT AND THE DEVELOPER; AND (4) AUTHORIZING STAFF TO COOPERATE WITH THE AUTHORITY AND ITS CONSULTANTS IN CONNECTION THEREWITH**

Mr. Kennedy explained RMWD entered into an annexation agreement with Pardee and how as part of that annexation agreement it was agreed the sewer capacity fees would be paid through the proceeds in a Community Facilities District. He said when Pardee approached RMWD to change the nature of the bonds from what was anticipated, they suggested doing two different tranches of bonds and give RMWD part of the money from the first one and then wait for the next

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one. He stated there was a benefit to RMWD in that Pardee could not issue the debt until they have a certain ratio of land improvement valuation to the debt; however, by having two separate tranches RMWD could see some money quicker.

Mr. Kennedy pointed out the one challenge was not having any provisions in the annexation agreement should the second tranche not come; therefore, a drop dead date of March 2024 for when Pardee would pay the second tranche of monies to the District and thereby protects the ratepayers. He said the speed in which the project was progressing, the District would most likely receive the monies sooner than March 2024, but this provides an added level of protection.

Mr. Kennedy pointed out Resolution No. 20-14 lays out all four items provided in the item description. Director Mack inquired as to whether the Board would be approving all four of these items individually. Mr. Kennedy explained approval of Items A and B could be approved with one vote by the Board of Directors.

Director Gasca inquired as to the 40/60 split was based on the amount of infrastructure and such to be constructed. Sunit Patel from Pardee described the process for issuing bonds requires at a minimum the project meet a 4-1 value to lien ratio requirement meaning the fair market value determined through an appraisal would need to be at least four times the amount of debt issued. He said given the size of the project the bond would total approximately \$39 Million, Pardee inquired about splitting it into two tranches which would benefit RMWD as well because half the bonds will be released in the first series and the other half in the second series as opposed to having to wait until the completion of the second series.

***Motion:***

***To approve Option 1 - Amendment to the Annexation Agreement with Pardee Homes establishing the terms for the multiple bond tranche process.***

***Action: Approve, Moved by Director Gasca, Seconded by Director Hamilton.***

***Vote: Motion carried by unanimous roll call vote (summary: Ayes = 4).***

***Ayes: Director Gasca, Director Hamilton, Director Mack, Director Rindfleisch.***

***Absent: Director Brazier.***

**\*21. CONSIDER AND APPROVE A PROFESSIONAL SERVICES AGREEMENT WITH SANEXEN FOR A CURED IN PLACE PIPE PILOT PROJECT**

Mr. Kennedy mentioned how long he and staff have been looking into finding a solution to this matter and how they have been working with Sanexen for approximately one year to find a way to do this project without having to dig up a pipeline. He explained the mechanism and system Sanexen uses. He noted this project will including lining a 300' underground section of pipe as well as a 40' piece with reconnections in place to which three additional connections will be added so testing can be conducted to determine if it will work and possible save RMWD a great deal of money.

Vice President Hamilton inquired about the cost effectiveness. Mr. Kennedy stated price breakdowns have been provided and how a big part is mobilizing the contractor to set up. He explained there may be situations where it may not be cost effective when working in urban locations.

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Director Gasca inquired as to the thickness of the material. Mr. Kennedy said it would be approximately 3/8" wall thickness. Director Gasca asked about the period of performance. Mr. Kennedy said it would take approximately five days on site. Director Gasca asked about the life expectancy. It was noted pipeline life expectancy is 50 years in industry standard.

Discussion ensued.

Mr. Kennedy explained what would happen in the worst case scenario; however, staff would like to see if this could be done through this pilot program.

***Motion:***

***To approve Option 1 - Approve the Professional Services Agreement with Sanexen for a lump sum amount of \$74,800.00, appropriate \$74,800.00 from the Water Capital Fund for this project's budget and authorize the General Manager to execute the agreement.***

***Action: Approve, Moved by Director Gasca, Seconded by Director Mack.***

***Vote: Motion carried by unanimous roll call vote (summary: Ayes = 4).***

***Ayes: Director Gasca, Director Hamilton, Director Mack, Director Rindfleisch.***

***Absent: Director Brazier.***

**\*22. CONSIDER AND APPROVE A CONSTRUCTION AGREEMENT BETWEEN RAINBOW MUNICIPAL WATER DISTRICT AND D.R. HORTON FOR THE FAIRVIEW DEVELOPMENT (LILAC DEL CIELO, TM 5427)**

Mr. Williams explained this was Construction Agreement for which the name has been changed to Fairview Development. He noted the development will be dedicated to RMWD. He mentioned the development includes private streets; therefore, staff was working on the relative easements.

***Motion:***

***To approve Option 1 - Approve the Construction Agreement by and between Rainbow Municipal Water District and D.R. Horton and authorize the General Manager to execute the agreement.***

***Action: Approve, Moved by Director Hamilton, Seconded by Director Gasca.***

***Vote: Motion carried by unanimous roll call vote (summary: Ayes = 4).***

***Ayes: Director Gasca, Director Hamilton, Director Mack, Director Rindfleisch.***

***Absent: Director Brazier.***

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**\*23. NOTICE OF COMPLETION AND ACCEPTANCE OF THE NORTH RIVER ROAD SEWER POINT REPAIRS (PHASE I) IMPROVEMENT PROJECT**

Mr. Williams explained this item requires a vote of the Board before filing the Notice with the County of San Diego.

***Motion:***

***To approve Option 1 - Accept the North River Road Sewer Point Repairs Project, approve filing the Notice of Completion, add installation costs to the District's total valuation, release the Payment Bond in the amount of \$427,000.00, release 90% of the Performance Bond in the amount of \$384,300.00, retain 10% of the performance bond in the amount of \$42,700.00 as the warranty bond for one year, and make a finding that the action herein does not constitute a "project" as defined by CEQA.***

***Action: Approve, Moved by Director Gasca, Seconded by Director Mack.***

***Vote: Motion carried by unanimous roll call vote (summary: Ayes = 4).***

***Ayes: Director Gasca, Director Hamilton, Director Mack, Director Rindfleisch.***

***Absent: Director Brazier.***

**\*24. DISCUSSION AND POSSIBLE ACTION TO APPROVE RESOLUTION NO. 20-13 — A RESOLUTION OF THE BOARD OF DIRECTORS OF RAINBOW MUNICIPAL WATER DISTRICT ESTABLISHING CLASSIFICATIONS AND MONTHLY PAY RANGES FOR DISTRICT EMPLOYEES AND THE GENERAL MANAGER EFFECTIVE OCTOBER 27, 2020 THROUGH JUNE 30, 2021**

Ms. Harp stated due to the vacancy in the District Engineer position, staff took the opportunity to review the job description during which time it was determined there was a need to focus on a different skillset. She explained based on this determination the position has been redesigned and retitled accordingly as reflected in the resolution. She added there were two clerical errors in the from the COLA adjustments which have also been corrected in this resolution.

Mr. Kennedy pointed out it was necessary for this engineering position to not only provide a licensed engineer but also to run the engineering department and execute projects.

Director Mack asked realignment of the classification is standard with the industry. Mr. Kennedy explained the reality was RMWD contracts most of its engineering work; therefore, the other qualifications are important for this role. Ms. Harp confirmed there are a few other agencies with this type of position.

Director Gasca inquired as to how the job description changed. Ms. Harp stated job descriptions are not generally sent to the Board but rather to the bargaining unit for review and approval. Mr. Kennedy explained it was essentially realigned from engineering responsibilities first to managing the engineering department as well as the CIP projects. Ms. Harp added in her experience when the word "engineer" is included in a job title, the mindset of the person in the position is their job is to design as opposed to managing projects and people. She pointed out having a P.E. remains on the job description; however, it is not a requirement.

(\*) - Asterisk indicates a report is attached.

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Director Gasca asked if the monthly salary range had not changed. Ms. Harp confirmed this was correct. Director Gasca inquired as to whether the appropriate committees have been provided with an opportunity to review the updated job description. Mr. Kennedy explained although there were discussions with the committee regarding the appropriate responsibilities for this role, the committee members are not provided with job descriptions for their input.

Director Gasca expressed he views this position change to be a pretty significant shift. Mr. Kennedy said within the areas of the District's functions communications and execution were below the expectations; therefore, a deeper look into what was is to be accomplished and bring a skillset that meets communication, budgeting, prioritizing, and team management.

**Motion:**

**To approve Resolution No. 20-13 for the change in classifications as presented.**

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

**Vote: Motion carried by unanimous roll call vote (summary: Ayes = 4).**

**Ayes: Director Gasca, Director Hamilton, Director Mack, Director Rindfleisch.**

**Absent: Director Brazier.**

**\*25. DISCUSSION AND POSSIBLE ACTION TO ADOPT ORDINANCE NO. 20-09 AMENDING AND UPDATING ADMINISTRATIVE CODE TITLE 3 – BOARD MEETINGS**

Vice President Hamilton pointed out there were some additional corrections to two sections included in Title 3 related to the removal of gender specifications. Ms. Washburn noted the two sections were provided as handouts to the Board.

Director Gasca asked staff to determine if “Chairperson” is defined in the Administrative Code before making the substitution final. Vice President recommended “Chairperson” not be capitalized if the replacement is finalized. Ms. Washburn said she would conduct a search throughout Administrative Code Title 3 and make the suggested revisions.

This item was deferred to the December 8, 2020 Board meeting.

**26. BOARD MEMBER REQUESTS FOR AUTHORIZATION TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS**

There were no requests.

**BOARD INFORMATION ITEMS**

**\*27. PRESENTATION OF THE 2021 RATE INCREASE TO PASS THROUGH SAN DIEGO COUNTY WATER AUTHORITY (SDCWA) RATE INCREASES**

Ms. Largent pointed out a draft of the customer notification included with this item was for reference purposes. She explained there will be an opportunity for full Board consideration on this matter at the December 8, 2020 Board meeting and how the SDCWA pass through charges will go into effect January 8, 2021.

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Vice President Hamilton asked if this letter would be brought to the Communications and Customer Service Committee. He pointed out the word “lead” should be “led” and that IAC should be spelled out. He added while the information was good, it was lengthy; therefore, he suggested opening up with a summary as to what is transpiring and why it was being communicated to the customer with details to follow. Ms. Largent agreed to make these proposed revisions.

Director Gasca recommended Legal Counsel review this letter prior to sharing it with the Communications and Customer Service Committee. Mr. Kennedy directed Ms. Gray to forward the draft letter to the committee members to provide them with an opportunity to provide input at their next meeting.

**\*28. RECEIVE AND FILE INFORMATION AND FINANCIAL ITEMS**

**A. General Manager Comments**

1. Meetings, Conferences and Seminar Calendar

**B. Communications**

1. Staff Training Reports

**C. Operations Comments**

1. Operations Report

**D. Engineering Comments**

1. Engineering Report
2. As-Needed Services Expenditures Summary
3. RMWD Sewer Equivalent Dwelling Units (EDU's) Status

**E. Human Resource & Safety Comments**

1. Human Resources Report

**F. Finance Comments**

1. Board Information Report
2. Budget vs. Actual Fund 1, 2, and 3
3. Fund Balance Projections
4. Treasury Report
5. Five Year Demand
6. Water Sales Summary
7. Check Register
8. Directors' Expenses
9. Credit Card Breakdown
10. Developer Projections
11. RMWD Properties

Mr. Kennedy noted there was a memo provided as part of the Human Resources Report that is in response to a Board Member inquiry related to inhouse or outsourcing inspection services.

Discussion ensued regarding the water sales summary.

Mr. Gutierrez announced the WSUP program was 26% complete with approximately 600 meter boxes have been backfilled. Director Mack asked if RMWD was seeing more corrected data. Mr. Kennedy said the data will be validated and presented to the Board in January 2021.

Director Mack asked if any customers have called to complain about receiving larger water bills. Mr. Kennedy stated there have been plenty of calls received.

(\*) - Asterisk indicates a report is attached.

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***Motion:***

***To receive and file information and financial items.***

***Action: Approve, Moved by Director Gasca, Seconded by Director Mack.***

***Vote: Motion carried by unanimous roll call vote (summary: Ayes = 4).***

***Ayes: Director Gasca, Director Hamilton, Director Mack, Director Rindfleisch.***

***Absent: Director Brazier.***

**29. LIST OF SUGGESTED AGENDA ITEMS FOR THE NEXT REGULAR BOARD MEETING**

It was noted the Administrative Code Title 3 revisions, a rate increase presentation, establishing the 2021 Board meeting calendar, seating new Board Members, an audit presentation, and other additional Administrative Code updates need to be on the next agenda.

**30. ADJOURNMENT - To Tuesday, December 8, 2020 at 1:00 p.m.**

***The meeting was adjourned by Vice President Hamilton to a regular meeting on December 8, 2020 at 1:00 p.m.***

The meeting was adjourned at 2:56 p.m.

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**Hayden Hamilton, Board Vice President**

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**Dawn M. Washburn, Board Secretary**

(\*) - Asterisk indicates a report is attached.





## **SUMMARY OF FORMAL BOARD OF DIRECTORS' MEETING October 22, 2020**

1. Notice of Biennial Review of the Representatives to the Metropolitan Water District of Southern California.  
The Board approved and confirmed Directors Butkiewicz, Hogan and Smith and Gail Goldberg as the Water Authority MWD representatives.
2. Approve the selection of pool of Financial Advisors to provide financial advisory services.  
The Board authorized the General Manager to award professional service contracts to Financial Advisors for a total base amount not-to-exceed \$300,000 for the three-year period from December 1, 2020 to December 1, 2023. The contracts will have two one-year renewal options.
3. Amendment to extend the federal advocacy services contract with Carpi & Clay.  
The Board continued this item to the November 19, 2020 Formal Board Meeting.
4. Monthly Treasurer's Report on Investments and Cash Flow.  
The Board noted and filed the Treasurer's report.
5. Establish 2021 Board meeting dates.  
The Board approved combining the November and December Board meeting dates to November 18, 2021 and approved the 2021 Board meeting dates calendar.
6. Abandonment of easements along El Paseo Road.  
The Board continued this item to the November 19, 2020 Formal Board Meeting.
7. Agreement for the storage or sale of Local Water to the San Diego County Water Authority by the Santa Fe Irrigation District and San Dieguito Water District.  
The Board approved the agreement between the Water Authority and Santa Fe Irrigation District and San Dieguito Water District for the storage or sale of local water and authorized the General Manager to purchase local water per the terms of the agreement.
8. Approve memorandum of understanding with City of San Diego and County of San Diego for implementation of Integrated Regional Water Management Program activities.  
The Board approved the MOU with the City and the County for IRWM activities.
9. Approve the minutes of the Formal Board of Directors' meeting of September 4, 2020.  
The Board approved the minutes of the Formal Board of Directors' meeting of September 4, 2020.







**TO:** Rainbow Municipal Water District  
**FROM:** Alfred Smith  
**DATE:** December 8, 2020  
**RE:** Attorney Report:  
501668-0002

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**I. INTRODUCTION.**

This attorney report provides an update on two recent developments involving the operations of local public agencies. First, the Fair Political Practices Commission (“FPPC”) recently amended Regulation 18703, which sets forth the rules for applying the “public generally” exception. The “public generally” exception allows public officials to participate in governmental decisions if the financial effect on the official’s interest is the same as the effect on the general public. The amended regulations clarify the scope of the “public generally” exception on matters involving public services and utilities, neighborhood effects and rental properties.

Second, in *Lowry v. Port San Luis Harbor District*, the California Court of Appeal held that a plaintiff cannot file a lawsuit against a public entity before the plaintiff’s Government Code claim is rejected by the agency’s board of directors. This decision overruled prior case law which, under certain circumstances, authorized plaintiffs to file lawsuits against local agencies before completion of the Government Code claims resolution process.

**II. AMENDED FPPC REGULATIONS.**

The FPPC’s recent amendments to Regulation 18703 revised the “public generally” exception for public officials with potential financial interests. According to the FPPC, the amendments were designed to provide local agency officials with “greater clarity about when a governmental decision will have an indistinguishable effect on the public generally, thereby allowing the official to participate in the decision despite a potential conflict of interest.”

Under the Political Reform Act, public officials may not make, participate in making, or attempt to use their official positions to influence a governmental decision in which they know or have reason to know there is a disqualifying financial interest. A public official generally has a disqualifying financial interest if the decision will have a “reasonably foreseeable material financial effect” on the official or the official’s immediate family. However, under the “public generally” exception, an official with a

financial interest may still participate in a governmental decision if the financial effect on the official's interest is indistinguishable from the decision's effect on the public generally.

The FPPC's recent amendments to Regulation 18703 amends both the general rule for the "public generally" exception and the specific rules for special circumstances. The general rule for the "public generally" exception applies where: (1) the governmental decision affects a "*significant segment*" of the public in the official's jurisdiction; and (2) the governmental decision's effect on the official's financial interest is not unique compared to the effect on the significant segment. The FPPC's amendments revise the general rule to create a lower "significant segment" threshold of *15 percent* - instead of 25 percent - for residential real property within the official's jurisdiction - if the only interest impacted is the official's *primary residence*. All other aspects of the general rule remain the same.

Revised Regulation 18703 also amends requirements for the application of the "public generally" exception in some special circumstances, as follows:

- **Public Services and Utilities:** Generally a public official may not participate in a decision to impose an assessment, tax, fee, or utility rate, or determine the boundaries of a property or groups of persons subject to an assessment, tax, fee, or utility rate if it is reasonably foreseeable that the decision will have a material impact on the official's financial interests. However, revised Regulation 18703 clarifies that an official may still participate in setting or adjusting the amount of the assessment, tax, fee, or utility rate -- so long as such charges are applied equally, proportionally, or by the same percentage to the official and other members of the local community.
- **Limited Neighborhood Effects:** Under this exception, a public official may participate in decisions on specific types of ordinances if the decision affects the official's own property and other residential properties in a specific location. The revised Regulation clarifies that in order to fall into this exception, the decision must affect *over 50 parcels or five percent* of the residential real properties in the official's jurisdiction.
- **Rental Properties:** Finally, revised Regulation 18703 clarifies that the exception for interests in rental properties applies for public officials who are tenants and/or landlords. Officials may now participate in broad rent control decisions and tenant protection measures if: (1) the decision applies to all residential rentals within the official's jurisdiction except those exempted by the Costa-Hawkins Rental Housing Act;<sup>1</sup> (2) the official owns three or fewer residential rental units; and (3) the only

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<sup>1</sup> The Costa-Hawkins Rental Housing Act is a California state law that exempts certain kinds of residential rental units from rent control ordinances and allows landlords to reset the rental rate on rent-controlled rental units where they become vacant or where the last rent-controlled tenant no longer permanently resides at the unit.

interests affected by the decision are the official's interests in the residential property as a landlord or the official's interests in a primary residence (as either a lessee or as the owner of the property).

### **III. GOVERNMENT CODE CLAIM FILING REQUIREMENTS.**

#### **A. Background.**

In *Lowry v. Port San Luis Harbor District*, an injured employee filed a complaint in Superior Court against the Harbor District on March 10, 2017. On the same day, the plaintiff filed an application to present a late claim and a proposed Government Claim with the District. The District rejected the claim on March 29, 2017. The plaintiff then served the District with the summons and complaint.

#### **B. Court's Analysis.**

The trial court dismissed the complaint because the plaintiff failed to file a claim before he filed the lawsuit, as required by the Government Claims Act. The Court of Appeal affirmed, finding that the plaintiff's lawsuit was premature. The Court of Appeal held that (1) a plaintiff who files both a lawsuit and a government claim on the same day does not satisfy the Government Claims Act; and (2) a plaintiff cannot file a complaint before the local agency's board of directors rejects the claim.

In addition, the Court of Appeal held that a plaintiff cannot amend the complaint to allege that he complied with the Government Claims Act because, under such circumstances, the plaintiff could never allege that he filed the complaint after the board of directors rejected the claim.

In making its determination, the Court of Appeal expressly declined to follow "some older Court of Appeal cases that found compliance with the Act even though complaints were filed prematurely, before the claims were rejected." In overruling this prior body of case law, the Court of Appeal relied on published opinions by the California Supreme Court holding that the Government Code's claim presentation requirements are to be "strictly applied," as they are intended to assist agencies in considering whether to resolve claims before the time and expense of formal litigation.

### **IV. CONCLUSION.**

The FPPC's recent amendments to the public generally exception are notable because they:

(1) Lower the "significant threshold" requirement, allowing a public official to utilize the "public generally" exception for real estate decisions involving at least 15 percent (instead of 25 percent) of the property within the official's jurisdiction;

(2) Clarify that public officials may vote on utility and other public service assessments, taxes, fees and rates, so long as the charges are applied “equally, proportionally, or by the same percentage” to the official and others affected in the local community;

(3) Authorize a public official to vote on ordinances financially impacting the official’s personal residence if the decision affects *over 50 parcels or five percent* of the personal residences in the official’s jurisdiction; and

(4) Clarify when a public official may vote on matters involving rent control and other tenant protection measures, regardless of whether the official is financially affected as a tenant or a landlord.

The California Court of Appeal’s decision in *Lowry v. Port San Luis Harbor District* provides agencies with greater protection under the Government Code Claims Act by rejecting a series of older cases that allowed plaintiffs to file litigation before the board of directors rejected the mandatory Government Code claim. The Court of Appeal decision protects agencies from plaintiffs who submit late claims and then file premature lawsuits in a belated effort to avoid expiration of the statute of limitations.

AES

### BOARD OF DIRECTORS

December 8, 2020

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### SUBJECT

PRESENTATION AND ACCEPTANCE OF THE AUDIT REPORT AND FINANCIAL STATEMENTS FOR FISCAL YEAR ENDING JUNE 30, 2020

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### BACKGROUND

Annually, the District contracts for the preparation of an independent audit and compilation of the year-end financial statements with a Certified Public Accountant (CPA) firm. This year the District authorized for the first year a contract with Lance, Soll & Lunghard, LLP to conduct the fiscal year 19-20 annual audit.

### DESCRIPTION

The audited financial statements serve as a vital resource for financial information and fiscal transparency.

The annual financial report has been compiled into a Comprehensive Annual Financial Report (CAFR) for the first time this year. The CAFR includes three sections: 1.) Introductory Section, 2.) Financial Section, including the financial statements and notes; and 3.) Statistical Section. The district will be submitting the CAFR to the Government Finance Officers Association to determine eligibility for the Distinguished CAFR Presentation Award.

The statements present a picture of the District's financial condition. The following are highlights of the District's financial condition that are depicted within the Fiscal Year 19-20 audit.

- The District's net position from the prior fiscal year increased by \$4,596,493 or 5.5%.
- Operating revenue for this fiscal year decreased \$311,206 or 0.9% compared to the prior year.
- Operating expenses increased by \$2,206,778 or 5.3% from the prior year.
- Non-operating revenue decreased by \$500,765 due mainly to investment returns declining. Non-operating expenses increased by \$45,920 due to interest expense.
- This year the District had \$10,807,591 worth of net additions to capital assets compared to \$1,608,606 last year. This increase is largely due to the meter replacement project and \$7,963,356 in acceptance of assets resulting from the DR Horton-Horse Creek Ridge agreement.

There were no major audit findings for the FY 19-20. The audit received an unqualified opinion of the representation of the financial records. An unqualified opinion indicates that the financial records have been maintained in accordance with the standards known as Generally Accepted Accounting Principles (GAAP).

## **ATTACHMENTS**

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- Comprehensive Annual Financial Report FY 19-20
- Audit Communication Letter
- Audit Report on Internal Controls
- Audit Management Letter

## **POLICY/STRATEGIC PLAN KEY FOCUS AREA**

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Strategic Focus Area Four: Fiscal Responsibility

This audit was performed to document our practice of using Generally Accepted Accounting Principles (GAAP) that demonstrate prudent fiscal activities.

Copies of the audit are mailed to the State Controller's Office and the San Diego County Auditor & Controller. Upon request a copy of the audit will be mailed to the Special Districts Risk Management Authority.

## **ENVIRONMENTAL**

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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.

## **BOARD OPTIONS/FISCAL IMPACTS**

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Board option of non-acceptance would result in no changes to the numbers presented within the audit itself.

## **STAFF RECOMMENDATION**

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Staff recommends the Board of Directors accept the June 30, 2020 audit of the District by the CPA firm of Lance, Soll & Lunghard, LLP.

  
Tracy Largent, CPA  
Finance Manager

December 8, 2020

# RAINBOW

MUNICIPAL WATER DISTRICT  
*Committed to Excellence*



Fallbrook, California

Comprehensive Annual Financial Report for the Fiscal Year Ending June 30, 2020

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RAINBOW MUNICIPAL WATER DISTRICT  
CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020



RAINBOW MUNICIPAL WATER DISTRICT  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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RAINBOW MUNICIPAL WATER DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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## INTRODUCTORY SECTION



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December 8, 2020

To our Ratepayers, Members of the Budget & Finance Committee, and the Board of Directors of Rainbow Municipal Water District:

We are pleased to present the Rainbow Municipal Water District's (RMWD, District), Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020. This document, which contains a complete set of basic financial statements, is presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. State law requires that all special-purpose local governments publish these basic financial statements within six months of the close of the agency's fiscal year. This report is published to fulfil that requirement and to provide the Board of Directors (Board), the public, and other interested parties these basic financial statements.

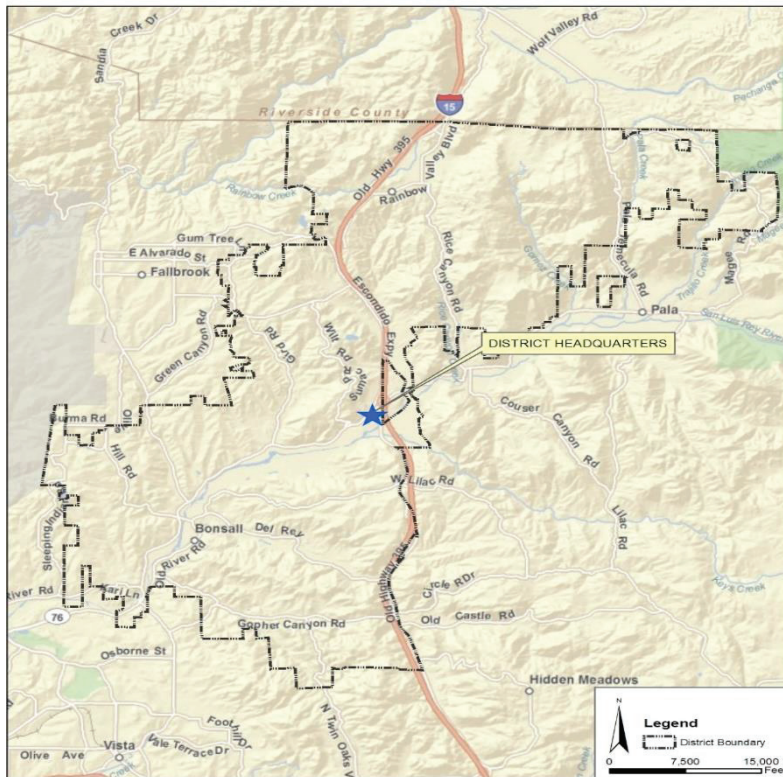
This report contains management's representations concerning the finances of the District. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that have been established for this purpose. These controls are designed to protect the District's assets from loss, theft, or misuse, and to ensure sufficiently reliable information for the preparation of the District's basic financial statements in conformity with GAAP. The District's internal controls have been designed to provide appropriate assurance that the basic financial statements will be free from material misstatements. As management, we assert that this financial report is complete and reliable in all material respects.

The districts basic financial statements have been audited by Lance, Soll & Lunghard, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements for fiscal year ended June 30, 2020 are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor rendered an unmodified opinion that the District's basic financial statements for the fiscal year ended June 30, 2020, are fairly presented, in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

A profile of the District is presented in the Introductory Section. In the Financial Section, Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides an overview and analysis of the basic financial statements. The letter of transmittal and introduction is designed to complement the MD&A and should be read in conjunction with it. This report includes all disclosures management believes necessary to enhance your understanding of the financial condition of the District.

**DISTRICT PROFILE**

The Rainbow Municipal Water District was organized on December 20, 1953, under the Municipal Water District Act of 1911 (commencing with section 71000 of the California Water Code). The Board of Directors is composed of five members who are elected by divisions of the District for four-year alternating terms, with the president being elected by the Board from among its members. Advisory Committees composed of residents from all divisions of the District assist the Board in water issues and financial planning. Operation, maintenance, and administration of the system is carried out by a staff of 57 full time employees under the direction of the General Manager, Thomas Kennedy.



The Rainbow Municipal Water District, comprising a total area of 82 square miles, is located in northeast San Diego County, approximately two hours driving time from Los Angeles and one hour from San Diego. It is approximately 40 miles northeast of downtown San Diego, California and 90 miles southeast of the City of Los Angeles. The District shares common boundaries with Riverside County, Camp Pendleton Marine Corps Base, the unincorporated community of Fallbrook and the City of Oceanside. The District boundaries encompass the unincorporated communities of Rainbow and Bonsall, as well as portions of Pala, Fallbrook and Vista.

The principal activity of the District is the development and operation of a water transmission and distribution system capable of delivering potable water throughout the District. The District’s area of service is predominantly agricultural and includes approximately 5,300 homes and a total metered service of 8,566. In addition to water service, the District provides sewerage collection and disposal service to approximately 3,059 accounts.

## **SERVICE AREA AND LOCAL ECONOMY**

San Diego County is the second-most populous county in the state and the fifth-most populous in the United States. The District is located in the north-east region of the county and is rural in character with agriculture being the top industry within the district boundaries. The District borders the U.S. Marine Corps Base Camp Pendleton, making the District's service area a suburb for Camp Pendleton's active military and civilian-service workers as well as commuters that work to the south in San Diego and to the North in Riverside and Orange Counties. The service area's 2018 population is estimated to be 19,944. The District's population has grown recently with the addition of housing developments. The median household income in Bonsall was \$83,750 for 2018, which is higher than the state median of \$71,228 and higher than the national average of \$63,179. Demographics for the District's service area are difficult to quantify due to the various towns and unincorporated areas covered by the District. The San Diego Association of Governments (SANDAG) projects that the County's population will approach 4.4 million residents in 2050, up from 3.3 million in 2016. The District's 2050 housing density is expected to increase slightly as housing demands increase.

## **DISTRICT POWERS**

The District has broad general powers to perform all necessary or proper acts, including but limited to the authority to acquire, plan, construct, maintain, improve, operate and repair necessary works for the transmission and distribution of water for irrigation and other purposes and for reclamation of such water; the right of eminent domain; authority to levy taxes or, in lieu thereof, to fix and collect charges for water, including standby charges made to holders of title to land to which water may be made available, whether or not the water is actually used; authority to establish rules and regulations for the sale and distribution of water including rules for providing that water shall not be furnished to persons against whom there are delinquent water charges; authority to contract with the United States, the State and the agencies of either; and the power to join with one or more public agencies, private corporations or other persons for the purpose of carrying out any of the powers of the District.

## **FINANCIAL POLICIES**

The District maintains certain policies that govern aspects of the District's financial management.

The District's maintains the following policies:

- Debt Management Policy – Defines the District's debt management.
- Investment Policy – Establishes permitted investments in compliance with State Code.
- Fund Balance/Reserve Policies – Set target balances for reserves and working capital.
- Capitalization Policy – Establishes the parameters for defining an operating or capital expenditure.
- Purchasing Policy – Establishes rules and limits for approval of purchases to ensure efficient buying and control of District assets.

These policies can be found on the District's website as part of the District's Administrative Code.

## **WATER SUPPLY OPERATIONS**

Since Rainbow Municipal Water District began water service in 1954, the District's source of supply has been water purchased from the San Diego County Water Authority (SDCWA). About 66% of the water is used for agricultural purposes; all water is of domestic quality.

SDCWA is a County Authority organized on June 9, 1944 under the County Authority Act, California Statutes 1943, Chapter 545, as amended. SDCWA's primary purpose is to supply water to areas in the County for distribution to the SDCWA's member agencies in order to meet their respective needs. SDCWA's service area encompasses 1,418.2 square miles, which represents about one-half of the land acreage of the County. There are currently 24 member agencies served by the SDCWA consisting of 6 cities, 17 special districts and the US Marine Corps base at Camp Pendleton. The SDCWA receives its water from the Metropolitan Water District of Southern California, of which the Authority is a member agency. Delivery of this water is made by San Diego County Water Authority through aqueducts, all of which traverse the District.

Historically, SDCWA depended almost exclusively on water supplies imported from the Colorado River and Northern California by the Metropolitan Water District of Southern California. That changed in 2003 with the start of the largest farm-to-urban water conservation and transfer agreement in the nation with the Imperial Irrigation District, which now accounts for about one-third of San Diego County's water supply. In late 2015, the Water Authority added a new water source to its portfolio with the completion of the nation's largest seawater desalination plant in Carlsbad. Today, the Water Authority and its member agencies have identified potable reuse of recycled water as the next major source of local water supply, while continuing to aggressively promote water conservation as a civic responsibility.

The Water Authority is governed by a 36-member Board of Directors representing the 24-member agencies. A member of the San Diego County Board of Supervisors also serves as a non-voting member to the Water Authority Board.

The Metropolitan Water District is a regional wholesaler that delivers water to 26 member public agencies 14 cities, 11 municipal water districts, one county water authority which in turn provides water to more than 19 million people in Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura counties. The Metropolitan Water District, to supplement its water supply from the Colorado River, has entered into a contract with the State of California for the delivery of water via the State Water Project. Metropolitan is governed by a 38-member board of directors who represent their respective member agencies ensuring each member agency is part of the governance of Metropolitan.

To supply the more than 300 cities and unincorporated areas in Southern California with reliable and safe water, Metropolitan owns and operates an extensive water system including: The Colorado River Aqueduct, 16 hydroelectric facilities, nine reservoirs, 819 miles of large-scale pipes and five water treatment plants. Four of these treatment plants are among the 10 largest plants in the world. In fact, Metropolitan is the largest distributor of treated drinking water in the United States. The District imports water from the Feather River in Northern California and the Colorado River to supplement local supplies. It also helps its member agencies develop water recycling, storage and other local resource programs to provide additional supplies and conservation programs to reduce regional demands.

Metropolitan currently delivers an average of 1.7 billion gallons of water per day to a 5,200-square-mile service area.

### **WATER SYSTEM DESCRIPTION**

RMWD's existing water distribution system is comprised of 12 major pressure zones with storage facilities. Four of the major zones are supplied directly from SDCWA aqueduct connections and the remaining major zones are supplied through pressure reducing stations or booster pump stations. In addition to the major zones, there are 30 reduced pressure areas that are supplied from the major zones through pressure reducing stations. The existing distribution system has over 320 miles of pipelines ranging in size from 4-inches to 42-inches in diameter.

### **WATER SYSTEM OPERATIONS**

Operation of the RMWD water distribution system is very complex due to the large number of pressure zones, supply locations, and large capacity storage facilities which require frequent cycling or turnover to maintain water quality. Furthermore, the water distribution system is flexible in that supply from the eight aqueduct connections can be routed to different parts of the distribution system by making changes to several key valve settings. Reservoir water levels are connected to the RMWD Supervisory Control and Data Acquisition (SCADA) system, such that the water operators are able to monitor the system throughout the day at the water operations center.

Tank water levels in several pumped zones are operated in a fill/drain mode with water levels set low to improve the turnover rate. In addition to normal supply operations, system operators have several documented procedures for alternative supplies to zones. In the event that pump stations fail or when aqueducts are shut down for service, tanks need to be removed from service. During planned shutdowns of the SDCWA Second Aqueduct (Connections 3, 6, 7, 8, 9, and 11), water from the North and Northside Reservoirs is supplied down to the Canonita Zone through bypass valves and pressure reducing stations. The remaining zones normally supplied from the Second Aqueduct are supplied from excess storage capacity in the Morro Reservoir via temporary diesel-powered pumps.

Four portable pumps are utilized to pump water from the Morro Zone to the South Zone. Supply to the South Zone can also be supplemented from the City of Oceanside's Weese Water Filtration Plant from a portable pump. The Northside Zone, North Zone, and all zones that are pumped from the North Zone are normally supplied from Connections 1 and 10 on the First Aqueduct and Connection 9 on the Second Aqueduct. During a shutdown of both aqueducts, these zones rely on water from in-zone tank storage, the North and Northside Reservoirs, and additional supply from FPUD's Red Mountain Reservoir, which is pumped into the North Reservoir. An emergency pump station at the Beck Reservoir site can also be utilized during a shutdown of both aqueducts to supply the Canonita Zone from the Pala Mesa Zone.

### **WASTEWATER FACILITIES**

The District provides sewerage collection and disposal service to approximately 3,059 accounts, maintains 6 lift stations and 60 miles of sewer main. On February 13, 2002, Rainbow Municipal Water District entered into a contract with the City of Oceanside, California to provide for the construction, operation, maintenance, and replacement of a wastewater system to service the needs of both The City and the District. The City owns the wastewater conveyance, treatment, and disposal facilities and the District has the contractual right to discharge wastewater into the City's system.

### **LONG RANGE PLANNING**

At the April 26, 2016 Board Meeting the 2016 Water and Wastewater Master Plan Update was adopted by the Board of Directors. The purpose of the Master Plan Updates is to identify potential system deficiencies, confirm transmission main sizing and identify future capital improvement projects based on updated ultimate demand projections. The District's most recent water and wastewater master plans were prepared in 2006. There is the potential for a considerable amount of new development both within and outside the current District boundaries in the near future. The water and wastewater master plans serve as the basis for critical infrastructure decisions and capital fees. The master plans consider both existing, and ultimate, year 2030, conditions.

The District implemented a Strategic Plan in 2016 with specific Goals. It is a living document as the condition in the area of water supply and reclamation change over time. The Strategic Plan is reviewed by the Board annually along with various goals and objectives presented by staff. At intervals not to exceed five years, the Board will revisit the Mission Statement, Values, and Strategic Focus Areas to ensure that they remain aligned with the needs of the District at that time. A full update of the status of the goals and sub goals is published on the District website annually in the Budget document.

The district is in the process of implementing a strategic capital improvement plan to facilitate prioritization within the District's key focus areas: Water Pipeline Rehabilitation/Replacement,

Wastewater System Upgrades/Expansion, Water System Storage, Water System Pump Stations, District Headquarter Facility, and Wholesale Water Efficiency Projects.

Wholesale Water Efficiency Projects are a major challenge for the district as 100% of our water is imported through the SDCWA. Since the resolution of a lawsuit brought by North County member agencies against the San Diego County Water Authority, the two northernmost districts, Rainbow MWD and the Fallbrook Public Utilities District, have not had to pay the SDCWA transportation charge on water delivered through our direct connections to the MWD Aqueduct system. Currently, that fee is over \$160 per acre foot a substantial sum. Over the last few years, the Districts System Operators have been shifting as much of our demands to those connections as possible. Now, about 60% of our water purchases come from these northerly MWD connections. However, the transportation charge on the remaining 40% of the water amounts to about \$1 Million per year and that cost is going up every year. It is in the best interest of the District's ratepayers to move as much demand as possible onto our northerly MWD connections in order to provide the same water at a lower cost. The challenge is moving water from these connections two on the east of I-15 and two on the west into the southerly service area. A key east/west connector from the Rice Canyon Tank down to the Pardee development is currently in design and will be constructed as part of that project. This pipeline will greatly increase the amount of water that can be delivered from our connection 10 east of Rice Canyon Road into the main service area in Bonsall.

The District is separately pursuing a full detachment from SDCWA and should it be successful we will rely solely on these northerly MWD connections. Savings from detachment are currently estimated at about \$7 Million per year. This process will take a few more years to conclude and the outcome is far from certain at this point.

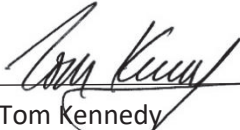
#### **AWARDS AND ACKNOWLEDGEMENTS**

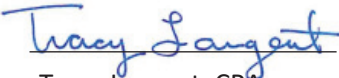
The District was awarded the District of Distinction Accreditation by the Special District Leadership Foundation (SDLF) for its sound governance and fiscal management practices and policies. To receive the award, a special district must undergo regular financial audits and have no major deficiencies. Board members and management staff must undergo extensive training in sound governance practices and management. Their operations must conform to all statutes and regulations under state law as reflected in a clear and robust set of policies and procedures. They must also have completed SDLF's District Transparency Certificate of Excellence which is awarded every other year and was presented to Rainbow MWD in 2015, 2017 and 2019. To receive the Transparency Certificate of Excellence, a special district must demonstrate the completion of essential governance transparency requirements, including conducting ethics training for all board members, properly conducting open and public meetings, and filing financial transactions and compensation reports to the State Controller in a timely manner.

The Government Finance Officers Association of the United States and Canada (GFOA) presented the award of Distinguished Budget Presentation Award to Rainbow Municipal Water District for the annual budget for the fiscal year beginning July 1, 2019. In order to receive this award a governmental unit must publish a budget document of the very highest quality that adheres to the program standards set by the GFOA. The award is valid for a period of one year only. We believe the FY 2021 budget continues to meet the program requirements and will be submitted to the GFOA to determine its eligibility for another award.

This is the first year the district has prepared a CAFR and will be submitting this document to GFOA to determine eligibility for the Distinguished CAFR Presentation Award.

We would like to thank the Board of Directors for providing the direction and support necessary for the preservation of the District's internal controls, financial sustainability, and high standard of financial management.

  
Tom Kennedy  
General Manager

  
Tracy Largent, CPA  
Finance Manager



# RAINBOW MUNICIPAL WATER DISTRICT MISSION STATEMENT & CORE VALUES



*“To provide our customers reliable, high quality water and water reclamation service in a fiscally sustainable manner.”*

## Background

RMWD’s adopted Strategic Plan’s strategic focus area of Workforce Development calls for the implementation of cost-effective employee recognition programs to acknowledge performance, encourage development and improve morale.

The Operations Manager, Human Resources Manager, and Administrative Analyst partnered to design a program that would not only increase pride in serving the District, but also use the design of the coins to reinforce the District’s newly articulated values and strategic focus areas. The program will give employees the ability to recognize one another for performance and behaviors in alignment with these goals.

## Overview of the Excellence Coin Program

The program includes a series of six Excellence Coins, each designed to symbolize a particular District focus area. The first coin in the series “Commitment to Excellence” will be issued to all new employees, Board Members, and Citizen Committee members upon joining the District as a tangible welcome gift and reminder of our purpose. Each of the remaining coins will only be issued after nomination and selection by management or peer employee groups.



**Innovation:**

We realize that good ideas can come from many sources, and we continually encourage new and better ways of doing our work. Our goal is not innovation for innovation's sake, but for finding ways to improve service and lower costs.



**Integrity:**

We believe in openness, trust, ethics and transparency. We practice direct and honest communication in all of our day-to-day interactions.



**Professionalism:**

We have open and respectful communication and interactions, both internally and with our customers. Our employees will always exhibit professionalism in all of their day-to-day interactions.



**Responsibility:**

Individual and organizational responsibility and accountability for accomplishing the District's mission is a core value. We focus on doing our work in an efficient, reliable, and



**Teamwork:**

Our focus is on supporting one another to collectively be our best. We encourage communication and collaboration. We focus on quality and have pride in the work we do in service to our customers.



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Fiscal Year ending June 30, 2020

**Current Board of Directors:**

Division 1: Director Helene Brazier

Division 2: Director Hayden Hamilton

Division 3: Director Miguel Gasca

Division 4: Director Carl Rindfleisch

Division 5: Director Michael Mack

**Prepared by District Management:**

General Manager – Tom Kennedy

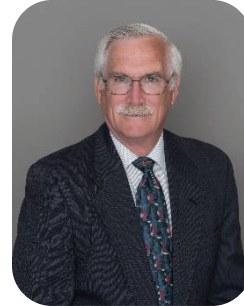
Finance Manager – Tracy Largent, CPA



# RAINBOW MUNICIPAL WATER DISTRICT OFFICIALS



**Helene Brazier - President**



**Hayden Hamilton – Vice President**



**Carl Rindfleisch - Director**



**Michael Mack - Director**



**Miguel Gasca - Director**



**Tom Kennedy  
General Manager**



**Tracy Largent  
Finance Manager**



**Robert Gutierrez  
Operations Manager**



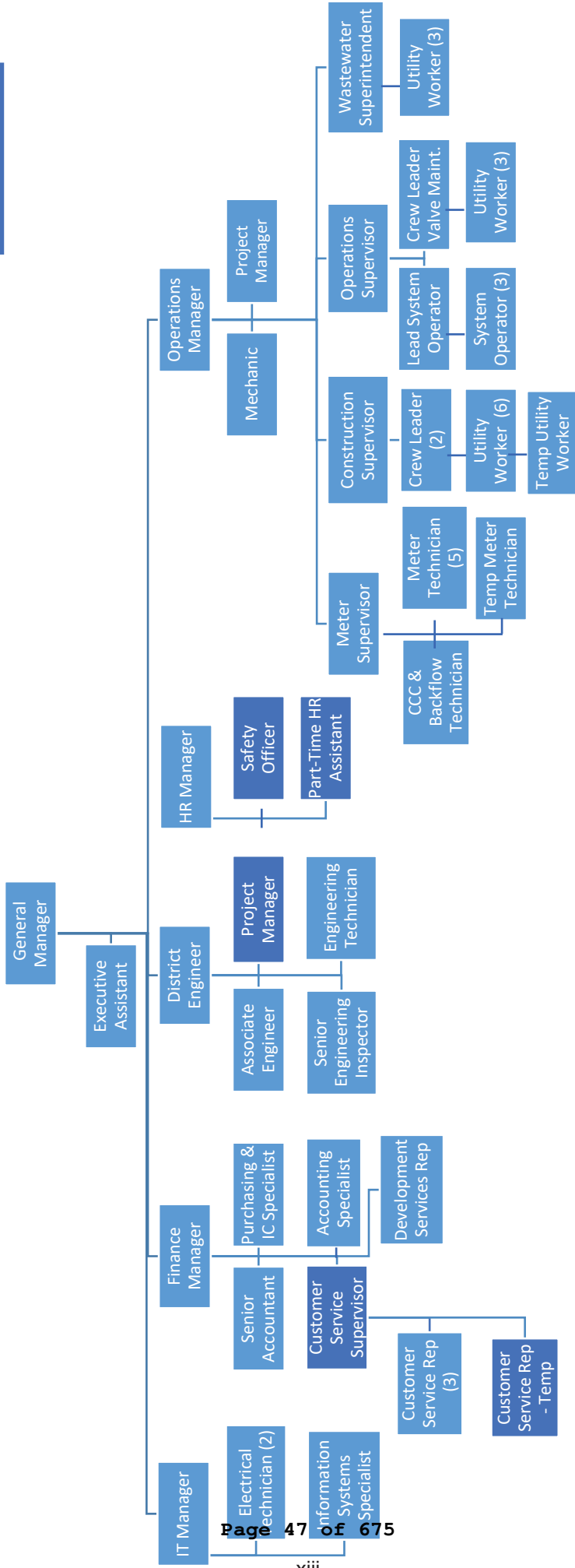
**Karleen Harp  
HR Manager**



**Chad Williams  
Interim District Engineer**

# RAINBOW MUNICIPAL WATER DISTRICT ORGANIZATIONAL CHART

57.5 FTE'S



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**FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Rainbow Municipal Water District  
Fallbrook, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Rainbow Municipal Water District (the "District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special District. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



To the Board of Directors  
Rainbow Municipal Water District  
Fallbrook, California

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Rainbow Municipal Water District as of June 30, 2020, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of changes in the total other post-employment benefits liability and related ratio, and the schedule of plan contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Lance, Soll &amp; Lughard, LLP".

Brea, California  
November 9, 2020

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**RAINBOW MUNICIPAL WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2020**

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As management of the Rainbow Municipal Water District (the District), we offer the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the District's basic financial statements, which begin immediately following this analysis. This annual financial report consists of three main parts (1) Management's Discussion and Analysis, (2) Basic Financial Statements, and (3) Required Supplemental Information.

The financial statements consist of a series of financial statements prepared in accordance with the Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management Discussion and Analysis for State and Local Governments*.

### **FINANCIAL HIGHLIGHTS**

The District's ending net position was \$88,168,656.

The change in net position for the fiscal year was an increase of \$4,596,493.

The District had a loss from operations in the amount of \$7,804,536 in the current year compared to a loss from operations of \$5,286,552 in the previous year. Nonoperating income for the current year was \$1,161,132 compared to \$1,707,817 for the prior year.

This year the District had \$10,807,591 worth of net additions to capital assets compared to \$1,608,606 last year. This increase is largely due to the meter replacement project as well as \$7,963,356 in acceptance of assets resulting from the DR Horton-Horse Creek Ridge agreement.

The District secured Capital Lease financing and Installment Purchase Contract financing for \$5.52M and \$5.25M at 3.09% and 3.18% respectfully in FY 2019. The capital lease financing will be used to replace all of the district meters with new, more accurate meters. This project began ramping up in the second half of FY 19-20 and is projected to have a net positive financial impact by either reducing our cost of unsold water due to water loss or increasing revenue from meters. The forecast is for an increase in revenue of over \$1 Million per year at a cost of approximately \$650,000 per year. The Installment Purchase Contract financing will be used for the second part of the overall project. This part of the project was added to perform upgrades to our existing water services at the time of meter replacement.

### **OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the District's financial statements.

*Financial Statements.* The financial statements of the District are reported using accounting methods similar to those used by companies in the private sector. These statements offer short-term and long-term financial information about its activities.

---

**RAINBOW MUNICIPAL WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2020**

---

**OVERVIEW OF FINANCIAL STATEMENTS (continued)**

The *Statement of Net Position*, presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Position*, presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The *Statement of Cash Flows* provides information regarding the District's cash receipts and cash disbursements during the year. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where cash came from, what was cash used for, and what was the change in cash balance during the reporting period.

The *Notes to the Basic Financial Statements* are included to provide more detailed data and explain some of the information in the statements.

**DISTRICT'S FINANCIAL ANALYSIS**

Our analysis of the District begins on page 9 of the financial statements. One of the most important questions to ask about the District's finances is "Whether the District, as a whole, is better off or worse off as a result of the year's activities?" The Statement of Net Position, and the Statement of Revenues, Expenses and Changes in Net Position report information about the District's activities in a way that will help answer this question. Measuring the change in the District's net position - the difference between assets and liabilities - is one way to measure financial health. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning, and new or changed government legislation.

The District's net position from the prior fiscal year increased by \$4,596,493 or 5.5%. Operating revenue for this fiscal year decreased \$311,206 or 0.9% compared to the prior year.

Operating expenses increased by \$2,206,778 or 5.3% from the prior year as a result of increased costs relating to meters and increased pension expenses. Non-operating revenue decreased by \$500,765 due mainly to investment returns declining. Non-operating expenses increased by \$45,920 due to interest expense.

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**RAINBOW MUNICIPAL WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2020**

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**DISTRICT'S FINANCIAL ANALYSIS** (continued)

*Statement of Net Position*

To begin our analysis, a summary of the District's Condensed Statement of Net Position is presented in Table 1 for the current year and the prior year.

Net Position is the difference between assets acquired, owned, and operated by the District and amounts owed (liabilities). In accordance with Generally Accepted Accounting Principles (GAAP), capital assets acquired through purchase or construction by the District are recorded at historical cost. Capital assets contributed by developers are recorded at developers' bonded cost. Net Position represents the District's net worth including, but not limited to, capital contributions received to date and all investments in capital assets since inception.

Net position may serve over time, as a useful indicator of a District's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$88,168,657 as of June 30, 2020.

The fiscal year 2020 net pension liability had an increase of \$627,949 compared to fiscal year 2019. Net pension liability is reported at \$7,527,597 for fiscal year 2020 and it is based on the District's proportionate share of the net pension liability for the Miscellaneous Classic and PEPRA plans under the CalPERS retirement program. The District's net pension liability was \$6,899,648 and \$7,031,525 for fiscal years 2019 and 2018, respectively.

The District's financial position is the product of several financial transactions including the net results of revenue and expense, the acquisition and disposal of capital assets, and the depreciation of capital assets.

**RAINBOW MUNICIPAL WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2020**

**DISTRICT'S FINANCIAL ANALYSIS (continued)**

**Table 1  
Condensed Statement of Net Position**

| <b>Assets</b>                         | <b>2020</b>          | <b>2019</b>          | <b>\$ Change</b>    | <b>% Change</b> |
|---------------------------------------|----------------------|----------------------|---------------------|-----------------|
| Current Assets                        | \$ 41,157,401        | \$ 48,460,270        | \$ (7,302,869)      | -15.1%          |
| Noncurrent Assets                     | 89,895,852           | 79,088,261           | 10,807,591          | 13.7%           |
| <b>Total Assets</b>                   | <u>131,053,253</u>   | <u>127,548,531</u>   | <u>3,504,722</u>    | <u>2.7%</u>     |
| <b>Deferred Outflows of Resources</b> | <u>1,622,196</u>     | <u>2,121,387</u>     | <u>(499,191)</u>    | <u>-23.5%</u>   |
| <b>Liabilities</b>                    |                      |                      |                     |                 |
| Current Liabilities                   | 6,917,942            | 7,217,595            | (299,653)           | -4.2%           |
| Noncurrent Liabilities                | 37,146,582           | 38,445,392           | (1,298,810)         | -3.4%           |
| <b>Total Liabilities</b>              | <u>44,064,524</u>    | <u>45,662,987</u>    | <u>(1,598,463)</u>  | <u>-3.5%</u>    |
| <b>Deferred Inflows of Resources</b>  | <u>442,269</u>       | <u>434,768</u>       | <u>7,501</u>        | <u>1.7%</u>     |
| <b>Net Position</b>                   |                      |                      |                     |                 |
| Net Investment in Capital Assets      | 66,925,606           | 63,739,648           | 3,185,958           | 5.0%            |
| Restricted for Capital Projects       | 11,057,533           | 3,321,531            | 7,736,002           | 232.9%          |
| Restricted for Debt Service           | 1,129,682            | -                    | 1,129,682           | 100.0%          |
| Unrestricted                          | 9,055,835            | 16,510,984           | (7,455,149)         | -45.2%          |
| <b>Total Net Position</b>             | <u>\$ 88,168,656</u> | <u>\$ 83,572,163</u> | <u>\$ 4,596,493</u> | <u>5.5%</u>     |

***Statement of Revenues, Expenses and Changes in Net Position***

The District's total operating revenues for the fiscal year ended June 30, 2020, excluding inter-fund transfers, decreased by \$311,206 to \$36,203,877. This was primarily due to reduced demand during a wetter than usual winter and spring.

The District's total operating expenses increased by \$2,206,778 to \$44,008,413 as a result of increased costs relating to meters and increased pension expenses.

The loss from operations was \$7,804,536. Nonoperating income for the current year was \$1,161,132 compared to \$1,707,817 for the prior year.

**RAINBOW MUNICIPAL WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2020**

**DISTRICT'S FINANCIAL ANALYSIS (continued)**

The following table presents a summary of the Statement of Revenues, Expenses, and Changes in Net Position for the fiscal year ended June 30, 2020:

**Table 2  
Condensed Statement of Revenues, Expenses & Changes in Net Position**

|                                 | 2020                 | 2019                 | \$ Change           | % Change       |
|---------------------------------|----------------------|----------------------|---------------------|----------------|
| Operating Revenues              | \$ 36,203,877        | \$ 36,515,083        | \$ (311,206)        | -0.9%          |
| Operating Expenses              | (44,008,413)         | (41,801,635)         | (2,206,778)         | 5.3%           |
| Non-operating Revenues          | 1,777,907            | 2,278,672            | (500,765)           | -22.0%         |
| Non-operating Expenses          | (616,775)            | (570,855)            | (45,920)            | 8.0%           |
| <b>Loss Before Capital Cont</b> | <b>(6,643,404)</b>   | <b>(3,578,735)</b>   | <b>(3,064,669)</b>  | <b>85.6%</b>   |
| Capital Contributions           | 11,239,897           | 2,941,091            | 8,298,806           | 282.2%         |
| <b>Change in Net Position</b>   | <b>4,596,493</b>     | <b>(637,644)</b>     | <b>5,234,137</b>    | <b>-820.9%</b> |
| <b>Total Net Position (Beg)</b> | <b>83,572,163</b>    | <b>82,879,978</b>    | <b>692,185</b>      | <b>0.8%</b>    |
| Prior Period Adjustment         | -                    | 1,329,829            | (1,329,829)         | -100.0%        |
| Net Position (Beg) Restated     | 83,572,163           | 84,209,807           | (637,644)           | -0.8%          |
| <b>Total Net Position, End</b>  | <b>\$ 88,168,656</b> | <b>\$ 83,572,163</b> | <b>\$ 4,596,493</b> | <b>5.5%</b>    |

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

*Capital Assets*

**Table 3  
Changes in Capital Assets**

|                                | 2020                 | 2019                 | \$ Change            | % Change     |
|--------------------------------|----------------------|----------------------|----------------------|--------------|
| Land                           | \$ 1,977,490         | \$ 1,977,490         | -                    | 0.0%         |
| Construction in Progress       | 7,796,283            | 3,894,165            | 3,902,118            | 100.2%       |
| Buildings & Improvements       | 1,026,246            | 1,026,246            | -                    | 0.0%         |
| Reservoirs, Pipelines, & Tanks | 151,581,951          | 143,218,563          | 8,363,388            | 5.8%         |
| Meters                         | 1,352,996            | 1,300,613            | 52,383               | 4.0%         |
| Equipment                      | 4,814,128            | 4,579,015            | 235,113              | 5.1%         |
| Invest in Sewer Rights         | 8,764,700            | 8,321,043            | 443,657              | 5.3%         |
| Less: Accumulated Depreciation | (87,417,942)         | (85,228,874)         | (2,189,068)          | 2.6%         |
| <b>Total Capital Assets</b>    | <b>\$ 89,895,852</b> | <b>\$ 79,088,261</b> | <b>\$ 10,807,591</b> | <b>13.7%</b> |

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**RAINBOW MUNICIPAL WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2020**

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**DISTRICT'S FINANCIAL ANALYSIS (continued)**

***Debt***

**Table 4  
Changes in Debt**

|                               | 2020                 |           | 2019              |           | \$ Change          | % Change      |
|-------------------------------|----------------------|-----------|-------------------|-----------|--------------------|---------------|
| Loan Payable Morro            | \$ 8,070,736         | \$        | 8,747,804         | \$        | (677,068)          | -7.7%         |
| Loan Payable Beck             | 6,090,000            |           | 6,600,809         |           | (510,809)          | -7.7%         |
| Lease Purchase Agreement      | 4,524,987            |           | 5,523,284         |           | (998,297)          | 100.0%        |
| Installment Purchase Contract | 4,284,523            |           | 5,249,905         |           | (965,382)          | 100.0%        |
| <b>Total Debt</b>             | <u>\$ 22,970,246</u> | <u>\$</u> | <u>26,121,802</u> | <u>\$</u> | <u>(3,151,556)</u> | <u>-12.1%</u> |

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

The District's Board of Directors and management considered many factors when setting the fiscal year 2020 budget, user fees, and charges. These indicators were taken into consideration when adopting the District's budget for year 2021.

**CONTACTING THE DISTRICT**

Questions regarding this report should be directed to Tom Kennedy, General Manager, or Tracy Largent, Finance Manager, at (760) 728-1178, or by mail at 3707 Old Highway 395, Fallbrook, California 92028.



**BASIC FINANCIAL STATEMENTS**

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RAINBOW MUNICIPAL WATER DISTRICT

STATEMENT OF NET POSITION  
JUNE 30, 2020

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**Assets:**

Current Assets:

|  |                   |
|--|-------------------|
| Cash and cash equivalents                  | \$ 5,718,182      |
| Restricted cash and cash equivalents       | 12,187,215        |
| Investments                                | 15,026,875        |
| Accounts receivable - water and sewer, net | 4,432,845         |
| Interest receivable                        | 75,228            |
| Taxes and assessments receivable           | 4,352             |
| Other receivable                           | 22,276            |
| Inventories                                | 3,437,287         |
| Prepaid costs                              | 253,141           |
| Total Current Assets                       | <u>41,157,401</u> |

Noncurrent Assets:

Capital assets:

|                                 |                           |
|---------------------------------|---------------------------|
| Land                            | 1,977,490                 |
| Construction in progress        | 7,796,283                 |
| Buildings and improvements      | 1,026,246                 |
| Reservoir, pipelines, and tanks | 151,581,951               |
| Meters                          | 1,352,996                 |
| Equipment                       | 4,814,128                 |
| Investment in sewer rights      | 8,764,700                 |
| Less: accumulated depreciation  | <u>(87,417,942)</u>       |
| Total Noncurrent Assets         | <u>89,895,852</u>         |
| <b>Total Assets</b>             | <b><u>131,053,253</u></b> |

**Deferred Outflows of Resources:**

|   |                         |
|---|-------------------------|
| Deferred amounts from pension               | <u>1,622,196</u>        |
| <b>Total Deferred Outflows of Resources</b> | <b><u>1,622,196</u></b> |

The notes to financial statements are an integral part of this statement.

**RAINBOW MUNICIPAL WATER DISTRICT**

**STATEMENT OF NET POSITION  
JUNE 30, 2020**

**Liabilities:**

Current Liabilities:

|                                       |           |
|---------------------------------------|-----------|
| Accounts payable                      | 6,042,896 |
| Accrued expenses                      | 310,319   |
| Construction meter deposits           | 40,150    |
| Developer deposits                    | 71,024    |
| Compensated absences, current portion | 49,318    |
| Current portion of notes payable      | 404,235   |
| Total Current Liabilities             | 6,917,942 |

Noncurrent Liabilities:

|                                       |                   |
|---------------------------------------|-------------------|
| OPEB liability                        | 708,893           |
| Accrued compensated absences          | 443,865           |
| Net pension liability                 | 7,527,597         |
| Prepaid capacity fees                 | 5,900,216         |
| Notes payable, net of current portion | 22,566,011        |
| Total Noncurrent Liabilities          | 37,146,582        |
| <b>Total Liabilities</b>              | <b>44,064,524</b> |

**Deferred Inflows of Resources:**

|  |                |
|--|----------------|
| Deferred amounts on pension                | 442,269        |
| <b>Total Deferred Inflows of Resources</b> | <b>442,269</b> |

**Net Position:**

|                                  |                      |
|----------------------------------|----------------------|
| Net investment in capital assets | 66,925,606           |
| Restricted for capital projects  | 11,057,533           |
| Restricted for debt service      | 1,129,682            |
| Unrestricted                     | 9,055,835            |
| <b>Total Net Position</b>        | <b>\$ 88,168,656</b> |

The notes to financial statements are an integral part of this statement.

**RAINBOW MUNICIPAL WATER DISTRICT**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2020**

|   |                                    |
|---|------------------------------------|
| <b>Operating Revenues:</b>                    |                                    |
| Water sales                                   | \$ 33,156,919                      |
| Wastewater revenue                            | 2,621,433                          |
| Other operating revenue                       | 425,525                            |
| <b>Total Operating Revenues</b>               | <b><u>36,203,877</u></b>           |
| <b>Operating Expenses:</b>                    |                                    |
| Cost of purchased water                       | 21,917,914                         |
| Board of directors                            | 23,336                             |
| Pumping                                       | 530,815                            |
| Operations                                    | 2,836,404                          |
| Valve maintenance                             | 522,935                            |
| Distribution                                  | 2,191,712                          |
| Meters  | 1,893,429                          |
| Garage  | 544,451                            |
| Administration                                | 3,277,178                          |
| Human Resources                               | 298,776                            |
| Risk management                               | 455,288                            |
| Finance                                       | 632,456                            |
| Customer Service                              | 718,066                            |
| Wastewater                                    | 2,268,304                          |
| Engineering                                   | 1,005,437                          |
| Depreciation                                  | 2,189,068                          |
| Other operating expense                       | 2,702,844                          |
| <b>Total Operating Expenses</b>               | <b><u>44,008,413</u></b>           |
| Operating Income (Loss)                       | <u>(7,804,536)</u>                 |
| <b>Nonoperating Revenues (Expenses):</b>      |                                    |
| Property tax revenue                          | 653,320                            |
| Investment income                             | 841,596                            |
| Other nonoperating revenue                    | 282,991                            |
| Interest expense                              | (616,775)                          |
| <b>Total Nonoperating Revenues (Expenses)</b> | <b><u>1,161,132</u></b>            |
| Loss before Capital Contributions             | (6,643,404)                        |
| Capital contributions                         | <u>11,239,897</u>                  |
| Changes in Net Position                       | 4,596,493                          |
| Net Position, Beginning of Year               | <u>83,572,163</u>                  |
| <b>Net Position, End of Year</b>              | <b><u><u>\$ 88,168,656</u></u></b> |

The notes to financial statements are an integral part of this statement.

**RAINBOW MUNICIPAL WATER DISTRICT**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2020**

|  |                             |
|--|-----------------------------|
| <b>Cash Flows from Operating Activities:</b>   |                             |
| Cash received from customers   | \$ 36,802,698               |
| Cash paid to suppliers for goods and services  | (33,473,286)                |
| Cash paid to employees for services  | (8,272,260)                 |
| <b>Net Cash (Used for) Operating Activities</b>  | <b><u>(4,942,848)</u></b>   |
| <b>Cash Flows from Non-Capital Financing Activities:</b>   |                             |
| Property taxes received  | 662,044                     |
| Grant subsidies  | 37,933                      |
| <b>Net Cash Provided by Non-Capital Financing Activities</b>   | <b><u>699,977</u></b>       |
| <b>Cash Flows from Capital and Related Financing Activities:</b>   |                             |
| Acquisition and construction of capital assets   | (1,756,762)                 |
| Principal paid on capital debt   | (3,151,556)                 |
| Interest paid on capital debt  | (1,021,927)                 |
| Other nonoperating   | (13,813)                    |
| <b>Net Cash (Used for) Capital and Related Financing Activities</b>  | <b><u>(5,944,058)</u></b>   |
| <b>Cash Flows from Investing Activities:</b>   |                             |
| Purchase of investments  | (1,512,668)                 |
| Interest received  | 950,473                     |
| <b>Net Cash (Used for) Investing Activities</b>  | <b><u>(562,195)</u></b>     |
| Net (Decrease) in Cash and Cash Equivalents  | (10,749,124)                |
| Cash and Cash Equivalents at Beginning of Year   | <u>28,654,521</u>           |
| <b>Cash and Cash Equivalents at End of Year</b>  | <b><u>\$ 17,905,397</u></b> |
| <b>Reconciliation of Cash and Cash Equivalents to<br/>Amounts Reported on the Statement of Net Position:</b> |                             |
| Cash and cash equivalents  | \$ 5,718,182                |
| Restricted cash and cash equivalents   | <u>12,187,215</u>           |
| Cash and Cash Equivalents, June 30   | <b><u>\$ 17,905,397</u></b> |

The notes to financial statements are an integral part of this statement.

**RAINBOW MUNICIPAL WATER DISTRICT**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2020**

---

**Reconciliation of Operating (Loss) to Net Cash  
(Used for) Operating Activities:**

|   |                              |
|---|------------------------------|
| Operating (loss)  | <u>\$ (7,804,536)</u>        |
| Adjustments to reconcile operating (loss) to<br>net cash (used for) operating activities: |                              |
| Depreciation  | 2,189,068                    |
| Decrease in accounts receivable - water and sewer, net                                    | 324,073                      |
| Decrease in other receivable  | 191,091                      |
| (Increase) in inventories   | (2,397,914)                  |
| (Increase) in prepaid costs   | (168,438)                    |
| Increase in accounts payable  | 1,347,455                    |
| Increase in accrued expenses  | 60,029                       |
| Increase in deposits  | 83,657                       |
| Increase in compensated absences  | 54,765                       |
| Increase in OPEB obligation   | 43,261                       |
| Increase in pension obligation  | <u>1,134,641</u>             |
| Total Adjustments   | <u>2,861,688</u>             |
| Net Cash (Used for) Operating Activities  | <u><u>\$ (4,942,848)</u></u> |

**Non-Cash Investing, Capital, and Financing Activities:**

|                                |               |
|--------------------------------|---------------|
| Capital contributions          | \$ 11,239,897 |
| Unrealized gain on investments | 419,991       |

The notes to financial statements are an integral part of this statement.

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**NOTES TO FINANCIAL STATEMENTS**

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## RAINBOW MUNICIPAL WATER DISTRICT

### NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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#### Note 1: Summary of Significant Accounting Policies

##### a. Organization

The Rainbow Municipal Water District (the "District") was established in 1953 and is a Special District, organized under Section 71000 of the California Water Code. The District provides water and sanitation services to the unincorporated communities of Rainbow, Bonsall, and portions of Vista, Oceanside, and Fallbrook.

The District services and maintains approximately 315 miles of water main, 7 pump stations, 4 reservoirs, and 13 storage tanks to deliver water to its customers. It also provides sewer services to parts of the District and maintains 6 lift stations and 60 miles of sewer main located in northern San Diego County.

The District is governed by a Board of Directors made up of five members elected by the voters within the District.

##### b. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the economic resources measurement focus, and the accrual basis of accounting. Under the economic measurement focus all assets and liabilities (whether current or noncurrent) associated with these activities are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering water in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Capital contributions are reported as a separate line item in the Statement of Revenues, Expenses and Changes in Net Position.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

## RAINBOW MUNICIPAL WATER DISTRICT

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 2020

---

#### Note 1: Summary of Significant Accounting Policies (Continued)

The basic financial statements of the Rainbow Municipal Water District have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting financial reporting purposes.

Net position of the District is classified into three components: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position. These classifications are defined as follows:

##### Net Investment in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of notes or borrowings that are attributable to the acquisition of the asset, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.

##### Restricted Net Position

This component of net position consists of net position with constrained use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

##### Unrestricted Net Position

This component of net position consists of net position that does not meet the definition of "net investment in capital assets," or "restricted net position".

## RAINBOW MUNICIPAL WATER DISTRICT

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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#### Note 1: Summary of Significant Accounting Policies (Continued)

##### c. Deferred Outflows/Inflows of Resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. The District has the following items that qualify for reporting in this category:

- Deferred outflow related to pensions for employer contributions made after the measurement date of the net pension liability.
- Deferred outflow related to pensions for changes in proportion. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the Plans determined as of June 30, 2019.
- Deferred outflow related to pensions for differences between expected and actual experiences. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the Plans determined as of June 30, 2019.
- Deferred outflow related to pensions changes in actuarial assumptions. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the Plans determined as of June 30, 2019.

Deferred outflows from pensions resulting from the changes in assumptions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plans.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District has the following that will qualify for reporting in this category:

- Deferred inflow related to pensions for differences between expected and actual experiences. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the Plans determined as of June 30, 2019.
- Deferred inflows related to pensions resulting from the difference in projected and actual earnings on investments of the pension plan fiduciary net position. This amount is amortized over five years.
- Deferred inflows from pensions resulting from the changes in assumptions and differences between employer contributions and proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plans.

## RAINBOW MUNICIPAL WATER DISTRICT

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 2020

---

#### Note 1: Summary of Significant Accounting Policies (Continued)

##### d. Cash, Cash Equivalents, and Investments

###### Cash and cash equivalents

For purposes of the statement of cash flows, cash and cash equivalents include petty cash, demand deposits with financial institutions, deposits in money market mutual funds (SEC registered), and deposits in external investment pools, and marketable securities that mature within 90 days of purchase. Such marketable securities and deposits in money market funds are carried at fair value. Investment pool deposits are carried at the District's proportionate share of the fair value of each pool's underlying portfolio.

###### State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

###### Investment Valuation

Investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

##### e. Water Sales

Water sales revenue is recorded when water is delivered and service is rendered, including an estimated amount for unbilled service.

##### f. Allowance for Doubtful Accounts

The District recognizes bad debt expense relating to receivables when it is probable that the accounts will be uncollectible. Water and sewer accounts receivable at June 30, 2020 have been reduced by an allowance for doubtful accounts of \$134,138.

##### g. Inventories

Materials inventory is stated at the lower of current average cost or market. Water inventory is stated at its purchase cost using the first-in, first-out method.

##### h. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

**RAINBOW MUNICIPAL WATER DISTRICT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**Note 1: Summary of Significant Accounting Policies (Continued)**

**i. Restricted Assets**

Amounts shown as restricted assets have been restricted by debt agreements, by law or regulations, or by contractual obligations to be used for specified purposes, such as service of debt and construction of capital assets.

**j. Capital Assets and Depreciation**

Capital assets are valued at cost when constructed or purchased. Donated assets, donated works of art and similar assets, and capital assets received in a service concession arrangement are valued at their acquisition value at the date of acquisition. The District capitalizes all assets with a historical cost of at least \$5,000 and a useful life of more than one year. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized. Depreciation on capital assets in service, excluding land, is computed using the straight-line method over the estimated useful lives of such assets and is reported as an operating expense. Capital projects are subject to depreciation or amortization when completed and placed in service. The ranges of estimated useful lives of capital assets are as follows:

|                      |             |
|----------------------|-------------|
| Buildings            | 10-50 years |
| Water Systems        | 10-50 years |
| Improvement of Sites | 7-25 years  |
| Equipment            | 5-10 years  |
| Capacity Rights      | 17 years    |

**k. Compensated Absences**

Vested or accumulated vacation and sick leave is recorded as an expense and liability as benefits accrue to employees. Changes in compensated absences for the year ended June 30, 2020, were as follows:

| <u>Balance</u><br><u>July 1, 2019</u> | <u>Additions</u>  | <u>Deletions</u>  | <u>Balance</u><br><u>June 30, 2020</u> | <u>Due Within</u><br><u>One Year</u> |
|---------------------------------------|-------------------|-------------------|--|--------------------------------------|
| <u>\$ 438,418</u>                     | <u>\$ 607,122</u> | <u>\$ 552,357</u> | <u>\$ 493,183</u>                      | <u>\$ 49,318</u>                     |

**l. Capital Contributions and Capacity Fee Liability**

Capital contributions are recorded when the District receives cash contributions or accepts contributions of capital assets in kind or when governmental construction grants are earned. Capital contributions are reported as a separate line item on the Statement of Revenues, Expenses, and Changes in Net Position. Capacity fees are paid by new customers prior to connecting to the District's system. Such charges are periodically adjusted based upon changes in construction costs and other factors and are intended to compensate the District for a new customer's equitable share of current and future system capacity. Capacity fees are reflected as a liability and are recorded as Capital Contributions on the Statement of Revenues, Expenses, and Changes in Net Position when the customer connects to the District's system.

**RAINBOW MUNICIPAL WATER DISTRICT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**Note 1: Summary of Significant Accounting Policies (Continued)**

**m. Property Taxes**

The County of San Diego (the "County") bills and collects property taxes on behalf of the District. The County's tax calendar year is July 1 to June 30. Property taxes attach as a lien on property on January 1. Taxes are levied on July 1 and are payable in two equal installments on November 1 and February 1, and become delinquent after December 10 and April 10, respectively.

**n. Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB Statement No. 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. As of June 30, 2020, the following timeframes are used:

Valuation Date (VD): June 30, 2018

Measurement Date (MD): June 30, 2019

Measurement Period (MP): July 1, 2018 to June 30, 2019

**o. Other Post-Employment Benefits**

For purposes of measuring the total OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan and additions to/deductions from the OPEB Plans' fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the District's OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.



**RAINBOW MUNICIPAL WATER DISTRICT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**Note 1: Summary of Significant Accounting Policies (Continued)**

**p. Interest Expense**

The District incurs interest charges on long-term debt. Interest expense for the year ended June 30, 2020, was \$616,775 and was reflected as nonoperating on the Statement of Revenues, Expenses and Changes in Net Position. The District did not capitalize any interest during the year ended June 30, 2020.

**q. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 2: Cash, Cash Equivalents, and Investments**

Cash and investments at June 30, 2020, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Current Assets:

|                                      |                      |
|--------------------------------------|----------------------|
| Cash and Cash Equivalents            | \$ 5,718,182         |
| Restricted Cash and Cash Equivalents | 12,187,215           |
| Investments                          | 15,026,875           |
| Total Cash and Investments           | <u>\$ 32,932,272</u> |

Cash and Investments Consist of the Following:

|                                      |                      |
|--------------------------------------|----------------------|
| Cash on Hand                         | \$ 500               |
| Deposits with Financial Institutions | 3,622,618            |
| Investments                          | 29,309,154           |
| Total Cash and Investments           | <u>\$ 32,932,272</u> |

Investments Authorized by the California Government Code and the District's Investment Policy:

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

**RAINBOW MUNICIPAL WATER DISTRICT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**Note 2: Cash, Cash Equivalents, and Investments (Continued)**

This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

| <u>Authorized Investment Type</u>  | <u>Maximum Maturity</u> | <u>Maximum Percentage of Portfolio</u> | <u>Maximum Investment in One Issuer</u> |
|------------------------------------|-------------------------|--|---|
| U.S. Treasury Obligations          | 5 years                 | None                                   | None                                    |
| U.S. Government Sponsored Entities | 5 years                 | None                                   | None                                    |
| U.S. Government Agency Callable    | 5 years                 | 75%                                    | None                                    |
| Banker's Acceptances               | 180 days                | 40%                                    | 5%                                      |
| Commercial Paper                   | 270 days                | 15%                                    | 5%                                      |
| Negotiable Certificates of Deposit | 5 years                 | 30%                                    | 5%                                      |
| Time Certificates of Deposit       | 5 years                 | 25%                                    | 5%                                      |
| Repurchase Agreements              | 90 days                 | None                                   | 5%                                      |
| Medium-Term Notes                  | 5 years                 | 30%                                    | 15%                                     |
| Money Market Mutual Funds          | N/A                     | 20%                                    | None                                    |
| Local Agency Investment Funds      | N/A                     | 100%                                   | \$30,000,000                            |

Investments Authorized by Debt Agreements:

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. Investments authorized for funds held by bond trustees include US Treasury Bills, Notes and Bonds, US Treasury Obligations, Resolution Funding Corp (REFCORP), Prefunded Municipal Bonds, US Government-Sponsored Agency Securities, Commercial Paper, Money Market Mutual Funds, Certificates of Deposits, Guaranteed Investment Contracts, Banker's Acceptance, Repurchase Agreements, and Local Agency Investment Funds. There are no limitations on the maximum amount that can be invested in one issuer, maximum percentage allowed, or the maximum maturity of an investment, except for the maturity of Banker's Acceptances, which are limited to one year and Repurchase Agreements, which are limited to 30 days.

Disclosures Relating to Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time to provide the cash flow and liquidity needed for operations.

**RAINBOW MUNICIPAL WATER DISTRICT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Note 2: Cash, Cash Equivalents, and Investments (Continued)**

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity at June 30, 2020.

| Investment                          | Type Total           | Remaining Maturity (in Months) |                     |                      |
|-------------------------------------|----------------------|--------------------------------|---------------------|----------------------|
|                                     |                      | 12 Months or Less              | 13 to 24 Months     | 25 to 60 Months      |
| Local Agency Investment Fund (LAIF) | \$ 2,095,061         | \$ 2,095,061                   | \$ -                | \$ -                 |
| Money Market Mutual Funds           | 12,509,431           | 12,509,431                     | -                   | -                    |
| Negotiable Certificates of Deposit  | 5,239,506            | 744,036                        | 1,270,643           | 3,224,827            |
| Medium Term Notes                   | 8,223,268            | -                              | 1,406,143           | 6,817,125            |
| U.S. Sponsored Entities             | 1,241,888            | 503,915                        | -                   | 737,973              |
| Total                               | <u>\$ 29,309,154</u> | <u>\$ 15,852,443</u>           | <u>\$ 2,676,786</u> | <u>\$ 10,779,925</u> |

Disclosures Relating to Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's Investment Policy, or debt agreements, and the Moody's rating for each investment type at June 30, 2020.

| Investment Type                     | Total                | Minimum Legal Rating | Moody's Ratings as of June 30 |                   |                     |                      |
|-------------------------------------|----------------------|----------------------|-------------------------------|-------------------|---------------------|----------------------|
|                                     |                      |                      | Aaa                           | Aa1 - Aa3         | A1 - A3             | Not Rated            |
| Local Agency Investment Fund (LAIF) | \$ 2,095,061         | N/A                  | \$ -                          | \$ -              | \$ -                | \$ 2,095,061         |
| Money Market Mutual Funds           | 12,509,431           | N/A                  | -                             | -                 | -                   | 12,509,431           |
| Negotiable Certificates of Deposit  | 5,239,506            | N/A                  | -                             | -                 | -                   | 5,239,506            |
| Medium-Term Notes                   | 8,223,268            | A2                   | -                             | 746,663           | 7,476,605           | -                    |
| U.S. Sponsored Entities             | 1,241,888            | N/A                  | 1,241,888                     | -                 | -                   | -                    |
| Total                               | <u>\$ 29,309,154</u> |                      | <u>\$ 1,241,888</u>           | <u>\$ 746,663</u> | <u>\$ 7,476,605</u> | <u>\$ 19,843,998</u> |

## RAINBOW MUNICIPAL WATER DISTRICT

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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#### Note 2: Cash, Cash Equivalents, and Investments (Continued)

##### Concentration of Credit Risk:

The investment policy of the District is in accordance with limitations on the amount that can be invested in any one issuer as stipulated by the California Government Code. There were no investments held on June 30, 2020 in any one issuer that represent 5% or more of total District investments, except for the Local Agency Investment Fund and mutual funds which are exempt from this stipulation.

##### Custodial Credit Risk:

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2020, \$3,371,357 of the District's deposits with financial institutions in excess of the Federal insurance limits were held in collateralized accounts.

##### Fair Value Measurements:

The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets, and Level 3 inputs are significant unobservable inputs. At June 30, 2020, all investments held by the District are valued using Level 2 inputs, with the exception of the Local Agency Investment Fund and money market mutual funds, which are measured at cost or net asset value and are considered unclassified.

**RAINBOW MUNICIPAL WATER DISTRICT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Note 3: Capital Assets**

Changes in capital assets for the year ended June 30, 2020, were as follows:

|   | Balance<br>June 30, 2019 | Additions            | Deletions   | Balance<br>June 30, 2020 |
|---|--------------------------|----------------------|-------------|--------------------------|
| <b>Capital Assets, Not Being Depreciated:</b> |                          |                      |             |                          |
| Land  | \$ 1,977,490             | \$ -                 | \$ -        | \$ 1,977,490             |
| Construction in Progress                      | 3,894,165                | 3,902,118            | -           | 7,796,283                |
| Total Capital Assets Not Being Depreciated    | <u>5,871,655</u>         | <u>3,902,118</u>     | <u>-</u>    | <u>9,773,773</u>         |
| <b>Capital Assets, Being Depreciated:</b>     |                          |                      |             |                          |
| Buildings and Improvements                    | 1,026,246                | -                    | -           | 1,026,246                |
| Reservoirs Pipelines, and Tanks               | 143,218,563              | 8,363,388            | -           | 151,581,951              |
| Meters  | 1,300,613                | 52,383               | -           | 1,352,996                |
| Equipment                                     | 4,579,015                | 235,113              | -           | 4,814,128                |
| Investment in Sewer Rights                    | 8,321,043                | 443,657              | -           | 8,764,700                |
| Total Capital Assets, Being Depreciated       | <u>158,445,480</u>       | <u>9,094,541</u>     | <u>-</u>    | <u>167,540,021</u>       |
| <b>Accumulated Depreciation:</b>              |                          |                      |             |                          |
| Buildings and Improvements                    | (934,282)                | (9,836)              | -           | (944,118)                |
| Reservoirs Pipelines, and Tanks               | (78,920,477)             | (1,803,705)          | -           | (80,724,182)             |
| Meters  | (470,219)                | (83,830)             | -           | (554,049)                |
| Equipment                                     | (3,482,527)              | (144,830)            | -           | (3,627,357)              |
| Investment in Sewer Rights                    | (1,421,369)              | (146,867)            | -           | (1,568,236)              |
| Total Accumulated Depreciation                | <u>(85,228,874)</u>      | <u>(2,189,068)</u>   | <u>-</u>    | <u>(87,417,942)</u>      |
| Total Capital Assets, Being Depreciated, Net  | <u>73,216,606</u>        | <u>6,905,473</u>     | <u>-</u>    | <u>80,122,079</u>        |
| Total Capital Assets, Net                     | <u>\$ 79,088,261</u>     | <u>\$ 10,807,591</u> | <u>\$ -</u> | <u>\$ 89,895,852</u>     |

Depreciation expense for depreciable capital assets was \$2,189,068 for the year ended June 30, 2020.

**RAINBOW MUNICIPAL WATER DISTRICT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Note 4: Long Term Debt**

Changes in long-term debt for the year ended June 30, 2020 were as follows:

| Direct Borrowings:            | Balance<br>June 30, 2019 | Additions | Deletions      | Balance<br>June 30, 2020 | Due Within<br>One Year |
|-------------------------------|--------------------------|-----------|----------------|--------------------------|------------------------|
| Loan Payable SRF Morro        | \$ 8,747,804             | \$ -      | \$ (677,068)   | \$ 8,070,736             | \$ 230,389             |
| Loan Payable SRF Beck         | 6,600,809                | -         | (510,809)      | 6,090,000                | 173,846                |
| Lease Purchase Agreement      | 5,523,284                | -         | (998,297)      | 4,524,987                | -                      |
| Installment Purchase Contract | 5,249,905                | -         | (965,382)      | 4,284,523                | -                      |
| Total                         | \$ 26,121,802            | \$ -      | \$ (3,151,556) | \$ 22,970,246            | \$ 404,235             |

**a. SRF Morro Loan Payable**

On October 31, 2012, the District entered into an agreement with the State of California Department of Public Health for a loan in the amount of \$10,246,413 pursuant to the California Safe Drinking Water State Revolving Fund Law of 1997, Part 12, Chapter 4.5, of Division 104 of Health and Safety Code (commencing with Section 116270) to assist in financing construction of a project which will enable the District to meet safe drinking water standards. The rate of interest to be paid on the principal amount of the loan shall be 2.0933% annually. On June 30, 2020, the amount outstanding was \$8,070,736.

**b. SRF Beck Loan Payable**

On October 31, 2012, the District entered into an agreement with the State of California Department of Public Health for a loan in the amount of \$7,731,716 pursuant to the California Safe Drinking Water State Revolving Fund Law of 1997, Part 12, Chapter 4.5, of Division 104 of Health and Safety Code (commencing with Section 116270) to assist in financing construction of a project which will enable the District to meet safe drinking water standards. The rate of interest to be paid on the principal amount of the loan shall be 2.0933% annually. At June 30, 2020, the amount outstanding was \$6,090,000.

**c. Lease Purchase Agreement**

On September 21, 2018, the District entered into a lease/purchase agreement with Zion Bank as lessor in the amount of \$5,523,284 to finance water meters. Payments of principal and interest are due annually on July 1<sup>st</sup>. The rate of interest to be paid on the principal amount of the lease is 3.090%. At June 30, 2020, the amount outstanding was \$4,524,987.

**d. Installment Purchase Contract**

On October 1, 2018 the District entered into an Installment Purchase Contract with ZMFU II, Inc. in the amount of \$5,249,905 to finance the construction, acquisition, and improvements associated with a District-wide water meter replacement program. Principal payments are due annually on July 1<sup>st</sup> and interest payments are due semi-annually on July 1<sup>st</sup> and January 1<sup>st</sup>. The rate of interest to be paid on the principal amount of the lease is 3.180%. At June 30, 2020, the amount outstanding was \$4,284,523.

**RAINBOW MUNICIPAL WATER DISTRICT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**Note 4: Long Term Debt (Continued)**

Future debt service requirements for the above notes payable based on the initial loan rates is as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u>     | <u>Interest</u>     | <u>Total</u>         |
|-----------------------------|----------------------|---------------------|----------------------|
| 2021                        | \$ 404,235           | \$ 148,213          | \$ 552,448           |
| 2022                        | 1,807,203            | 552,147             | 2,359,350            |
| 2023                        | 1,855,379            | 503,728             | 2,359,107            |
| 2024                        | 1,904,891            | 453,967             | 2,358,858            |
| 2025                        | 1,955,772            | 402,828             | 2,358,600            |
| 2026-2030                   | 9,330,757            | 1,231,506           | 10,562,263           |
| 2031-2035                   | 5,712,009            | 339,218             | 6,051,227            |
|                             | <u>\$ 22,970,246</u> | <u>\$ 3,631,607</u> | <u>\$ 26,601,853</u> |

**Note 5: Inventories**

Inventories at June 30, 2020, consisted of the following:

|                     |                    |
|---------------------|--------------------|
| Water Inventory     | \$ 270,546         |
| Materials Inventory | <u>3,166,741</u>   |
| Total               | <u>\$3,437,287</u> |

**Note 6: Defined Benefit Pension Plans**

**a. General Information about the Pension Plan**

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan), administered by the California Public Employees' Retirement System (CalPERS). The Plan's benefit provisions are established by statute. The Plan is included as a pension trust fund in the CalPERS Comprehensive Annual Financial Report, which is available online at [www.calpers.ca.gov](http://www.calpers.ca.gov).

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 to 63 with statutorily reduced benefits. PEPRAs miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. Safety members can receive a special

**RAINBOW MUNICIPAL WATER DISTRICT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Note 6: Defined Benefit Pension Plans (Continued)**

death benefit if the member dies while actively employed and the death is job-related. Fire members may receive the alternate death benefit in lieu of the Basic Death Benefit or the 1957 Survivor Benefit if the member dies while actively employed and has at least 20 years of total CalPERS service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2020, are summarized as follows:

|   | Classic Miscellaneous Plan | PEPRA Miscellaneous Plan    |
|---|----------------------------|-----------------------------|
| Hire Date   | Prior to January 1, 2013   | On or After January 1, 2013 |
| Benefit Formula                                   | 2.5% at 55                 | 2% at 62                    |
| Benefit Vesting Schedule                          | 5 years of service         | 5 years of service          |
| Benefit Payments                                  | monthly for life           | monthly for life            |
| Retirement Age                                    | 50 - 63                    | 52 - 67                     |
| Monthly Benefits, as a % of Eligible Compensation | 2.0% - 2.5%                | 1.0% - 2.5%                 |
| Required Employee Contribution Rates              | 7.951%                     | 6.750%                      |
| Required Employee Contribution Rates:             | 11.432%                    | 6.985%                      |

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. District contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements are identified by the pension plan terms.

**b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

As of June 30, 2020, Rainbow Municipal Water District reported a net pension liability for its proportionate share of the net pension liability of the risk pools in the amount of \$7,527,597.

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2019, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019, using standard update procedures. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.



**RAINBOW MUNICIPAL WATER DISTRICT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**Note 6: Defined Benefit Pension Plans (Continued)**

The Rainbow Municipal Water District's proportionate share of the net pension liability as of the measurement date ended June 30, 2018 and 2019 was as follows:

|                              | <u>Classic &amp;<br/>PEPRA Plans</u> |
|------------------------------|--------------------------------------|
| Proportion - June 30, 2018   | 0.0716%                              |
| Proportion - June 30, 2019   | 0.0735%                              |
| Change - Increase (Decrease) | 2.5982%                              |

For the year ended June 30, 2020, the District recognized pension expense of \$1,646,676. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|--|---|--|
| Pension Contributions Subsequent to Measurement Date   | \$ 512,037                                    | \$ -   |
| Differences Between Actual and Expected Experience   | 522,823                                       | 40,508                                       |
| Change in Assumptions  | 358,951                                       | 127,245                                      |
| Changes in Proportions   | 228,385                                       |  |
| Difference between the Employer's Contributions and<br>the Employer's Proportionate Share of Contributions | -   | 142,910                                      |
| Net Differences Between Projected and Actual<br>Earnings on Plan Investments                               | -   | 131,606                                      |
| Total  | <u>\$ 1,622,196</u>                           | <u>\$ 442,269</u>                            |

**RAINBOW MUNICIPAL WATER DISTRICT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**Note 6: Defined Benefit Pension Plans (Continued)**

The \$512,037 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| <u>Year Ending June 30</u> | <u>Amount</u>     |
|----------------------------|-------------------|
| 2021                       | \$ 600,469        |
| 2022                       | (33,751)          |
| 2023                       | 74,579            |
| 2024                       | <u>26,593</u>     |
|                            | <u>\$ 667,890</u> |

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement period was determined by an actuarial valuation as of June 30, 2018, with update procedures used to roll forward the total pension liability to June 30, 2019. The total pension liability was based on the following assumptions:

|                                  | <u>Classic &amp; PEPR<br/>Plans</u> |
|----------------------------------|-------------------------------------|
| Date                             | June 30, 2018                       |
| Measurement Date                 | June 30, 2019                       |
| Actuarial Cost Method            | Entry-Age Normal<br>Cost Method     |
| Actuarial Assumptions:           |                                     |
| Discount Rate                    | 7.15%                               |
| Inflation                        | 2.50%                               |
| Projected Salary Increase        | (1)                                 |
| Mortality Rate Table             | (2)                                 |
| Post Retirement Benefit Increase | (3)                                 |

(1) Varies by entry age and service.

(2) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

(3) The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter.

**RAINBOW MUNICIPAL WATER DISTRICT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Note 6: Defined Benefit Pension Plans (Continued)**

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

| Asset Class (a)  | New<br>Strategic<br>Allocation | Real Return<br>Years<br>- 10 (b) | Real Return<br>Years<br>1<br>11+ (c) |
|------------------|--------------------------------|----------------------------------|--------------------------------------|
| Global Equity    | 50.00%                         | 4.80%                            | 5.98%                                |
| Fixed Income     | 28.00%                         | 1.00%                            | 2.62%                                |
| Inflation Assets | 0.00%                          | 0.77%                            | 1.81%                                |
| Private Equity   | 8.00%                          | 6.30%                            | 7.23%                                |
| Real Assets      | 13.00%                         | 3.75%                            | 4.93%                                |
| Liquidity        | 1.00%                          | 0.00%                            | -0.92%                               |
| Total            | 100.00%                        |                                  |                                      |

- (a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
- (b) An expected inflation of 2.00% used for this period.
- (c) An expected inflation of 2.92% used for this period.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the

**RAINBOW MUNICIPAL WATER DISTRICT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**Note 6: Defined Benefit Pension Plans (Continued)**

long-term expected rate of return on plan investments was applied to all periods of benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability of the each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

|                       | <u>Classic &amp;<br/>PEPRA PLANS</u> |
|-----------------------|--------------------------------------|
| 1% Decrease           | 6.15%                                |
| Net Pension Liability | \$ 11,684,525                        |
| Current Discount Rate | 7.15%                                |
| Net Pension Liability | \$ 7,527,597                         |
| 1% Increase           | 8.15%                                |
| Net Pension Liability | \$ 4,096,346                         |

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan:

At June 30, 2020, the District had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

**Note 7: Other Post-Employment Benefits**

Plan Description – Benefits

The District administers its Other Post-Employment Benefits (OPEB), a single employer defined benefit plan, to provide medical, prescription drugs, and dental benefits, in accordance with a resolution approved by the board of Directors. Medical insurance is provided through a choice of a Blue Cross HMO or Blue Cross Classic PPO, both offered through the Association of California Water Agencies Joint Powers Insurance Authority. Dental insurance is provided through Assurant Employee Benefits.

Employees of the District hired before July 1, 2012, retiring after the later of age 50 with 10 consecutive years of District service are eligible to receive a monthly District contribution towards the purchase of health insurance if they have not opted out. The District contribution ends after ten (10) years of benefit payments have been made, even if retiree or spouse are still under age 65 at the time. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**RAINBOW MUNICIPAL WATER DISTRICT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**Note 7: Other Post-Employment Benefits (Continued)**

Employees Covered

As of the June 30, 2020 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

|  |                      |
|--|----------------------|
| Measurement Date                               | <u>June 30, 2020</u> |
| Total Eligible Active Employees                | 52                   |
| Inactive Employees Currently Receiving Benefit | <u>6</u>             |
| Total  | <u><u>58</u></u>     |

Net OPEB Liability

The District's net OPEB liability of \$708,893 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2018. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Assumptions and Other Inputs

The total OPEB liability reported at June 30, 2020 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

|  |  |
|--|--|
| Valuation Date                               | July 1, 2018   |
| Measurement Date                             | June 30, 2020  |
| Actuarial Cost Methods                       | Entry Age Normal Cost Method   |
| Actuarial Assumptions:                       |  |
| Discount Rate                                | 2.21%  |
| Inflation                                    | 2.50%  |
| Projected Salary Increase                    | 3.50%  |
| Expected Long Term Investment Rate of Return | N/A  |
| Healthcare Cost Trend Rates                  | Varies   |
| Pre-Retirement Turnover                      | Derived from the July 1, 2015 Rainbow Municipal Water District Actuarial Valuation Report                            |
| Morality                                     | Derived from the RP-2014 Study, with Blue Collar Adjustment, improved generationally using MP-2016 Improvement Rules |

The discount rate of 2.21 percent was based on The Bond Buyer 20-Bond GO Index and was updated to the current fiscal year end based on changes in market conditions as reflected in the Index.

**RAINBOW MUNICIPAL WATER DISTRICT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Note 7: Other Post-Employment Benefits (Continued)**

Changes in the Total OPEB Liability

The changes in the total OPEB liability are as follows:

|  |                                 |
|--|---------------------------------|
|  | <u>Total OPEB<br/>Liability</u> |
| Balance at July  | \$ 665,632                      |
| Changes in the   |                                 |
| Service cost   | 5,388                           |
| Interest on the total OPEB liability                             | 22,545                          |
| Changes in assumptions   | 58,081                          |
| Benefit Payments, including refunds of<br>employee contributions | <u>(42,753)</u>                 |
| Net Changes  | <u>43,261</u>                   |
| Balance at June 30, 2020   | <u><u>\$ 708,893</u></u>        |

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, calculated using the discount rate for the Plan, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.21%) or 1-percentage point higher (3.21%) than the current rate:

|                      |                   |                     |                   |
|----------------------|-------------------|---------------------|-------------------|
|                      | 1%                | Current             |                   |
|                      | Decrease          | Discount            | 1% Increase       |
|                      | <u>(1.21%)</u>    | <u>Rate (2.21%)</u> | <u>(3.21%)</u>    |
| Total OPEB Liability | <u>\$ 761,703</u> | <u>\$ 708,893</u>   | <u>\$ 662,805</u> |

Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

|                      |                   |                   |                   |
|----------------------|-------------------|-------------------|-------------------|
|                      | 1 % Decrease      | Healthcare Cost   |                   |
|                      | (Varies)          | Trend Rates       | 1% Increase       |
|                      | <u>(Varies)</u>   | <u>(Varies)</u>   | <u>(Varies)</u>   |
| Total OPEB Liability | <u>\$ 643,290</u> | <u>\$ 708,893</u> | <u>\$ 783,688</u> |

## RAINBOW MUNICIPAL WATER DISTRICT

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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#### Note 7: Other Post-Employment Benefits (Continued)

##### OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

The District elected to use the Alternative Measurement Method for reporting GASB 74/75 for fiscal year 2020. According to the implementation guide for GASB 74/75, the changes in the total OPEB liability resulting from differences between expected and actual experience and changes in assumptions or other inputs should be recognized in OPEB expense in the periods in which the effects are first reported in the OPEB liability. Due to this, the District has recognized its deferrals arising from expected and actual experience, as well as changes of assumptions in OPEB expense. For the year ended June 30, 2020, the District recognized OPEB expense of \$86,014.

#### Note 8: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; and natural disasters. The District purchases commercial insurance for its exposure to risk other than those under the workers' compensation laws. Commercial insurance expense amounted to \$285,593 for the years ended June 30, 2020.

The District's workers' compensation risk exposure is handled by the District's participation in the Special District Risk Management Authority (SDRMA) established by the California Special Districts Association. SDRMA is a risk pooling joint powers authority formed under the California Government Code to provide workers' compensation coverage for SDRMA's member districts. SDRMA purchases excess insurance from commercial carriers to reduce its exposure to large losses. Workers' compensation expense amounted to \$194,035 for the year ended June 30, 2020.

There were no instances in the past three years where a settlement exceeded the District's coverage provided through SDRMA or through the District's commercial carriers.

General and Auto Liability, Public Officials' and Employees' Errors and Omissions and Employment Practices Liability: Total risk financing limits of \$10 Million combined with single limit at \$10 Million per occurrence, subject to the following deductibles:

- \$100,000 per occurrence for third party general liability property damage.
- \$1,000 per occurrence for third party auto liability property damage.
- 50% co-insurance of cost expended by SDRMA, in excess of \$10,000 up to \$50,000, per occurrence.

Employee Dishonesty Coverage: \$1,000,000 million per loss includes Public Employee Dishonesty, Forgery or Alteration and Theft, Disappearance and Destruction coverage's effective July 1, 2019.

Property Loss: Replacement cost, for property on file, if replaced, and if not replaced within two years after the loss, paid on an actual cash value basis, to a combined total of \$1 Billion per occurrence, subject to a \$1,000 deductible per occurrence, effective July 1, 2019.

## RAINBOW MUNICIPAL WATER DISTRICT

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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#### Note 8: Risk Management (Continued)

Boiler and Machinery: \$100 Million per occurrence, subject to a \$1,000 deductible per occurrence, effective July 1, 2019.

Public Officials Personal Liability: \$500,000 each occurrence, with an annual aggregate of \$500,000 per each elected/appointed official to which this coverage applies, deductible of \$1,000 per claim, effective July 1, 2019.

Comprehensive and Collision: Comprehensive and Collision limits are the actual cash value or cost of repair with deductibles of \$250/\$500 or \$500/\$1,000, as elected, for comprehensive and collision.

Workers' Compensation Coverage and Employer's Liability: Statutory limits per occurrence for Workers' Compensation and \$5 Million for Employer's Liability Coverage, subject to the terms, conditions and exclusions as provided in the Certificate of Coverage, effective July 1, 2019.

#### Note 9: Deferred Compensation Plan

The District offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plans, administered by Aspire and Lincoln Financial Group, are available to all regular employees, permits deferral of a portion of current salary to future years. Benefits from the plans are not available to employees until termination, retirement, disability, death, or unforeseeable emergencies.

All assets and income of the plans are held in trust for the exclusive benefit of the participants and their beneficiaries. The District does not meet the criteria for fiduciary fund reporting since it does not have either significant administrative involvement (e.g. custody) or perform the investment function. Therefore, the fair market value of the plan assets at June 30, 2020, in the amount of \$4,194,008, is not included in the District's financial statements.

#### Note 10: Commitments and Contingencies

##### Tank Maintenance Commitments

On April 22, 2015, the District entered into a ten (10) year contract with Utility Service Co., Inc. to maintain twelve water tanks. The contract was updated on July 1, 2011 to maintain the tanks at an annual cost of \$615,585. The contract can be cancelled annually if intent to cancel is received with ninety (90) days prior to the anniversary date. Any outstanding balance for completed work would be due and payable within thirty (30) days of cancellation.

##### Capacity Rights for Sewage Treatment

On February 13, 2002, Rainbow Municipal Water District (the District) entered into a contract with the City of Oceanside, California (the City) to provide for the construction, operation, maintenance, and replacement of a wastewater system to service the needs of both the City and the District. The City owns the wastewater conveyance, treatment, and disposal facilities and the District has the contractual right to discharge wastewater into the City's System. The City and the District have previously entered into agreements on January 2, 1973, September 10, 1989, and February 16, 2019. This agreement reflects the



**RAINBOW MUNICIPAL WATER DISTRICT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**Note 10: Commitments and Contingencies (Continued)**

planned expansion and rehabilitation of facilities built from those previous agreements. Under the agreement, the District's share of cost for planned expansion and rehabilitation of the facilities would be 10% of the total cost of expansion.

Construction Project Commitments

The following construction projects had remaining commitments outstanding at June 30, 2020:

| <u>Project Name/Description</u>                           | <u>PO Amount</u> | <u>Expenditures as of June 30, 2020</u> | <u>Remaining Commitments</u> |
|---|------------------|---|------------------------------|
| Olive Hill Estates Transmission Line Reconnection Project | \$ 1,128,075     | \$ 140,915                              | \$ 987,160                   |
| Vista Valley Villas PRS Project                           | 334,700          | -                                       | 334,700                      |
| North River Road Sewer Point Repairs                      | 444,000          | 357,259                                 | 86,741                       |
| Nella Lane Water Main Replacement Project                 | 301,734          | -                                       | 301,734                      |
| Rainbow Heights Pump Station Rehabilitation               | 2,637,397        | 334,179                                 | 2,303,218                    |
| Sagewood Road Water Pipeline Improvements                 | 280,399          | -                                       | 280,399                      |

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**REQUIRED SUPPLEMENTARY INFORMATION**

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RAINBOW MUNICIPAL WATER DISTRICT

MISCELLANEOUS RISK POOL  
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS <sup>1</sup>

| Measurement Date  | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
|   | 6/30/2019    | 6/30/2018    | 6/30/2017    | 6/30/2016    | 6/30/2015    | 6/30/2014    |
| Proportion of the Net Pension Liability   | 0.0735%      | 0.0716%      | 0.0709%      | 0.0694%      | 0.0668%      | 0.0552%      |
| Proportionate Share of the Net Pension Liability                                  | \$ 7,527,597 | \$ 6,899,648 | \$ 7,031,525 | \$ 6,009,026 | \$ 4,584,303 | \$ 3,435,302 |
| Covered Payroll   | \$ 5,212,648 | \$ 3,887,469 | \$ 4,118,123 | \$ 3,679,407 | \$ 3,829,237 | \$ 3,873,095 |
| Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll | 144.4%       | 177.5%       | 170.7%       | 163.3%       | 119.7%       | 88.7%        |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability        | 75.3%        | 75.3%        | 73.3%        | 74.1%        | 78.4%        | 79.8%        |

Notes to Schedule of Proportionate Share of the Net Pension Liability:

Benefit Changes:

None

Changes of Assumptions:

2020: None

2019: Demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

2018: The accounting discount rate reduced from 7.65 percent to 7.15 percent.

2017: None

2016: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

2015: None

<sup>1</sup> Fiscal year 2015 was the first year of implementation; therefore, only six years are shown.

RAINBOW MUNICIPAL WATER DISTRICT

MISCELLANEOUS RISK POOL  
 SCHEDULE OF PLAN CONTRIBUTIONS  
 AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS<sup>1</sup>

|   | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Actuarially Determined Contribution                                 | \$ 512,037   | \$ 865,241   | \$ 743,649   | \$ 656,639   | \$ 369,170   | \$ 570,649   |
| Contribution in Relation to the Actuarially Determined Contribution | (512,037)    | (865,241)    | (743,649)    | (656,639)    | (369,170)    | (570,649)    |
| Contribution Deficiency (Excess)                                    | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| Covered Payroll   | \$ 4,935,944 | \$ 5,212,648 | \$ 3,887,469 | \$ 4,118,123 | \$ 3,679,407 | \$ 3,829,237 |
| Contributions as a Percentage of Covered Payroll                    | 10.4%        | 16.6%        | 19.1%        | 15.9%        | 10.0%        | 14.9%        |

Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2019-20 were derived from the June 30, 2017 funding valuation report.

- Actuarial Cost Method: Entry Age Normal
- Amortization Method/Period: For details, see June 30, 2017 Funding Valuation Report
- Inflation: 2.625%
- Salary Increases: Varies by Entry Age and Service
- Payroll Growth: 2.875%
- Investment Rate of Return: 7.25% compounded annually (net of investment and administrative expenses)
- Retirement Age: The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period of 1997 to 2015.
- Mortality: The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period of 1997 to 2015. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

<sup>1</sup> Fiscal year 2015 was the first year of implementation; therefore, only six years are shown.

**RAINBOW MUNICIPAL WATER DISTRICT**

**OTHER POST-EMPLOYMENT BENEFITS  
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS <sup>1</sup>**

|  | <b>2020</b>       | <b>2019</b>       | <b>2018</b>       |
|--|-------------------|-------------------|-------------------|
| Measurement Date   | 6/30/2020         | 6/30/2019         | 6/30/2018         |
| <b>Total OPEB Liability:</b>   |                   |                   |                   |
| Service cost   | \$ 5,388          | \$ 5,027          | \$ 7,607          |
| Interest   | 22,545            | 24,801            | 26,991            |
| Differences between expected and actual experience                                   | -                 | (108,804)         | -                 |
| Changes in assumptions   | 58,081            | 68,033            | -                 |
| Benefit payments   | (42,753)          | (43,026)          | (24,866)          |
| Net Change in Total OPEB Liability   | 43,261            | (53,969)          | 9,732             |
| Total OPEB Liability - Beginning of Year   | 665,632           | 719,601           | 709,869           |
| <b>Total OPEB liability - End of Year</b>  | <b>\$ 708,893</b> | <b>\$ 665,632</b> | <b>\$ 719,601</b> |
| Plan fiduciary net position as a percentage of the total OPEB liability <sup>2</sup> | 0.0%              | 0.0%              | 0.0%              |
| Covered-employee payroll   | \$ 5,395,091      | \$ 5,212,648      | \$ 4,346,367      |
| Net OPEB liability as a percentage of covered-employee payroll                       | 13.1%             | 12.8%             | 16.6%             |

**Notes to Schedule of Changes in the Total OPEB Liability and Related Ratios:**

Changes in Assumptions:

2020: The discount rate was decreased by 1.29% from 3.50% in fiscal year 2019 to 2.21% in fiscal year 2020 due to changes in market conditions.

2019: The discount rate was decreased by 0.37% from 3.87% in fiscal year 2018 to 3.50% in fiscal year 2019 due to changes in market conditions.

2018: None

<sup>1</sup> Fiscal year 2018 was the first year of implementation; therefore, only three years are shown.

<sup>2</sup> The Total OPEB Liability is an unfunded obligation. The District does not have a trust dedicated exclusively to the payment of OPEB benefits.

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# Statistical Section

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## STATISTICAL SECTION

This section of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the government's overall financial health.

**NET POSITION BY COMPONENT**

Last Ten Fiscal Years

|                                  | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 | 2018                 | 2019                 | 2020                 |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Net Investment in Capital Assets | \$ 71,079,002        | \$ 82,599,783        | \$ 87,646,849        | \$ 85,350,581        | \$ 84,652,584        | \$ 84,881,107        | \$ 65,217,530        | \$ 65,399,076        | \$ 63,739,648        | \$ 66,925,606        |
| Restricted for Capital Projects  | -                    | -                    | -                    | -                    | -                    | 6,827,952            | 894,491              | 894,491              | 3,321,531            | 11,057,533           |
| Restricted for Debt Service      | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | 1,129,682            |
| Unrestricted                     | 23,136,304           | 10,318,763           | 5,446,280            | 6,697,491            | 2,119,562            | 1,544,992            | 17,174,049           | 16,586,411           | 16,510,984           | 9,055,835            |
| <b>Total Net Position</b>        | <b>\$ 94,215,306</b> | <b>\$ 92,918,546</b> | <b>\$ 93,093,129</b> | <b>\$ 92,048,072</b> | <b>\$ 86,772,146</b> | <b>\$ 93,254,051</b> | <b>\$ 83,286,070</b> | <b>\$ 82,879,978</b> | <b>\$ 83,572,163</b> | <b>\$ 88,168,656</b> |
| <i>Percent Change</i>            |                      | -1.38%               | 0.19%                | -1.12%               | -5.73%               | 7.47%                | -10.69%              | -0.49%               | 0.84%                | 5.50%                |

Source: Rainbow Municipal Water District Audited Financial Statements

**REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

Last Ten Fiscal Years

|  | Fiscal Year        |                    |                  |                    |                    |                    |                    |                    |                    |                    |
|--|--------------------|--------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|  | 2011               | 2012               | 2013             | 2014               | 2015               | 2016               | 2017               | 2018               | 2019               | 2020               |
| <b>Operating Revenues:</b>                             |                    |                    |                  |                    |                    |                    |                    |                    |                    |                    |
| Direct Operating Revenues:                             |                    |                    |                  |                    |                    |                    |                    |                    |                    |                    |
| Water Sales  | 24,602,344         | 30,152,259         | 34,505,228       | 36,497,373         | 34,037,432         | 32,156,844         | 33,091,641         | 38,105,712         | 32,810,988         | 33,156,919         |
| Wastewater Revenue                                     | 3,465,747          | 2,500,803          | 2,573,273        | 2,553,801          | 2,677,130          | 2,632,902          | 2,548,647          | 2,520,622          | 2,843,256          | 2,621,433          |
| Other Operating Revenue                                | -                  | -                  | -                | -                  | -                  | -                  | 501,019            | 991,390            | 860,839            | 425,525            |
| Total Direct Operating Revenues                        | 28,068,091         | 32,653,062         | 37,078,501       | 39,051,174         | 36,714,562         | 34,789,746         | 36,141,307         | 41,617,724         | 36,515,083         | 36,203,877         |
| Indirect Operating Revenues:                           |                    |                    |                  |                    |                    |                    |                    |                    |                    |                    |
| Grant Revenue  | 684,942            | 193,439            | 64,447           | 34,158             | -                  | -                  | -                  | -                  | -                  | -                  |
| Other  | 1,755,775          | 855,131            | 673,910          | 710,843            | 514,415            | 439,807            | 331,842            | -                  | -                  | -                  |
| Total Indirect Operating Revenues                      | 2,440,717          | 1,048,570          | 738,357          | 745,001            | 514,415            | 439,807            | 331,842            | -                  | -                  | -                  |
| Total Operating Revenues                               | 30,508,808         | 33,701,632         | 37,816,858       | 39,796,175         | 37,228,977         | 35,229,553         | 36,473,149         | 41,617,724         | 36,515,083         | 36,203,877         |
| <b>Operating Expenses:</b>                             |                    |                    |                  |                    |                    |                    |                    |                    |                    |                    |
| Water Purchases  | 17,328,605         | 20,655,653         | 24,346,557       | 26,649,303         | 24,532,468         | 22,381,393         | 23,282,393         | 27,040,873         | 22,449,449         | 21,917,914         |
| Water Pumping  | 473,421            | 613,958            | 566,443          | 3,836,825          | 3,816,915          | 631,056            | 580,556            | 591,529            | 558,989            | 530,815            |
| Transmission and Distribution                          | 5,203,680          | 4,490,435          | 3,902,699        | 1,113,721          | 1,037,420          | 4,284,981          | 4,876,960          | 4,777,964          | 4,421,571          | -                  |
| Operations <sup>1</sup>                                | -                  | -                  | -                | -                  | -                  | -                  | -                  | -                  | -                  | 2,836,404          |
| Valve Maintenance <sup>1</sup>                         | -                  | -                  | -                | -                  | -                  | -                  | -                  | -                  | -                  | 522,935            |
| Distribution <sup>1</sup>                              | -                  | -                  | -                | -                  | -                  | -                  | -                  | -                  | -                  | 2,191,712          |
| Meter Services   | 962,265            | 872,146            | 984,327          | 768,966            | 804,140            | 1,044,631          | 1,085,553          | 1,003,899          | 868,927            | 1,893,429          |
| Sewer Services   | 1,782,654          | 1,764,356          | 1,613,567        | 1,763,824          | 1,708,779          | 1,566,845          | 1,735,473          | 1,646,593          | 1,738,948          | 2,268,304          |
| Administrative and General Administration <sup>2</sup> | 1,943,841          | 3,232,712          | 2,062,840        | 3,987,687          | 3,924,311          | 2,683,658          | 2,855,623          | 4,272,246          | 4,467,521          | 3,277,178          |
| Garage <sup>2</sup>                                    | -                  | -                  | -                | -                  | -                  | -                  | -                  | -                  | -                  | 544,451            |
| Human Resources <sup>2</sup>                           | -                  | -                  | -                | -                  | -                  | -                  | -                  | -                  | -                  | 298,776            |
| Risk Management <sup>2</sup>                           | -                  | -                  | -                | -                  | -                  | -                  | -                  | -                  | -                  | 455,288            |
| Board of Directors <sup>2</sup>                        | -                  | -                  | -                | -                  | -                  | -                  | -                  | -                  | -                  | 23,336             |
| Engineering  | 734,752            | 780,744            | 906,026          | -                  | 24,364             | 999,844            | 1,279,194          | 1,254,293          | 1,551,506          | 1,005,437          |
| Finance  | 537,603            | 474,869            | 580,941          | -                  | -                  | 612,800            | 545,976            | 601,322            | 568,091            | 632,456            |
| Customer Service                                       | 300,430            | 318,768            | 448,088          | 148,438            | 816                | 339,948            | 430,850            | 549,822            | 1,519,984          | 718,066            |
| Depreciation   | 2,448,105          | 2,734,068          | 3,062,584        | 3,295,219          | 3,318,247          | 3,110,968          | 3,445,476          | 3,648,435          | 3,656,649          | 2,189,068          |
| Other Operating Expense                                | -                  | -                  | -                | -                  | -                  | -                  | -                  | -                  | -                  | 2,702,844          |
| Total Operating Expenses                               | 31,715,356         | 35,937,709         | 38,474,072       | 41,563,983         | 39,167,460         | 37,656,124         | 40,118,054         | 45,386,976         | 41,801,635         | 44,008,413         |
| <b>Gain (Loss) from Operations</b>                     | <b>(1,206,548)</b> | <b>(2,236,077)</b> | <b>(657,214)</b> | <b>(1,767,808)</b> | <b>(1,938,483)</b> | <b>(2,426,571)</b> | <b>(3,644,905)</b> | <b>(3,769,252)</b> | <b>(5,286,552)</b> | <b>(7,804,536)</b> |

**REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

Last Ten Fiscal Years

|                                       | Fiscal Year   |                |               |                |                |               |                |               |               |               |
|---------------------------------------|---------------|----------------|---------------|----------------|----------------|---------------|----------------|---------------|---------------|---------------|
|                                       | 2011          | 2012           | 2013          | 2014           | 2015           | 2016          | 2017           | 2018          | 2019          | 2020          |
| <b>Non-operating Revenues:</b>        |               |                |               |                |                |               |                |               |               |               |
| Property Tax Revenue                  | 859,741       | 825,995        | 858,884       | 831,294        | 850,802        | 870,642       | 595,250        | 616,027       | 638,539       | 653,320       |
| Investment Income                     | 501,910       | 239,524        | 40,687        | -              | 89,981         | 721,408       | -              | -             | 1,134,118     | 841,596       |
| Other                                 | -             | -              | -             | -              | -              | -             | -              | 358,026       | 506,015       | 282,991       |
| Total Non-operating Revenues          | 1,361,651     | 1,065,519      | 899,571       | 831,294        | 940,783        | 1,592,050     | 595,250        | 974,053       | 2,278,672     | 1,777,907     |
| <b>Non-operating Expenses:</b>        |               |                |               |                |                |               |                |               |               |               |
| Interest                              | -             | 126,202        | 67,774        | 108,543        | 403,969        | 667,939       | 361,037        | 370,175       | 570,855       | 616,775       |
| Total Non-operating Expenses          | -             | 126,202        | 67,774        | 108,543        | 403,969        | 667,939       | 361,037        | 370,175       | 570,855       | 616,775       |
| <b>Miscellaneous:</b>                 |               |                |               |                |                |               |                |               |               |               |
| Capital Contribution                  | -             | -              | -             | -              | 294,192        | 1,091,515     | 156,302        | 2,972,963     | 2,941,091     | 11,239,897    |
| Loss on Abandonment of Capital Assets | -             | -              | -             | -              | -              | -             | (1,933,240)    | -             | -             | -             |
| Total Miscellaneous                   | -             | -              | -             | -              | 294,192        | 1,091,515     | (1,776,938)    | 2,972,963     | 2,941,091     | 11,239,897    |
| <b>Change in Net Position</b>         | \$ 155,103    | \$ (1,296,760) | \$ 174,583    | \$ (1,045,057) | \$ (1,107,477) | \$ (410,945)  | \$ (5,187,630) | \$ (192,411)  | \$ (637,644)  | \$ 4,596,493  |
| Net Position, Beginning               | 94,060,203    | 94,215,306     | 92,918,546    | 93,093,129     | 92,048,072     | 86,772,146    | 93,254,051     | 83,286,070    | 82,879,978    | 83,572,163    |
| Prior Period Adjustment               | -             | -              | -             | -              | (4,168,449)    | 6,892,850     | (4,780,351)    | (213,681)     | 1,329,829     | -             |
| Net Position, Beginning Restated      | 94,060,203    | 94,215,306     | 92,918,546    | 93,093,129     | 87,879,623     | 93,664,996    | 88,473,700     | 83,072,389    | 84,209,807    | 83,572,163    |
| <b>Net Position, Ending</b>           | \$ 94,215,306 | \$ 92,918,546  | \$ 93,093,129 | \$ 92,048,072  | \$ 86,772,146  | \$ 93,254,051 | \$ 83,286,070  | \$ 82,879,978 | \$ 83,572,163 | \$ 88,168,656 |
| <b>Percentage Change</b>              |               | -1.38%         | 0.19%         | -1.12%         | -5.73%         | 7.47%         | -10.69%        | -0.49%        | 0.84%         | 5.50%         |

Source: Rainbow Municipal Water District Audited Financial Statements

Footnotes:

\*Prior to FY 2020 Departments were included in Transmission and Distribution.

\*\*Prior to FY 2020 Departments were included in Administration and General.

**SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

Last Ten Fiscal Years

Fiscal Year

|                                     | 2011               | 2012                  | 2013              | 2014                  | 2015                  | 2016                | 2017                  | 2018                | 2019               | 2020                |
|-------------------------------------|--------------------|-----------------------|-------------------|-----------------------|-----------------------|---------------------|-----------------------|---------------------|--------------------|---------------------|
| Operating Revenues                  | \$ 30,508,808      | \$ 33,701,632         | \$ 37,816,858     | \$ 39,796,175         | \$ 37,228,977         | \$ 35,229,553       | \$ 36,473,149         | \$ 41,617,724       | \$ 36,515,083      | \$ 36,203,877       |
| Operating Expenses                  | 31,715,356         | 35,937,709            | 38,474,072        | 41,563,983            | 39,167,460            | 37,656,124          | 40,118,054            | 45,386,976          | 41,801,635         | 44,008,413          |
| <b>Gain (Loss) from Operations</b>  | <b>(1,206,548)</b> | <b>(2,236,077)</b>    | <b>(657,214)</b>  | <b>(1,767,808)</b>    | <b>(1,938,483)</b>    | <b>(2,426,571)</b>  | <b>(3,644,905)</b>    | <b>(3,769,252)</b>  | <b>(5,286,552)</b> | <b>(7,804,536)</b>  |
| Non-operating Revenue Less Expenses | 1,361,651          | 939,317               | 831,797           | 722,751               | 536,814               | 924,111             | (1,699,027)           | 603,878             | 1,707,817          | 1,161,132           |
| Income Before Capital Contributions | 155,103            | (1,296,760)           | 174,583           | (1,045,057)           | (1,401,669)           | (1,502,460)         | (5,343,932)           | (3,165,374)         | (3,578,735)        | (6,643,404)         |
| Capital Contributions               | -                  | -                     | -                 | -                     | 294,192               | 1,091,515           | 156,302               | 2,972,963           | 2,941,091          | 11,239,897          |
| Prior Period Adjustment             | -                  | -                     | -                 | -                     | (4,168,449)           | 6,892,850           | (4,780,351)           | (213,681)           | 1,329,829          | -                   |
| <b>Changes in Net Position</b>      | <b>\$ 155,103</b>  | <b>\$ (1,296,760)</b> | <b>\$ 174,583</b> | <b>\$ (1,045,057)</b> | <b>\$ (5,275,926)</b> | <b>\$ 6,481,905</b> | <b>\$ (9,967,981)</b> | <b>\$ (406,092)</b> | <b>\$ 692,185</b>  | <b>\$ 4,596,493</b> |

Source: Rainbow Municipal Water District Audited Financial Statements

**SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

Last Ten Fiscal Years

|      | Operating Revenues | Operating Expenses | Gain (Loss) from Operations | Non-operating Revenue Less Expenses | Income Before Capital Contributions | Capital Contributions | Prior Period Adjustment | Changes in Net Position |
|------|--------------------|--------------------|-----------------------------|-------------------------------------|-------------------------------------|-----------------------|-------------------------|-------------------------|
| 2011 | \$ 30,508,808      | \$ 31,715,356      | \$ (1,206,548)              | \$ 1,361,651                        | \$ 155,103                          | \$ -                  | \$ -                    | \$ 155,103              |
| 2012 | 33,701,632         | 35,937,709         | (2,236,077)                 | 939,317                             | (1,296,760)                         | -                     | -                       | (1,296,760)             |
| 2013 | 37,816,858         | 38,474,072         | (657,214)                   | 831,797                             | 174,583                             | -                     | -                       | 174,583                 |
| 2014 | 39,796,175         | 41,563,983         | (1,767,808)                 | 722,751                             | (1,045,057)                         | -                     | -                       | (1,045,057)             |
| 2015 | 37,228,977         | 39,167,460         | (1,938,483)                 | 536,814                             | (1,401,669)                         | 294,192               | (4,168,449)             | (5,275,926)             |
| 2016 | 35,229,553         | 37,656,124         | (2,426,571)                 | 924,111                             | (1,502,460)                         | 1,091,515             | 6,892,850               | 6,481,905               |
| 2017 | 36,473,149         | 40,118,054         | (3,644,905)                 | (1,699,027)                         | (5,343,932)                         | 156,302               | (4,780,351)             | (9,967,981)             |
| 2018 | 41,617,724         | 45,386,976         | (3,769,252)                 | 603,878                             | (3,165,374)                         | 2,972,963             | (213,681)               | (406,092)               |
| 2019 | 36,515,083         | 41,801,635         | (5,286,552)                 | 1,707,817                           | (3,578,735)                         | 2,941,091             | 1,329,829               | 692,185                 |
| 2020 | \$ 36,203,877      | \$ 44,008,413      | \$ (7,804,536)              | \$ 1,161,132                        | \$ (6,643,404)                      | \$ 11,239,897         | \$ -                    | \$ 4,596,493            |

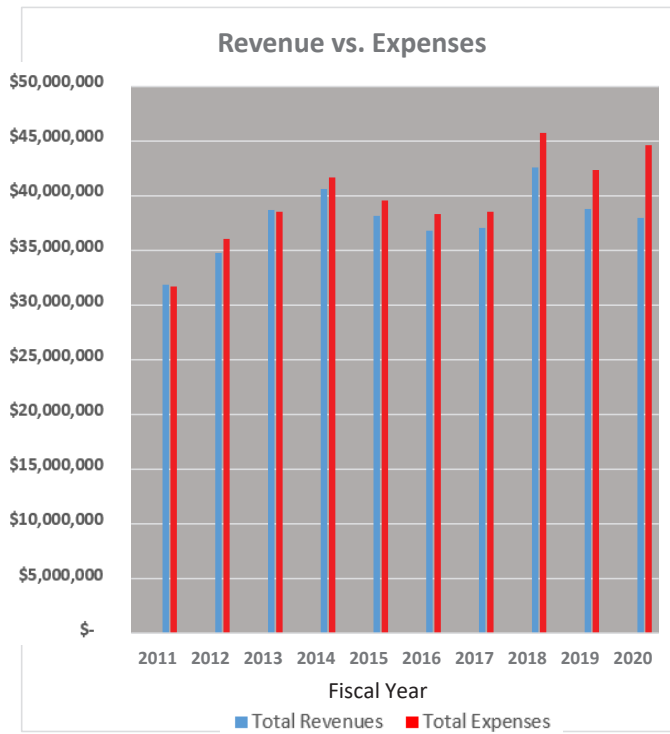
Source: Rainbow Municipal Water District Audited Financial Statements

## SUMMARY OF REVENUES AND EXPENSES

Last Ten Fiscal Years

| Fiscal Year | Total Revenues       | Total Expenses       | Gain (Loss)           |
|-------------|----------------------|----------------------|-----------------------|
| 2011        | \$ 31,870,459        | \$ 31,715,356        | \$ (1,206,548)        |
| 2012        | 34,767,151           | 36,063,911           | (2,236,077)           |
| 2013        | 38,716,429           | 38,541,846           | (657,214)             |
| 2014        | 40,627,469           | 41,672,526           | (1,767,808)           |
| 2015        | 38,169,760           | 39,571,429           | (1,938,483)           |
| 2016        | 36,821,603           | 38,324,063           | (2,426,571)           |
| 2017        | 37,068,399           | 38,545,851           | (3,644,905)           |
| 2018        | 42,591,777           | 45,757,151           | (3,769,252)           |
| 2019        | 38,793,755           | 42,372,490           | (5,286,552)           |
| 2020        | <u>\$ 37,981,784</u> | <u>\$ 44,625,188</u> | <u>\$ (6,643,404)</u> |

Source: Rainbow Municipal Water District Audited Financial Statements





**REVENUES BY SOURCE**

Last Ten Fiscal Years

|                                     | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                     | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 | 2018                 | 2019                 | 2020                 |
| <b>Operating Revenues:</b>          |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Water Sales                         | \$ 24,602,344        | \$ 30,152,259        | \$ 34,505,228        | \$ 36,497,373        | \$ 34,037,432        | \$ 32,156,844        | \$ 33,091,641        | \$ 38,105,712        | \$ 32,810,988        | \$ 33,156,919        |
| Wastewater Revenue                  | 3,465,747            | 2,500,803            | 2,573,273            | 2,553,801            | 2,677,130            | 2,632,902            | 2,548,647            | 2,520,622            | 2,843,256            | 2,621,433            |
| Other Operating Revenue             | -                    | -                    | -                    | -                    | -                    | -                    | 501,019              | 991,390              | 860,839              | 425,525              |
| Grant Revenue                       | 684,942              | 193,439              | 64,447               | 34,158               | -                    | -                    | -                    | -                    | -                    | -                    |
| Other                               | 1,755,775            | 855,131              | 673,910              | 710,843              | 514,415              | 439,807              | 331,842              | -                    | -                    | -                    |
| <b>Total Operating Revenues</b>     | <b>30,508,808</b>    | <b>33,701,632</b>    | <b>37,816,858</b>    | <b>39,796,175</b>    | <b>37,228,977</b>    | <b>35,229,553</b>    | <b>36,473,149</b>    | <b>41,617,724</b>    | <b>36,515,083</b>    | <b>36,203,877</b>    |
| <b>Non-operating Revenues:</b>      |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Property Tax Revenue                | 859,741              | 825,995              | 858,884              | 831,294              | 850,802              | 870,642              | 595,250              | 616,027              | 638,539              | 653,320              |
| Investment income                   | 501,910              | 239,524              | 40,687               | -                    | 89,981               | 721,408              | -                    | -                    | 1,134,118            | 841,596              |
| Other                               | -                    | -                    | -                    | -                    | -                    | -                    | -                    | 358,026              | 506,015              | 282,991              |
| <b>Total Non-operating Revenues</b> | <b>1,361,651</b>     | <b>1,065,519</b>     | <b>899,571</b>       | <b>831,294</b>       | <b>940,783</b>       | <b>1,592,050</b>     | <b>595,250</b>       | <b>974,053</b>       | <b>2,278,672</b>     | <b>1,777,907</b>     |
| <b>Total Revenues</b>               | <b>\$ 31,870,459</b> | <b>\$ 34,767,151</b> | <b>\$ 38,716,429</b> | <b>\$ 40,627,469</b> | <b>\$ 38,169,760</b> | <b>\$ 36,821,603</b> | <b>\$ 37,068,399</b> | <b>\$ 42,591,777</b> | <b>\$ 38,793,755</b> | <b>\$ 37,981,784</b> |

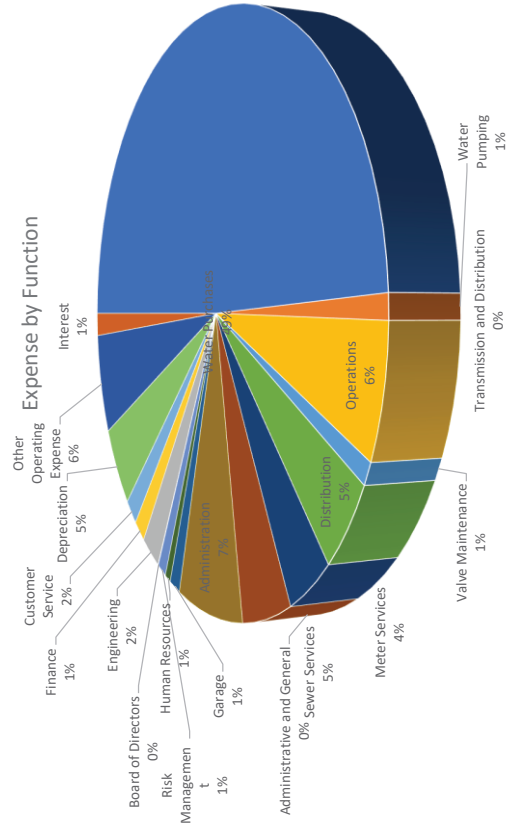
Source: Rainbow Municipal Water District Audited Financial Statements

**EXPENSES BY FUNCTION**

Last Ten Fiscal Years

|                                       | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 | 2018                 | 2019                 | 2020                 |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Operating Expenses:</b>            |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Water Purchases                       | 17,328,605           | 20,655,653           | 24,346,557           | 26,649,303           | 24,532,468           | 22,381,393           | 23,282,393           | 27,040,873           | 22,449,449           | 21,917,914           |
| Water Pumping                         | 473,421              | 613,958              | 566,443              | 3,836,825            | 3,816,915            | 631,056              | 580,556              | 591,529              | 558,989              | 530,815              |
| Transmission and Distribution         | 5,203,680            | 4,490,435            | 3,902,699            | 1,113,721            | 1,037,420            | 4,284,981            | 4,876,960            | 4,777,964            | 4,421,571            | -                    |
| Operations                            | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | 2,836,404            |
| Valve Maintenance                     | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | 522,935              |
| Distribution                          | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | 2,191,712            |
| Meter Services                        | 962,265              | 872,146              | 984,327              | 768,966              | 804,140              | 1,044,631            | 1,085,553            | 1,003,899            | 868,927              | 1,893,429            |
| Sewer Services                        | 1,782,654            | 1,764,356            | 1,613,567            | 1,763,824            | 1,708,779            | 1,566,845            | 1,735,473            | 1,646,593            | 1,738,948            | 2,268,304            |
| Administrative and General            | 1,943,841            | 3,232,712            | 2,062,840            | 3,987,687            | 3,924,311            | 2,683,658            | 2,855,623            | 4,272,246            | 4,467,521            | -                    |
| Administration                        | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | 3,277,178            |
| Garage                                | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | 544,451              |
| Human Resources                       | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | 298,776              |
| Risk Management                       | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | 455,288              |
| Board of Directors                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | 23,336               |
| Engineering                           | 734,752              | 780,744              | 906,026              | -                    | 24,364               | 999,844              | 1,279,194            | 1,254,293            | 1,551,506            | 1,005,437            |
| Finance                               | 537,603              | 474,869              | 580,941              | -                    | -                    | 612,800              | 545,976              | 601,322              | 568,091              | 632,456              |
| Customer Service                      | 300,430              | 318,768              | 448,088              | 148,438              | 816                  | 339,948              | 430,850              | 549,822              | 1,519,984            | 718,066              |
| Depreciation                          | 2,448,105            | 2,734,068            | 3,062,584            | 3,295,219            | 3,318,247            | 3,110,968            | 3,445,476            | 3,648,435            | 3,656,649            | 2,189,068            |
| Other Operating Expense               | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | 2,702,844            |
| <b>Total Operating Expenses</b>       | <b>31,715,356</b>    | <b>35,937,709</b>    | <b>38,474,072</b>    | <b>41,563,983</b>    | <b>39,167,460</b>    | <b>37,656,124</b>    | <b>40,118,054</b>    | <b>45,386,976</b>    | <b>41,801,635</b>    | <b>44,008,413</b>    |
| <b>Non-operating Expenses:</b>        |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Interest                              | -                    | 126,202              | 67,774               | 108,543              | 403,969              | 667,939              | 361,037              | 370,175              | 570,855              | 616,775              |
| Loss on Abandonment of Capital Assets | -                    | -                    | -                    | -                    | -                    | -                    | (1,933,240)          | -                    | -                    | -                    |
| <b>Total Non-operating Expenses</b>   | <b>-</b>             | <b>126,202</b>       | <b>67,774</b>        | <b>108,543</b>       | <b>403,969</b>       | <b>667,939</b>       | <b>(1,572,203)</b>   | <b>370,175</b>       | <b>570,855</b>       | <b>616,775</b>       |
| <b>Total Expenses</b>                 | <b>\$ 31,715,356</b> | <b>\$ 36,063,911</b> | <b>\$ 38,541,846</b> | <b>\$ 41,672,526</b> | <b>\$ 39,571,429</b> | <b>\$ 38,324,063</b> | <b>\$ 38,545,851</b> | <b>\$ 45,757,151</b> | <b>\$ 42,372,490</b> | <b>\$ 44,625,188</b> |

Source: Rainbow Municipal Water District Audited Financial Statements



**COMPUTATION OF LEGAL DEBT MARGIN**

Last Ten Fiscal Years

|  | 2011             | 2012             | 2013             | 2014             | 2015             | 2016             | 2017             | 2018             | 2019             | 2020             |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Total Assessed Value   | \$ 3,594,374,698 | \$ 3,557,009,604 | \$ 3,614,670,550 | \$ 3,817,371,326 | \$ 4,003,578,488 | \$ 4,185,857,090 | \$ 4,387,417,362 | \$ 4,660,295,704 | \$ 4,994,381,001 | \$ 5,283,549,089 |
| Conversion Percentage  | 25%              | 25%              | 25%              | 25%              | 25%              | 25%              | 25%              | 25%              | 25%              | 25%              |
| Adjusted Assessed Valuation                                      | \$ 898,593,675   | \$ 889,252,401   | \$ 903,667,638   | \$ 954,342,832   | \$ 1,000,894,622 | \$ 1,046,464,273 | \$ 1,096,854,341 | \$ 1,165,073,926 | \$ 1,248,595,250 | \$ 1,320,887,272 |
| Debt Limit Percentage  | 15%              | 15%              | 15%              | 15%              | 15%              | 15%              | 15%              | 15%              | 15%              | 15%              |
| Legal Debt Limit   | \$ 134,789,051   | \$ 133,387,860   | \$ 135,550,146   | \$ 143,151,425   | \$ 150,134,193   | \$ 156,969,641   | \$ 164,528,151   | \$ 174,761,089   | \$ 187,289,288   | \$ 198,133,091   |
| Outstanding Debt   | -                | -                | -                | \$ 14,135,186    | \$ 17,978,129    | \$ 17,615,446    | \$ 16,875,544    | \$ 16,119,968    | \$ 15,348,493    | \$ 14,160,736    |
| Less: Amount Reserved for Debt Service                           | -                | -                | -                | \$ 14,135,186    | \$ 17,978,129    | \$ 17,615,446    | \$ 16,875,544    | \$ 16,119,968    | \$ 15,348,493    | \$ 1,129,683     |
| Net Applicable to Limit  | \$ 134,789,051   | \$ 133,387,860   | \$ 135,550,146   | \$ 129,016,238   | \$ 132,156,064   | \$ 139,354,194   | \$ 147,652,607   | \$ 158,641,121   | \$ 171,940,795   | \$ 13,031,053    |
| Legal Debt Margin  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Total Debt applicable to the limit as a percentage of debt limit | 0%               | 0%               | 0%               | 10%              | 12%              | 11%              | 10%              | 9%               | 8%               | 7%               |

Note: The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above, reflect a conversation of assessed valuation of data for each fiscal year from the current full valuation perspective, to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

### Total Assessed Value

Last Ten Fiscal Years

|      | Assessed Value | Percent Increase/<br>Decrease | Tax Collected |
|------|----------------|-------------------------------|---------------|
| 2011 | 3,594,374,698  | N/A                           | N/A           |
| 2012 | 3,557,009,604  | (0.01)                        | 327,294       |
| 2013 | 3,614,670,550  | 1.62%                         | 346,947       |
| 2014 | 3,817,371,326  | 5.61%                         | 352,946       |
| 2015 | 4,003,578,488  | 4.88%                         | 374,542       |
| 2016 | 4,185,857,090  | 4.55%                         | 395,119       |
| 2017 | 4,387,417,362  | 4.82%                         | 414,535       |
| 2018 | 4,660,295,704  | 6.22%                         | 434,870       |
| 2019 | 4,994,381,001  | 7.17%                         | 456,171       |
| 2020 | 5,283,549,089  | 5.79%                         | 478,689       |

Notes: Data for 2011 is unavailable.

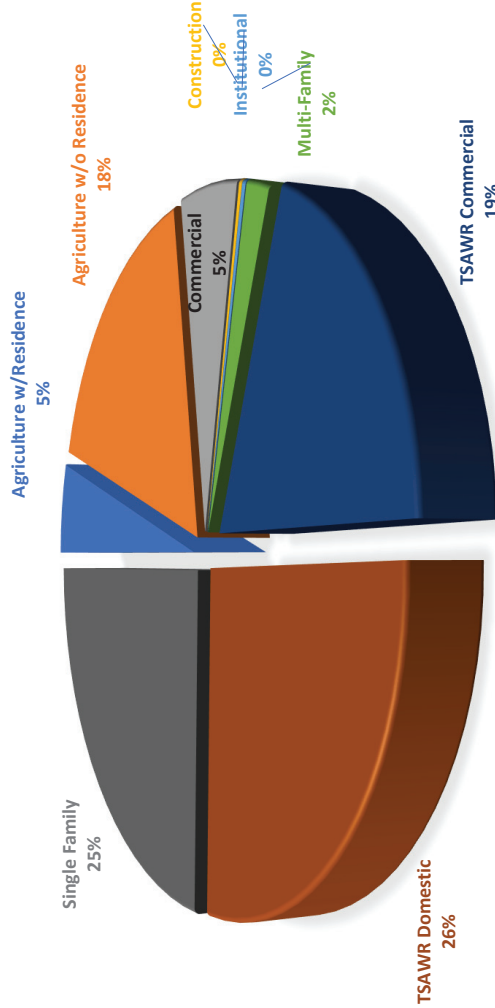
**CONSUMPTION BY CUSTOMER CLASS**

Last Ten Fiscal Years  
Acre Feet

|                           | 2011             | 2012             | 2013             | 2014             | 2015             | 2016             | 2017             | 2018             | 2019             | 2020             |
|---------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Agriculture w/Residence   | \$ 4,486         | \$ 4,302         | n/a              | n/a              | n/a              | \$ 624           | \$ 624           | \$ 769           | \$ 636           | \$ 637           |
| Agriculture w/o Residence | n/a              | n/a              | 2,636            | 2,708            | 2,295            | 2,804            | 2,717            | 2,886            | 2,233            | 2,343            |
| Commercial                | 1,938            | 1,861            | 1,879            | 1,970            | 2,003            | 571              | 629              | 845              | 791              | 745              |
| Construction              | 82               | 69               | 12               | 45               | 64               | 104              | 94               | 158              | 118              | 37               |
| Institutional             | n/a              | n/a              | n/a              | n/a              | n/a              | 65               | 62               | 52               | 63               | 43               |
| Multi-Family              | n/a              | 262              | 320              | 367              | 332              | 254              | 267              | 284              | 288              | 280              |
| TSAWR Commercial          | 3,522            | 3,433            | 4,642            | 4,784            | 4,189            | 3,239            | 3,268            | 3,731            | 2,726            | 2,486            |
| TSAWR Domestic            | 4,381            | 4,261            | 6,335            | 6,508            | 5,823            | 4,743            | 4,530            | 5,292            | 3,681            | 3,410            |
| Single Family             | 4,723            | 4,210            | 4,509            | 4,846            | 4,224            | 3,154            | 3,428            | 3,900            | 3,236            | 3,266            |
| <b>Total Consumption</b>  | <b>\$ 19,131</b> | <b>\$ 18,398</b> | <b>\$ 20,333</b> | <b>\$ 21,227</b> | <b>\$ 18,929</b> | <b>\$ 15,558</b> | <b>\$ 15,620</b> | <b>\$ 17,917</b> | <b>\$ 13,771</b> | <b>\$ 13,247</b> |

TSAWR-Transitional Special Agriculture Water Rate

**CONSUMPTION BY CUSTOMER CLASS**

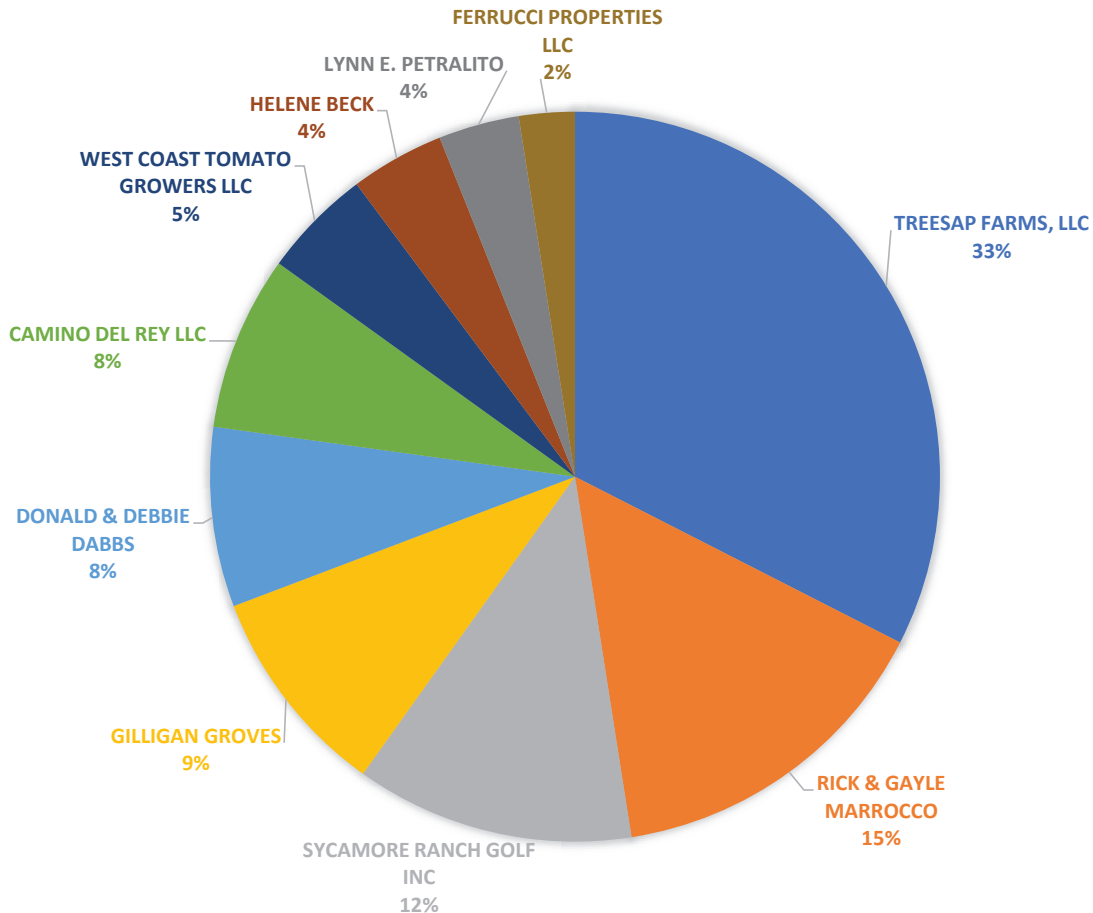


TSAWR-Transitional Special Agriculture Water Rate

**TOP TEN WATER CONSUMERS**  
Fiscal Year 2020

| CUSTOMER                                | ANNUAL USAGE     | PERCENTAGE     |
|---|------------------|----------------|
| TREESAP FARMS, LLC                      | 166,258          | 2.83%          |
| RICK & GAYLE MARROCCO                   | 76,788           | 1.31%          |
| SYCAMORE RANCH GOLF INC                 | 63,109           | 1.07%          |
| GILLIGAN GROVES                         | 47,908           | 0.82%          |
| DONALD & DEBBIE DABBS                   | 40,690           | 0.69%          |
| CAMINO DEL REY LLC                      | 39,610           | 0.67%          |
| WEST COAST TOMATO GROWERS LLC           | 24,840           | 0.42%          |
| HELENE BECK                             | 21,309           | 0.36%          |
| LYNN E. PETRALITO                       | 18,276           | 0.31%          |
| FERRUCCI PROPERTIES LLC                 | 12,634           | 0.22%          |
|   |                  |                |
| <b>TOTAL COMBINED WATER CONSUMPTION</b> | <b>511,422</b>   | <b>8.71%</b>   |
| <b>ALL OTHER WATER CONSUMPTION</b>      | <b>5,359,679</b> | <b>91.29%</b>  |
| <b>TOTAL WATER CONSUMPTION</b>          | <b>5,871,101</b> | <b>100.00%</b> |

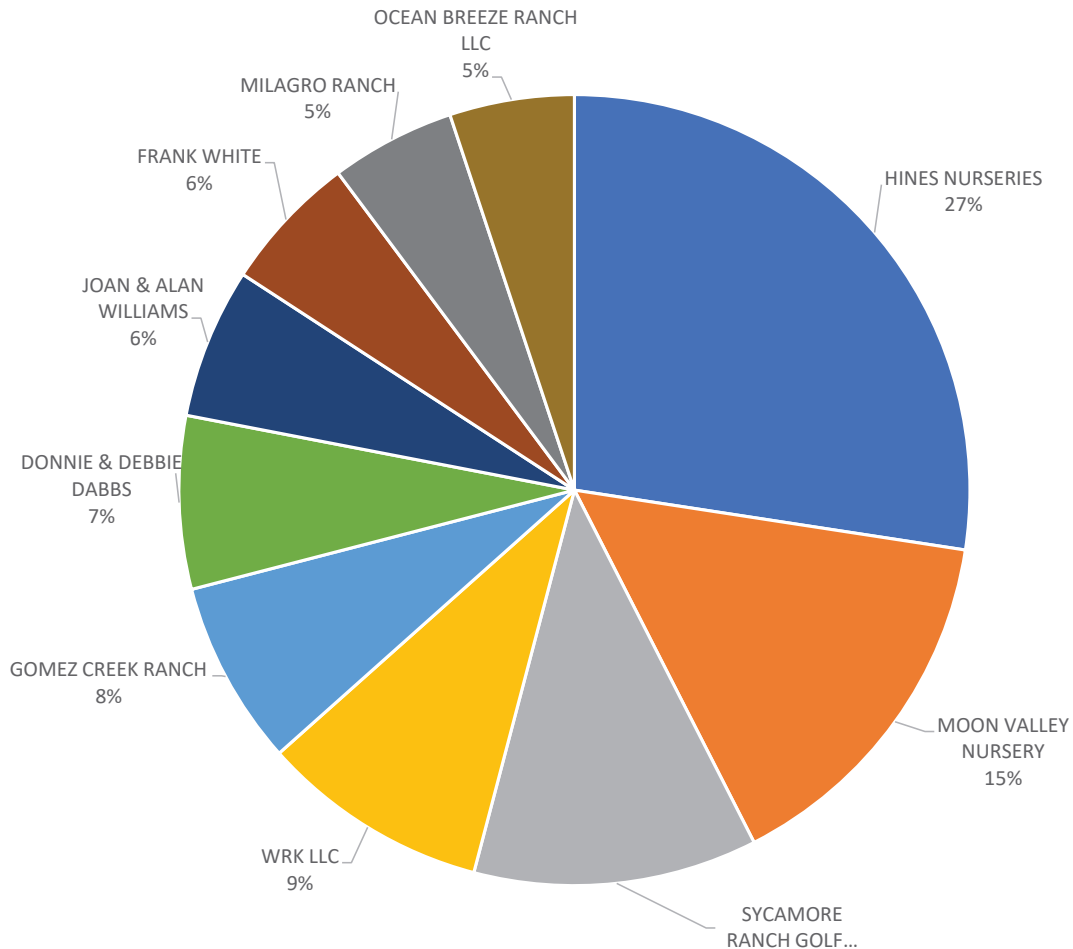
**TOP TEN WATER CUSTOMERS AND THEIR RELATIVE CONSUMPTION**  
FISCAL YEAR 2020



**TOP TEN WATER CONSUMERS**  
Fiscal Year 2009

| CUSTOMER                                | ANNUAL USAGE     | PERCENTAGE     |
|---|------------------|----------------|
| HINES NURSERIES                         | 137,930          | 2.18%          |
| MOON VALLEY NURSERY                     | 75,827           | 1.20%          |
| SYCAMORE RANCH GOLF INC                 | 58,351           | 0.92%          |
| WRK LLC                                 | 46,887           | 0.74%          |
| GOMEZ CREEK RANCH                       | 37,962           | 0.60%          |
| DONNIE & DEBBIE DABBS                   | 35,563           | 0.56%          |
| JOAN & ALAN WILLIAMS                    | 30,921           | 0.49%          |
| FRANK WHITE                             | 28,297           | 0.45%          |
| MILAGRO RANCH                           | 25,644           | 0.41%          |
| OCEAN BREEZE RANCH LLC                  | 25,637           | 0.41%          |
| <b>TOTAL COMBINED WATER CONSUMPTION</b> | <b>503,019</b>   | <b>7.96%</b>   |
| <b>ALL OTHER WATER CONSUMPTION</b>      | <b>5,813,109</b> | <b>92.04%</b>  |
| <b>TOTAL WATER CONSUMPTION</b>          | <b>6,316,128</b> | <b>100.00%</b> |

**TOP TEN WATER CUSTOMERS AND THEIR RELATIVE CONSUMPTION FISCAL YEAR 2009**



RATE SUMMARIES

Water Variable Rates<sup>2</sup>

|      | Single Family Residential |        |        | Multi Family | Commercial | Institutional | Construction |
|------|---------------------------|--------|--------|--------------|------------|---------------|--------------|
|      | Tier 1                    | Tier 2 | Tier 3 |              |            |               |              |
| 2011 | 2.55                      | 2.60   | 2.6    | 2.55/2.6     | 2.55       | n/a           | 2.60         |
| 2012 | 2.55                      | 2.60   | 2.6    | 2.55/2.6     | 2.55       | n/a           | 2.60         |
| 2013 | 2.95                      | 3.00   | 3.00   | 2.95/3.00    | 2.95       | n/a           | 3.00         |
| 2014 | 3.00                      | 3.15   | 3.15   | 3.00/3.15    | 3.00/3.15  | n/a           | 3.15         |
| 2015 | 3.00                      | 3.15   | 3.15   | 3.00/3.15    | 3.15       | n/a           | 3.15         |
| 2016 | 3.31                      | 3.48   | 3.81   | 3.40         | 3.51       | 3.58          | 3.51         |
| 2017 | 3.42                      | 3.60   | 3.94   | 3.52         | 3.63       | 3.70          | 4.44         |
| 2018 | 3.64                      | 3.86   | 4.27   | 3.76         | 3.89       | 3.98          | 4.87         |
| 2019 | 3.73                      | 3.99   | 4.48   | 3.87         | 4.03       | 4.14          | 5.20         |
| 2020 | 3.73                      | 3.99   | 4.48   | 3.87         | 4.03       | 4.14          | 5.20         |

|      | Agriculture w/Residence |        |        | Agriculture w/o Residence | TSAWR <sup>1</sup> Domestic |        |        | TSAWR <sup>1</sup> Commercial |
|------|-------------------------|--------|--------|---------------------------|-----------------------------|--------|--------|-------------------------------|
|      | Tier 1                  | Tier 2 | Tier 3 |                           | Tier 1                      | Tier 2 | Tier 3 |                               |
| 2011 | 2.60                    | 2.60   | 2.60   | 2.43                      | n/a                         | n/a    | n/a    | n/a                           |
| 2012 | 2.60                    | 2.60   | 2.60   | 2.43                      | n/a                         | n/a    | n/a    | n/a                           |
| 2013 | 2.95                    | 3.00   | 2.72   | 2.43                      | n/a                         | n/a    | n/a    | n/a                           |
| 2014 | 3.00                    | 3.15   | 2.83   | n/a                       | n/a                         | n/a    | n/a    | n/a                           |
| 2015 | 3.00                    | 3.15   | 3.15   | n/a                       | 3.00                        | 3.15   | 2.83   | 2.83                          |
| 2016 | 3.31                    | 3.48   | 3.24   | 3.24                      | 3.31                        | 3.48   | 2.77   | 2.77                          |
| 2017 | 3.42                    | 3.60   | 3.35   | 3.35                      | 3.42                        | 3.60   | 2.87   | 2.87                          |
| 2018 | 3.64                    | 3.86   | 3.56   | 3.56                      | 3.7                         | 3.92   | 3.04   | 3.04                          |
| 2019 | 3.73                    | 3.99   | 3.63   | 3.63                      | 3.94                        | 4.21   | 3.15   | 3.15                          |
| 2020 | 3.73                    | 3.99   | 3.63   | 3.63                      | 3.94                        | 4.21   | 3.15   | 3.15                          |

<sup>1</sup>TSAWR-Transitional Special Agriculture Water Rate

<sup>2</sup>1 unit of water = 748 gallons

Water Fixed Rates

|      | Single Family, Multi-Family, Commercial, & Institutional |       |        |        |        |        |        |        |        |          |          |          |          |          |          |          |          |          |
|------|--|-------|--------|--------|--------|--------|--------|--------|--------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
|      | Capacity Calss-Meter Size                                |       |        | A-5/8" |        | B-3/4" |        | C-1"   |        | D-1 1/2" |          | E-2"     |          | F-3"     |          | G-4"     |          | H-6"     |
| 2011 | 54.68  | 63.38 | 88.36  | 88.36  | 138.67 | 138.67 | 230.58 | 230.58 | 386.42 | 386.42   | 654.05   | 654.05   | 1,276.37 | 1,276.37 | 1,276.37 | 1,276.37 | 1,276.37 | 1,276.37 |
| 2012 | 54.68  | 63.38 | 88.36  | 88.36  | 138.67 | 138.67 | 230.58 | 230.58 | 386.42 | 386.42   | 654.05   | 654.05   | 1,276.37 | 1,276.37 | 1,276.37 | 1,276.37 | 1,276.37 | 1,276.37 |
| 2013 | 62.23  | 70.93 | 100.44 | 100.44 | 161.33 | 161.33 | 269.85 | 269.85 | 454.39 | 454.39   | 774.89   | 774.89   | 1,548.24 | 1,548.24 | 1,548.24 | 1,548.24 | 1,548.24 | 1,548.24 |
| 2014 | 58.83  | 65.93 | 94.87  | 94.87  | 162.34 | 162.34 | 282.54 | 282.54 | 487.01 | 487.01   | 842.16   | 842.16   | 1,699.84 | 1,699.84 | 1,699.84 | 1,699.84 | 1,699.84 | 1,699.84 |
| 2015 | 58.83  | 65.93 | 94.87  | 94.87  | 162.34 | 162.34 | 282.54 | 282.54 | 487.01 | 487.01   | 842.16   | 842.16   | 1,699.84 | 1,699.84 | 1,699.84 | 1,699.84 | 1,699.84 | 1,699.84 |
| 2016 | 58.84  | 65.93 | 94.87  | 94.87  | 162.34 | 162.34 | 282.54 | 282.54 | 487.01 | 487.01   | 842.16   | 842.16   | 1,699.84 | 1,699.84 | 1,699.84 | 1,699.84 | 1,699.84 | 1,699.84 |
| 2017 | 61.14  | 61.14 | 99.35  | 99.35  | 194.85 | 194.85 | 309.45 | 309.45 | 672.36 | 672.36   | 1,207.19 | 1,207.19 | 2,486.94 | 2,486.94 | 2,486.94 | 2,486.94 | 2,486.94 | 2,486.94 |
| 2018 | 61.46  | 61.46 | 99.37  | 99.37  | 194.12 | 194.12 | 307.82 | 307.82 | 667.85 | 667.85   | 1,198.46 | 1,198.46 | 2,468.09 | 2,468.09 | 2,468.09 | 2,468.09 | 2,468.09 | 2,468.09 |
| 2019 | 65.56  | 65.56 | 105.59 | 105.59 | 205.62 | 205.62 | 325.67 | 325.67 | 705.81 | 705.81   | 1,266.04 | 1,266.04 | 2,606.55 | 2,606.55 | 2,606.55 | 2,606.55 | 2,606.55 | 2,606.55 |
| 2020 | 65.56  | 65.56 | 105.59 | 105.59 | 205.62 | 205.62 | 325.67 | 325.67 | 705.81 | 705.81   | 1,266.04 | 1,266.04 | 2,606.55 | 2,606.55 | 2,606.55 | 2,606.55 | 2,606.55 | 2,606.55 |



RATE SUMMARIES

| Agriculture              |        |        |        |          |        |          |          |          |  |  |
|--------------------------|--------|--------|--------|----------|--------|----------|----------|----------|--|--|
| Capacity Cais-Meter Size | A-5/8" | B-3/4" | C-1"   | D-1 1/2" | E-2"   | F-3"     | G-4"     | H-6"     |  |  |
| 2011                     | 48.19  | 56.89  | 77.98  | 119.22   | 196.86 | 328.07   | 550.31   | 1,042.93 |  |  |
| 2012                     | 48.19  | 56.89  | 77.98  | 119.22   | 196.86 | 328.07   | 550.31   | 1,042.93 |  |  |
| 2013                     | 49.71  | 58.41  | 80.41  | 123.78   | 204.76 | 341.74   | 574.61   | 1,097.61 |  |  |
| 2014                     | 44.52  | 51.62  | 71.97  | 119.40   | 208.12 | 358.20   | 613.16   | 1,184.59 |  |  |
| 2015                     | 44.52  | 51.62  | 71.97  | 119.40   | 208.12 | 358.20   | 613.16   | 1,184.59 |  |  |
| 2016                     | 78.28  | 78.28  | 127.96 | 252.19   | 401.24 | 873.25   | 1,568.86 | 3,233.34 |  |  |
| 2017                     | 81.06  | 81.06  | 132.53 | 261.23   | 415.66 | 904.69   | 1,625.39 | 3,349.88 |  |  |
| 2018                     | 85.37  | 85.37  | 139.18 | 273.77   | 435.27 | 946.65   | 1,700.30 | 3,503.62 |  |  |
| 2019                     | 94.25  | 94.25  | 153.36 | 301.20   | 478.61 | 1,040.37 | 1,868.25 | 3,849.18 |  |  |
| 2020                     | 94.25  | 94.25  | 153.36 | 301.20   | 478.61 | 1,040.37 | 1,868.25 | 3,849.18 |  |  |

| TSAWR <sup>1</sup>       |        |        |        |          |        |        |          |          |  |  |
|--------------------------|--------|--------|--------|----------|--------|--------|----------|----------|--|--|
| Capacity Cais-Meter Size | A-5/8" | B-3/4" | C-1"   | D-1 1/2" | E-2"   | F-3"   | G-4"     | H-6"     |  |  |
| 2011                     | n/a    | n/a    | n/a    | n/a      | n/a    | n/a    | n/a      | n/a      |  |  |
| 2012                     | n/a    | n/a    | n/a    | n/a      | n/a    | n/a    | n/a      | n/a      |  |  |
| 2013                     | n/a    | n/a    | n/a    | n/a      | n/a    | n/a    | n/a      | n/a      |  |  |
| 2014                     | n/a    | n/a    | n/a    | n/a      | n/a    | n/a    | n/a      | n/a      |  |  |
| 2015                     | 58.83  | 65.93  | 94.87  | 162.34   | 215.94 | 304.14 | 445.94   | 694.04   |  |  |
| 2016                     | 60.31  | 60.31  | 98.01  | 192.28   | 305.39 | 663.57 | 1,191.44 | 2,454.53 |  |  |
| 2017                     | 61.37  | 61.37  | 99.71  | 195.59   | 310.64 | 674.94 | 1,211.84 | 2,496.52 |  |  |
| 2018                     | 68.01  | 68.01  | 110.25 | 215.89   | 342.67 | 744.10 | 1,335.70 | 2,751.27 |  |  |
| 2019                     | 77.36  | 77.36  | 125.21 | 244.89   | 388.52 | 843.30 | 1,513.53 | 3,117.21 |  |  |
| 2020                     | 77.36  | 77.36  | 125.21 | 244.89   | 388.52 | 843.30 | 1,513.53 | 3,117.21 |  |  |

<sup>1</sup>TSAWR-Transitional Special Agriculture Water Rate

Sewer Rates per Dwelling Unit

|      | Single Family | Multi Family | Sewer Only  | Commercial |
|------|---------------|--------------|-------------|------------|
| 2011 | 25.76-68.54   | 25.76-68.54  | 25.76-68.54 | 68.54      |
| 2012 | 25.76-68.54   | 25.76-68.54  | 25.76-68.54 | 68.54      |
| 2013 | 25.76-68.54   | 25.76-68.54  | 25.76-68.54 | 68.54      |
| 2014 | 28.70-75.50   | 28.70-75.50  | 28.70-75.50 | 75.50      |
| 2015 | 28.7-75.50    | 28.7-75.50   | 28.7-75.50  | 75.50      |
| 2016 | 28.7-75.50    | 28.7-75.50   | 28.7-75.50  | 75.50      |
| 2017 | 28.7-75.50    | 28.7-75.50   | 28.7-75.50  | 75.50      |
| 2018 | 55.07         | 40.51        | 54.40       | 40.51      |
| 2019 | 55.07         | 40.51        | 54.40       | 40.51      |
| 2020 | 55.07         | 40.51        | 54.40       | 40.51      |

## HISTORICAL WATER DEMAND AND RECENT TRENDS

For 25 years following its founding in 1954, total SDCWA water deliveries to the District service area steadily increased, as agricultural acreage and population increased. By 1984, demands had climbed to almost 34,000-acre feet per year (AFY). Demands then dropped sharply during the drought restrictions of 1991-93, as mandatory cutbacks led to the stumping of avocado groves and other water use reductions, but by 2002 had rebounded to almost pre- 1991 conditions.

Beginning in 2008, demands again declined sharply, this time in response to economic recession, water price increases, a new round of drought restrictions, and increased adoption of water conservation measures. These factors have combined to produce a fundamental downward shift in per capita water use, with per account use declining by **35 percent** from 2006 to 2013. Per capita use reached a minimum during the period from 2010 to 2012, but this was in response to economic recession, cooler than normal summer weather, and other impermanent conditions.

Considering factors of economic equilibrium, average weather conditions, and normal water supply conditions (without water use restrictions in place), the Master Plan has judged calendar year 2018 to be representative of normal water use conditions in the current era and has defined calendar year 2018 water use as an appropriate baseline condition for use in demand forecasting.

| Calendar Year | Deliveries (AF) |
|---------------|-----------------|
| 1982          | 24,843          |
| 1983          | 23,746          |
| 1984          | 33,806          |
| 1985          | 28,886          |
| 1986          | 29,298          |
| 1987          | 27,382          |
| 1988          | 32,028          |
| 1989          | 34,828          |
| 1990          | 34,920          |
| 1991          | 24,567          |
| 1992          | 26,460          |
| 1993          | 22,997          |
| 1994          | 22,832          |
| 1995          | 20,872          |
| 1996          | 23,223          |
| 1997          | 24,906          |
| 1998          | 19,924          |
| 1999          | 28,721          |
| 2000          | 29,203          |
| 2001          | 26,803          |
| 2002          | 32,125          |
| 2003          | 30,472          |
| 2004          | 30,336          |
| 2005          | 28,911          |
| 2006          | 29,929          |
| 2007          | 31,865          |
| 2008          | 24,128          |
| 2009          | 26,894          |
| 2010          | 18,322          |
| 2011          | 19,276          |
| 2012          | 21,918          |
| 2013          | 21,526          |
| 2014          | 22,625          |
| 2015          | 17,868          |
| 2016          | 18,151          |
| 2017          | 18,123          |
| 2018          | 17,910          |
| 2019          | 13,720          |



### Top 10 Employers

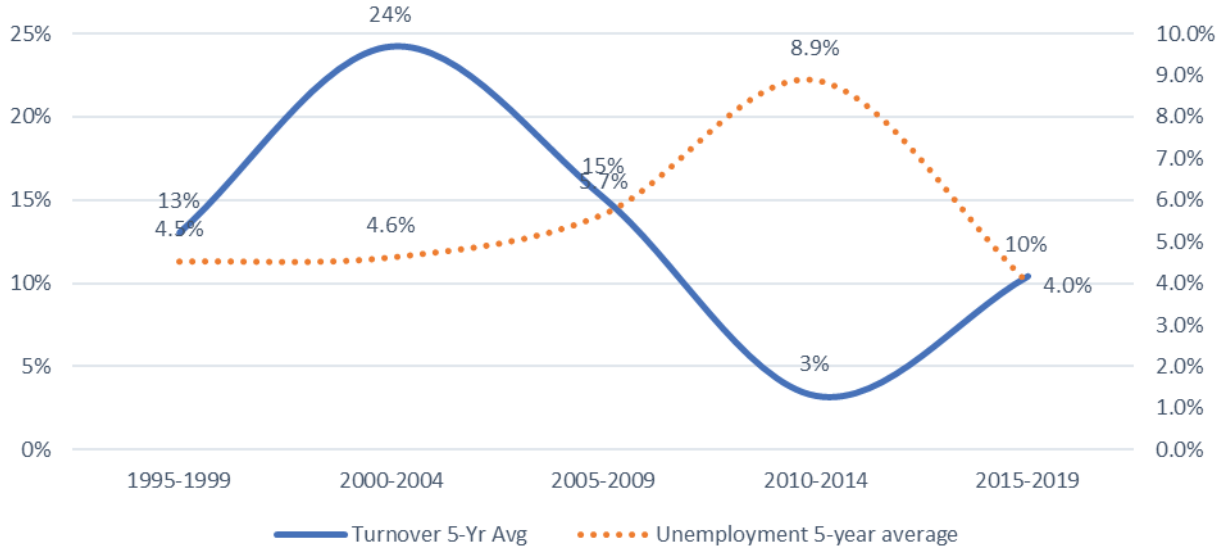
| Employers                        | # of Employees |
|----------------------------------|----------------|
| Bonsall Unified School District  | 123            |
| Rainbow Municipal Water District | 57             |
| Vallecitor School District       | 30             |
| Pala Mesa Resort                 | 20             |
| Z Café                           | 15             |
| Daniel's Market                  | 10             |
| Armstrong Growers                | less than 10   |
| West Coast Tomatoe Growers       | less than 10   |
| Rainbow Oaks Restaurant          | less than 10   |
| Pala Mesa Market                 | less than 10   |
| Village Pizza                    | less than 10   |
| Tekila Cocina                    | less than 10   |
| Fresco Grill                     | less than 10   |
| Jack in the Box                  | less than 10   |
| Subway                           | less than 10   |
| McDonalds                        | less than 10   |
| Cortez Mexican                   | less than 10   |
| Quality Inn                      | less than 10   |
| Nessy Burget                     | less than 10   |
| Fallbrook Rib Shack              | less than 10   |
| Randy Carlson DMD                | less than 10   |

**FULL-TIME EQUIVALENT EMPLOYEES BY DEPARTMENT**

Last Ten Fiscal Years

|                                  | 2011      | 2012      | 2013      | 2014      | 2015      | 2016      | 2017      | 2018      | 2019        | 2020        |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|-------------|
| Administration                   | 3         | 3         | 3         | 3         | 3         | 3         | 3         | 4         | 3           | 2           |
| Information Technology           | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 2           | 4           |
| Human Resources                  | 3         | 3         | 3         | 3         | 2         | 3         | 2         | 2         | 2.5         | 2.5         |
| Engineering                      | 5.5       | 5.5       | 5.5       | 5.5       | 5.5       | 5.5       | 5.5       | 5.5       | 6.5         | 5           |
| Finance                          | 4         | 4         | 4         | 4         | 4         | 4         | 4         | 4         | 3           | 5           |
| Customer Service                 | 3         | 3         | 3         | 3         | 3         | 3         | 3         | 3         | 5           | 5           |
| Operations Support               | 6         | 5         | 5         | 5         | 3         | 5         | 5         | 5         | 4.5         | 3           |
| Operations                       | 11.5      | 11.5      | 10.5      | 10.5      | 9.5       | 10.5      | 10.5      | 10.5      | 9           | 9           |
| Wastewater                       | 4         | 4         | 4         | 4         | 4         | 4         | 4         | 4         | 4           | 4           |
| Construction & Maintenance       | 10        | 9         | 9         | 9         | 8         | 9         | 9         | 9         | 9           | 9           |
| Meters                           | 4         | 4         | 4         | 4         | 4         | 4         | 4         | 4         | 9           | 9           |
| <b>Total</b>                     | <b>54</b> | <b>52</b> | <b>51</b> | <b>51</b> | <b>46</b> | <b>51</b> | <b>50</b> | <b>51</b> | <b>57.5</b> | <b>57.5</b> |
| Less Temporary Employees         | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 3           | 3           |
| <b>Total Permanent Employees</b> | <b>54</b> | <b>52</b> | <b>51</b> | <b>51</b> | <b>46</b> | <b>51</b> | <b>50</b> | <b>51</b> | <b>54.5</b> | <b>54.5</b> |

## Historical Turnover (5-year rates, all reasons)

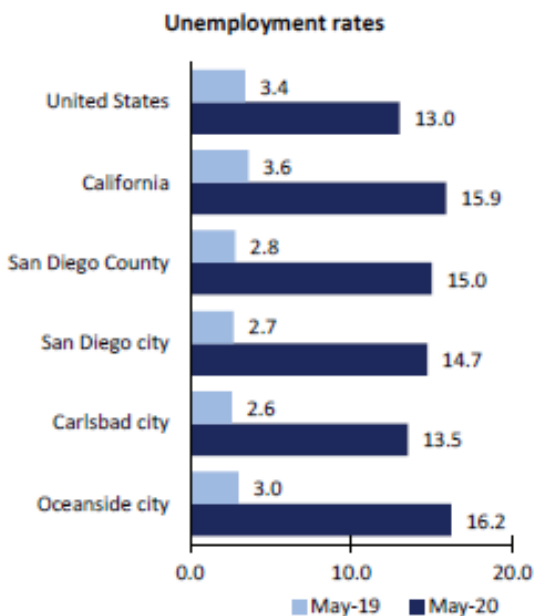


# San Diego Area Economic Summary

Updated July 01, 2020

This summary presents a sampling of economic information for the area; supplemental data are provided for regions and the nation. Subjects include unemployment, employment, wages, prices, spending, and benefits. All data are not seasonally adjusted and some may be subject to revision. Area definitions may differ by subject. For more area summaries and geographic definitions, see [www.bls.gov/regions/economic-summaries.htm](http://www.bls.gov/regions/economic-summaries.htm).

## Unemployment rates for the nation and selected areas



Source: U.S. BLS, Local Area Unemployment Statistics.

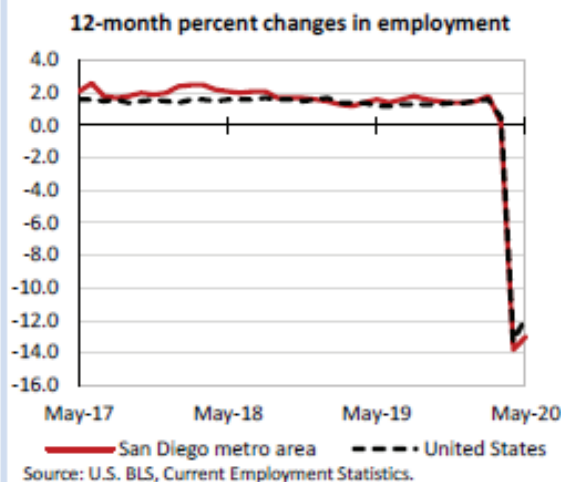
## Average weekly wages for all industries by county

San Diego metro area, fourth quarter 2019

(U.S. = \$1,185; Area = \$1,311)



## Over-the-year changes in employment on nonfarm payrolls and employment by major industry sector



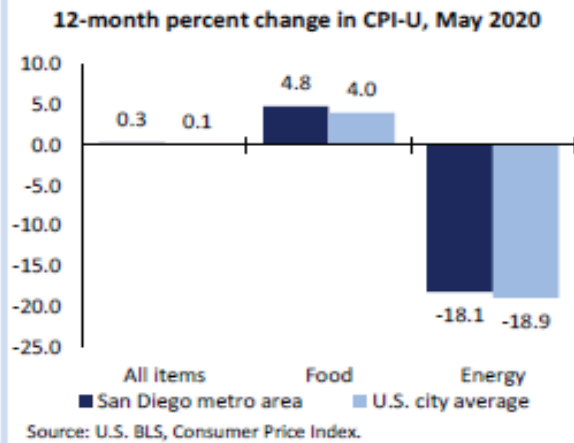
Source: U.S. BLS, Current Employment Statistics.

| San Diego metro area employment (number in thousands) | May 2020 | Change from May 2019 |         |
|---|----------|----------------------|---------|
|   |          | Number               | Percent |
| Total nonfarm   | 1,309.0  | -195.8               | -13.0   |
| Mining and logging                                    | 0.2      | -0.2                 | -50.0   |
| Construction  | 77.2     | -6.7                 | -8.0    |
| Manufacturing   | 106.8    | -7.6                 | -6.6    |
| Trade, transportation, and utilities                  | 190.3    | -31.6                | -14.2   |
| Information   | 19.6     | -3.9                 | -16.6   |
| Financial activities                                  | 72.9     | -3.3                 | -4.3    |
| Professional and business services                    | 251.0    | -3.8                 | -1.5    |
| Education and health services                         | 199.3    | -16.4                | -7.6    |
| Leisure and hospitality                               | 112.7    | -91.2                | -44.7   |
| Other services  | 39.0     | -17.2                | -30.6   |
| Government  | 240.0    | -13.9                | -5.5    |

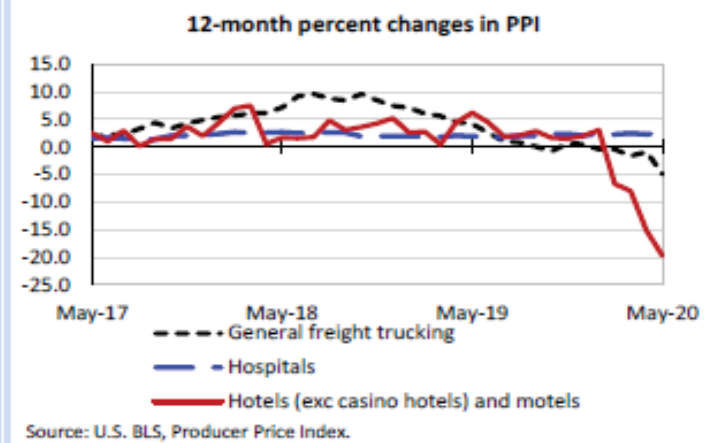
Source: U.S. BLS, Current Employment Statistics.



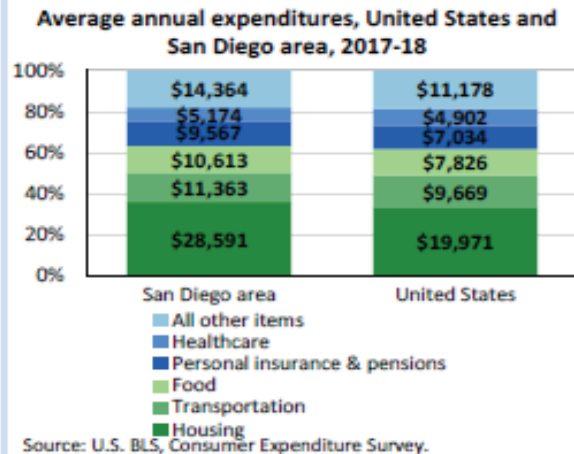
Over-the-year change in the prices paid by urban consumers for selected categories



Over-the-year changes in the selling prices received by producers for selected industries nationwide



Average annual spending and percent distribution for selected categories



Average hourly wages for selected occupations

| Occupation               | San Diego metro area | United States |
|--------------------------|----------------------|---------------|
| All occupations          | \$23.61              | \$25.72       |
| Lawyers                  | 61.92                | 69.86         |
| Registered nurses        | 35.85                | 37.24         |
| Accountants and auditors | 34.55                | 38.23         |
| Chefs and head cooks     | 23.08                | 27.07         |
| Electricians             | 22.76                | 29.02         |
| Construction laborers    | 16.62                | 20.06         |

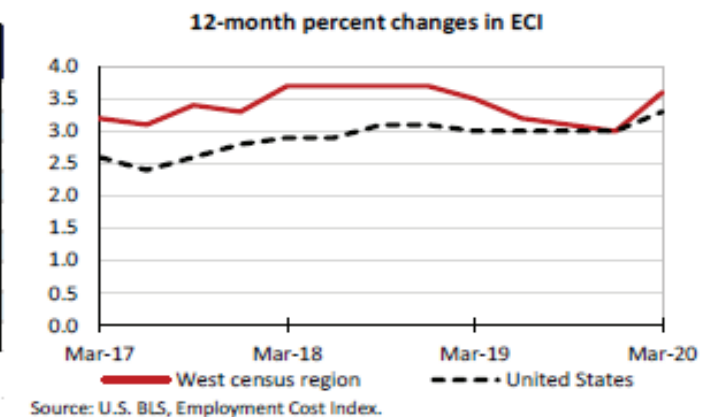
Source: U.S. BLS, Occupational Employment Statistics, May 2019.

Employer costs per hour worked for wages and selected employee benefits by geographic division

| Private industry, March 2020 | West census region | United States |
|------------------------------|--------------------|---------------|
| Total compensation           | \$40.20            | \$35.34       |
| Wages and salaries           | 28.28              | 24.82         |
| Total benefits               | 11.91              | 10.53         |
| Paid leave                   | 3.03               | 2.58          |
| Vacation                     | 1.55               | 1.32          |
| Supplemental pay             | 1.12               | 1.19          |
| Insurance                    | 3.18               | 2.80          |
| Retirement and savings       | 1.46               | 1.25          |
| Legally required benefits    | 3.12               | 2.70          |

Source: U.S. BLS, Employer Costs for Employee Compensation.

Over-the-year changes in wages and salaries



Western Information Office • BLSinfoSF@bls.gov • <https://www.bls.gov/regions/west> • 415-625-2270



## **CLIMATE AND TOPOGRAPHY**

The Fallbrook, Bonsall and Rainbow region has an average year-round temperature of 61 degrees. Due to the prevailing ocean breezes, the humidity is relatively low and constant. The average daytime high in Fallbrook is 76 degrees, although in the summer, temperatures sometimes exceed 100 degrees. Most of the area is frost-free; during the coldest periods, the average nighttime temperature is about 42 degrees. Due to its proximity to the ocean, days often start with early morning fog; afternoons can be breezy.

Annual rainfall is roughly 10 inches (25 cm) and comes mostly between November and April. Rainfall is higher in the surrounding hills, up to 20 inches (51 cm). The area is ideal for avocados, strawberries, tomatoes and many other sub-tropical fruits, vegetables, and flowers.

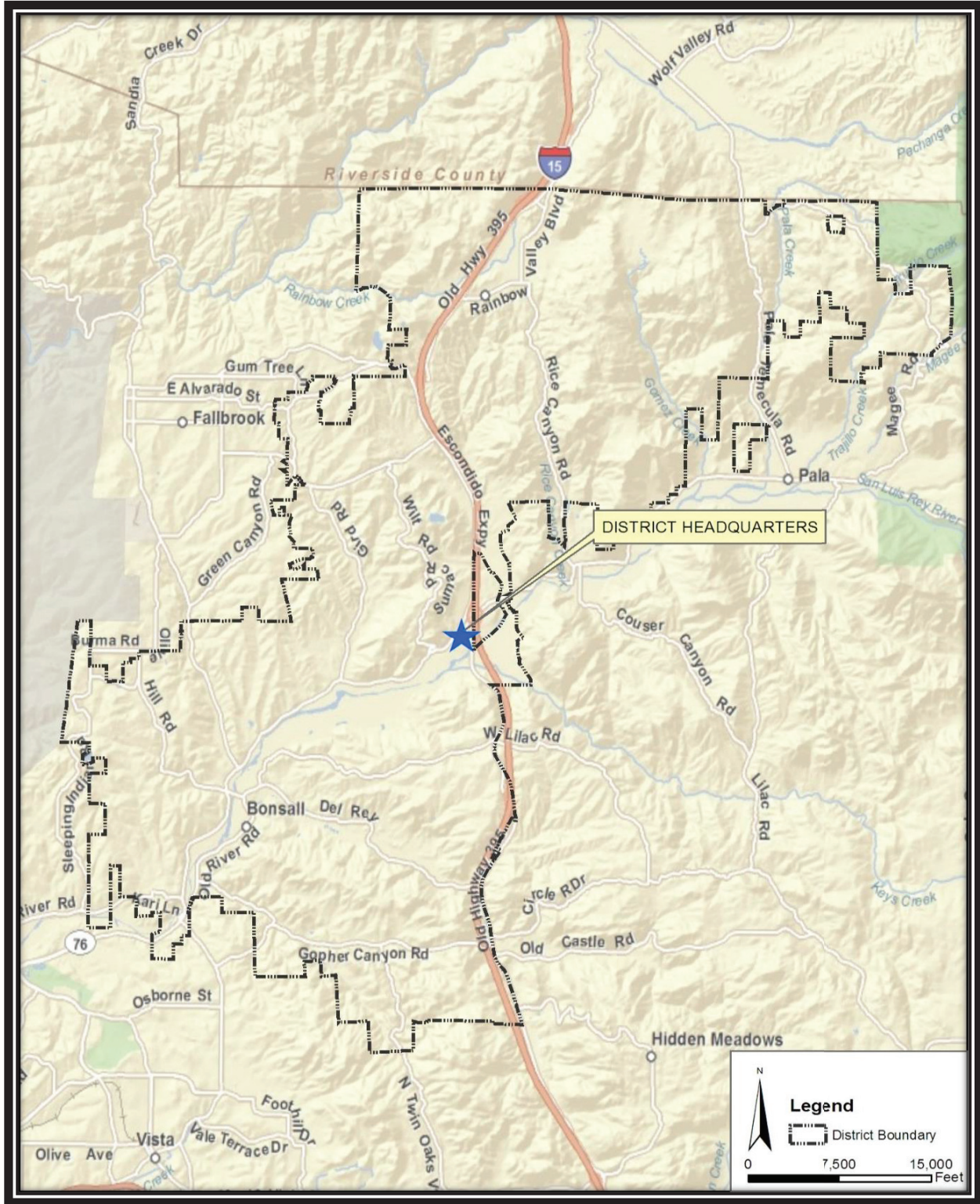
The topography of the District ranges from relatively level valley lands to steeply sloping ridges with long, narrow canyons. Elevations vary from 120 feet in the San Luis Rey River basin to mountains over 2,200 feet high. This configuration of land enables dense, cool air to slide off the valley sides, creating a continuous mild turbulence on the valley floor, which results in a low incidence of frost essential to the growth of avocados and citrus, the major crops grown in the District.

## **THE DISTRICT OFFICE**

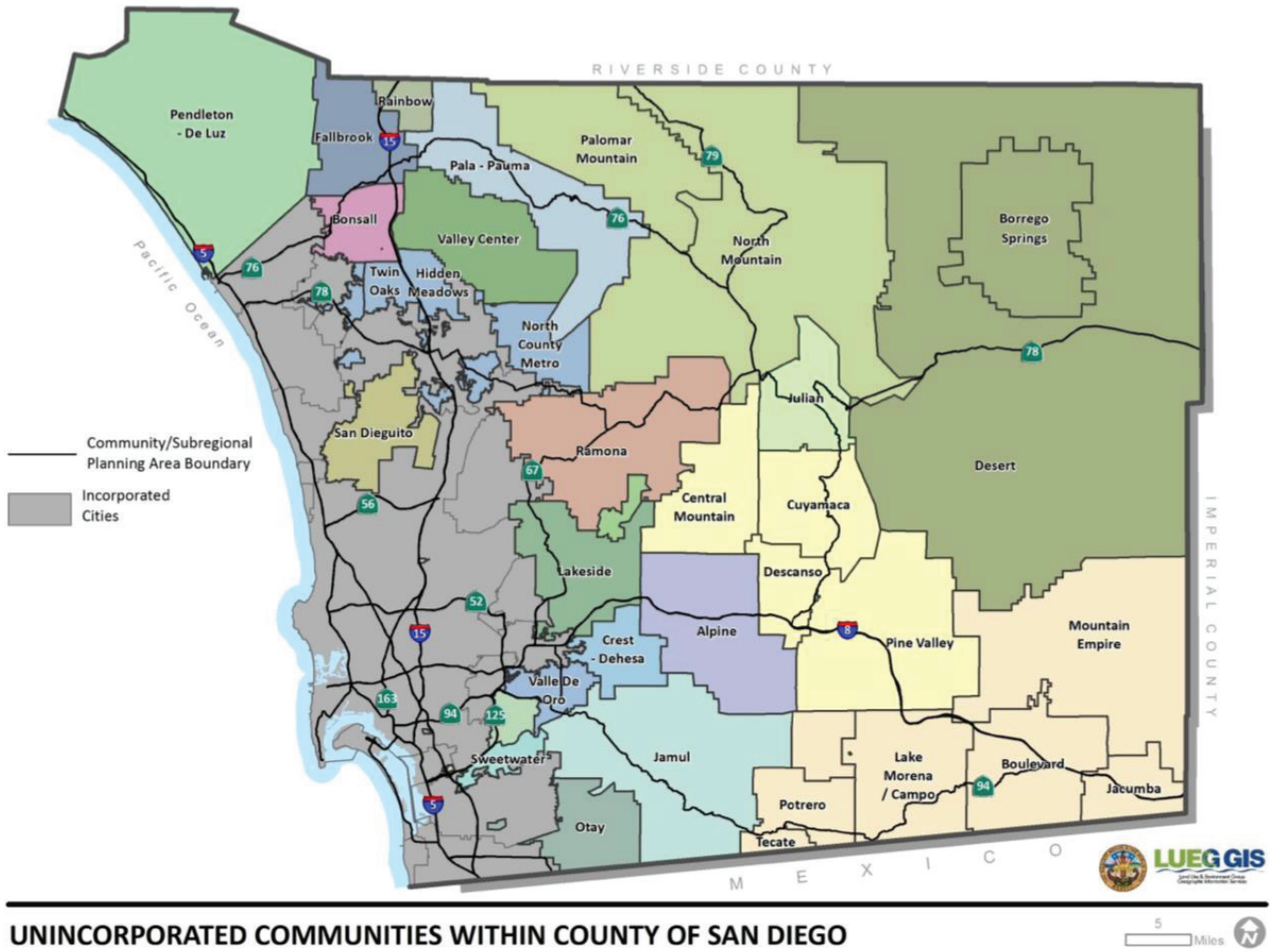




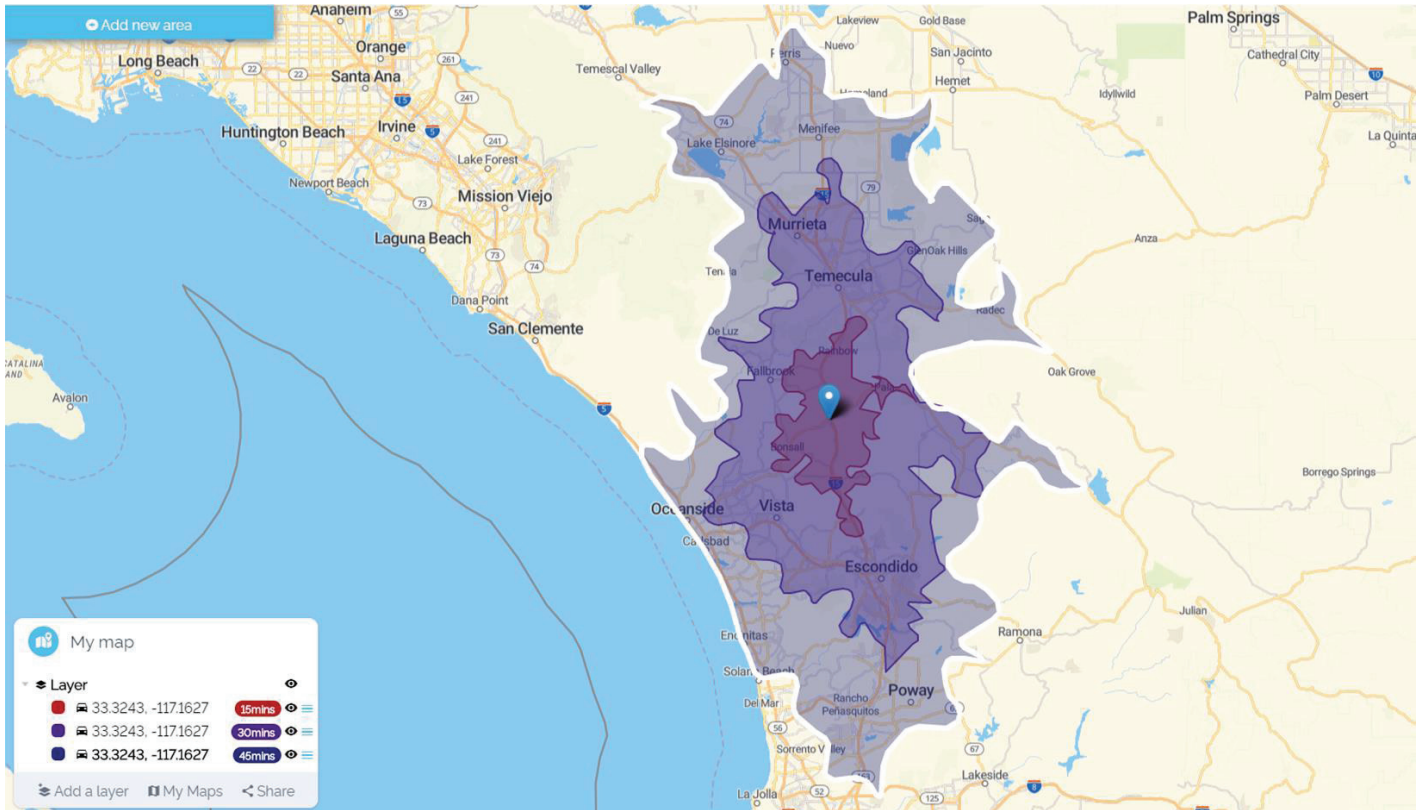
# MAP OF DISTRICT SERVICE AREA



# MAP OF DISTRICT LOCATION

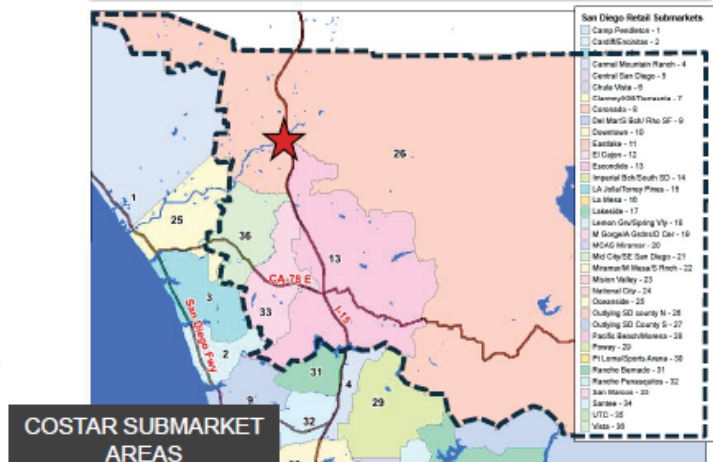
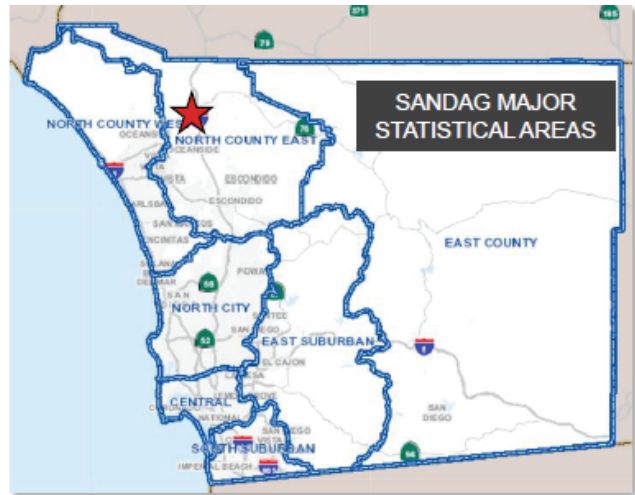


# MAP OF DISTRICT COMMUTE TIMES



## SANDAG AND COSTAR SUBMARKETS

- The Rainbow property is in the SANDAG North County East Major Statistical Area (MSA 5). To estimate future demand for the land uses being evaluated for the Rainbow property we are utilizing SANDAG's SR13 forecasts for population and housing unit growth and SANDAG's upcoming SR14 preliminary forecasts for job growth.
- For information on supply and demand trends for retail, office, industrial and multi-family uses, we are utilizing data from the commercial data provider CoStar. The CoStar submarkets that most closely match with the SANDAG North County East MSA include four areas (which we are collectively referring to as the "Inland North" market):
  - 26 – Outlying SD County North
  - 13 – Escondido
  - 33 – San Marcos
  - 36 – Vista
- The SANDAG and CoStar areas do not 100% align. The primary difference between the CoStar Inland North submarket and the SANDAG North County East MSA is that the CoStar area includes the community of Ramona, while SANDAG does not. The population of Ramona is only about 20K and represents only about 4% of the 460K population in the SANDAG North County East MSA (480K if Ramona is added). We have concluded that the aggregate CoStar Inland North and SANDAG North County East MSA areas are similar enough for our analytical purposes.
- CoStar submarket boundaries can vary for different land uses, particularly for Multi-Family. CoStar submarket maps are provided for each use at the beginning of each section of the report for that particular use.



## **SANDAG PROJECTIONS – COUNTY POPULATION**

- Population growth from 2020 to 2035 in the county is projected at about 27.9K per year.
- Occupied housing unit growth from 2020 to 2035 is projected at about 9.9K per year (SF 1.8K per year, MF 8.1K per year).

### POPULATION AND HOUSING

|                               | 2012      | 2020      | 2035      | 2050      | 2012 to 2050 Change* |         |
|-------------------------------|-----------|-----------|-----------|-----------|----------------------|---------|
|                               |           |           |           |           | Numeric              | Percent |
| <b>Total Population</b>       | 3,143,429 | 3,435,713 | 3,853,698 | 4,068,759 | 925,330              | 29%     |
| Household Population          | 3,039,937 | 3,325,715 | 3,738,048 | 3,949,115 | 909,178              | 30%     |
| Group Quarters Population     | 103,492   | 109,998   | 115,650   | 119,644   | 16,152               | 16%     |
| Civilian                      | 61,597    | 68,103    | 73,755    | 77,749    | 16,152               | 26%     |
| Military                      | 41,895    | 41,895    | 41,895    | 41,895    | 0                    | 0%      |
| <b>Total Housing Units</b>    | 1,165,818 | 1,249,684 | 1,394,783 | 1,491,935 | 326,117              | 28%     |
| Single Family                 | 703,101   | 731,693   | 758,622   | 763,226   | 60,125               | 9%      |
| Multiple Family               | 420,147   | 477,258   | 597,762   | 692,709   | 272,562              | 65%     |
| Mobile Homes                  | 42,570    | 40,733    | 38,399    | 36,000    | -6,570               | -15%    |
| <b>Occupied Housing Units</b> | 1,103,034 | 1,178,091 | 1,326,445 | 1,407,869 | 304,835              | 28%     |
| Single Family                 | 672,496   | 697,416   | 730,471   | 730,020   | 57,524               | 9%      |
| Multiple Family               | 391,534   | 443,213   | 560,793   | 645,548   | 254,014              | 65%     |
| Mobile Homes                  | 39,004    | 37,462    | 35,181    | 32,301    | -6,703               | -17%    |
| <b>Vacancy Rate</b>           | 5.4%      | 5.7%      | 4.9%      | 5.6%      | 0.2                  | 4%      |
| Single Family                 | 4.4%      | 4.7%      | 3.7%      | 4.4%      | 0.0                  | 0%      |
| Multiple Family               | 6.8%      | 7.1%      | 6.2%      | 6.8%      | 0.0                  | 0%      |
| Mobile Homes                  | 8.4%      | 8.0%      | 8.4%      | 10.3%     | 1.9                  | 23%     |
| <b>Persons per Household</b>  | 2.76      | 2.82      | 2.82      | 2.81      | 0.1                  | 2%      |

Source: SANDAG SR13 Regional Growth Forecast, released in 2013. The forecast is in the process of being updated with new estimates to be available by the end of 2020 (SR14). According to SANDAG, the new forecast numbers for population and housing units are not expected to be substantially different than forecast in SR13.

## **SANDAG PROJECTIONS – NORTH COUNTY EAST/MSA5 POPULATION**

- Population growth from 2020 to 2035 in MSA 5 is projected at about 4.0K per year.
- Occupied housing unit growth from 2020 to 2035 is projected at about 1.3K per year (SF 664 per year, MF 634 per year).
- MSA 5 currently represents 14% of the countywide population and 13% of the countywide supply of housing units.

### POPULATION AND HOUSING

|                               | 2012    | 2020    | 2035    | 2050    | 2012 to 2050 Change* |         |
|-------------------------------|---------|---------|---------|---------|----------------------|---------|
|                               |         |         |         |         | Numeric              | Percent |
| <b>Total Population</b>       | 438,503 | 487,700 | 547,881 | 573,295 | 134,792              | 31%     |
| Household Population          | 432,566 | 482,109 | 541,229 | 565,889 | 133,323              | 31%     |
| Group Quarters Population     | 5,937   | 5,591   | 6,652   | 7,406   | 1,469                | 25%     |
| Civilian                      | 5,937   | 5,591   | 6,652   | 7,406   | 1,469                | 25%     |
| Military                      | 0       | 0       | 0       | 0       | 0                    | 0%      |
| <b>Total Housing Units</b>    | 148,823 | 163,094 | 181,744 | 191,439 | 42,616               | 29%     |
| Single Family                 | 96,104  | 103,348 | 112,619 | 115,143 | 19,039               | 20%     |
| Multiple Family               | 40,869  | 48,064  | 57,514  | 64,837  | 23,968               | 59%     |
| Mobile Homes                  | 11,850  | 11,682  | 11,611  | 11,459  | -391                 | -3%     |
| <b>Occupied Housing Units</b> | 142,516 | 155,935 | 175,276 | 183,758 | 41,242               | 29%     |
| Single Family                 | 93,001  | 99,720  | 109,680 | 111,556 | 18,555               | 20%     |
| Multiple Family               | 38,687  | 45,507  | 55,018  | 61,990  | 23,303               | 60%     |
| Mobile Homes                  | 10,828  | 10,708  | 10,578  | 10,212  | -616                 | -6%     |
| <b>Vacancy Rate</b>           | 4.2%    | 4.4%    | 3.6%    | 4.0%    | -0.2                 | -5%     |
| Single Family                 | 3.2%    | 3.5%    | 2.6%    | 3.1%    | -0.1                 | -3%     |
| Multiple Family               | 5.3%    | 5.3%    | 4.3%    | 4.4%    | -0.9                 | -17%    |
| Mobile Homes                  | 8.6%    | 8.3%    | 8.9%    | 10.9%   | 2.3                  | 27%     |
| <b>Persons per Household</b>  | 3.04    | 3.09    | 3.09    | 3.08    | 0.0                  | 1%      |

Source: SANDAG SR13 Regional Growth Forecast, released in 2013. The forecast is in the process of being updated with new estimates to be available by the end of 2020 (SR14). According to SANDAG, the new forecast numbers for population and housing units are not expected to be substantially different than forecast in SR13.



November 9, 2020

To the Board of Directors  
Rainbow Municipal Water District  
Fallbrook, California

We have audited the financial statements of the Rainbow Municipal Water District (the "District") for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 26, 2020. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during fiscal year 2019-2020. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

Management's estimates of its net pension liability and net other post-employment benefits liability are based on actuarial valuation specialist assumptions. We evaluated the key factors and assumptions used to develop the net pension liability and net other post-employment benefits liability in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

#### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.



To the Board of Directors  
Rainbow Municipal Water District  
Fallbrook, California

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### ***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated November 9, 2020.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

We applied certain limited procedures to the management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of changes in the total other post-employment benefits liability and related ratios, and the schedules of plan contributions which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the introductory and statistical sections of the comprehensive annual financial report, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.





To the Board of Directors  
Rainbow Municipal Water District  
Fallbrook, California

New Accounting Standards

The following new Governmental Accounting Standards Board (GASB) pronouncements were effective for fiscal year 2019-2020 audit:

GASB Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance* – The following pronouncements have been postponed as a temporary relieve to governments and other stakeholders in light of the COVID-19 pandemic and the new effective date are reflected in the following fiscal years.

GASB Statement No. 88, *Certain Disclosure Related to Debt, including Direct Borrowing and Direct Placements*.

The following Governmental Accounting Standards Board (GASB) pronouncements are effective in the following fiscal year audit and should be reviewed for proper implementation by management:

Fiscal year 2021

GASB Statement No. 84, *Fiduciary Activities*.

GASB Statement No. 90, *Majority Equity Interests - an Amendment of GASB Statement Nos. 14 and 61*.

Fiscal year 2022

GASB Statement No. 87, *Leases*.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

Fiscal year 2023

GASB Statement No. 91, *Conduit Debt Obligations*.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of Rainbow Municipal Water District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Lance, Soll &amp; Lughard, LLP". The signature is written in a cursive, flowing style.

Brea, California





INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
Rainbow Municipal Water District  
Fallbrook, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Rainbow Municipal Water District (the "District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 9, 2020.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



To the Board of Directors  
Rainbow Municipal Water District  
Fallbrook, California

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Lance, Soll & Loughard, LLP*

Brea, California  
November 9, 2020



Mr. Tom Kennedy and Ms. Tracy Largent  
Rainbow Municipal Water District  
Fallbrook, California

Dear Mr. Kennedy and Ms. Largent:

We have completed our audit of the Rainbow Municipal Water District (the "District")'s operations as part of our audit for fiscal year ended June 30, 2020. During the course of our auditing procedures, we identified certain matters, which we would like to bring to your attention. These matters were not serious enough to report on the Report on Internal Control letter, dated November 9, 2020. These matters are not considered a reportable deficiency, but rather, an opportunity for improvement and strengthening of the District's internal controls.

#### **Restrict Posting Transactions Directly to Net Position (Equity)**

During the audit, we noted that certain capital contribution transactions were posted directly to net position (fund equity) accounts. These revenue transactions should have been posted to appropriate revenue account, capital contributions. The amount was \$6,808,563 this year and after discussion with Ms. Largent, management reclassified the contributed capital to the appropriate capacity fees accounts. The District should establish a policy to restrict posting transactions directly to net position. Direct adjustments to net position accounts are only permissible for corrections of an error and implementation of changes in accounting principles. We also recommend that the Finance Manager review the net position account activity each month to ensure that the accounts only have appropriate entries.

#### **Investigate Differences between the Bank Statement Balance and the General Ledger**

We noted that in the bank reconciliation for June 2020, there were small differences amounting to \$8,044 between the bank balance and the general ledger. After discussion with Ms. Largent, this amount was investigated, and a correction was posted to the general ledger. It is important for the control over cash that this account is reconciled to the penny. Unreconciled differences that appear immaterial can obscure significant but offsetting items (such as bank errors or improperly recorded transactions) that would be a cause for investigation if the items were apparent. Also, if small differences are not reconciled on a monthly basis, over time, they can build up to a significant amount that will be difficult to reconcile. In preparing the bank reconciliations, all items should be investigated and corrected in that period.

### **Inventory Capital Assets**

The District has an investment of \$4.8 million in equipment items, and we recommend that controls be strengthened in this area. Most capital assets, except items like computers and vehicles, are never physically inventoried, as they are primarily infrastructure related. We recommend that periodic physical counts of higher risk capital assets, particularly removable equipment items, be taken and compared to the detailed capital asset subsidiary ledger. Affixing identifying tags with numbers as assigned in the subsidiary ledger will aid in making this comparison. The added controls will do the following:

- Assist in planning for capital expenditures.
- Help determine accurate amounts and values of insurable assets.
- Help detect the loss or unauthorized use of valuable District property.

### **Update the Purchasing Manual and Communicate the Changes**

We noted that the existing purchasing procedures manual does not currently include a segment discussing conflicts of interest and ethical practices in purchasing. We recommend that the District update its purchasing manual to include this information. Any changes in the purchasing manual, as well as existing, related internal controls, should be documented, and communicated to all affected persons. Internal controls cannot work unless employees are aware of them.

### **Record Repayments on Loans as Reductions to the Loan Balance**

During our audit testing, we noted that the District paid the principal and interest payment due on July 1 on June 30 for its loans payable and recorded the payments as a prepaid cost. We discussed this posting with Ms. Largent, and she reclassified the payment as a reduction to the liability balances at June 30, in accordance with generally accepted accounting principles. Going forward, we recommend that the District record payments on long-term debts as reductions to the liability balances when the payments are made.

The above matters have been discussed during our audit exit meeting with the Finance Department on September 17, 2020. Should any questions arise about the District's operations or the comments above, we will be available for discussion.

*Lance, Soll & Lughard, LLP*

Brea, California  
November 9, 2020

## BOARD OF DIRECTORS

December 8, 2020

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### SUBJECT

NOTICE OF COMPLETION AND ACCEPTANCE OF FACILITIES CONSTRUCTED UNDER THE WIESTLING WATER LINE EXTENSION IMPROVEMENT PLANS

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### BACKGROUND

Developers are often required to construct improvements to the water and wastewater facilities that will become part of the Rainbow Municipal Water District's distribution and collection systems in order to serve the parcels they are developing. When constructing these improvements, a developer must submit plans for District approval, pay an inspection fee, hire a contractor with a class "A" license to install the improvements according to the approved plans and District's Standard Specifications, and arrange with the District inspector to have the construction inspected. The developer then warrants the work free of defects for a period of 12-months. The District becomes responsible for the daily operation and maintenance of the improvements once they are accepted.

### DESCRIPTION

The facilities included in the Wiestling Water Line Extension improvement plans have been constructed per the approved plans and Rainbow Municipal Water District Domestic Water, Recycled Water and Sanitary Sewer Facilities Construction Standards Manual, inspected, tested per specifications, and are ready for acceptance. These facilities include 195-feet of 12-inch PVC Pipe and associated appurtenances.

The original construction plans called for this water line extension to be an 8-inch water line and after further review, the District coordinated with the developer to increase the pipe diameter to 12-inch. This increase in pipe size is to accommodate a planned water line extension CIP project adjacent to this one. The District and the developer agreed that the District would pay the difference for upsizing the pipe size. Section 7a of the Construction Agreement dated February 20, 2020 states that the District agrees to pay the difference of \$15,793.43 to the Developer by check 14-days after the completion of the project and sign off from the District. The Construction Agreement which the Board approved in August 2019 is attached for reference.

Upon acceptance by the Board, the improvements become part of the District water system and Staff takes over operation and maintenance. The labor and materials payment bond, \$50,600, as well as 90% of the performance bond, \$45,540 will be released. A warranty bond, 10% of the original performance bond, \$5,060.00, will be held for a one-year warranty period for all improvements which commences after board acceptance. Installation costs of \$50,600 will be added to the District's Total Valuation along with all other costs associated with the project.

**POLICY/STRATEGIC PLAN KEY FOCUS AREA**

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Strategic Focus Area Two: Asset Management. In addition to maintaining the physical condition of the District’s existing infrastructure, it is important to ensure that all new infrastructure is properly accepted administratively and incorporated into the District’s records.

**ENVIRONMENTAL**

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

**BOARD OPTIONS/FISCAL IMPACTS**

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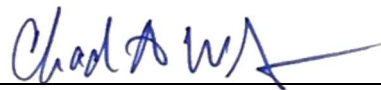
The construction costs of the improvements, totaling \$50,600, will be added to the District’s asset valuation under project numbers 100037 and 700037. The final amount of other costs associated with the project will be added to the District’s asset valuation once year end financials have been completed.

- 1) Option 1:
  - Accept the Wiestling Water Line Extension improvements as complete and as shown on the approved plans.
  - Approve filing the Notice of Completion.
  - Add installation costs of \$50,600 to the District’s total valuation.
  - Make a finding that the action herein does not constitute a “project” as defined by CEQA.
  
- 2) Option 2:
  - Provide other direction to staff.

**STAFF RECOMMENDATION**

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Staff recommends Option 1.



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Chad Williams  
Acting District Engineer

12/08/2020





**AGREEMENT FOR CONSTRUCTION OF FACILITIES TO BE DEDICATED TO THE RAINBOW MUNICIPAL WATER DISTRICT**

**PROJECT NAME:** WIESTLING WATERLINE EXTENSION

**PROJECT NOs.:** 100-100037, 700-700037 **CONTRACT NO.:** 20- 09

THIS AGREEMENT (“Agreement”) is made on this **20<sup>th</sup> day of February 2020**, by and between RAINBOW MUNICIPAL WATER DISTRICT, a municipal water district, with its headquarters at Fallbrook, California ("District") and Wiestling Family Trust, located at 6786 West Lilac, Bonsall, CA 92003 ("Developer").

WHEREAS, Developer is planning a development of 1 lot(s) located within the boundaries of the District, and is commonly described as:

6786 W. Lilac, Bonsall, CA 92003 (“Project”)

Parcel Map/TPM/TM No.: \_\_\_\_\_

Assessor's Parcel No(s): 127-540-19

WHEREAS, the Project will require a water system to provide service to the lands referenced above; and

WHEREAS, Developer is desirous of having the District provide water and/or sewer service to the Project and is willing to develop and convey/dedicate to the District the water and/or sewer systems (“Facilities”) after the construction thereof; and contingent upon the District's acceptance of such conveyance and to provide water and/or sewer service to said lands on the terms and conditions set forth herein,

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. Developer will comply with the District's regulations, as amended from time to time. The provisions of said regulations are incorporated herein by reference.
2. Promptly following execution of this Agreement, Developer shall deposit with the District an amount sufficient to cover the District’s estimated costs for engineering, permits, inspection, and system connection fees. If at any time District notifies Developer that additional amounts are required, Developer shall promptly deposit additional funds. Upon acceptance of the improvements by District, District shall refund any remaining amounts to Developer.
3. Developer shall contract for the design to be prepared by a licensed engineer in the State

approval of said engineer prior to commencement of design work.

4. The system shall comply with the District's specifications. Developer shall provide plans and specifications to the District for review and obtain the District's approval prior to the presentation thereof to contractors for bidding purposes.
5. Developer acknowledges that California law includes certain requirements applicable to public works contracts, including requirements to pay prevailing wages.
  - A. The definition of "public work" includes work performed under the direction and supervision of the District. The parties acknowledge and agree that Developer is fully responsible for directing and supervising design and construction of the system described in this Agreement, and that the District's role is limited to review, inspection and approval of said design and construction, and does not constitute direction or supervision of the work.
  - B. The definition of "public work" also includes work that is paid for in whole or in part out of public funds. If any portion of the Project is paid for in whole or in part out of public funds, Developer agrees to comply with, and require its contractors and subcontractors to comply with, the requirements set forth in Appendix 1 to this Agreement. To the maximum extent permitted by law, Developer shall defend, indemnify, and hold the District and each of its officials, officers, directors, employees, agents, and volunteers free and harmless from any claims, liabilities, costs, penalties or interest arising out of the failure or alleged failure of Developer, its contractors or subcontractors to comply with said requirements.
6. Developer will prequalify licensed and qualified contractors to submit bids to construct the system and shall obtain District's approval of the list of prequalified firms. Each prequalified contractor shall be currently licensed by the State of California with a General Engineering Contractor, "A" license, and shall be experienced in the construction of domestic water supply systems and sewer systems. Developer shall notify District regarding the selected contractor prior to execution of a contract with such firm.
7. The entire cost of the construction of such water and/or sewer systems shall be paid by Developer with the exception stated in Paragraph 7a. Such construction shall be inspected by District personnel for conformance with the approved plans and specifications. District, without liability to District, District's engineer and their consultants, and each of their directors, officers, employees, and agents, may require such changes, alterations, or additions to the plans and specifications which do not exceed ten percent (10%) of the original District estimated cost of the work as may be determined necessary or desirable by District in its sole discretion, including those necessary due to errors or omissions in the approved plans or specifications. Changes, alterations, or additions without said 10% limitation may be made for unforeseen conditions such as rock excavation, unstable soil conditions, or high-water tables requiring dewatering. No changes, alterations or additions shall relieve any of Developer's security obligations given for the faithful performance of this Agreement.

Construction shall not begin until evidence of insurance and bonds are provided in accordance with Paragraphs 11 and 12 and Developer, or other authorized party, completes a "Certification of Streets to Final Grade" for the streets in which water and/or sewer pipelines are to be constructed. District inspection is for the purpose of conformance of construction with District requirements, and not for compliance by the

contractor with safety requirements. Developer shall coordinate with District in setting the schedule for construction and establishing hold points for inspection by District. Inspection or final acceptance shall not constitute a waiver by the District of any claims against Developer and/or contractor for any defects in the work performed hereunder.

- 7a. The District agrees to pay for the difference between the Project required 8-inch pipe and the District's requested 12-inch pipe. The District and the Developer agree that the total amount of the 8-inch pipe is \$30,565.07 and the amount of the required 12-inch pipe is \$46,358.50, depicted in Exhibit "A". The District agrees to pay the difference of \$15,793.43 to the Developer by check 14 days after the completion of the project, and sign-off from the District.
8. To the maximum extent permitted by law, Developer shall defend, indemnify and hold the District, its agents, directors, officers, and employees and each of them free and harmless from any liability from claims, demands, suits, loss, damage, costs and expenses including reasonable attorneys' fees, and injury to persons or property including wrongful death, in any manner arising out of, related to or incident to, in whole or in part, any action or omission of Developer or its contractors or subcontractors, including any officers, employees or agents of the Developer or its contractors or subcontractors, in connection with the performance of this Agreement, the construction of the water and/or sewer system contemplated by this Agreement and any assertions that the materials, equipment or services, or the use thereof in the water and/or sewer system, infringes any patent, copyright or proprietary right of any third-party or violates any governmental law or regulation. All officers, agents, employees and subcontractors, and their agents, who are employed, contracted or otherwise utilized by Developer or its contractors or subcontractors to perform construction of the water and/or sewer system described herein shall be deemed officers, agents and employees of Developer or its contractors or subcontractors. The foregoing indemnity, hold harmless and defense obligation shall apply except to the extent the loss, damage or injury is caused by the sole negligence or willful misconduct of an indemnified party. This indemnification, hold harmless and defense obligation of Developer shall survive the termination or expiration of this Agreement.
9. Developer shall guarantee the completion of construction within 6 months from the time material is delivered to the jobsite.
10. Developer agrees to pay all costs incurred by the District as may be necessary to complete construction, including administrative costs, as well as costs of any insurance purchased by District if Developer's contractor fails to comply with the requirements of Paragraph 1
11. Developer shall require its construction contractor(s) to procure and maintain, for the duration of the construction period and at least one year from the date of the filing of the "Notice of Completion," insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the contractor, his agents, representatives, employees or subcontractors.
  - A. Coverage shall be at least as broad as:
    - (i) Insurance Services Office Commercial General Liability coverage ("occurrence" form CG0001).
    - (ii) Insurance Services Office form number CA 0001 (Ed. 1/78) covering

Automobile Liability, code 1, "any auto" and endorsement CA 0025.

- (iii) Workers' Compensation insurance as required by the California Labor Code sections 1861 and 3700 *et seq.* and Employers Liability Insurance.
- (iv) Contractor's Pollution Liability

B. Limits of Insurance shall be:

- (i) General Liability: One Million Dollars (\$1,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
- (ii) Automobile Liability: One Million Dollars (\$1,000,000) combined single limit per accident for bodily injury and property damage.
- (iii) Worker's Compensation and Employers Liability: Worker's compensation limits as required by the Labor Code of the State of California and Employers Liability limits of One Million Dollars (\$1,000,000) per accident.
- (iv) Contractor's Pollution Legal Liability with limits no less than One Million Dollars (\$1,000,000) per occurrence or claim, and Two Million Dollars (\$2,000,000) policy aggregate.

C. Any deductibles or self-insured retentions must be declared to and approved by the District. At the option of the District, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the District, its officers, officials, employees, and volunteers; or the contractor shall procure a bond guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

D. The contractor's insurance policies shall contain or be endorsed to comply with the following provisions:

- (i) General Liability, Automobile Liability Coverages and Pollution Legal Liability:
  - (1) The District, its officers, officials, employees and volunteers are to be covered as insured as respects: liability arising out of activities performed by or on behalf of the contractor, products and completed operations of the contractor, premises owned, occupied or used by the contractor, or automobiles owned, leased, hired or borrowed by the contractor. The coverage shall contain no special limitations on the scope of protection afforded to the District, its officers, officials, employees or volunteers.
  - (2) The contractor's insurance coverage shall be primary insurance as respects the District, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the District, its officers, officials, employees or volunteers shall be excess of the contractor's insurance and shall not contribute with it.

- (3) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the District, its officers, officials, employees or volunteers.
      - (4) The contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
    - (ii) Workers' Compensation and Employers Liability Coverage:
      - (1) The insurer shall agree to waive all rights of subrogation against the District, its officers, officials, employees and volunteers for losses arising from work performed by the contractor.
    - (iii) All Coverages:
      - (1) Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the District.
  - E. Developer shall require the contractor to furnish the District with certificates of insurance and with original endorsements affecting coverage required by this clause. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements are to be on forms provided by the District. Where by statute, the District's workers' compensation-related forms cannot be used, equivalent forms approved by the Insurance Commissioner are to be substituted. All certificates and endorsements are to be received and approved by the District before work commences. The District reserves the right to require complete, certified copies of all required insurance policies, at any time.
  - F. The contractor's insurance shall include all subcontractors as insureds under its policies or it shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.
12. Developer shall provide the District with bonds in form acceptable to District, as follows:
- A. A performance bond with corporate surety or sureties satisfactory to the District's said performance bond being for not less than one hundred percent (100%) of the total price under the construction contract referenced in Paragraph 13(e).
  - B. A labor and materials payment bond being for not less than one hundred percent (100%) of the total contract price as referenced in Paragraph 13(e). Said bond shall be conform to requirements applicable to private works projects.
  - C. A bond to guarantee the performance of the installed domestic water and/or system against failures of any type for one (1) year from the date of the filing of the "Notice of Completion." Said bond shall be in the amount of ten percent (10%) of the total contract price as referenced in Paragraph 13(e) and shall provide for the payment of all costs incurred by the District for the repair of such failures within the one (1) year guarantee period.

13. The District's Inspector shall complete a "Notice of Final Inspection" when all work has been completed in accordance with District requirements and prior to the acceptance of the system by the District. As a condition to such acceptance, Developer shall furnish to the District any and all requested documents including but not limited to, the following:
  - A. Easement Deed or Grant Deed to any rights-of-way or other real property interests necessary for roads, ingress and egress, and for maintenance and operation of the domestic water and/or sewer system;
  - B. An unconditional waiver and release on final payment under Civil Code section 8138 from the Developer's contractor(s) and each subcontractor that provided labor, service, equipment or material for the system that is the subject of this Agreement.;
  - C. A Notice of Completion under Civil Code sections 8180 et seq., covering the system, executed by the Developer, in form suitable for recordation by the District within 15 days after the District's acceptance of the system;
  - D. A copy of the contract between Developer and Developer's contractor or other documents which verify the actual cost of the domestic system as installed, and an assignment of Developer's rights against the contractor with respect to any defects in the system improvements and appurtenances.
14. The District will not commence water and/or sewer service until the completed system passes final inspection by the District, and Developer has fully complied with its obligations under this Agreement required to be performed prior to acceptance, including delivery of documents required by Paragraph 13. Upon completion of the Facilities required by this Agreement to the satisfaction of the District, the Facilities which have been constructed shall be presented to the Board of Directors of the District for dedication and the filing of a Notice of Completion. The District shall have no obligation to accept the Facilities or file a Notice of Completion if the design and/or construction of the work is not satisfactory to the District in its sole discretion. Upon recordation of a Notice of Completion, all right, title, ownership and interest in the Facilities shall be deemed to have been transferred to the District.
15. Following fulfillment of the terms and conditions herein and acceptance by the District of said system, the District will provide service to said lands in accordance with the District's Rules and Regulations governing the provisions of such service.
16. This Agreement comprises the entire integrated understanding between the parties concerning the matters addressed herein and supersedes all prior negotiations, representations, or agreements whether express or implied, oral or written. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms herein.
17. The interpretation, validity and enforcement (including, without limitation, provisions concerning limitation of actions) of this Agreement shall be governed by and construed under the laws of the State of California, notwithstanding any conflict-of-laws doctrines or rule requiring construction against the draftsman. This Agreement does not limit any other rights or remedies available to the District. Should any provision herein be found or deemed invalid, the Agreement shall be construed as not containing such provision and all other provisions which are otherwise lawful shall remain in full force and effect, and to this end the provisions of this Agreement are severable.

18. This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the parties hereto.
19. The proper jurisdiction, forum and venue for any claims, causes of action or other proceedings concerning this Agreement shall be in the state and federal courts located in the State of California, County of San Diego. The District and Developer agree not to bring any action or proceeding arising out of or relating to this Agreement in any other jurisdiction, forum or venue. The District and Developer hereby submit to personal jurisdiction in the State of California for the enforcement of this Agreement and hereby waive any and all personal rights under the law of any state to object to jurisdiction within the State of California for purposes of any legal action or proceeding to enforce this Agreement whether on grounds of inconvenient forum or otherwise. Developer agrees to include this provision, modified as appropriate, in its contracts for performance of the work described in this Agreement.
20. Notices shall be in writing and (a) delivered personally, (b) sent by certified mail, return receipt requested, (c) sent by a recognized overnight mail or courier service, with delivery receipt requested, or (d) sent by email followed by a hard copy, to the addresses specified below (or to such other address as may from time to time be specified in writing by such Person):

**To District:**

**Rainbow Municipal Water District**  
**Steven E. Strapac, District Engineer**  
**3707 Old Highway 395**  
**Fallbrook, CA 92028**

**With a Copy to:**

**Nossaman, LLP**  
**Alfred E. Smith II, General Counsel**  
**777 South Figueroa Street, 34<sup>th</sup> Floor**  
**Los Angeles, CA 90017**

**To Developer:**

**Developer Name:** Wiestling Family Trust

**Representative Name:** Nova Wiestling

**Address:** 6786 West Lilac  
Bonsall, CA 92003

Notices shall be deemed received when actually received in the office of the addressee (or by the addressee if personally delivered) or when delivery is refused, as shown on the receipt of the U.S. Postal Service, private carrier or other delivery service. Notwithstanding the foregoing, notices received after 5:00 p.m. shall be deemed received on the first business day following delivery. Each party may update its address for receipt of notices under this Agreement by providing a written change of address notification to the other parties.

21. Each party represents that the individual executing this Agreement on its behalf has the right, power, legal capacity and authority to enter into and execute this Agreement on behalf of such party.

- 22. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same Agreement, and the signature or any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart. A signature on a copy of this Agreement received by either party by facsimile transmission or electronic signature is binding upon the other party as an original.
- 23. In the event of a dispute arising under the terms of this Agreement, it is agreed that the prevailing party may be awarded reasonable attorneys' fees and actual costs.
- 24. This Agreement is binding on the assigns of the District and on the assigns, successors and representatives of Developer.

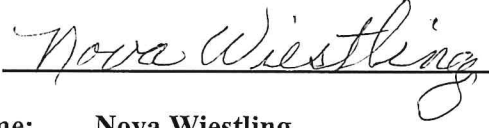
**RAINBOW MUNICIPAL WATER DISTRICT:**

By: 

Name: Steven E. Strapac

Title: District Engineer

**DEVELOPER NAME:**

By: 

Name: Nova Wiestling

Title: Owner

**APPROVED AS TO FORM**

By: 

Name: Alfred E. Smith, II

Title: District's General Counsel



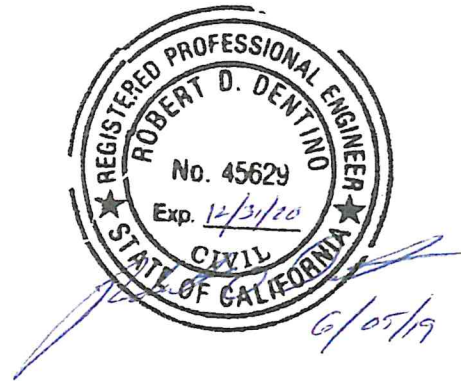
EXHIBIT "A"

ENGINEERS COST ESTIMATE  
 FOR WATERLINE AND FIRE HYDRANT IMPROVEMENTS  
 FOR 6786 WEST LILAC ROAD  
 RAINBOW WATER DISTRICT

PREPARED  
 MAY 29, 2019

| DESCRIPTION                     | QUANTITY | UNIT COST   | TOTAL               |
|---------------------------------|----------|-------------|---------------------|
| 12" PVC PIPE                    | 195 LF   | \$ 92.74    | \$ 18,084.30        |
| 12" CONNECTION TO EXISTING LINE | 1 EA     | \$ 6,630.13 | \$ 6,630.13         |
| 12" GATE VALVE                  | 1 EA     | \$ 6,944.95 | \$ 6,944.95         |
| 2" AIR RELEASE VALVE            | 1 EA     | \$ 2,396.49 | \$ 2,396.49         |
| THRUST BLOCK FOR 12" PIPE       | 3 EA     | \$ 1,102.10 | \$ 3,306.30         |
| 6" FIRE HYDRANT ASSEMBLY        | 1 EA     | \$ 2,426.69 | \$ 2,426.69         |
| GUARD POST (BOLLARD)            | 2 EA     | \$ 261.44   | \$ 522.88           |
| <b>WATERLINE IMP. SUBTOTAL</b>  |          |             | <b>\$ 40,311.74</b> |
| <b>15% CONTINGENCY</b>          |          |             | <b>\$ 6,046.76</b>  |
| <b>TOTAL</b>                    |          |             | <b>\$ 46,358.50</b> |

NOTE: THIS COST ESTIMATE WAS PREPARED USING CURRENT CONSTRUCTION COSTS 2019 ANNUAL EDITION FROM SIERRA WEST PUBLISHING AND COUNTY OF SAN DIEGO UNIT PRICE LIST DATED 2017.

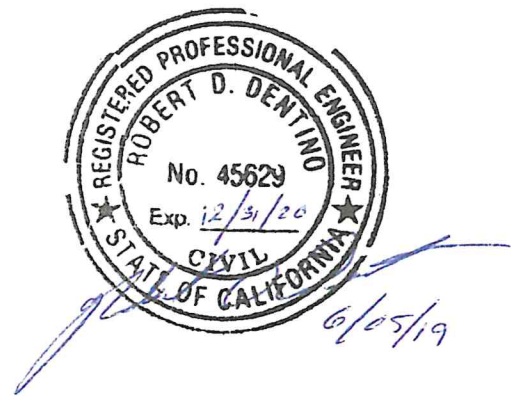


**ENGINEERS COST ESTIMATE  
FOR WATERLINE AND FIRE HYDRANT IMPROVEMENTS  
FOR 6786 WEST LILAC ROAD  
RAINBOW WATER DISTRICT**

**PREPARED  
MAY 29, 2019**

| DESCRIPTION                    | QUANTITY | UNIT COST      | TOTAL               |
|--------------------------------|----------|----------------|---------------------|
| 8" PVC PIPE                    | 195 LF   | \$ 65.04 LF    | \$ 12,682.80        |
| 8" CONNECTION TO EXISTING LINE | 1 EA     | \$ 3,476.69 EA | \$ 3,476.69         |
| 8" GATE VALVE                  | 1 EA     | \$ 3,293.68 EA | \$ 3,293.68         |
| 2" AIR RELEASE VALVE           | 1 EA     | \$ 2,396.49 EA | \$ 2,396.49         |
| THRUST BLOCK FOR 8" PIPE       | 3 EA     | \$ 593.03 EA   | \$ 1,779.09         |
| 6" FIRE HYDRANT ASSEMBLY       | 1 EA     | \$ 2,426.69 EA | \$ 2,426.69         |
| GUARD POST (BOLLARD)           | 2 EA     | \$ 261.44 EA   | \$ 522.88           |
| <b>WATERLINE IMP. SUBTOTAL</b> |          |                | <b>\$ 26,578.32</b> |
| <b>15% CONTINGENCY</b>         |          |                | <b>\$ 3,986.75</b>  |
| <b>TOTAL</b>                   |          |                | <b>\$ 30,565.07</b> |

NOTE: THIS COST ESTIMATE WAS PREPARED USING CURRENT CONSTRUCTION COSTS 2019 ANNUAL EDITION FROM SIERRA WEST PUBLISHING AND COUNTY OF SAN DIEGO UNIT PRICE LIST DATED 2017.



## APPENDIX 1

### LABOR CODE REQUIREMENTS

The following provisions are incorporated into this Agreement to the extent required by applicable law.

#### A. Worker's Compensation

Developer shall comply with the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code.

#### B. Prevailing Wages

Pursuant to the provisions of Section 1773 of the State Labor Code, the District has obtained the general prevailing rate of wages (which rate includes employer payments for health and welfare, pension, vacation, travel time and subsistence pay as provided for in Section 1773.1 of said Code, apprenticeship or other training programs authorized by Section 3093 of said Code, worker protection and assistance programs or committees established under the Federal Labor Management Cooperation Act of 1978, industry advancement and collective bargaining agreements administrative fees, provided that these payments are required under a collective bargaining agreement pertaining to the particular craft, classification, or type of work within the locality or the nearest labor market area at issue and other similar purposes applicable to the Work to be done, for straight time, overtime, Saturday, Sunday, and holiday work. The holiday wage rate listed shall be applicable to all holidays recognized in the collective bargaining agreement of the particular craft, classification or type of worker concerned; provided that if the prevailing wage rate is not based on a collectively bargained rate, the holidays upon which the prevailing rate shall be paid shall be as provided in Section 6700 of the California Government Code. Copies of the prevailing rates of wages are on file at the District's offices, and will be furnished to Developer and other interested parties on request. For crafts or classifications not shown on the prevailing wage determinations, Developer may be required to pay the wage rate of the most closely related craft or classification shown in such determinations for design-build work.

If the Division of Labor Standards Enforcement determines that employees of any contractor or subcontractor were not paid the general prevailing rate of per diem wages as required by law, Developer shall withhold an amount of moneys due to its contractor sufficient to pay those employees the general prevailing wage rate of per diem wages if requested by the Division of Labor Standards Enforcement. Developer shall pay any money retained from and owed such contractor upon receipt of notification by the Division of Labor Standards Enforcement that the wage complaint has been resolved. Pursuant to Section 1773.2 of the Labor Code, Developer shall post prevailing wage rates at a prominent place at the Site.

#### C. Hours of Work

Eight hours labor constitutes a legal day's work.

#### D. Apprenticeship

Developer shall comply with the provisions of Labor Code Sections 1777.5 and 1777.6, and Title 8, Code of Regulations, Sections 200 et seq., relating to apprentice employment and training. Developer shall assume full responsibility for compliance with said sections with respect to all apprenticeable occupations on the Project. To ensure compliance and complete understanding of the law regarding apprentices, and

specifically the required ratio thereunder, Developer should, where some question exists, contact the Division of Apprenticeship Standards, Los Angeles Office, 320 West 4th Street, Suite 830, Los Angeles, CA 90013, prior to commencement of the Work.

#### **E. Specific Labor Code Provisions**

Developer's attention is directed to the following requirements of the Labor Code. A copy of each such Code section (except 1810, 1811 and 1812) shall be included in each contract for work described in this Agreement that is subject to prevailing wage requirements under applicable law:

##### **Labor Code Section 1725.5**

1725.5. A contractor shall be registered pursuant to this section to be qualified to bid on, be listed in a bid proposal, subject to the requirements of Section 4104 of the Public Contract Code, or engage in the performance of any public work contract that is subject to the requirements of this chapter. For the purposes of this section, "contractor" includes a subcontractor as defined by Section 1722.1.

(a) To qualify for registration under this section, a contractor shall do all of the following:

(1) Beginning July 1, 2014, register with the Department of Industrial Relations in the manner prescribed by the department and pay an initial nonrefundable application fee of three hundred dollars (\$300) to qualify for registration under this section and an annual renewal fee on or before July 1 of each year thereafter. The annual renewal fee shall be in a uniform amount set by the Director of Industrial Relations, and the initial registration and renewal fees may be adjusted no more than annually by the director to support the costs specified in Section 1771.3.

(2) Provide evidence, disclosures, or releases as are necessary to establish all of the following:

(A) Workers' Compensation coverage that meets the requirements of Division 4 (commencing with Section 3200) and includes sufficient coverage for any worker whom the contractor employs to perform work that is subject to prevailing wage requirements other than a contractor who is separately registered under this section. Coverage may be evidenced by a current and valid certificate of workers' compensation Insurance or certification of self-insurance required under Section 7125 of the Business and Professions Code.

(B) If applicable, the contractor is licensed in accordance with Chapter 9 (commencing with Section 7000) of the Business and Professions Code.

(C) The contractor does not have any delinquent liability to an employee or the state for any assessment of back wages or related damages, interest, fines, or penalties pursuant to any final judgment, order, or determination by a court or any federal, state, or local administrative agency, including a confirmed arbitration award. However, for purposes of this paragraph, the contractor shall not be disqualified for any judgment, order, or determination that is under appeal, provided that the contractor has secured the payment of any amount eventually found due through a bond or other appropriate means.

(D) The contractor is not currently debarred under Section 1777.1 or under any other federal or state law providing for the debarment of contractors from public works.

(E) The contractor has not bid on a public works contract, been listed in a bid proposal, or engaged in the performance of a contract for public works without being lawfully registered in accordance with this section, within the preceding 12 months or since the effective date of the requirements set forth in subdivision (e), whichever is earlier. If a contractor is found to be in violation of the requirements of this paragraph, the period of disqualification shall be waived if both of the following

are true:

(i) The contractor has not previously been found to be in violation of the requirements of this paragraph within the preceding 12 months.

(ii) The contractor pays an additional nonrefundable penalty registration fee of two thousand dollars (\$2,000).

(b) Fees received pursuant to this section shall be deposited in the State Public Works Enforcement Fund established by Section 1771.3 and shall be used only for the purposes specified in that section.

(c) A contractor who fails to pay the renewal fee required under paragraph (1) of subdivision (a) on or before the expiration of any prior period of registration shall be prohibited from bidding on or engaging in the performance of any contract for public work until once again registered pursuant to this section. If the failure to pay the renewal fee was inadvertent, the contractor may renew its registration retroactively by paying an additional nonrefundable penalty renewal fee equal to the amount of the renewal fee within 90 days of the due date of the renewal fee.

(d) If, after a body awarding a contract accepts the contractor's bid or awards the contract, the work covered by the bid or contract is determined to be a public work to which Section 1771 applies, either as the result of a determination by the director pursuant to Section 1773.5 or a court decision, the requirements of this section shall not apply, subject to the following requirements:

(1) The body that awarded the contract failed, in the bid specification or in the contract documents, to identify as a public work that portion of the work that the determination or decision subsequently classifies as a public work.

(2) Within 20 days following service of notice on the awarding body of a determination by the Director of Industrial Relations pursuant to Section 1773.5 or a decision by a court that the contract was for public work as defined in this chapter, the contractor and any subcontractors are registered under this section or are replaced by a contractor or subcontractors who are registered under this section.

(3) The requirements of this section shall apply prospectively only to any subsequent bid, bid proposal, contract, or work performed after the awarding body is served with notice of the determination or decision referred to in paragraph (2) of this subdivision.

(e) The requirements of this section shall apply to any bid proposal submitted on or after March 1, 2015, and any contract for public work, as defined in this chapter, entered into on or after April 1, 2015.

#### **Labor Code Section 1771**

1771. Except for public works projects of one thousand dollars (\$1,000) or less, not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the public work is performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work fixed as provided in this chapter, shall be paid to all workers employed on public works.

This section is applicable to contracts let for maintenance work.

#### **Labor Code Section 1775**

1775. (a) (1) The contractor and any subcontractor under the contractor shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit not more than two

hundred dollars (\$200) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rates as determined by the director for the work or craft in which the worker is employed for any public work done under the contract by the contractor or, except as provided in subdivision (b), by any subcontractor under the contractor.

(2) (A) The amount of the penalty shall be determined by the Labor Commissioner based on consideration of both of the following:

(i) Whether the failure of the contractor or subcontractor to pay the correct rate of per diem wages was a good faith mistake and, if so, the error was promptly and voluntarily corrected when brought to the attention of the contractor or subcontractor.

(ii) Whether the contractor or subcontractor has a prior record of failing to meet its prevailing wage obligations.

(B) (i) The penalty may not be less than forty dollars (\$40) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, unless the failure of the contractor or subcontractor to pay the correct rate of per diem wages was a good faith mistake and, if so, the error was promptly and voluntarily corrected when brought to the attention of the contractor or subcontractor.

(ii) The penalty may not be less than eighty dollars (\$80) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, if the contractor or subcontractor has been assessed penalties within the previous three years for failing to meet its prevailing wage obligations on a separate contract, unless those penalties were subsequently withdrawn or overturned.

(iii) The penalty may not be less than one hundred twenty dollars (\$120) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, if the Labor Commissioner determines that the violation was willful, as defined in subdivision (c) of Section 1777.1.

(C) If the amount due under this section is collected from the contractor or subcontractor, any outstanding wage claim under Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 against that contractor or subcontractor shall be satisfied before applying that amount to the penalty imposed on that contractor or subcontractor pursuant to this section.

(D) The determination of the Labor Commissioner as to the amount of the penalty shall be reviewable only for abuse of discretion.

(E) The difference between the prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the prevailing wage rate shall be paid to each worker by the contractor or subcontractor, and the body awarding the contract shall cause to be inserted in the contract a stipulation that this section will be complied with.

(b) If a worker employed by a subcontractor on a public works project is not paid the general prevailing rate of per diem wages by the subcontractor, the prime contractor of the project is not liable for any penalties under subdivision (a) unless the prime contractor had knowledge of that failure of the subcontractor to pay the specified prevailing rate of wages to those workers or unless the prime contractor fails to comply with all of the following requirements:

(1) The contract executed between the contractor and the subcontractor for the performance of work on the public works project shall include a copy of the provisions of Sections 1771, 1775, 1776, 1777.5, 1813, and 1815.

(2) The contractor shall monitor the payment of the specified general prevailing rate of per diem

wages by the subcontractor to the employees, by periodic review of the certified payroll records of the subcontractor.

(3) Upon becoming aware of the failure of the subcontractor to pay his or her workers the specified prevailing rate of wages, the contractor shall diligently take corrective action to halt or rectify the failure, including, but not limited to, retaining sufficient funds due the subcontractor for work performed on the public works project.

(4) Prior to making final payment to the subcontractor for work performed on the public works project, the contractor shall obtain an affidavit signed under penalty of perjury from the subcontractor that the subcontractor has paid the specified general prevailing rate of per diem wages to his or her employees on the public works project and any amounts due pursuant to Section 1813.

(c) The Division of Labor Standards Enforcement shall notify the contractor on a public works project within 15 days of the receipt by the Division of Labor Standards Enforcement of a complaint of the failure of a subcontractor on that public works project to pay workers the general prevailing rate of per diem wages.

**Labor Code Section 1776**

1776. (a) Each contractor and subcontractor shall keep accurate payroll records, showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by him or her in connection with the public work. Each payroll record shall contain or be verified by a written declaration that it is made under penalty of perjury, stating both of the following:

(1) The information contained in the payroll record is true and correct.

(2) The employer has complied with the requirements of Sections 1771, 1811, and 1815 for any work performed by his or her employees on the public works project.

(b) The payroll records enumerated under subdivision (a) shall be certified and shall be available for inspection at all reasonable hours at the principal office of the contractor on the following basis:

(1) A certified copy of an employee's payroll record shall be made available for inspection or furnished to the employee or his or her authorized representative on request.

(2) A certified copy of all payroll records enumerated in subdivision (a) shall be made available for inspection or furnished upon request to a representative of the body awarding the contract, the Division of Labor Standards Enforcement, and the Division of Apprenticeship Standards of the Department of Industrial Relations.

(3) A certified copy of all payroll records enumerated in subdivision (a) shall be made available upon request by the public for inspection or for copies thereof. However, a request by the public shall be made through either the body awarding the contract, the Division of Apprenticeship Standards, or the Division of Labor Standards Enforcement. If the requested payroll records have not been provided pursuant to paragraph (2), the requesting party shall, prior to being provided the records, reimburse the costs of preparation by the contractor, subcontractors, and the entity through which the request was made. The public may not be given access to the records at the principal office of the contractor.

(c) Unless required to be furnished directly to the Labor Commissioner in accordance with paragraph (3) of subdivision (a) of Section 1771.4, the certified payroll records shall be on forms

provided by the Division of Labor Standards Enforcement or shall contain the same information as the forms provided by the division. The payroll records may consist of printouts of payroll data that are maintained as computer records, if the printouts contain the same information as the forms provided by the division and the printouts are verified in the manner specified in subdivision (a).

(d) A contractor or subcontractor shall file a certified copy of the records enumerated in subdivision (a) with the entity that requested the records within 10 days after receipt of a written request.

(e) Except as provided in subdivision (f), any copy of records made available for inspection as copies and furnished upon request to the public or any public agency by the awarding body or the Division of Labor Standards Enforcement shall be marked or obliterated to prevent disclosure of an individual's name, address, and social security number. The name and address of the contractor awarded the contract or the subcontractor performing the contract shall not be marked or obliterated. Any copy of records made available for inspection by, or furnished to, a multiemployer Taft-Hartley trust fund (29 U.S.C. Sec. 186(c)(5)) that requests the records for the purposes of allocating contributions to participants shall be marked or obliterated only to prevent disclosure of an individual's full social security number, but shall provide the last four digits of the social security number. Any copy of records made available for inspection by, or furnished to, a joint labor-management committee established pursuant to the federal Labor Management Cooperation Act of 1978 (29 U.S.C. Sec. 175a) shall be marked or obliterated only to prevent disclosure of an individual's social security number.

(f)(1) Notwithstanding any other provision of law, agencies that are included in the Joint Enforcement Strike Force on the Underground Economy established pursuant to Section 329 of the Unemployment Insurance Code and other law enforcement agencies investigating violations of law shall, upon request, be provided nonredacted copies of certified payroll records. Any copies of records or certified payroll made available for inspection and furnished upon request to the public by an agency included in the Joint Enforcement Strike Force on the Underground Economy or to a law enforcement agency investigating a violation of law shall be marked or redacted to prevent disclosure of an individual's name, address, and social security number.

(2) An employer shall not be liable for damages in a civil action for any reasonable act or omission taken in good faith in compliance with this subdivision.

(g) The contractor shall inform the body awarding the contract of the location of the records enumerated under subdivision (a), including the street address, city, and county, and shall, within five working days, provide a notice of a change of location and address.

(h) The contractor or subcontractor has 10 days in which to comply subsequent to receipt of a written notice requesting the records enumerated in subdivision (a). In the event that the contractor or subcontractor fails to comply within the 10-day period, he or she shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit one hundred dollars (\$100) for each calendar day, or portion thereof, for each worker, until strict compliance is effectuated. Upon the request of the Division of Apprenticeship Standards or the Division of Labor Standards Enforcement, these penalties shall be withheld from progress payments then due. A contractor is not subject to a penalty assessment pursuant to this section due to the failure of a subcontractor to comply with this section.

(i) The body awarding the contract shall cause to be inserted in the contract stipulations to effectuate this section.

(j) The director shall adopt rules consistent with the California Public Records Act (Chapter 3.5 commencing with Section 6250) of Division 7 of Title 1 of the Government Code) and the Information Practices Act of 1977 (Title 1.8 commencing with Section 1798) of Part 4 of Division 3 of the Civil Code) governing the release of these records, including the establishment of reasonable fees to be charged

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for reproducing copies of records required by this section.

Regulations implementing Labor Code Section 1776 are located in Sections 16000, 16400, 16401, 16402, 16403, and 16500 of Title 8, California Code of Regulations.

#### **Labor Code Section 1777.5**

1777.5. (a) Nothing in this chapter shall prevent the employment of properly registered apprentices upon public works.

(b) Every apprentice employed upon public works shall be paid the prevailing rate of per diem wages for apprentices in the trade to which he or she is registered and shall be employed only at the work of the craft or trade to which he or she is registered.

(c) Only apprentices, as defined in Section 3077, who are in training under apprenticeship standards that have been approved by the Chief of the Division of Apprenticeship Standards and who are parties to written apprentice agreements under Chapter 4 (commencing with Section 3070) of Division 3 are eligible to be employed at the apprentice wage rate on public works. The employment and training of each apprentice shall be in accordance with either of the following:

- (1) The apprenticeship standards and apprentice agreements under which he or she is training.
- (2) The rules and regulations of the California Apprenticeship Council.

(d) When the contractor to whom the contract is awarded by the state or any political subdivision, in performing any of the work under the contract, employs workers in any apprenticeable craft or trade, the contractor shall employ apprentices in at least the ratio set forth in this Section and may apply to any apprenticeship program in the craft or trade that can provide apprentices to the site of the public work for a certificate approving the contractor under the apprenticeship standards for the employment and training of apprentices in the area or industry affected. However, the decision of the apprenticeship program to approve or deny a certificate shall be subject to review by the Administrator of Apprenticeship. The apprenticeship program or programs, upon approving the contractor, shall arrange for the dispatch of apprentices to the contractor. A contractor covered by an apprenticeship program's standards shall not be required to submit any additional application in order to include additional public works contracts under that program.

"Apprenticeable craft or trade," as used in this section, means a craft or trade determined as an apprenticeable occupation in accordance with rules and regulations prescribed by the California Apprenticeship Council. As used in this section, "contractor" includes any subcontractor under a contractor who performs any public works not excluded by subdivision (o).

(e) Prior to commencing work on a contract for public works, every contractor shall submit contract award information to an applicable apprenticeship program that can supply apprentices to the site of the public work. The information submitted shall include an estimate of journeyman hours to be performed under the contract, the number of apprentices proposed to be employed, and the approximate dates the apprentices would be employed. A copy of this information shall also be submitted to the awarding body if requested by the awarding body.

Within 60 days after concluding work on the contract, each contractor and subcontractor shall submit to the awarding body, if requested, and to the apprenticeship program a verified statement of the journeyman and apprentice hours performed on the contract. The information under this subdivision shall be public. The apprenticeship programs shall retain this information for 12 months.

(f) The apprenticeship program that can supply apprentices to the area of the site of the public work shall ensure equal employment and affirmative action in apprenticeship for women and minorities.

(g) The ratio of work performed by apprentices to journeymen employed in a particular craft or trade on the public work may be no higher than the ratio stipulated in the apprenticeship standards under which the apprenticeship program operates where the contractor agrees to be bound by those standards, but, except as otherwise provided in this section, in no case shall the ratio be less than one hour of apprentice work for every five hours of journeyman work.

(h) This ratio of apprentice work to journeyman work shall apply during any day or portion of a day when any journeyman is employed at the jobsite and shall be computed on the basis of the hours worked during the day by journeymen so employed. Any work performed by a journeyman in excess of eight hours per day or 40 hours per week shall not be used to calculate the ratio. The contractor shall employ apprentices for the number of hours computed as above before the end of the contract or, in the case of a subcontractor, before the end of the subcontract. However, the contractor shall endeavor, to the greatest extent possible, to employ apprentices during the same time period that the journeymen in the same craft or trade are employed at the jobsite. Where an hourly apprenticeship ratio is not feasible for a particular craft or trade, the Chief of the Division of Apprenticeship Standards, upon application of an apprenticeship program, may order a minimum ratio of not less than one apprentice for each five journeymen in a craft or trade classification.

(i) A contractor covered by this Section that has agreed to be covered by an apprenticeship program's standards upon the issuance of the approval certificate, or that has been previously approved for an apprenticeship program in the craft or trade, shall employ the number of apprentices or the ratio of apprentices to journeymen stipulated in the applicable apprenticeship standards, but in no event less than the 1-to-5 ratio required by subdivision (g).

(j) Upon proper showing by a contractor that he or she employs apprentices in a particular craft or trade in the state on all of his or her contracts on an annual average of not less than one hour of apprentice work for every five hours of labor performed by journeymen, the Chief of the Division of Apprenticeship Standards may grant a certificate exempting the contractor from the 1-to-5 hourly ratio, as set forth in this Section for that craft or trade.

(k) An apprenticeship program has the discretion to grant to a participating contractor or contractor association a certificate, which shall be subject to the approval of the Administrator of Apprenticeship, exempting the contractor from the 1-to-5 ratio set forth in this Section when it finds that any one of the following conditions is met:

(1) Unemployment for the previous three-month period in the area exceeds an average of 15 percent.

(2) The number of apprentices in training in the area exceeds a ratio of 1 to 5.

(3) There is a showing that the apprenticeable craft or trade is replacing at least one-thirtieth of its journeymen annually through apprenticeship training, either on a statewide basis or on a local basis.

(4) Assignment of an apprentice to any work performed under a public works contract would create a condition that would jeopardize his or her life or the life, safety, or property of fellow employees or the public at large, or the specific task to which the apprentice is to be assigned is of a nature that training cannot be provided by a journeyman.

(l) When an exemption is granted pursuant to subdivision (k) to an organization that represents contractors in a specific trade from the 1-to-5 ratio on a local or statewide basis, the member contractors

shall not be required to submit individual applications for approval to local joint apprenticeship committees, if they are already covered by the local apprenticeship standards.

(m) (1) A contractor to whom a contract is awarded, who, in performing any of the work under the contract, employs journeymen or apprentices in any apprenticeable craft or trade shall contribute to the California Apprenticeship Council the same amount that the director determines is the prevailing amount of apprenticeship training contributions in the area of the public works site. A contractor may take as a credit for payments to the council any amounts paid by the contractor to an approved apprenticeship program that can supply apprentices to the site of the public works project. The contractor may add the amount of the contributions in computing his or her bid for the contract.

(2) At the conclusion of the 2002-03 fiscal year and each fiscal year thereafter, the California Apprenticeship Council shall distribute training contributions received by the council under this subdivision, less the expenses of the Division of Apprenticeship Standards for administering this subdivision, by making grants to approved apprenticeship programs for the purpose of training apprentices. The funds shall be distributed as follows:

(A) If there is an approved multiemployer apprenticeship program serving the same craft or trade and geographic area for which the training contributions were made to the council, a grant to that program shall be made.

(B) If there are two or more approved multiemployer apprenticeship programs serving the same craft or trade and geographic area for which the training contributions were made to the council, the grant shall be divided among those programs based on the number of apprentices registered in each program.

(C) All training contributions not distributed under subparagraphs (A) and (B) shall be used to defray the future expenses of the Department of Industrial Relations for the administration and enforcement of apprenticeship standards and requirements under this code.

(3) All training contributions received pursuant to this subdivision shall be deposited in the Apprenticeship Training Contribution Fund, which is hereby created in the State Treasury. Upon appropriation by the Legislature, all moneys in the Apprenticeship Training Contribution Fund shall be used for the purpose of carrying out this subdivision and to pay the expenses of the Department of Industrial Relations.

(n) The body awarding the contract shall cause to be inserted in the contract stipulations to effectuate this section. The stipulations shall fix the responsibility of compliance with this Section for all apprenticeable occupations with the prime contractor.

(o) This Section does not apply to contracts of general contractors or to contracts of specialty contractors not bidding for work through a general or prime contractor when the contracts of general contractors or those specialty contractors involve less than thirty thousand dollars (\$30,000).

(p) An awarding body that implements an approved labor compliance program in accordance with subdivision (b) of Section 1771.5 may, with the approval of the director, assist in the enforcement of this section under the terms and conditions prescribed by the director.

All decisions of an apprenticeship program under this Section are subject to Section 3081.

### **Labor Code Section 1810**

1810. Eight hours labor constitutes a legal day's work in all cases where the same is performed under the authority of any law of this State, or under the direction, or control, or by the authority of any

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officer of this State acting in his official capacity, or under the direction, or control or by the authority of any municipal corporation, or of any officer thereof. A stipulation to that effect shall be made a part of all contracts to which the State or any municipal corporation therein is a party.

#### **Labor Code Section 1811**

1811. The time of service of any workman employed upon public work is limited and restricted to 8 hours during any one calendar day, and 40 hours during any one calendar week, except as hereinafter provided for under Section 1815.

#### **Labor Code Section 1812**

1812. Every contractor and subcontractor shall keep an accurate record showing the name of and actual hours worked each calendar day and each calendar week by each worker employed by him or her in connection with the public work. The record shall be kept open at all reasonable hours to the inspection of the awarding body and to the Division of Labor Standards Enforcement.

#### **Labor Code Section 1813**

1813. The contractor or subcontractor shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit twenty-five dollars (\$25) for each worker employed in the execution of the contract by the respective contractor or subcontractor for each calendar day during which the worker is required or permitted to work more than 8 hours in any one calendar day and 40 hours in any one calendar week in violation of the provisions of this article. In awarding any contract for public work, the awarding body shall cause to be inserted in the contract a stipulation to this effect. The awarding body shall take cognizance of all violations of this article committed in the course of the execution of the contract, and shall report them to the Division of Labor Standards Enforcement.

#### **Labor Code Section 1815**

1815. Notwithstanding the provisions of Sections 1810 to 1814, inclusive, of this code, and notwithstanding any stipulation inserted in any contract pursuant to the requirements of said sections, work performed by employees of contractors in excess of 8 hours per day, and 40 hours during any one week, shall be permitted upon public work upon compensation for all hours worked in excess of 8 hours per day at not less than 1 1/2 times the basic rate of pay.

#### **F. Labor Nondiscrimination**

Developer's attention is directed to Section 1735 of the Labor Code, which reads as follows:

"A contractor shall not discriminate in the employment of persons upon public works on any basis listed in subdivision (a) of Section 12940 of the Government Code, as those bases are defined in Sections 12926 and 12926.1 of the Government Code, except as otherwise provided in Section 12940 of the Government Code. Every contractor for public works who violates this section is subject to all the penalties imposed for a violation of this chapter."

Developer's attention is directed to the following "Nondiscrimination Clause" that is required by Chapter 5 of Division 4 of Title 2, California Code of Regulations.

#### **Nondiscrimination Clause**

1. During the performance of this contract, contractor and its subcontractors shall not unlawfully discriminate against any employee or applicant for employment because of race, religion, color, national

origin, ancestry, physical handicap, medical condition, marital status, age (over 40) or sex. Contractors and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free of such discrimination. Contractors and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code, Section 12900 et seq.) and the applicable regulations promulgated thereunder (Cal. Admin. Code, Tit. 2, Section 7285.0 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code, Section 12990, set forth in Chapter 5 of Division 4 of Title 2 of the California Administrative Code are incorporated into this contract by reference and made a part hereof as if set forth in full. Developer and its contractors and subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

2. Developer shall include the nondiscrimination and compliance provisions of this clause in all contracts to perform work under the Agreement.



## BOARD OF DIRECTORS

December 8, 2020

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## SUBJECT

ACCEPTANCE OF THE 2019 SEWER PIPE LINING PROJECT

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## BACKGROUND

As part of the District's Capital Improvement Plan, the District maintains the wastewater conveyance system in the District. Routine maintenance videoing of the lines revealed cracking and root intrusion in the vitrified clay pipe ("VCP") pipe under interstate 15 and the force main from the Fallbrook Oaks Lift Station which can result in inflow and infiltration (I&I) and failure of the pipe. Lining the sewer mains can prevent I&I and thus reduce the overall sewer flows, particularly in wet weather, as well as extending the life of the pipe and preventing future failure(s).

## DESCRIPTION

The Board of Directors authorized the General Manager to execute a contract for the construction of the 2019 Sewer Pipe Lining Project on June 25, 2019 for \$69,000 to line the sewer main segments under interstate 15 and the force main from Fallbrook Oaks Lift Station. NU-LINE Technologies, LLC completed construction of the lining under interstate 15 on October 31, 2019.

Upon inspection of this section of liner, District Staff identified that a 305-foot section of the newly installed liner had small wrinkles below the centerline. Though the liner is still functional with these wrinkles, the wrinkled segment of pipe may require more frequent cleaning and maintenance. Due to its location under I-15, repair options for these wrinkles are extremely limited and not expected to result in flow improvements commensurate with the cost and disruption of the repair. District staff notified the contractor on April 20, 2020 that the specifications allow the District to accept a repair, require the removal and replacement, or accept an appropriate credit for the non-conforming work. The contractor did not reply to this notice. The specifications also allow the District to move forward and remedy the defective work by accepting the work as is. In this case, a Change Order will be issued incorporating the necessary revisions in the Contract Documents, including appropriate reduction in the Contract Price covering the value of such accepted defective work.

The Original Contract amount for the Sewer Pipe Lining Project was \$69,000. NU-LINE Technologies was unable to line the force main from the Fallbrook Oaks Lift Station, thus \$32,669 was removed from the contract according to Change Order #2. An acceptable credit pertaining to the wrinkles below the pipe centerline was determined to be \$14,640. The remaining contract amount is \$21,691.

Facilities constructed and ready for acceptance include the following:

- 538-feet+/- of 8-inch diameter sanitary sewer pipe cured in place pipe lining underneath interstate 15, from manhole I6 - #49 to I6 - #50

Upon acceptance by the Board, the improvements become part of the District sewer system and Staff takes over operation and maintenance. In addition, the payment bond of \$69,000.00 and a portion of the performance bond, \$66,831 will be released. There is a one-year warranty period for all improvements which commences after board acceptance. The District will retain a portion of the performance bond equal to 10% of the reduced contract amount, \$2,169, as the warranty bond for this one-year period. Installation costs of \$21,691 will be added to the District's total valuation along with all other costs associated with the project.

## **POLICY/STRATEGIC PLAN KEY FOCUS AREA**

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Strategic Focus Area Two: Asset Management. In addition to maintaining the physical condition of the District's existing infrastructure, it is important to ensure that all new infrastructure is properly accepted administratively and incorporated into the District's records.

## **ENVIRONMENTAL**

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The Board determined that the construction of the 2019 Sewer Pipe Lining Project was categorically exempt from CEQA in accordance with CEQA Statute Section 21080.21(a) on June 25, 2019.

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.

## **BOARD OPTIONS/FISCAL IMPACTS**

---

The construction costs of the improvements, \$21,691, will be added to the District's asset valuation under project number 530016. The final amount of other costs associated with the project will be added to the District's asset valuation once year end financials have been completed.

1) Option 1:

- Accept the 2019 Sewer Pipe Lining Project.
- Direct District Staff to issue Change Order for the reduction of \$14,640 in the contract amount pertaining to the defective work.
- Approve filing the Notice of Completion.
- Add installation costs to the District's total valuation.
- Release the Payment Bond in the amount of \$69,000.00.
- Release a portion of the Performance Bond in the amount of \$66,831.00 and retain the remaining portion in the amount of \$2,169.00 as the warranty bond for one year.
- Make a finding that the action does not constitute a "project" as defined by CEQA.


2) Option 2:

- Provide other direction to staff.

## **STAFF RECOMMENDATION**

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Staff recommends Option 1.



---

Chad Williams  
Acting District Engineer

12/08/2020



**RECORDING REQUESTED BY:**

Rainbow Municipal Water District

**WHEN RECORDED RETURN TO:**

Rainbow Municipal Water District  
3707 Old Highway 395  
Fallbrook, California 92028

**MAIL TAX STATEMENTS TO:**

NO FEE REQUIRED PER GOVERNMENT  
CODE SECTION 27383

**SECTION 00687**

**NOTICE OF COMPLETION**

To: County of San Diego Date: December 9, 2020  
1600 Pacific Highway, Suite 103  
San Diego, CA 92101 Project No.: 530016 / 19-22

Owner: Rainbow Municipal Water District Date of Completion: February 10, 2020  
3707 Old Highway 395  
Fallbrook, CA 92028

**OWNER'S ESTATE OF INTEREST:**

Easement X Fee Owner X\* Encroachment Permit \_\_\_\_\_  
Other (describe) \*Rainbow Municipal Water District

**CONTRACTOR FOR WORK OF IMPROVEMENT AS A WHOLE:**

Name: Nuline Technologies LLC  
Address: 102 2<sup>nd</sup> Street, Suite B, Encinitas, CA 92024

**TITLE OF PROJECT: Sewer Pipe Lining**

DESCRIPTION OF PROJECT: Installation of cured in place pipe lining for 1054' +/-  
Sanitary Sewer Pipe and related traffic control, cleanup, coordination, and materials.

LEGAL DESCRIPTION OF SITE: Fallbrook, CA 92028

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ADDRESS OF THE SITE: South/East of Alameda Court, underneath Interstate  
15, Fallbrook, CA

---

This Notice is given for (check one):

- Completion of the work of improvement as a whole.  
 Completion of a contract for a particular portion of the work of improvement (per Cal. Civ. Code § 8186).

If this notice is given only of completion of a contract for a particular portion of the work of improvement, the name and address of the direct contractor under that contract is:

Nuline Technologies LLC, 102 2<sup>nd</sup> Street, Suite B, Encinitas, CA 92024

Final payment will be made to the above contractor on or after thirty-five (35) calendar days from the recording date of this Notice of Completion, except where otherwise provided for by law.

#### VERIFICATION

I, the undersigned state that I am the Acting District Engineer of the Rainbow Municipal Water District, the public agency authorizing the Work of Improvement referred to in the foregoing Notice of Completion; that I have executed such Notice of Completion on behalf of such public agency and likewise make this verification on behalf of said public agency; and that I have read said Notice of Completion and know the contents thereof and the facts therein stated are true of my own knowledge.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

---

Date and Place

---

Chad Williams, Acting District Engineer  
Rainbow Municipal Water District  
3707 Old Highway 395, Fallbrook, CA 92028

Distribution:

Original - County Recorder  
Copy - Contractor

**END OF SECTION 00687**



Transmitted Via Email

April 20, 2020

Mr. Mike Yerkes  
 Nu-Line Technologies, LLC  
 102 2<sup>nd</sup> Street, Suite B  
 Encinitas, CA 92509

Subject: Sewer Pipe Lining Contract 19-22 – Liner Wrinkles

Ref: RMWD email notification to Nu-Line Technologies (Nu-Line) dated 11/6/2019  
 RMWD response letter dated 2/5/2020  
 Nu-Line response letter dated 2/10/2020

Dear Mr. Yerkes:

Rainbow Municipal Water District (District) has considered your request referenced above, per the Contract Documents Standards and Specifications. Nu-Line’s request to extend the warranty in lieu of a contract reduction has been denied. The District’s inspection of the work has determined that the work performed by Nu-Line failed to meet the specification requirements in that there is 305 feet of severely wrinkled lining below pipe centerline.

According to Section 10001: Cured-In-Place-Pipe, Part 3: Execution, 3.3: Non-Conforming Work, Paragraph A, “When notified of rejected work by the Agency (District), the Contractor shall either repair or remove and replace the defective work, or offer a credit to the Agency as specified in the following subsections. Any credits will be withheld from the next progress payment, the final payment, and/or the retention.”

Accordingly, the District will accept a repair, removal and replacement, or a credit for the non-conforming work. An acceptable credit pertaining to wrinkles below pipe centerline is found in the specification referenced below:

Specification Cured-in-Place Pipe 10001, 3.3 Non-Conforming Work

*C2. Wrinkles Below Pipe Centerline: The Contractor may offer a credit to the District for wrinkles in the installed CIPP liner that are below the pipe centerline. The credit shall apply along the entire length of a particular wrinkle. The credit shall be determined as shown in the following table:*

| <i>Height of Wrinkle Relative to Diameter of Pipe</i> | <i>Severity</i>     | <i>Credit</i>                       |
|---|---------------------|-------------------------------------|
| <i>&gt;0% to 2% (any direction)</i>                   | <i>Minor</i>        | <i>0.50 x (Contract Unit Price)</i> |
| <i>&gt;2% to 5% (any direction)</i>                   | <i>Medium</i>       | <i>0.75 x (Contract Unit Price)</i> |
| <i>&gt;5% to 8% (longitudinal)</i>                    | <i>Severe</i>       | <i>1.00 x (Contract Unit Price)</i> |
| <i>&gt;5% to 8% (transverse)</i>                      | <i>Unacceptable</i> | <i>N/A</i>                          |
| <i>&gt;8% (any direction)</i>                         | <i>Unacceptable</i> | <i>N/A</i>                          |

*Wrinkle height and direction shall be estimated from the CCTV inspections, and the final determination of the severity and direction will be made by the AGENCY.*

The District has made the final determination that that there is 305 feet of severely wrinkled lining below pipe centerline. The unit price for installation of 8” diameter Cured in Place Pipe in existing sewer line is \$48.00/ LF as stated in the Bid Proposal. Thus, an acceptable credit pertaining to 305 feet of severely wrinkled lining below the pipe centerline is \$14,640.00 (305 LF x (1.00 x \$48.00/ LF) = \$14,640.00).


In accordance with Section 10001: Cured-In-Place-Pipe, Part 3: Execution, 3.3: Non-Conforming Work, Paragraph A sited above, Nu-Line Technologies may either repair, remove and replace, or offer a credit of \$14,640.00 to remedy the defective work.

Please inform me of which action, specified in the contract documents, Nu-Line Technologies intends to take to remedy the defective work. If no action is taken by May 20, 2020, The District will move forward with options to remedy the defective work specified in Section 00700: General Conditions, Article 18: Defective Work.

If you have any questions, please contact Ryan Stockton or me at (760) 728-1178.

Sincerely,

RAINBOW MUNICIPAL WATER DISTRICT

A handwritten signature in blue ink that reads "Steven E. Strapac". The signature is written in a cursive style with a large, stylized initial 'S'.

Steven E. Strapac, P.E., P.L.S  
District Engineer

## BOARD OF DIRECTORS

December 8, 2020

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### SUBJECT

NOTICE OF COMPLETION AND ACCEPTANCE OF THE OLIVE HILL ESTATES TRANSMISSION LINE RECONNECTION PROJECT

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### BACKGROUND

Rainbow Municipal Water District (District) has been researching opportunities to increase flow from the northern Metropolitan Water District aqueduct connections to the south pressure zone (Hutton zone). The increase in flow from the north to the south is critical to providing customers with reliable water during San Diego County Water Authority (SDCWA) aqueduct shutdowns. Working closely with the District's consultant HDR and our hydraulic model, staff determined that construction of a new 14-inch transmission line within the Olive Hills Estates subdivision would help the District meet the demands of the southern zone during shutdowns.

The Olive Hill Estates Transmission Line Reconnection project included the construction of approximately 2,550 lineal feet of 14-inch diameter ductile iron pipe (DIP), fittings, and appurtenances and approximately 30 lineal feet of 12-inch diameter DIP and fittings from Olive Hill Road west of Highway 76 to Via Del Caballero within Olive Hill Estates (Exhibit 1).

### DESCRIPTION

The Board of Directors authorized the General Manager to execute a contract with T.E. Roberts, Inc. for the Olive Hill Estates Transmission Line Reconnection project on April 28, 2020 for \$1,128,075. The project was completed on October 22, 2020 on budget and ahead of the contract schedule.

Facilities constructed and ready for acceptance include the following:

- 2,550 lineal feet of 14-inch diameter DIP Water Main with fittings and appurtenances
- 30 lineal feet of 12-inch diameter DIP Water Main

All facilities have been constructed per plans, inspected, and tested per specifications. Upon acceptance by the Board, the improvements become part of the District's water distribution system and Staff takes over operation and maintenance. For construction projects, the District requires contractors to provide payment and performance bonds. These certificates are issued by insurance companies for the value of the project to guarantee satisfactory completion of the project. Once the project is completed to the satisfaction of the District, bonds can be released. Released bonds do not constitute an exchange of funds but a release of insurance coverage on the project's construction and completion guarantee. Olive Hill Estates Transmission Line Reconnection project payment bond of \$1,128,075 and 90% of the performance bond, \$1,015,267.50 will be released based on the satisfactory completion of the project. There is a one-year warranty period for all improvements which commences after board acceptance. The District will retain 10% of the performance bond, \$112,807.50, as the warranty bond for this one-year period. Installation costs will be added to the District's total asset valuation along with all other eligible costs associated with the project.

## **POLICY/STRATEGIC PLAN KEY FOCUS AREA**

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Strategic Focus Area Two: Asset Management. Installation of the 14-inch transmission line increases flow from the northern Metropolitan Water District aqueduct connections to the south pressure zone (Hutton zone), which is a necessity during SDCWA aqueduct shutdowns. It is also important to ensure that all new infrastructure is properly accepted administratively and incorporated into the District's records.

Strategic Focus Area Five: Customer Service. Installation of the 14-inch transmission line provides more flow from the northern Metropolitan Water District aqueduct connections to the south pressure zone (Hutton zone) to help the District continue to provide reliable water to its customers in the south zone during SDCWA aqueduct shutdown.

## **ENVIRONMENTAL**

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In accordance with CEQA guidelines Section 15378, the action before the Board, filing a Notice of Completion and accepting the facilities, does not constitute a "project" as defined by CEQA and further environmental review is not required at this time.

## **BOARD OPTIONS/FISCAL IMPACTS**

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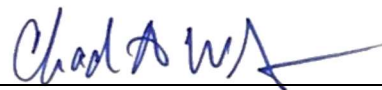
This project was identified and budgeted in the 5-Year Capital Fund within the Water Capital Fund Budget. The construction costs of the improvements by T.E. Roberts, Inc. was \$1,128,075. This amount will be added to the District's Total Valuation under project number 600031. The final amount of other costs associated with the project will be added to the District's asset valuation once year end financials have been completed.

## **STAFF RECOMMENDATION**

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District staff recommends that the Board of Director approve the following actions:

- Accept the Olive Hill Estates Transmission Line Reconnection Project.
- Approve filing the Notice of Completion.
- Add installation costs to the District's total valuation.
- Release the Payment Bond in the amount of \$1,128,075.
- Release 90% of the Performance Bond in the amount of \$1,015,267.50.
- Retain 10% of the performance bond in the amount of \$112,807.50 as the warranty bond for one year.
- Make a finding that the action herein does not constitute a "project" as defined by CEQA.

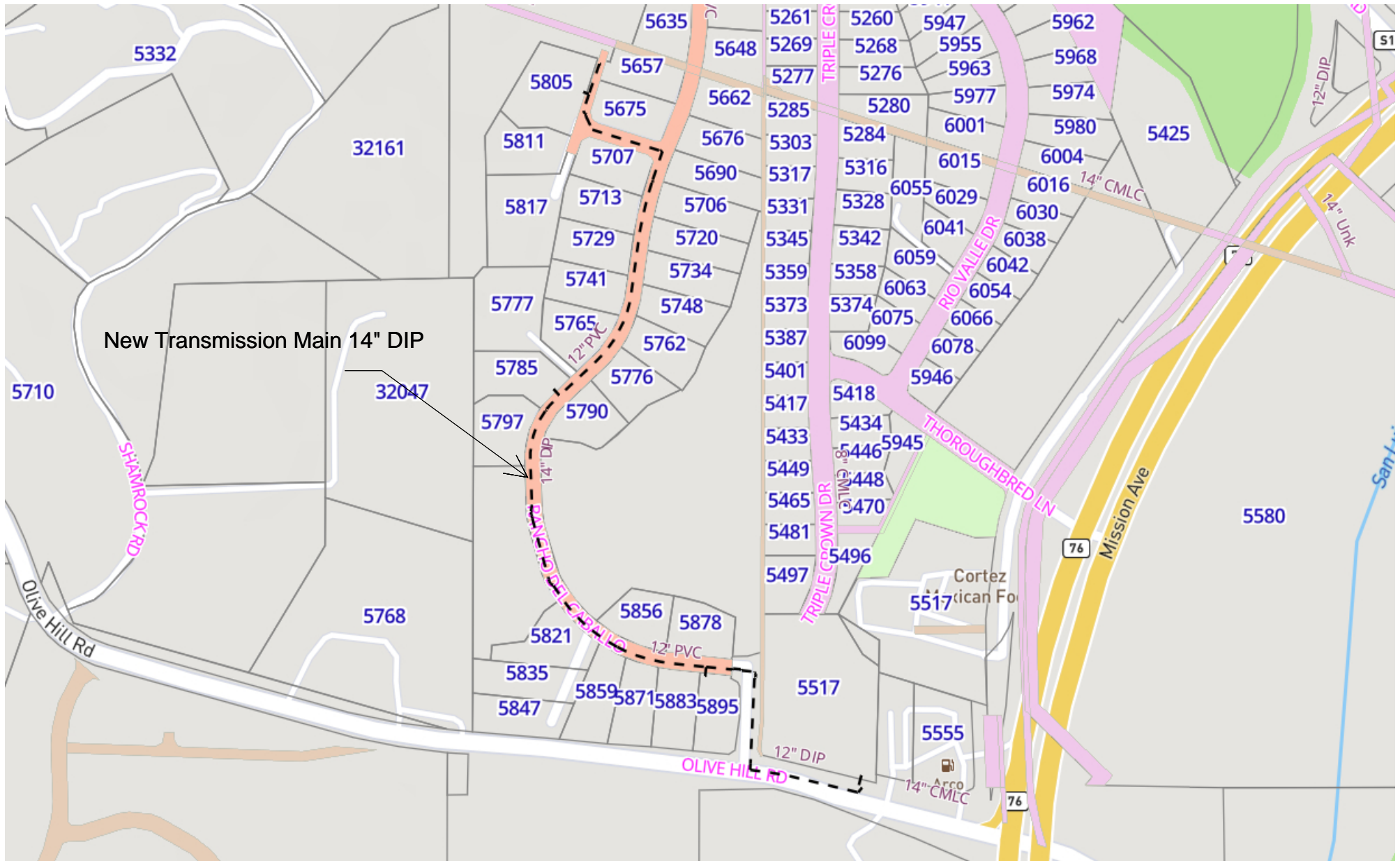



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Chad Williams  
Acting District Engineer

12/08/2020

# EXHIBIT 1: PROJECT LOCATION



|                    |   |                   |   |
|--------------------|---|-------------------|---|
| <p>1" = 423 ft</p> | <p>Olive Hill Estates<br/>Transmission Main Project</p> | <p>11/06/2020</p> |  |
|--------------------|---|-------------------|---|

This map may represent a visual display of related geographic information. Data provided here on is not guarantee of actual field conditions. To be sure of complete accuracy, please contact the responsible staff for most up-to-date information.





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## BOARD OF DIRECTORS

December 8, 2020

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### SUBJECT

APPROVAL OF ORDINANCE NO. 20-12 - AMENDING AND UPDATING ADMINISTRATIVE CODE SECTION 1.02.020 – CONFLICT OF INTEREST

### BACKGROUND

As the positions change at the District, a review of the Conflict of Interest Code is conducted to determine whether those positions listed in the Conflict of Interest Code need to be updated accordingly.

### DESCRIPTION

The proposed changes to Administrative Code Section 1.02.020 include the following updates as approved by the Board of Directors at their October 27, 2020 meeting:

- Replacement of the District Engineer position with new Engineering and Capital Improvement Manager job title and the responsibilities.
- Updates to gender specific pronouns.
- Correction to Financial Manager title to align with current job title of Finance Manager.
- Minor grammatical changes and formatting updates.

### POLICY/STRATEGIC PLAN KEY FOCUS AREA

Administrative Code Section 1.02.020 – Conflict of Interest

Strategic Focus Area Three: Workforce Development

### 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.

### BOARD OPTIONS/FISCAL IMPACTS

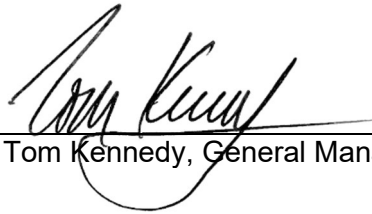
- 1) Approve Ordinance No. 20-12 amending and updating Administrative Code Section 1.02.020.
- 2) Approve Ordinance No. 20-12 amending and updating Administrative Code Section 1.02.020 with revisions.
- 3) Provide staff with further direction.
- 4) Do not approve Ordinance No. 20-12 amending and updating Administrative Code Section 1.02.020.

Any fiscal impacts were discussed at the October 27, 2020 Board meeting.

**STAFF RECOMMENDATION**

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Approve Ordinance No. 20-12 amending and updating Administrative Code Section 1.02.020.



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Tom Kennedy, General Manager

12/8/20

**Ordinance No. 20-12**

**Ordinance of the Board of Directors of the Rainbow Municipal Water District  
Amending the Administrative Code  
Section 1.02.020 – Conflict of Interest**

WHEREAS, the Rainbow Municipal Water District has, from time to time, adopted various rules and regulations for the operation of the District; and

WHEREAS, certain of those rules and regulations require updating to reflect best practices, as well as changes in applicable laws; and

WHEREAS, the Board of Directors has determined that changes in the rules or regulations of the District shall occur solely by amendment to the Administrative Code;

NOW, THEREFORE,

BE IT ORDAINED by the Board of Directors of Rainbow Municipal Water District as follows:

1. The following rules and regulations of the District, collected are hereby adopted and shall be incorporated into the Administrative Code, consisting of:

Section 1.02.020: Conflict of Interest

2. The General Manager is hereby directed to update the Administrative Code to reflect the approval of these rules and regulations, and to assign or reassign the numbering of the Administrative Code as necessary to codify these rules and regulations as amended.

3. This ordinance shall take effect immediately upon its adoption on this 8th day of December 2020.

**AYES:**  
**NOES:**  
**ABSTAIN:**  
**ABSENT:**

\_\_\_\_\_  
Hayden Hamilton, Board Vice President

**ATTEST:**

\_\_\_\_\_  
Dawn Washburn, Board Secretary



**Section 1.02.020**  
**Conflict of Interest**

**1.02.020.01** The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code Regs. Section 18730) that contains the terms of a standard conflict of interest code and may be incorporated by reference in any agency's code. After public notice and hearing, the standard code may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act.

**1.02.020.02** Therefore, the terms of 2 California Code of **Regulations Section 18730** and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendix designating positions, and establishing disclosure requirements, shall constitute the conflict of interest code of the Rainbow Municipal Water District.

**1.02.020.03** Individuals holding designated and non-designated positions shall file their Statements of Economic Interest with Rainbow Municipal Water District, which will make the statements available for public inspection and reproduction. (Gov. Code Section 81008.) Upon receipt of the statements for the Board Members and General Manager, the Board Secretary shall make and retain copies and forward the originals of these statements to the County Board of Supervisors. Statements for all other designated employees shall be retained by Rainbow Municipal Water District.

Any public officials who manage public investments shall be considered non-designated positions under Government Code section 87200 and shall make the disclosures required by law. Originals of all Statements of Economic Interest filed by non-designated positions will be maintained at the District office.

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**Appendix A**  
**Rainbow Municipal Water District Conflict of Interest Code**

**Preamble**

Any person designated in Section I of this Appendix who is unsure of any right or obligation arising under this Code may request a formal opinion or letter of advice from the FPPC or an opinion from Rainbow Municipal Water District's General Counsel. (Gov. Code § 83114; 2 CCR § 18730(b)(11).) A person who acts in good faith in reliance on an opinion issued to ~~them~~him or her by the FPPC shall not be subject to criminal or civil penalties for so acting, provided that all material facts are stated in the opinion request. (Gov. Code § 83114(a).)

Opinions rendered by General Counsel do not provide any statutory defense to an alleged violation of conflict of interest statutes or regulations. The prosecuting agency may, but is not required to, consider a requesting party's reliance on General Counsel's opinion as evidence of good faith. In addition, Rainbow Municipal Water District may consider whether such reliance should constitute a mitigating factor to any disciplinary action that Rainbow Municipal Water District may bring against the requesting party under Government Code section 91003.5.

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## Part I - Designated Positions

| <u>Designated Employees</u>   | <u>Categories Disclosed</u> |
|---|-----------------------------|
| Members of the Board of Directors   | All                         |
| General Manager   | All                         |
| General Counsel   | All                         |
| <u>Engineering and Capital Improvement Program<br/>Manager</u> <del>District Engineer</del> | All                         |
| Operations Manager  | All                         |
| Human Resources Manager   | All                         |
| Information Technology Manager  | All                         |
| Construction/Maintenance Supervisor   | All                         |
| Water Operations Supervisor   | All                         |
| Wastewater Superintendent   | All                         |
| Associate Engineer  | All                         |
| Senior Accountant   | All                         |
| Purchasing & Inventory Control Specialist I/II  | All                         |
| Risk Management Officer   | All                         |
| Senior Engineering Inspector  | All                         |

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|  |     |
|--|-----|
| Cross Connection Control and Backflow Technician   | All |
| Information Technology and Applications Analyst and Senior Information Technology and Applications Analyst | All |
| Information Systems Specialist I/II/III  | All |
| Project Manager  | All |
| Meter Services Supervisor  | All |
| Customer Service and Communications Supervisor   | All |
| <sup>1</sup> Consultants   | 2   |

## Part II – Non-Designated Positions

|                                     |                             |
|-------------------------------------|-----------------------------|
| Finance Manager                     | Pursuant to Applicable Laws |
| Standing District Committee Members | 2                           |
| Auditor                             | 2                           |

<sup>1</sup> With respect to consultants, the General Manager may determine in writing that a particular consultant, although a “designated employee,” is hired to perform a range of duties that is limited in scope and thus is not required to comply with the written disclosure requirements described in these categories. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The General Manager’s determination is a public record and shall be retained for public inspection by Rainbow Municipal Water District in the same manner as this Conflict of Interest Code. Nothing herein excuses any such consultant from any other provision of this Conflict of Interest Code.

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### Part III - Disclosure Categories

#### Category 1.

A designated employee or person in this category shall report all interests in real property, and investments in, and income from, business entities of the type to operate or provide any of the following:

- Accounting or auditing services
- Banks and savings and loans
- Computer hardware or software, or computer services or consultants
- Communications equipment or services
- Insurance brokers and agencies
- Insurance adjusting, claims auditing or administration, or underwriting services
- Office equipment or supplies
- Personnel and employment companies and services
- Printing or reproduction services, publications, and distribution
- Securities, investment or financial services companies
- Title insurance and escrow
- Construction supplies, service or equipment
- Engineering and surveying services
- Land development services

#### Category 2.

A designated employee in this category shall disclose all business positions in, investments in, and income from any business of the type to provide personnel, services, supplies, material, machinery, or equipment to Rainbow Municipal Water District and is associated with the job assignment or position of the designated employee or person.

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## Appendix B Statement of Duties of Employees of and Consultants to Rainbow Municipal Water District

### Members of the Board of Directors

The Board of Directors acts as the Rainbow Municipal Water District's governing body. Members of the Board of Directors formulate general policy and programs of Rainbow Municipal Water District, and each member of the Board of Directors is therefore designated.

### General Manager

General Manager oversees the day-to-day operations of Rainbow Municipal Water District ~~and. He or she~~ participates in the formulation and implementation of the policies and programs of Rainbow Municipal Water District and is therefore designated.

### General Counsel

General Counsel, currently hired on a contract basis, advises Rainbow Municipal Water District on its day-to-day activities, including its relationships with the independent contractors who serve in a staff capacity to Rainbow Municipal Water District, and compliance with applicable laws and regulations. ~~General Counsel He or she~~ participates in the formulation and implementation of the policies and programs of Rainbow Municipal Water District and is therefore designated.

### Finance~~ial~~ Manager

An employee of the Rainbow Municipal Water District, the Finance~~ial~~ Manager is Rainbow Municipal Water District's Chief Financial Officer and helps manage the finances of Rainbow Municipal Water District. The Finance~~ial~~ Manager makes reports from time to time on the financial results of operations of Rainbow Municipal Water District and recommends fiscal policies to the Board of Directors. The Finance~~ial~~ Manager "manages public investments" within the meaning of applicable regulations ~~and. He or she~~ is therefore not designated.

### Engineering and Capital Improvement Program Manager~~District Engineer~~

The ~~Engineering and Capital Improvement Program Manager~~~~District Engineer~~ provides oversight of engineering services ~~and oversight~~ to Rainbow Municipal Water District, including implementation of capital replacement projects ~~and. He or she~~ participates in the formulation of Rainbow Municipal Water District's general policies and programs in the area of engineering and is therefore designated.

### Operations Manager

The Operations Manager oversees the operation and maintenance of the water and wastewater lines and structures, participates in the formulation of Rainbow Municipal Water District's general policies and programs in the area of operations and maintenance and is therefore designated.

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### Human Resources Manager

The Human Resources Manager plans, directs and oversees the following programs and activities: human resources; risk management and safety; labor relations; workers' compensation, property and liability insurance and is therefore designated.

### Information Technology Manager

The Information Technology Manager manages Rainbow Municipal Water District's information technology staff, services and systems, user support, specific applications support, hardware and software installation, troubleshooting and maintaining computer systems, telephony, and mobile services. This position also supervises the purchasing, inventorying, maintenance and the disposing of computing and communication devices, hardware and software and is therefore designated.

### Construction/Maintenance Supervisor

The Construction/Maintenance Supervisor has supervisory responsibilities to direct and oversee the Construction Division. This position coordinates and manages the installation, maintenance and repair of water mains, service lines, fire hydrants and other related appurtenances used in the District water distribution, treatment and storage facilities and is therefore designated.

### Water Operations Supervisor

The Water Operations Supervisor has supervisory responsibilities to direct and oversee the Water Operations Division. This position will coordinate and manage the installation, maintenance, repair and operation of District water distribution, treatment, pumping and storage facilities and is therefore designated.

### Wastewater Superintendent

The Wastewater Superintendent has managerial responsibility to direct and oversee the Wastewater Division. This position coordinates and manages the repair, maintenance and operation of the wastewater pumping and collection system as well as may assist with installation, maintenance and repair of water distribution facilities and is therefore designated.

### Associate Engineer

The Associate Engineer performs a variety of routine and semi-routine professional level civil engineering work in the research, design and construction of water and sewer capital improvement and construction projects as well as reviews development plans and is therefore designated.

### Senior Accountant

The Senior Accountant performs highly complex and professional accounting and financial analysis to provide accurate and timely financial statements and reports to management, the Board, other government agencies, and the public and serves as a subject matter expert and is therefore designated.

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### Purchasing & Inventory Control Specialist I/II

The Purchasing & Inventory Control Specialist I/II has responsibility for all functions associated with the warehouse including purchasing, receiving and inventory control and administration of the office cleaning contract as well as maintaining inventory of parts and supplies and is therefore designated.

### Risk Management Officer

The Risk Management Officer has responsibility for the planning and administration of the District programs and services related to safety, security, emergency preparedness, environmental compliance functions, and processing claims and is therefore designated.

### Senior Engineering Inspector

The Senior Engineering Inspector performs highly specialized and complex public works construction inspection work. This position acts as the District's representative on the construction site for the expressed intent of enforcement of District construction standards and regulations and is therefore designated.

### Cross-Connection Control and Backflow Technician

The Cross-Connection Control and Backflow Technician performs a variety of work in connection with implementing and enforcing the cross-connection control programs including the Backflow Prevention Program, inspects, tests, and repairs backflow devices, and creates and submits results, records, and related documentation and is therefore designated.

### Information Technology and Applications Analyst /Senior IT and Applications Analyst

The Senior Information Technology and Applications Analyst/Senior Information and Applications Analyst position monitors, maintains, troubleshoots, and diagnoses hardware, software, database and network problems and identifies courses of action and is therefore designated.

### Information Systems Specialist I/II/III

The Information Systems Specialist I/II/III provides technical assistance to end users of computer hardware, software, printers, and mobile devices and assists in configuring and administering Rainbow Municipal Water District's electronic records management system and is therefore designated.

### Project Manager

The Project Manager manages Capital Improvement Projects (CIP) and development projects related to the design and construction of water and wastewater distribution and collection systems. Manages projects from start to finish, from project planning to final inspection. Coordinates with District staff, contractors, and other agencies to deliver projects and is therefore designated.

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### Meter Services Supervisor

The Meters Services Supervisor supervises and participates in work related to water services, oversees the cross-connection control and backflow testing programs, tests water services including pressure regulators, water meters, meter boxes, backflow devices and associated appurtenances, and responds to escalated customer service inquiries regarding customer water use and water service issues and is therefore designated.

### Customer Service and Communications Supervisor

The Customer Service and Communications Supervisor oversees activities and staff in the Customer Service Department, handles complex and escalated customer service issues, administrative and professional activities in support of public relations, community outreach, and educational programs and is therefore designated.

### Auditor

Rainbow Municipal Water District has contracted with one or more accounting firms to handle financial audits of Rainbow Municipal Water District's finances and investments. These firms implement decisions of the Rainbow Municipal Water District's Board of Directors. Because these auditors' duties are restricted in the manner described herein, they do not participate in the formulation and implementation of the policies and programs of Rainbow Municipal Water District, and also do not "manage public investments" within the meaning of applicable regulations; therefore, the Auditor(s) shall be considered non-designated positions and will file Statements of Economic Interest forms with the District only for public review and information purposes.

### Standing District Committee Members

A member or alternate committee member of a Rainbow Municipal Water District standing committee serves at the pleasure of the Board. These committees are advisory to the Board with regard to matters within their respective areas of responsibility. A committee has jurisdiction to consider and make a recommendation to other committees and to the Board regarding any item of business within the responsibility of the committee. Committee recommendations shall be communicated to the Board. A committee may consider other matters referred to it by the Board. Therefore, standing district committee members shall be considered non-designated positions and will file Statements of Economic Interest forms with the District only for public review and information purposes.

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**Section 1.02.020**  
**Conflict of Interest**

**1.02.020.01** The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code Regs. Section 18730) that contains the terms of a standard conflict of interest code and may be incorporated by reference in any agency's code. After public notice and hearing, the standard code may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act.

**1.02.020.02** Therefore, the terms of 2 California Code of **Regulations Section 18730** and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendix designating positions, and establishing disclosure requirements, shall constitute the conflict of interest code of the Rainbow Municipal Water District.

**1.02.020.03** Individuals holding designated and non-designated positions shall file their Statements of Economic Interest with Rainbow Municipal Water District, which will make the statements available for public inspection and reproduction. (Gov. Code Section 81008.) Upon receipt of the statements for the Board Members and General Manager, the Board Secretary shall make and retain copies and forward the originals of these statements to the County Board of Supervisors. Statements for all other designated employees shall be retained by Rainbow Municipal Water District.

Any public officials who manage public investments shall be considered non-designated positions under Government Code section 87200 and shall make the disclosures required by law. Originals of all Statements of Economic Interest filed by non-designated positions will be maintained at the District office.

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**Appendix A**  
**Rainbow Municipal Water District Conflict of Interest Code**

**Preamble**

Any person designated in Section I of this Appendix who is unsure of any right or obligation arising under this Code may request a formal opinion or letter of advice from the FPPC or an opinion from Rainbow Municipal Water District's General Counsel. (Gov. Code § 83114; 2 CCR § 18730(b)(11).) A person who acts in good faith in reliance on an opinion issued to them by the FPPC shall not be subject to criminal or civil penalties for so acting, provided that all material facts are stated in the opinion request. (Gov. Code § 83114(a).)

Opinions rendered by General Counsel do not provide any statutory defense to an alleged violation of conflict of interest statutes or regulations. The prosecuting agency may, but is not required to, consider a requesting party's reliance on General Counsel's opinion as evidence of good faith. In addition, Rainbow Municipal Water District may consider whether such reliance should constitute a mitigating factor to any disciplinary action that Rainbow Municipal Water District may bring against the requesting party under Government Code section 91003.5.

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## Part I - Designated Positions

| <u>Designated Employees</u>                         | <u>Categories Disclosed</u> |
|---|-----------------------------|
| Members of the Board of Directors                   | All                         |
| General Manager                                     | All                         |
| General Counsel                                     | All                         |
| Engineering and Capital Improvement Program Manager | All                         |
| Operations Manager                                  | All                         |
| Human Resources Manager                             | All                         |
| Information Technology Manager                      | All                         |
| Construction/Maintenance Supervisor                 | All                         |
| Water Operations Supervisor                         | All                         |
| Wastewater Superintendent                           | All                         |
| Associate Engineer                                  | All                         |
| Senior Accountant                                   | All                         |
| Purchasing & Inventory Control Specialist I/II      | All                         |
| Risk Management Officer                             | All                         |
| Senior Engineering Inspector                        | All                         |

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|  |     |
|--|-----|
| Cross Connection Control and Backflow Technician   | All |
| Information Technology and Applications Analyst and Senior Information Technology and Applications Analyst | All |
| Information Systems Specialist I/II/III  | All |
| Project Manager  | All |
| Meter Services Supervisor  | All |
| Customer Service and Communications Supervisor   | All |
| <sup>1</sup> Consultants   | 2   |

## Part II – Non-Designated Positions

|                                     |                             |
|-------------------------------------|-----------------------------|
| Finance Manager                     | Pursuant to Applicable Laws |
| Standing District Committee Members | 2                           |
| Auditor                             | 2                           |

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<sup>1</sup> With respect to consultants, the General Manager may determine in writing that a particular consultant, although a “designated employee,” is hired to perform a range of duties that is limited in scope and thus is not required to comply with the written disclosure requirements described in these categories. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The General Manager’s determination is a public record and shall be retained for public inspection by Rainbow Municipal Water District in the same manner as this Conflict of Interest Code. Nothing herein excuses any such consultant from any other provision of this Conflict of Interest Code.

### Part III - Disclosure Categories

#### Category 1.

A designated employee or person in this category shall report all interests in real property, and investments in, and income from, business entities of the type to operate or provide any of the following:

- Accounting or auditing services
- Banks and savings and loans
- Computer hardware or software, or computer services or consultants
- Communications equipment or services
- Insurance brokers and agencies
- Insurance adjusting, claims auditing or administration, or underwriting services
- Office equipment or supplies
- Personnel and employment companies and services
- Printing or reproduction services, publications, and distribution
- Securities, investment or financial services companies
- Title insurance and escrow
- Construction supplies, service or equipment
- Engineering and surveying services
- Land development services

#### Category 2.

A designated employee in this category shall disclose all business positions in, investments in, and income from any business of the type to provide personnel, services, supplies, material, machinery, or equipment to Rainbow Municipal Water District and is associated with the job assignment or position of the designated employee or person.

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**Appendix B**  
**Statement of Duties of Employees of**  
**and Consultants to Rainbow Municipal Water District**

Members of the Board of Directors

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General Manager

General Manager oversees the day-to-day operations of Rainbow Municipal Water District and participates in the formulation and implementation of the policies and programs of Rainbow Municipal Water District and is therefore designated.

General Counsel

General Counsel, currently hired on a contract basis, advises Rainbow Municipal Water District on its day-to-day activities, including its relationships with the independent contractors who serve in a staff capacity to Rainbow Municipal Water District, and compliance with applicable laws and regulations. General Counsel participates in the formulation and implementation of the policies and programs of Rainbow Municipal Water District and is therefore designated.

Finance Manager

An employee of the Rainbow Municipal Water District, the Finance Manager is Rainbow Municipal Water District's Chief Financial Officer and helps manage the finances of Rainbow Municipal Water District. The Finance Manager makes reports from time to time on the financial results of operations of Rainbow Municipal Water District and recommends fiscal policies to the Board of Directors. The Finance Manager "manages public investments" within the meaning of applicable regulations and is therefore not designated.

Engineering and Capital Improvement Program Manager

The Engineering and Capital Improvement Program Manager provides oversight of engineering services to Rainbow Municipal Water District, including implementation of capital replacement projects and participates in the formulation of Rainbow Municipal Water District's general policies and programs in the area of engineering and is therefore designated.

Operations Manager

The Operations Manager oversees the operation and maintenance of the water and wastewater lines and structures, participates in the formulation of Rainbow Municipal Water District's general policies and programs in the area of operations and maintenance and is therefore designated.

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The Information Technology Manager manages Rainbow Municipal Water District's information technology staff, services and systems, user support, specific applications support, hardware and software installation, troubleshooting and maintaining computer systems, telephony, and mobile services. This position also supervises the purchasing, inventorying, maintenance and the disposing of computing and communication devices, hardware and software and is therefore designated.

### Construction/Maintenance Supervisor

The Construction/Maintenance Supervisor has supervisory responsibilities to direct and oversee the Construction Division. This position coordinates and manages the installation, maintenance and repair of water mains, service lines, fire hydrants and other related appurtenances used in the District water distribution, treatment and storage facilities and is therefore designated.

### Water Operations Supervisor

The Water Operations Supervisor has supervisory responsibilities to direct and oversee the Water Operations Division. This position will coordinate and manage the installation, maintenance, repair and operation of District water distribution, treatment, pumping and storage facilities and is therefore designated.

### Wastewater Superintendent

The Wastewater Superintendent has managerial responsibility to direct and oversee the Wastewater Division. This position coordinates and manages the repair, maintenance and operation of the wastewater pumping and collection system as well as may assist with installation, maintenance and repair of water distribution facilities and is therefore designated.

### Associate Engineer

The Associate Engineer performs a variety of routine and semi-routine professional level civil engineering work in the research, design and construction of water and sewer capital improvement and construction projects as well as reviews development plans and is therefore designated.

### Senior Accountant

The Senior Accountant performs highly complex and professional accounting and financial analysis to provide accurate and timely financial statements and reports to management, the Board, other government agencies, and the public and serves as a subject matter expert and is therefore designated.

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#### Purchasing & Inventory Control Specialist I/II

The Purchasing & Inventory Control Specialist I/II has responsibility for all functions associated with the warehouse including purchasing, receiving and inventory control and administration of the office cleaning contract as well as maintaining inventory of parts and supplies and is therefore designated.

#### Risk Management Officer

The Risk Management Officer has responsibility for the planning and administration of the District programs and services related to safety, security, emergency preparedness, environmental compliance functions, and processing claims and is therefore designated.

#### Senior Engineering Inspector

The Senior Engineering Inspector performs highly specialized and complex public works construction inspection work. This position acts as the District's representative on the construction site for the expressed intent of enforcement of District construction standards and regulations and is therefore designated.

#### Cross-Connection Control and Backflow Technician

The Cross-Connection Control and Backflow Technician performs a variety of work in connection with implementing and enforcing the cross-connection control programs including the Backflow Prevention Program, inspects, tests, and repairs backflow devices, and creates and submits results, records, and related documentation and is therefore designated.

#### Information Technology and Applications Analyst /Senior IT and Applications Analyst

The Senior Information Technology and Applications Analyst/Senior Information and Applications Analyst position monitors, maintains, troubleshoots, and diagnoses hardware, software, database and network problems and identifies courses of action and is therefore designated.

#### Information Systems Specialist I/II/III

The Information Systems Specialist I/II/III provides technical assistance to end users of computer hardware, software, printers, and mobile devices and assists in configuring and administering Rainbow Municipal Water District's electronic records management system and is therefore designated.

#### Project Manager

The Project Manager manages Capital Improvement Projects (CIP) and development projects related to the design and construction of water and wastewater distribution and collection systems. Manages projects from start to finish, from project planning to final inspection. Coordinates with District staff, contractors, and other agencies to deliver projects and is therefore designated.

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### Meter Services Supervisor

The Meters Services Supervisor supervises and participates in work related to water services, oversees the cross-connection control and backflow testing programs, tests water services including pressure regulators, water meters, meter boxes, backflow devices and associated appurtenances, and responds to escalated customer service inquiries regarding customer water use and water service issues and is therefore designated.

### Customer Service and Communications Supervisor

The Customer Service and Communications Supervisor oversees activities and staff in the Customer Service Department, handles complex and escalated customer service issues, administrative and professional activities in support of public relations, community outreach, and educational programs and is therefore designated.

### Auditor

Rainbow Municipal Water District has contracted with one or more accounting firms to handle financial audits of Rainbow Municipal Water District's finances and investments. These firms implement decisions of the Rainbow Municipal Water District's Board of Directors. Because these auditors' duties are restricted in the manner described herein, they do not participate in the formulation and implementation of the policies and programs of Rainbow Municipal Water District, and also do not "manage public investments" within the meaning of applicable regulations; therefore, the Auditor(s) shall be considered non-designated positions and will file Statements of Economic Interest forms with the District only for public review and information purposes.

### Standing District Committee Members

A member or alternate committee member of a Rainbow Municipal Water District standing committee serves at the pleasure of the Board. These committees are advisory to the Board with regard to matters within their respective areas of responsibility. A committee has jurisdiction to consider and make a recommendation to other committees and to the Board regarding any item of business within the responsibility of the committee. Committee recommendations shall be communicated to the Board. A committee may consider other matters referred to it by the Board. Therefore, standing district committee members shall be considered non-designated positions and will file Statements of Economic Interest forms with the District only for public review and information purposes.

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## BOARD OF DIRECTORS

December 8, 2020

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### SUBJECT

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POSSIBLE ACTION TO ADOPT ORDINANCE NO. 20-14 AMENDING AND UPDATING VARIOUS ADMINISTRATIVE CODE SECTIONS AND SUBSECTIONS INCLUDED IN TITLES 1, 2, 4, 5, 8, AND 9

### BACKGROUND

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In accordance with SB-179 which went into effect last year, any references to personal gender specific pronouns in any RMWD policies needed to be replaced with pronouns that are not gender specific.

### DESCRIPTION

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Staff conducted a thorough review of the entire Administrative Code in search of gender specific pronouns which have been updated in the proposed changes being presented to the Board for consideration.

The proposed changes have been provided to the Human Resources Manager for review.

Both a redline version and non-redline version have been attached.

### POLICY/STRATEGIC PLAN KEY FOCUS AREA

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As the foundation for all our operations, the Administrative Code supports all our Key Focus Areas. It is a living document that will continue to be reviewed and adapted to meet the policy and strategic needs of the District.

### ENVIRONMENTAL

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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.

### BOARD OPTIONS/FISCAL IMPACTS

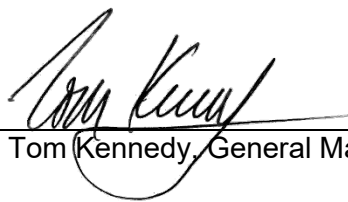
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1. Adopt Ordinance No. 20-14 amending and updating various sections and subsections included in Administrative Code Titles 1, 2, 4, 5, 8, 9 as proposed.
2. Adopt Ordinance No. 20-14 amending and updating various sections and subsections included in Administrative Code Titles 1, 2, 4, 5, 8, 9 as proposed with revisions.
3. Deny adoption of Ordinance No. 20-14 and provide staff with direction.

**STAFF RECOMMENDATION**

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Staff recommends Option 1.



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Tom Kennedy, General Manager

December 8, 2020

**Ordinance No. 20-14**

**Ordinance of the Board of Directors of the Rainbow Municipal Water District  
Amending and Updating Various Sections and Subsections Included in  
Titles 1, 2, 4, 5, 8, and 9**

WHEREAS, the Rainbow Municipal Water District has, from time to time, adopted various rules and regulations for the operation of the District; and

WHEREAS, certain of those rules and regulations require updating to reflect best practices, as well as changes in applicable laws; and

WHEREAS, the Board of Directors has determined that changes in the rules or regulations of the District shall occur solely by amendment to the Administrative Code;

NOW, THEREFORE,

BE IT ORDAINED by the Board of Directors of Rainbow Municipal Water District as follows:

1. The following rules and regulations of the District, collected are hereby adopted and shall be incorporated into the Administrative Code, consisting of:

|                   |  |
|-------------------|--|
| Section 1.02.030: | Public Complaints                                    |
| Section 1.02.040: | Claims Procedure Policy                              |
| Section 2.02.010: | Attendance Policy                                    |
| Section 2.03.010: | Remuneration and Reimbursement Policy                |
| Section 2.04.010: | Board of Directors Policy                            |
| Section 2.05.010: | Membership Policy                                    |
| Section 4.01.180  | Personal Matters                                     |
| Section 4.01.200: | Recruitment Standards                                |
| Section 4.01.280: | Employee-Employer Relations                          |
| Section 5.02.030: | Purchase Requests                                    |
| Section 5.02.150: | Contract Delivery/Inspectoin                         |
| Section 5.02.160: | Invoices   |
| Section 5.03.210: | Investment Policy-Glossary of Terms                  |
| Section 5.04.010: | Capital Asset Policy                                 |
| Section 5.06.010: | Background   |
| Section 8.06:     | Installations  |
| Section 8.12:     | Rendering of Bills                                   |
| Section 8.11:     | Connection and Meter Charges                         |
| Section 8.16:     | Supply to Separate Parcels and Resale of<br>Water    |
| Section 8.21:     | Pressure   |
| Section 8.23:     | Access to Premises                                   |
| Section 8.25:     | Inspection   |
| Section 9.11:     | Entry Upon Private Property to Enforce<br>Provisions |

2. The General Manager is hereby directed to update the Administrative Code to reflect the approval of these rules and regulations, and to assign or reassign the numbering of the Administrative Code as necessary to codify these rules and regulations as amended.

3. This ordinance shall take effect immediately upon its adoption on this 8th day of December 2020.

**AYES:**  
**NOES:**  
**ABSTAIN:**  
**ABSENT:**

\_\_\_\_\_  
Hayden Hamilton, Board Vice President

**ATTEST:**

\_\_\_\_\_  
Dawn Washburn, Board Secretary

## **Section 1.02.030 Public Complaints**

A public complaint is an assertion by a member of the public that the District has intentionally or unintentionally created a condition where the individual has been adversely affected.

The Board of Directors desires all public complaints be resolved at the lowest possible administrative level and that the method for resolution of complaints be logical and systematic.

### **1.02.030.01 Method Used for Addressing Public Complaints**

The individual with a complaint may discuss the matter with staff with the objective of resolving the matter informally.

If the individual registering the complaint is not satisfied by staff, a written complaint may be filed with the General Manager. Within ten (10) days, the General Manager will acknowledge the complaint and shall then communicate with the person filing the complaint to resolve the matter. The General Manager is under no obligation to meet in person and may choose to communicate via phone, letter, or email to attempt to reach a resolution of the matter. At the option of the General Manager, ~~they~~ ~~he~~ ~~or~~ ~~she~~ may conduct conferences and take testimony or written documentation in the resolution of the complaint. A written decision from the General Manager shall be provided to the individual filing the complaint.

If the individual filing the complaint is not satisfied with the disposition of the matter by the General Manager, a written complaint may be filed with the Board of Directors within thirty (30) days of receiving the General Manager's decision. The Board will consider the matter at the next available meeting. The Board will endeavor to expeditiously resolve the matter. In making the final decision, the Board may conduct conferences, hear testimony, as well as utilize the record of written documentation. A written decision from the Board shall be provided individual filing the complaint.

This policy in no way prohibits or is intended to deter a member of the community or staff member from appearing before the Board to present verbal testimony, a complaint, or statement in regard to actions of the Board, District programs and services.

**Section 1.02.040**  
**Claims Procedure Policy**

**1.02.040.01 Purpose**

The purpose of this policy is to provide the public, District staff and Board of Directors guidelines on how all claims for money or damages against the District are to be handled. Pursuant to Government Code sections 910 et seq., claims against the District shall be governed by the procedures laid out in this policy, including all deadlines set forth herein.

**1.02.040.02 Claims Notification Procedure**

When an individual, corporation or entity, including another local public agency, first notifies District staff in person, by telephone, or in writing, damage has been done, or is being done, to their person, business or property, and describing a set of circumstances or facts as to how the District is responsible, the staff person receiving the information will do the following:

- A.** Record the time and date of telephone calls or office visits and take notes as to the information provided by the claimant on the phone or in the office.
- B.** Refrain from discussing liability or responsibility and refrain from making any admissions that would implicate the District; staff should respond to questions, be cordial, but refrain from commenting on liability questions.
- C.** Ask the claimant to fill out a District claim form which should always be available on request. The staff person should not assist in filling out the claim form. When completed and filed with the District, the claim form should be date stamped with the date the claim is actually received by the District.

If an individual sends a letter or written request appearing to be a claim, the letter or written request shall be date-stamped when received by the District. The District shall consider whether to send a notice of insufficiency pursuant to Government Code section 910.8; whether no response is required based on the content provided in the letter or written request; or whether to send a response letter requesting the following categories of information:

- A.** Name and address of claimant.
- B.** Address where notices should be sent.
- C.** Date, place and other circumstances of the occurrence or transaction which gave rise to the claim.
- D.** A general description of the alleged injury or damage.
- E.** Name(s) of the employee(s) who would be aware of the alleged inquiry or damage (if known).
- F.** Estimated amount of loss (Gov. Code §910.).

The response letter should include a District claim form with a request that it be completed if the individual wishes to file a claim.

If the written request is not on a District claim form, but includes the name and address of claimant, an address where notices should be sent, the date, place and other circumstances of the occurrence or transaction which gave rise to the claim, a general description of the alleged injury or damage, the name(s) of the employee(s) who would be aware of the alleged injury or damage (if known), and the estimated amount of loss, the written request should be treated like a formal claim, date-stamped and submitted to the General Manager.

Immediately upon receipt of a District claim form or any written request appearing to be a claim, will be submitted along with all details of the claim to the General Manager, who will determine the proper person to investigate the matter.

#### **1.02.040.03 Presentation and Consideration of a Claim**

All claims shall be presented and considered in the manner set forth herein and as required by Government Code Sections 910-915.4.

#### **1.02.040.04 Investigation of Claim**

Investigation of the claim should be done as soon as possible after it is filed. The investigation shall be conducted by the appropriate member of the District staff as determined by the General Manager.

Board members will not perform independent investigations of claims.

Investigations may include photos, interviews, and the use of outside experts if appropriate.

#### **1.02.040.05 Determination of Claim**

The General Manager is authorized by this section to perform the functions of the Board with respect to claims, including paying, settling, and rejecting claims in amounts not exceeding \$20,000, in accordance with Government Code Section 935.4. Claims not exceeding \$20,000 may be evaluated by the General Manager and either rejected or accepted based on ~~their~~<sup>his or her</sup> determination in accordance with Government Code Section 912.4. The General Manager may present smaller claims to the Board of Directors for consideration where the nature of the claim may warrant advice from the Board of Directors.

All claims in excess of \$20,000, and/or all claims that, based on existing facts and circumstances, present significant exposure to litigation against the District, shall be presented to the Board of Directors for consideration in Closed Session and shall be processed in accordance with Government Code Section 912.4 and 912.6. Staff shall present the Board with information related to the claim and carry out the direction of the Board related to the claim.

Claims determined to be justified should be resolved in the most direct and efficient manner possible.

In exchange for settlement of a claim, the claimant shall execute a Settlement and Release Agreement with the District. The District Counsel shall approve the form of this agreement before settlement is final.

The District will attempt to act on the claim within forty-five (45) days after it is presented pursuant to Government Code Section 912.4, unless this deadline is extended by written agreement under the terms of this section. The District's decision on how the claim is going to be handled will be communicated to the claimant as soon as is practicable. When possible and applicable, the District shall communicate rejections of claims consistent with Government Code Section 913.

**1.02.040.06 Necessity of Written Claim; Limitations of Actions**

A written claim for money or damages must be submitted to the District prior to the filing of any lawsuit for money or damages, as provided by Government Code Section 945.4, which section is specifically incorporated herein by reference. The limitation practices on claims required to be presented pursuant to this policy shall be governed by Government Code Section 945.6, which section is specifically incorporated herein by reference.



**Section 2.02.010**  
**Attendance Policy**

**2.02.010.01 Attendance**

Members of the Board of Directors shall attend all regular and special meetings of the Board unless there is a good cause for absence.

**2.02.010.02 Vacancies**

A vacancy shall occur if any member ceases to discharge the duty of ~~their~~his/her office for the period of three consecutive months except as authorized by the Board of Directors.

**2.02.010.03 Staff Meetings**

Members of the Board of Directors shall not attend Staff meetings unless invited by the General Manager of District staff.

## **Section 2.03.010**

### **Remuneration and Reimbursement Policy**

#### **2.03.010.01 Compensable Meetings**

State Law limits Board member compensation to ten (10) compensable meetings per month (Water Code Section 20202). The RMWD Board shall not be eligible for compensation for more than six (6) compensable days per month.

#### **2.03.010.02 Compensation**

Members of the Board of Directors shall receive compensation of \$150 for each day's attendance up to two Board meetings per month. In addition, Board Members shall receive compensation of \$150 for each day in attendance at the following regularly scheduled local meetings:

- Council of Water Utilities Monthly Meeting
- San Diego Chapter of CSDA Quarterly Meeting

Certain Board Members will be appointed as the District's representative for local agencies and organizations. Board Members appointed to the following organizations will receive compensation of \$150 per day of attendance at meetings of the following organizations:

- San Luis Rey Watershed Council
- Santa Margarita Watershed Council

Should two compensable meetings occur in a single day, the Board member(s) in attendance shall be eligible for compensation of only \$150 for the entire day.

#### **2.03.010.03 Training, Seminars and Conferences**

If a Board member wishes to attend any training, seminar, or conference and receive compensation for the event and travel/registration expenses, the Board member must present ~~their~~~~his or her~~ request for attendance in writing during a regularly scheduled open session Board meeting. A standing agenda item for this practice will be included in each Board meeting agenda. The Board member requesting compensation and travel/registration costs shall indicate the nature of the conference and the benefits that ~~their~~~~his or her~~ attendance will bring to the District and its ratepayers. The full Board shall consider this information and take action to approve or disapprove the compensation by a majority vote. Upon approval, the Board member will be eligible for compensation of \$150 for each full day at a conference or seminar.

#### **2.03.010.04 Legitimate Expenses**

Members of the Board of Directors shall be reimbursed for all legitimate expenses incurred in attending any meetings or in making any trips on official business of the Board, when so authorized in accordance with this Administrative Code. Reimbursement for the cost of the use

of a Director's vehicle shall be on the basis of total miles driven and at the rate specified in the Internal Revenue Service Rates as established in Publication 463 or any successor publication.

**Section 2.04.010**  
**Board of Directors Policy**

**2.04.010.01 Board President**

The President of the Board of Directors shall serve as chairperson at all Board meetings ~~and-  
He/she~~ shall have the same rights as the other members of the Board in voting, introducing motions, resolutions and ordinances, and any discussion questions that follow said actions.

In the absence of the President, the Vice President of the Board of Directors shall serve as chairperson over all meetings of the Board. If the President and Vice President of the Board are both absent, the remaining members present shall select one of themselves to act as chairperson of the meeting.

**2.04.010.02 Members of the Board of Directors**

Directors shall thoroughly prepare themselves to discuss agenda items at meetings of the Board of Directors. If clarification is required it would be requested from the General Manager.

Information exchanged before meetings shall be distributed through the General Manager and all Directors will receive all information being distributed.

Directors shall at all times conduct themselves with courtesy to each other, staff and members of the audience present at Board meetings.

Directors shall defer to the chairperson for conduct of meetings of the Board but shall be free to question and discuss items on the agenda. All comments should be brief and confined to the matter being discussed by the Board.

**2.04.010.03 Basis of Authority**

The Board of Directors is the unit of authority within the District. Apart from ~~theirhis/her~~ normal function as a part of this unit, Directors have no individual authority. As individuals, Directors shall not commit the District to any policy, act or expenditure. Violation of the foregoing may be subject to censure as determined by the Board of Directors.

**2.04.010.04 Training, Education and Conferences**

It is the policy of the Rainbow Municipal Water District to encourage Board development and excellence of performance by reimbursing expenses incurred for tuition, travel, lodging and meals as a result of training, educational courses, participation with professional organizations, and attendance at local, state and national conferences associated with the interests of the District.

Attendance at such conferences shall be considered as a day of service for the purpose of Board member compensation.

District administrative staff shall be responsible for making arrangements for travel, lodging and registration for Directors attending state and national seminars, workshops and conferences. All expenses shall be reported to the District by Directors, together with validated receipts.

Attendance by Directors at seminars, workshops and conferences shall be approved by the Board of Directors prior to incurring any reimbursable costs.

Upon returning from seminars, workshops, or conferences where expenses are reimbursed by the District, Directors will provide a written summary at the next Board meeting during Directors' Comments. Said summary shall detail what was learned at the session(s) that will be of benefit to the District. Materials from the session(s) will be delivered to the Board Secretary and may be included in the District library for the future use by other Directors.

**Section 2.05.010**  
**Membership Policy**

**2.05.010.01 Approved Association and Organization Memberships**

In accordance with California Water Code, Section 71597, the district may by resolution of a four-fifths majority of its directors obtain membership in associations, having for their purpose, the furtherance of subjects relating to the powers and duties of the district and for the interchange of information relating to such powers and duties.

The Board shall, by ordinance, resolution, or motion approve membership in associations or organizations and a copy of the ordinance, resolution or motion shall be maintained as part of District records. The General Manager will ensure annual dues are paid when due:

In the event a previously authorized membership is thought to be no longer necessary by the General Manager or any member of the Board, the General Manager or any Board member will notify the Board of Directors that the need to maintain membership no longer exists and the General Manager may, with concurrence from a simple majority of the Board, cancel membership in the association or organization.

The General Manager may, at ~~their~~<sup>his</sup> discretion, approve individual staff memberships in organizations and/or associations applicable to the employee's performance of their duties and/or support technical development in their fields.

**2.05.010.02 Individual Board Member Participation in Associations and Organizations**

Individual Board members may hold membership in and attend meetings of such national, state, and local associations and/or organizations as may exist which have applicability to the District and shall look upon such memberships as an opportunity for in-service training. The District will pay individual board member dues and expenses for the following organizations and associations:

Water Environment Federation  
American Water Works Association  
California Water Environment Association

District payment for participation by individual board member in organizations or associations not listed above may be approved on a case-by-case basis by the Board of Directors.

This policy is not intended to preclude a board member from participating in any organization or association; it only applies to those memberships paid for by the District.

**Section 4.01.180**  
**Personal Matters**

In order to ensure that personal matters do not interfere with employees' work and the work of others, the District has adopted the following policy on personal matters:

1. Personal Valuables. The District cannot assume responsibility for lost or stolen personal items. Hence, employees are asked to use their own discretion when bringing such items to work.
2. Personal Business. Conducting personal business during working time or in working areas generally should be limited to breaks and lunch period.
3. Personal Data. It is extremely important the District maintain accurate records of all employees. Hence, should any of the following personal information change, please advise Human Resources and Payroll as soon as possible:
  - a. Home address
  - b. Telephone number
  - c. Person and/or number to notify in case of emergency
  - d. Name
  - e. Change affecting income tax withholding
  - f. Change in beneficiary for insurance plans
4. Personal Phone Calls. Personal phone calls should be limited to emergency situations. If an employee must make a personal call while on duty, theyhe/she should do so during theirhis/her break period.

**Section 4.01.200**  
**Recruitment Standards**

1. It is the philosophy of the District to hire and promote the most qualified candidates for available positions. The District is committed to ensuring that all decisions regarding recruitment, hiring, promotion, assignments, training and other terms and conditions of employment will be made without discrimination or any other factor, which cannot be lawfully used as a basis for employment decision. For list of protected factors, please refer to Equal Opportunity Policy provided in the Administrative Code.
2. Applications for employment with the District will be accepted when there is an open and posted job vacancy. Resumes will not be accepted in lieu of a District application. Applications for employment are only accepted up to the closing date and must specify the position for which the applicant is applying for. The application submitted must be fully completed and signed by the applicant. Electronic signatures will be accepted through the District's electronic applicant tracking system.
3. The District will first consider any qualified regular employees who have been employed at least one year before considering external job applicants.
4. Successful candidates for employment are required to pass a physical examination and background check prior to commencing employment. The examination will include a drug screening test which employees must pass. A physician designated by the District will conduct the examination at District expense.
5. Reasonable accommodations, in accordance with the Americans with Disabilities Act (ADA) and California Fair Employment Housing Act (FEHA) will be made for otherwise qualified individuals with disabilities unless an undue hardship exists. Any applicant or employee who requires an accommodation in order to participate in the recruitment process should contact the Human Resources Office and request such an accommodation that ~~they~~he/she needs to engage in the selection process.
6. For jobs that require driving on District business, employees must maintain a valid California Driver's License and qualify for coverage under the District's Automobile Liability Insurance Carrier.



**Section 4.01.280**  
**Employee-Employer Relations**

**4.01.280.01 General Provisions**

**4.01.280.01.1 Purpose**

It is the purpose of these rules and regulations to implement those provisions of the Meyers-Milias-Brown Act (Government Code, § 3500 *et seq.*) by promoting full communication between the District and its employees regarding wages, hours and other terms and conditions of employment. It is also the purpose of these provisions to promote the improvement of personnel management and employer-employee relations within the District by providing a uniform basis for recognizing the right of the employees of the District to join, or to refrain from joining, organizations of their own choice and be represented, or not to be represented, by such organizations in their employment relationships with the District.

**4.01.280.01.1.1** Nothing in these provisions shall interfere with the right of the Board to manage the affairs of the District in the most economical and efficient manner and in its best interest according to its governing laws, including but not limited to the merits, necessity, or organization of any service or activity allowed by law.

**4.01.280.01.1.2** These rules and regulations provide procedures for recognizing and meeting and conferring in good faith with recognized employee organizations regarding matters including but not limited to wages, hours, and other terms and conditions of employment of employees in appropriate units that are within the scope of representation.

**4.01.280.01.2 Definitions**

When used in these rules and regulations, the following words and terms shall have the meaning indicated, unless the content clearly indicates otherwise.

**4.01.280.01.2.1 Appropriate Unit.** An appropriate unit means a group of employees that the Employee Relations Officer has determined should have the opportunity to be represented by a single employee organization pursuant to Section 4.01.280.03.5.

**4.01.280.01.2.2 Board.** Board means the Board of Directors of Rainbow Municipal Water District.

**4.01.280.01.2.3 Confidential Employee.** Confidential employee means an employee who, in the course of ~~their~~**his or her** duties, is privy to decisions of the Board or of management which affect employer-employee relations.

**4.01.280.01.2.4 Consult/Consultation.** Consult or consultation means to communicate orally or in writing for the purpose of presenting and obtaining views or advising of intended actions. As distinguished from meeting and conferring in good faith, it does not involve an exchange of

proposals and counter proposals with a recognized employee organization in an endeavor to reach agreement, nor is it subject to the impasse and appeals procedures contained herein.

**4.01.280.01.2.5 Day.** Means calendar day unless expressly stated otherwise.

**4.01.280.01.2.6 District.** District means the Rainbow Municipal Water District.

**4.01.280.01.2.7 Employee.** Employee means a regular employee of the District. It does not include temporary employees.

**4.01.280.01.2.8 Employee Organization.** Employee organization means any lawful organization which includes employees of the District, and which has as one of its primary purposes representing such employees in their relations with the District.

**4.01.280.01.2.9 Employee Relations Officer.** Employee Relations Officer means the General Manager of the District or ~~their~~his or her designee.

**4.01.280.01.2.10 Employee Representative.** Employee representative means a person or persons designated and authorized by a recognized employee organization to exclusively represent the employees within an identified bargaining unit.

**4.01.280.01.2.11 Impasse.** Impasse means the failure of the representative(s) of the District and a recognized employee organization to reach an agreement after a reasonable period of time bargaining over matters within the scope of representation.

**4.01.280.01.2.12 Management Employee.** Management employee means an employee having responsibility for formulating, administering or managing the implementation of District policies and programs or any employee having authority to exercise independent judgment to hire, transfer, suspend, lay-off, recall, promote, discharge, assign, reward, or discipline other employees, or having the responsibility to direct them, adjust their grievances, or effectively to recommend such action if in connection with the foregoing, the exercise of such authority is not of a merely routine or clerical nature, but requires the use of independent judgment.

**4.01.280.01.2.13 Mediation.** Mediation means any efforts by an impartial third person or persons who may assist in reaching a voluntary agreement over a dispute or impasse between representatives of the District and a recognized employee organization through interpretation, suggestion, and advice.

**4.01.280.01.2.14 Meet and Confer in Good Faith.** To meet and confer in good faith means the mutual obligation of the District or the Employee Relations Officer, and representatives of recognized employee

organizations, to personally meet and confer promptly upon request by either party. This should continue for a reasonable period of time in order to freely exchange information, opinions, and proposals. The purpose is to endeavor to reach an agreement on matters within the authority of such representatives and within the scope of representation prior to the adoption by the Board of the District's final budget for the ensuing year.

**4.01.280.01.2.15 Proof of Employee Support.** Proof of employee support means (a) an authorization card recently signed and personally dated by an employee, or (b) a verified authorization petition or petitions recently signed and personally dated by an employee. The only authorization which may be considered hereunder shall be the authorization last signed by the employee. The words "recently signed" shall mean within 90 days prior to the filing of a petition.

**4.01.280.01.2.16 Recognized Employee Organization.** A recognized employee organization means an employee organization which has been formally acknowledged by the District pursuant to these rules as the sole employee organization representing the employees in an appropriate unit. A recognized employee organization has the exclusive right to meet and confer in good faith on behalf of the employees within such unit concerning matters within the scope of representation, and thereby assumes a corresponding obligation of fairly representing such employees.

**4.01.280.01.2.17 Scope of Representation.** Scope of representation means all matters relating to employment conditions and employer-employee relations, including, but not limited to, wages, hours, and other terms and conditions of employment. However, the scope of representation shall not include consideration of the merits; necessity or organization of any services or activities provided the District, or any other subject matter legally relegated to the sole discretion of the District.

**4.01.280.01.2.18 Wage Class.** A definitely recognized category of employment with the District designated to embrace all positions having duties and responsibilities sufficiently similar and performed under sufficiently similar physical working conditions so that the same requirements as to education, experience, knowledge and physical ability may be demanded of incumbents and so that the same schedule of compensation may be made to apply with equity.

## **4.01.280.02 General Rules**

### **4.01.280.02.1 Employee Rights**

Except as otherwise provided by law, employees shall have the right to form, join, and participate in the activities of employee organizations of their own choosing for the purpose of representation on all matters within the scope of representation. Employees also shall have the right to refuse to join and participate in the activities of the employee organization and shall have the right to represent themselves individually in their employment relations.

**4.01.280.02.1.1** No employee shall be interfered with, intimidated, restrained, coerced or discriminated against by the District, any of its employees or by any employee organization because of the exercise of these rights.

**4.01.280.02.1.2** Management and confidential employees that wish to be represented separately from other non-management and non-confidential employees by an employee organization consisting of such management and confidential employees.

**4.01.280.02.1.3** Nothing contained herein shall deny an individual the right to negotiate ~~their~~~~his~~~~or~~~~her~~ own agreement or to enforce such individual employment agreement. However, this right shall not be construed to require the District to meet and confer with any individual whose position is within a recognized bargaining unit.

#### **4.01.280.02.2 District Rights**

The rights of the District include but are not limited to:

**4.01.280.02.2.1** The exclusive right to determine the duties of District departments; set standards of selection for employment and promotion; direct its employees; take disciplinary action; relieve its employees from duty because of lack of work or other legitimate reasons; maintain the efficiency of the District operations; determine the methods, means and personnel by which its operations are to be conducted; determine the content of job classifications; take all necessary actions to carry out its mission in emergencies; and exercise complete control and discretion over its organization and the technology of performing its work.

**4.01.280.02.2.2** To amend these rules and regulations after reasonable notice and consultation with each recognized employee organization

#### **4.01.280.02.3 Rights of Recognized Employee Organization**

Any recognized employee organization shall have the following rights:

**4.01.280.02.3.1** To represent the members of the bargaining unit in their employment relations with the District and to meet and confer in good faith with the Employee Relations Officer on matters within the scope of representation.

**4.01.280.02.3.2** The District will establish reasonable rules regarding access to District work locations by exclusive employee organizations. The District will allow a reasonable number of representatives paid time off to meet and confer with the District regarding subjects within the scope of representation.

**4.01.280.02.3.3** Recognized employee organizations may use portions of District bulletin boards under the following conditions:



members of the particular employee organization, nor to soliciting for membership or representation rights in an employee organization.



written proof shall be submitted for confirmation to the Employee Relations Officer.

- (k) A request that the Board formally acknowledge the petitioner as the recognized employee organization representing the employees in the unit claimed to be appropriate for the purpose of meeting and conferring in good faith. The petition, including the proof of employee support and all accompanying documentation, shall be declared to be true, correct and complete, under penalty of perjury, by the duly authorized officer(s) of the employee organization executing it.

#### **4.01.280.03.2 District Response to Recognition Petition**

Upon receiving the petition, the Employee Relations Officer shall determine whether:

- (a) There has been compliance with the requirements of the recognition petition.
- (b) The proposed representation unit is an appropriate unit in accordance with Section 4.01.280.03.5.
- (c) If an affirmative determination is made by the Employee Relations Officer on the foregoing two matters, ~~they~~ ~~he or she~~ shall use a third party mediator to conduct a card authorization confirmation. If the third party mediator concludes that more than 50% of the employees in the appropriate bargaining unit have signed valid authorization, without revocation, the mediator shall so inform the Employee Relations Officer, who shall subsequently inform the Board. The Board shall so certify the organization as the exclusive bargaining representative of the employees in said bargaining unit.
  - (i) If the third party mediator determines that there are less than 50%, but more than 30% of employees in the appropriate bargaining unit who have signed valid authorization cards, the Employee Relations Officer will schedule a secret ballot election in accordance with this Resolution.
- (d) If the Employee Relations Officer does not confirm compliance with sections (a) or (b) above, the Employee Relations Officer shall offer to consult thereon with such petitioning employee organization and, if such determination thereafter remains unchanged, shall inform that organization of the reasons therefore in writing.
- (e) The petitioning employee organization may do one of the following within fifteen (15) days from the determination made in (d) above:
  - (i) Appeal such determination in accordance with Section 4.01.280.03.7.





### **4.01.280.03.3 Election Procedure**

The Employee Relations Officer may conduct the election or may arrange for an election to be conducted by the California State Conciliation and Mediation Service in accordance with its rules and procedures, subject to the provisions contained herein. All employee organizations that have duly submitted petitions, which have been determined to be in conformance with these rules and regulations, shall be included on the ballot. The ballot shall also reserve to employees the choice of no employee organization. Employees entitled to vote in such elections shall be those persons employed in regular positions within the designated appropriate unit who were employed during the pay period immediately prior to the date which ended at least fifteen (15) days before the date the election commences. This would include those who did not work during such period because of illness, vacation or other excused absences, and who are employed by the District in the same unit on the date of the election. An employee organization shall be formally acknowledged as the recognized employee organization for the designated unit following an election or run-off election if it receives a numerical majority of valid votes cast in the election. In the event of multiple employee organizations on the voting ballot, the organization receiving the largest number of valid votes cast will be certified as the exclusive bargaining representative.

There shall be no more than one election affecting the same unit or a substantially similar unit (as determined at the Employee Relations Officer's sole discretion) in a 12-month period.

Costs of conducting an election shall be borne in equal shares by the District and by each employee organization appearing on the ballot.

### **4.01.280.03.4 Procedure for Decertification or Withdrawal of Recognition**

#### **4.01.280.03.4.1 Form of Petition for De-Certification**

A de-certification petition alleging that the incumbent-recognized employee organization no longer represents the majority of the employees in an established unit may be filed with the Employee Relations Officer any time following the first twelve (12) months of recognition. A de-certification petition may be filed by two or more employees or their representative or by an employee organization and shall contain the following information and documentation declared by the fully authorized signatory under penalty of perjury to be true, correct, and complete:

- (a) The name, address and telephone number of the petitioner and a designated representative authorized to receive notices or requests for further information.
- (b) The name of the established appropriate unit and of the incumbent recognized employee organization sought to be decertified as the representative of that unit.
- (c) An allegation that the incumbent recognized employee organization no longer represents a majority of the

employees in the appropriate unit, and any other relevant material or facts relating thereto.

- (d) Proof of employee support by establishing that at least thirty percent (30%) of the employees in the established appropriate unit no longer desire to be represented by the incumbent-recognized employee organization. Such petition shall be submitted for confirmation, to the Employee Relations Officer.

An employee organization may, in satisfaction of the decertification petition requirements hereunder, file a petition under this section in the form of a recognition petition. Said petition must evidence proof of employee support of at least thirty percent (30%) and include the allegations and information required under this section, and otherwise conform to the requirements of Section 4.01.280.04.1.

#### **4.01.280.03.4.2 Determination by Employee Relations Officer**

The Employee Relations Officer shall initially determine whether the petition has been filed in compliance with the applicable provisions of this section. If ~~theirhis or her~~ determination is in the negative, the Employee Relations Officer shall offer to consult thereon with the representative of such petitioning employees or employee organization, and if ~~theirhis/her~~ determination thereafter remains unchanged, shall return such petition to the employees or employee organization with a statement of the reasons therefore in writing. The petitioning employees or employee organization may appeal such determination in accordance with Section 4.01.280.03.7. If the determination of the Employee Relations Officer is in the affirmative, or if ~~theirhis or her~~ negative determination is reversed on appeal, the Employee Relations Officer shall thereupon arrange for a third party to conduct a secret ballot election.

#### **4.01.280.03.4.3 Employee Relations Officer-Ordered Election**

Following the first full year of recognition, the Employee Relations Officer may on ~~theirhis or her~~ own motion, when ~~they havehe or she has~~ reason to believe that a majority of unit employees no longer wish to be represented by the incumbent exclusively recognized employee organization, give notice to that organization and all unit employees that ~~theyhe or she~~ will arrange for an election to determine that issue. In such event, any other employee organization may, within fifteen (15) days of such notice, file a Recognition Petition in accordance with this Section 4.01.280.03, which the Employee Relations Officer shall act on in accordance with this Section 4.01.280.03.

#### **4.01.280.03.4.4 Withdrawal of Recognition Based on Good Faith Doubt**

The District may withdraw recognition from an employee organization which has previously been granted formal recognition if the District has a good faith doubt as to the continued majority status of the employee







accordance with Section 4.01.280.03.5 and shall give written notice of such determination to the affected employee organizations. The Employee Relations Officer's determination may be appealed as provided in Section 4.01.280.03.7. If a unit is modified pursuant to the motion of the Employee Relations Officer hereunder, employee organizations may thereafter file recognition petitions seeking to become the recognized employee organization for such new appropriate unit or units pursuant to Section 4.01.280.03.1.

#### **4.01.280.03.7 Appeal from the Employee Relations Officer's Determination**

Employees or an employee organization aggrieved by a determination of the Employee Relations Officer regarding an appropriate unit or a recognition petition, challenging petition, or of recognition petition, may, within fifteen (15) days of notice of such determination, appeal the determination to the Board for final decision.

Appeals to the Board shall be filed in writing with the District Secretary, and a copy thereof served to the Employee Relations Officer. The Board may select a designee(s) to consider the matter and make a written recommendation to the Board. The Board may designate whether the matter shall be heard by written briefs or by an informal hearing process. The Board or its designee(s) shall commence to consider the matter within forty-five (45) days of the filing of the appeal. The decision of the Board shall be final and binding.

#### **4.01.280.04 Administration**

##### **4.01.280.04.1 Memorandum of Understanding**

If agreement is reached by the representative of the District and a recognized employee organization, they shall jointly prepare a written memorandum of such understanding and present it to the Board for ratification. The memorandum of Understanding will not become effective and binding unless and until the Board ratifies it. If approved by the Board, the memorandum of understanding shall constitute a contract between the District and the recognized employee organization.

##### **4.01.280.04.2 Payroll Deductions**

A recognized employee organization may be entitled to request that payroll deductions be made for payment of organization membership dues, if agreed to through a MOU, or if otherwise provided by law. The providing of such service to the recognized employee organization by The District shall be contingent upon and in accordance with the provisions of the memorandum of understanding and must be approved in writing by each employee on a payroll deduction authorization card provided by the District.

##### **4.01.280.04.3 Submission of Current Information**

Any changes in the information filed with the District by a recognized employee organization under items (a) and (b) of its recognition petition under Section 4.01.280.03.1 shall be submitted in writing to the Employee Relations Officer within fifteen (15) days of such changes.











## Section 5.02.150 Contract Delivery/Inspection

The Purchasing Department shall inspect all materials, supplies, and equipment received to determine its conformance with the specifications set forth in the order or contract.

Although most materials, supplies and equipment should be delivered to the warehouse, there may be a need to ship items to other locations in the District. The Purchasing Department may authorize the using department to check materials against a Purchase Order for conformance as to quality, quantity, and specifications. When merchandise is received by the department per a Purchase Order, the following procedure shall be observed:

1. Check the delivery slip to see that it agrees with the merchandise received.
2. Check the delivery slip against the Purchase Order.
3. If the order is complete, check that the Purchase Order number is shown. Sign and forward the receiving copy of the Purchase Order and packing slip to the Purchasing Department.
4. In the case of a "partial" delivery, complete the receiving copy of the Purchase Order, indicating what portions of the order were received.
5. Forward this copy with the packing slip to the Purchasing Department, who will then make a photocopy and forward a duplicate of the receiving copy to Accounts Payable. This should be done each time a partial shipment is received until the order is complete, at which time you must forward the original receiving copy of the Purchase Order to the Accounts Payable Department.
6. In case of an overage or shortage (unless shown as a back order) or damaged delivery, notify the delivery driver and the Purchasing Department immediately.
7. Any employee receiving merchandise is instructed not to sign collect freight bills, but to notify the delivery service that the freight bill must be prepaid and advise the Purchasing Department.
8. Do not accept any delivery without obtaining some form of delivery ticket. Every driver must obtain signature for their records but be sure they leaves a copy for our records.

**Section 5.02.160**  
**Invoices**

Invoices are the media which guide the District in the settlement of financial obligations incurred. An invoice is the vendor's statement of ~~their~~his/her charges against the District for materials or services rendered, based on the Purchase Order.

All invoices, except those related to the Capital Improvement Projects, will be processed by Purchasing and Accounts Payable for payment.

Capital Improvement Projects - Progress Payment Invoices/billings are to be submitted to the District by the contractor monthly.

Upon review by the inspector and the responsible engineer, a brief memo from the engineer to the General Manager or ~~their~~his/her designee shall be attached to each progress payment. The memo shall state the amount paid and the date you request a check to be issued by Accounts Payable.

**Section 5.03.210**

**Investment Policy Glossary Terms**~~INVESTMENT POLICY GLOSSARY TERMS~~

**Agencies:** Federal agency securities and/or Government-sponsored enterprises.

**Asked:** The price at which securities are offered. (The price at which a firm will sell a security to an investor). See "**Bid**" or "**Offer**".

**Average Weighted Yield:** The accumulative yield of each security weighted by the security's dollar as compared to the total value of all the securities.

**Bankers' Acceptance:** A letter of credit is issued in a foreign trade transaction. For example, a U.S. corporation planning to import goods from abroad will ask its bank to issue a letter of credit on behalf of the corporation in favor of the foreign supplier. Upon receipt of this letter and draft, the supplier will ship the goods and present the draft at its bank for discounting. The foreign bank then forwards the draft to its U.S. correspondent. The draft is stamped "accepted" with the U.S. bank incurring an obligation to pay the draft (now a bankers' acceptance) at maturity. Initial maturities range from 30 to 180 days, but the short-term 90-day acceptance is the market standard.

**Basis Point:** One one-hundredth of a percent (i.e. 0.01%).

**Benchmark:** A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

**Bid:** The price offered by a buyer of securities. (When you are selling securities, you ask for a bid). See "**Asked**" or "**Offer**".

**Book-entry Securities:** Securities that are purchased, sold and held with electronic computer entries rather than transfer of physical certificates.

**Broker:** A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides: ~~they dohe/she does~~ not take a position. In the money market, brokers are active in markets, in which banks buy and sell money, and in inter-dealer markets.

**Callable Bonds or Notes:** Bonds or Notes may be repurchased at the option of the issuer within a specified period at a specified price. Early redemption of high-coupon bonds and/or notes occurs whenever interest rates subsequently decline (i.e., 30-year GNMA Notes).

**Certificate of Deposit (CD):** A time deposit with a specific maturity evidenced by a certificate. Large denominations CD's are typically negotiable.

**Collateral:** Securities, evidence of deposit, or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

**Collateralization:** The act of securing or guaranteeing the discharge of an obligation with anything such as stocks or bonds. Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Repayment of a loan may refer to securities pledged by a bank to secure deposits of public monies.

**Commercial Paper:** Short term obligations issued by banks, corporations, and other borrowers to investors with temporary idle cash. Such instruments are unsecured and are issued on a discounted basis.

**Coupon:**

(a.) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value.

(b.) A certificate attached to a bond evidencing interest due on a payment date.

**Dealer:** A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for their own account.

**Debenture:** A bond secured only by the general credit of the issuer.

**Delivery-Versus-Payment:** Funds are not wire-transferred until the securities are delivered. If the transfer is accomplished through the Fed wire system, the investor is notified before cash is released. If a third party acts as custodian, funds are released by the custodian or the customer only when delivery is accomplished.

**Delivery-Versus-Receipt:** Is delivery of securities with an exchange of a signed receipt for the securities.

**Derivatives:**

(1.) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or

(2.) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

**Discount:** The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

**Discount Securities:** Non-interest bearing money market instruments that are Bills.

**Diversification:** Dividing investment funds among a variety of securities offering independent returns.

**Federal Credit Agencies:** Agencies of the Federal Government set up to supply credit to various classes of institutions and individuals, e.g., S & L's, small business firms, students, farmers, farm cooperatives, and exporters.

**Federal Deposit Insurance Corporation (FDIC):** A Federal agency that insures bank deposits, currently up to \$100,000 per deposit.

**Federal Funds Rate:** The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

**Federal Home Loan Banks (FHLB):** Government sponsored wholesale banks (currently 12 regional banks) which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLB's is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

**Federal National Mortgage Association (FNMA):** FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

**Federal Open Market Committee (FOMC):** Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

**Federal Reserve System:** The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

**Government National Mortgage Association (GNMA or Ginnie Mae):** Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae



securities are backed by the FHA, VA or USDA Rural Development mortgages. The term "pass-through" is often used to describe Ginnie Mae's.

**Liquid Short-term Securities:** A security that is instantly negotiable at par value. A checking account, demand deposit, money market funds and state investment pool with check-writing features are very liquid.

**Liquidity:** A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

**Local Government Investment Pool (LGIP):** The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer (**LAIF**) for investment and reinvestment.

**Market Value:** The price that a security can be expected to bring when sold in a given market.

**Market-average Rate of Return:** The average return on a six-month U.S. Treasury Bill.

**Master Repurchase Agreement:** A written contract covering all future transactions between the parties to repurchase-reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

**Maturity:** The date upon which the principal or stated value of an investment becomes due and payable.

**Money Market:** The market in which short-term debt instruments (bills, commercial paper, banker's acceptances, etc.) are issued and traded.

**Money Market Funds:** Third party funds that are subject to SEC (Investment Company Act of 1940) regulations that special diversification requirements and 53601).

**Mutual Funds:** Third party funds that are subject to the investment guidelines as described under California Government Code Section 53601.

**Offer:** The price asked by a seller of securities. (When you are buying securities you ask for an offer). See "**Asked**" and "**Bid**".

**Open Market Operations:** Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases affect reserves into the bank system and stimulate growth of money and credit: Sales have most flexible monetary policy tool.

**Portfolio:** Collection of securities held by an investor.

**Primary Dealer:** A group of government securities dealers who submit daily reports of market activity and positions, monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker/dealers, banks and a few unregulated firms.

**Prime Self-liquidating Bankers' Acceptance:** The bankers' acceptance will be liquidated at maturity from the proceeds of the sale of goods, which distinguishes self-liquidating acceptance from those used only to finance inventories.

**Private Export Funding Corporation:** Created by the finance U.S. exports. Interest payments and principal payments are backed by the full faith and credit of the U.S. Government.

**Prudent Person Rule:** An investment standard established in 1630. It states that a trustee who is investing for another should behave in the same way as a prudent individual of discretion and intelligence who is seeking a reasonable income and preservation of capital (California Government Code 53600.3). In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state-the so called "legal list". California Government Code 53601 is the "legal list".

**Rate of Return:** The yield obtainable on its purchase price or its current market price. This may be the amortized yield to maturity; on a bond, the current income return.

**Repurchase Agreement (RP or REPO):** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate ~~them~~him/her for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is, increasing bank reserves.

**Safekeeping:** A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

**Secondary Markets:** A market made for the purchase and sale of outstanding issues following the initial distribution.

**Securities and Exchange Commission:** Agency created by congress to protect investors in securities transactions by administering securities legislation.

**SEC Rule 15C3-1:** See **UNIFORM NET CAPITAL RULE.**

**Structured Notes:** Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc.) and Corporations that have imbedded options (e.g., call features, step-up

coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

**Swap:** A shift of assets from one instrument to another and may be done for a variety of reasons, such as to increase yield, lengthen or shorten maturities, to take a profit, or to increase investment quality.

**Sweep:** A daily transfer of available cash balances from a demand deposit (checking) account to an interest-earning vehicle such as an overnight repurchase agreement.

**Treasury Bills:** A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

**Treasury Bond:** Long-term U.S. Treasury securities having initial maturities of more than 10 years.

**Treasury Notes:** Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

**Uniform Net Capital Rule:** Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

**Weighted Average Days to Maturity:** The accumulative days of each security between the reporting date and maturity of the security weighted by the security's dollar value as compared to the total value of all the securities.

**Yield:** The rate of annual income return on an investment, expressed as a percentage.

(a.) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security.

(b.) **NET YIELD** or **YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in purchase price; with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

**Zero Coupon:** A bond without current interest coupons sold at a substantial discount from par that provides its return to investors through accretion in value at maturity.

**Section 5.04.010  
Capital Asset Policy**

**5.04.010.01 Policy Statement**

Rainbow Municipal Water District (RMWD) has a significant investment in a variety of capital assets, which are used to provide water and sewer services to customers. The purpose of this policy is to ensure that the District's capital assets are acquired, safeguarded, controlled, disposed of, and accounted for in accordance with state and federal regulations, generally accepted accounting principles, internal controls, and audit requirements. It is the purpose of this policy to provide clear guidelines for the financial treatment of capitalizable and non-capitalizable transactions. This policy addresses the following issues related to capital assets:

- A. Asset types and lives
- B. Scope
- C. Budgeting for Capital Asset Purchases
- D. Accounting
- E. Depreciation
- F. Management of Assets
- G. Disposal

**5.04.010.02 Definitions**

Term definitions as utilized by RMWD:

- I. **CAPITAL ASSET:** Capital assets are assets that are 1) used in the operations of the District, 2) have a probable future benefit either singly or in combination with other assets, and 3) have been the subject of a transaction that gives the District the right to or control of the asset. Capital assets may include land, land improvements, easements, water rights, buildings, building improvements, vehicles, machinery, equipment, works of art, historical treasures, infrastructure, and any intangible assets that have a useful life beyond a single reporting period. Capital assets do not include inventory held for use in unidentified future projects.

**VALUATION OF CAPITAL ASSET:** The value assigned to capital assets shall be determined as follows:

**PURCHASED CAPITAL ASSETS:** The capitalized value of purchased Capital assets shall be determined using the original cost of the asset. Specific costs eligible for capitalization are identified below. If the original cost of an asset is not available or cannot be reasonably determined, an estimated current cost may be utilized.

**DISTRICT – CONSTRUCTED CAPITAL ASSETS:** District-constructed water system infrastructure assets intended to be used in District operations or internally generated computer software are eligible for capitalization. The capitalized value of such assets shall be determined using direct costs and material costs associated with the construction up until the time the asset is complete and ready for use.

**DONATED CAPITAL ASSETS:** The capitalized value of donated assets shall be determined using the fair market value at the time of donation. If the fair market value of the asset is not available or cannot be reasonably determined, an estimated cost may be determined using the best available information. The value of donated intangible assets shall be accounted for separate from donated tangible capital assets.

**CAPITALIZABLE COSTS:** Costs eligible for capitalization under this policy are:

For land:

- Purchase price or appraised value, whichever is more readily determinable;
- Closing costs, such as title fees, attorney fees, environmental assessments, appraisals, taxes and recording fees;
- Costs necessary to get the land ready for its intended use, such as grading, clearing, filling, draining, surveying, and demolition of existing structures;
- Assumptions of liens, encumbrances or mortgages;

For purchased assets other than land:

- Purchase price, including all taxes
- Freight, handling and in-transit insurance charges
- Assembling and installation charges
- Professional fees of engineers, inspectors, attorneys, consultants, etc.;
- Applicable purchase discounts or rebates

For District-constructed assets:

- Direct labor costs (to include wages and benefits);
- Direct materials cost;
- Professional fees of engineers, inspectors, attorneys, consultants, etc.;
- Insurance premiums and related costs incurred during construction;
- Costs necessary to get the site ready for its intended use, such as grading, clearing, filling, draining, surveying, and demolition of existing structures;

- Costs for intangible assets are determined in accordance with Governmental Accounting Standards Board, Statement No. 51 "Accounting and Financial Reporting for Intangible Assets."

For donated Capital assets:

- Fair Market or Appraised Value at date of donation;
- Installation costs;
- Professional fees of engineers, inspectors, attorneys, consultants, etc.;
- Other normal or necessary costs required to place the asset in its intended location and condition for use.

**CAPITALIZATION OF COSTS SUBSEQUENT TO ACQUISITION:** Additional costs incurred after a capital asset is placed in use shall be accounted for as follows:

**ADDITIONS:** An Addition is defined as an expenditure that either significantly extends the useful life or productivity of the existing capital asset or creates a new capital asset.

**IMPROVEMENTS AND REPLACEMENTS:** Improvements and Replacements are defined as expenditures that involve substituting a similar capital asset, or portion thereof, for an existing one. If the existing asset's book value is determinable, then the existing asset should be removed from the books at the time the replacement is recorded. If the existing asset is not separately identifiable, then the replacement should still be capitalized as the existing asset's book value is assumed to be negligible.

**REARRANGEMENT OR REINSTALLATION:** Rearrangement or Reinstallation costs are defined as expenditures that involve moving an existing asset to a new location or reinstalling a similar asset in place of an existing asset. All "Rearrangement or Reinstallation" costs should be expensed in the period incurred.

**REPAIRS AND MAINTENANCE:** Repairs and Maintenance costs are defined as expenditures that involve maintaining the asset in good or ordinary repair. All Repairs and Maintenance costs should be expensed in the period incurred.

- II. **CAPITALIZATION THRESHOLD:** The minimum cost which an asset must exceed in order to be capitalized. The minimum value of an asset that qualifies it to be capitalized is \$10,000. This is the per-unit cost of the asset. Groups of assets that cost more than \$10,000 in aggregate but not individually are not capitalizable except as noted in Section A. Capital Asset Types and Lives, Groups of Assets. The cost of the unit is 1) the total cost of all invoices for the item, including transportation and installation charges and interest expense directly related to the unit's acquisition or making it ready for use plus 2) the net book value of any assets given in exchange plus 3) the present value of any liability incurred. If this information is not available, the cost is determined by an appraisal of the unit's

value. The initial development cost of making a decision as to which project to construct or acquire is not capitalizable. It is the responsibility of the employee overseeing the acquisition to provide all relevant data to Accounting.

If the asset is the subject of a federal award program that sets a maximum threshold, it will be capitalized according to the award program rules regardless of the District's threshold.

- III. **CIP:** (Capital Improvement Project) RMWD defines CIP as any expenditure that relates to the purchase of a Capital Asset.
- IV. **DEPRECIATION:** The process of allocating the cost of an asset over a period of time.
- V. **DEPRECIATION METHOD:** RMWD utilizes the straight-line method with the half-year convention.
- VI. **INTANGIBLE ASSETS:** An asset that is not physical in nature such as water rights.
- VII. **TANGIBLE ASSETS:** An asset that has a physical form.
- VIII. **USEFUL LIFE:** The cost of an asset, less salvage value, is depreciated over its estimated useful life. Standard useful lives for groups of assets are as follows:

**General Provisions**

**A. Capital Asset Types and Lives**

See the table below for the capital asset categories used by RMWD.

| Asset Types  | Asset Categories at RMWD | Asset Life (in years) | Examples                                 |
|--------------|--------------------------|-----------------------|--|
| Land         | Land                     | Infinite              | Real estate                              |
| Improvements | Water Wells              | 75                    | Drilling, piping, concrete work          |
|              | Reservoirs               | 75                    | Tanks, foundations                       |
|              | Pipelines                | 75                    | Waterlines, sewer lines                  |
|              | Pumping/(Lift) Stations  | 55/(35)               | Water Booster/(Wastewater Lift) Stations |
|              | Pressure Regulating      | 45                    | Water Pressure Regulating Stations       |

|           |                       |    |                                  |
|-----------|-----------------------|----|----------------------------------|
| Buildings | Buildings             | 50 | Offices, workshops               |
|           | Water Treatment Plant | 50 | Structure, piping                |
| Equipment | Meters                | 15 | PD, turbine, or compound meters  |
|           | Heavy Equipment       | 15 | Excavators, dump trucks, vactors |
|           | Telemetry             | 10 | Control panels, electrical       |
| Vehicles  | Vehicles              | 5  | Passenger cars                   |
|           |                       | 7  | Light trucks                     |
|           |                       | 10 | One-ton trucks                   |
|           |                       | 12 | Two-ton trucks                   |
| Office    | Software              | 3  | For PC's, phones, security, etc. |
|           | Furniture             | 7  | Desks, cubicles                  |

If there is a substantial reason for an asset to be given a non-standard useful life, it should be noted at the time the asset is acquired. Alternative useful lives may be derived from 1) general guidelines from a professional organization, 2) information from other governmental agencies, 3) internal experience, or 4) outside professionals such as engineers, architects, etc. The alternative method should take into consideration the relative quality of the asset, the intended use, and the environment in which it will be placed.

It is the District's practice to depreciate capital assets other than land over their useful life using the straight-line method. The amount to be depreciated is the asset's adjusted cost less an estimated salvage value. The salvage value is the value an asset is expected to have when it is no longer useful for its intended purpose. If there is a substantial reason for a more rapid method of depreciation to be applied to an asset, it should be noted at the time the asset is acquired.

Assets that are acquired or constructed for a specific short-term purpose and do not have an alternative future use are charged to expense at the time the costs are incurred.



## **B. Scope**

RMWD will employ a CIP plan that has a 5-year timeline including the current year carryover. This 5-year timeline helps RMWD to prioritize projects from year to year and establish plans for funding sources.

The capitalization threshold for RMWD is \$10,000. Assets are capitalized if the cost exceeds the capitalization threshold except for groups of similar assets such as meters, computers, or printers when the total of the similar assets purchased during the year exceeds \$10,000.

## **C. Budgeting**

The Finance Manager is responsible for the oversight of the Capital Asset Program and the development of the CIP Budget. The Finance Manager may delegate responsibility to various managers to identify what Capital Assets are needed and requested in the CIP Budgeting process.

Asset purchases are authorized through the CIP Budgeting Process (except for emergency projects) which involves the following steps:

- i. Need is identified – either a new asset is needed or an asset is in need of replacement or major repair
- ii. Manager who is responsible for operating the asset submits a Capital Project Request form during the CIP Budget process
- iii. Funding source for the project is identified (See part f.)
- iv. Projects are reviewed by the Engineering Committee
- v. Project funding is granted through approval of the Annual Operating and Capital Improvement Budget by the Board of Directors

The various requests submitted in the CIP Budget Process will be compiled by the Accounting staff. The total of the CIP requests must be balanced in the overall Operating and Capital Improvement Budget. Capital funding sources must be identified for each request.

The CIP Budget will be reviewed in detail by the Engineering Committee. The Board of Directors will subsequently review and approve the CIP Budget as part of the Operating and Capital Improvement Budget.

The procurement process will be handled primarily by the manager who submitted the request. The procurement must follow the steps and rules stated in the RMWD Purchasing Policy in the Administrative Code Section 5.02.

If actual costs are lower than budgeted, the balance will be unappropriated and transferred to the CIP Reserve or allocated to another project.

If actual costs are expected to be higher than what was budgeted, these options are available within the requirements of existing policies:

- Cancel the project or reduce the scope of the project
- Transfer funds from another project with lower priority or excess funds available
- Appropriate funds from reserves with Board approval
- Request carryover of the project with additional funding in the following fiscal year

#### **D. Accounting**

Asset purchases will be accounted for in the Capital Asset Funds. Project numbers will be utilized in order to facilitate tracking of purchases, budgets, and assets in the computerized accounting system.

The Accounting Staff will track all assets in a subsidiary ledger that will contain at a minimum: asset name, description, cost, year placed in service, and expected life.

The Accounting staff is responsible for recording the reallocation of funds from projects that were under budget or not included in a carryover request.

#### **E. Depreciation**

RMWD uses the straight-line method of depreciation for all depreciable fixed assets (land, intangible assets, and construction-in-progress are not depreciated). A half year of depreciation is recognized in the year the asset is placed into service and in the last year of estimated useful life. The Accounting staff has the responsibility to track and record depreciation.

#### **F. Management of Assets**

The department that requests and purchases the assets is responsible for the operation and maintenance of the assets. Department managers will periodically measure and quantify the condition of assets. Managers must identify adequate funding to support repair and replacement of deteriorating capital assets and avoid a significant unfunded liability from deferred maintenance.

The tools that should be utilized to manage assets include but are not limited to:

- i. Master plans which are utilized for long-term planning of capital asset needs.
- ii. Historical and projected operating costs are considered. If an asset requires excessive amounts of repairs, then the manager should consider replacing the asset. When a new asset is

requested, the operating costs over the life of the new asset should be considered.

- iii. Inventories should be kept in order to track assets that are susceptible to theft.

**PHYSICAL INVENTORY OF CAPITAL ASSETS:** A physical inventory of the following categories of capital assets shall be performed at least annually:

Inventory items  
Machinery and Equipment Fleet Equipment  
Office Furniture and Fixtures  
Computer Equipment, Purchased Software and Telephones

The results of the physical inventory shall be reconciled with the District's asset inventory system. Differences will be reported, along with explanations, to the Board of Directors.

**G. Disposal of Assets**

**A. Surplus Property Disposal**

The division supervisor or department manager is responsible for the transfer and disposition of surplus District property. "Surplus property" is used generically to describe any District property that is no longer needed or useable by the holding department. The superintendent or department manager has the authority to declare item(s) surplus according to the authorization table in sub-section B.

Surplus property that may result from the termination of a lease agreement shall be specifically reported to the Purchasing Agent prior to the termination of the lease. The report shall include all information about the lease, including purchase price at the commencement of the lease, residual value at the end of the lease, the total payments through the end of the lease and the fair market value at the end of the lease. In determining the fair market value, each department shall document the methods used to make such determination including tools such as Kelly Blue Book, classified advertisements, and local vendors with similar products available.

Each department shall periodically review its equipment, material, and inventory, and shall promptly notify the Accounting Department of any surplus property. A memo shall be completed to document the reason(s) that the property is surplus and the recommended method of disposal. This memo must then be submitted to the Accounting Department. The Accounting staff will then make the appropriate adjustments to the Capital Assets Subsidiary Ledger.

**B. Authority**

|                      |   |
|----------------------|---|
| Salvage Value up to: | Approval Level (Except when items are scrap |
| \$500                | Superintendents                             |
| \$2,000              | Department Managers                         |
| \$10,000             | General Manager                             |
| \$10,001+            | Board of Directors                          |

**C. Method**

The staff member requesting disposal shall determine one of the following methods of disposition that is most appropriate and in the best interest of the District.

a. Trade-In

Property declared as surplus may be offered as a trade-in for credit toward the acquisition of new property. If surplus property is to be applied to a purchase order, the trade-in value shall be itemized on the Purchase Order. The amount charged against the expense account will be the value of the purchase before application of the trade-in credit.

b. Sale

Surplus property may be offered for sale by the Department Manager. All surplus property is for sale “as is” and “where is”, with no warranty, guarantee, or representation of any kind, expressed or implied, as to the condition, utility or usability or the property offered for sale. Appropriate methods of sale are as follows:

- Public Auction - Surplus property may be sold at public auction. Public Auctions may be conducted by District staff, or the District may contract with a professional auctioneer including professional auction services.
- Sealed Bids - Sealed bids may be solicited for the sale of surplus property. Surplus property disposed of in this manner shall be sold to the highest responsible bidder.

- Selling for Scrap - Surplus property may be sold as scrap if the Department Manager deems that the value of the raw material exceeds the value of the property as a whole.
- Negotiated Sale - Surplus property may be sold outright if the Department Manager determines that only one known buyer is available or interested in acquiring the property.
- No Value Item – Where the Department Manager determines that specific supplies or equipment are surplus and of minimal value to the District due to spoilage, obsolescence or other cause or where the Department Manager determines that the cost of disposal of such supplies or equipment would exceed the recovery value, the Department Manager shall dispose of the same in such a manner as ~~they~~ ~~he or she~~ deems appropriate and in the best interest of the District.

c. Donation

Surplus property may be donated, in accordance with the authority table, to non-profit organizations such as school districts within the RMWD boundaries. When property is donated, a donation receipt letter must be obtained from the receiving organization and kept on file by the department manager.

**D. Proceeds**

Proceeds from the sale or trade-in of surplus property shall be recorded in the gain/loss on sale account in the related fund. Proceeds from the sale of scrap will be recorded in the scrap metal miscellaneous revenue account. Proceeds from the sale of surplus property or scrap may not be used to offset Departmental Operating Expenses.

**5.04.010.03 Policy Review**

This policy shall be reviewed at least biennially.

**Section 5.06.010**  
**Background**

Internal control policy for Rainbow Municipal Water District is established to facilitate the development of controls which will aid in the detection and prevention of fraud and similar or related inappropriate conduct against Rainbow Municipal Water District. It is the intent of Rainbow Municipal Water District to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

Monthly financial statements prepared in accordance with generally accepted accounting principles are reviewed by the District's Board of Directors. Independent audit professionals appointed by the District's Board of Directors perform annual audits of the District's financial statements.

**Section 5.06.020**  
**Scope of Policy**

This policy applies to any fraud and similar or related inappropriate conduct involving employees, consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with Rainbow Municipal Water District.

**Section 5.06.030**  
**Policy**

The General Manager and the Management Team are responsible for the detection and prevention of fraud, misappropriations, and other similar or related inappropriate conduct. Fraud is defined as the intentional false representation or concealment of a material fact for the purpose of inducing another to act upon it to ~~their~~his or her injury or the injury of the District. Each member of the management team will be familiar with the types of improprieties that might occur within ~~their~~his or her area of responsibility, and be alert for any indication of fraud and similar or related inappropriate conduct.

Any employee that detects or reasonably suspects fraud or similar or related inappropriate conduct shall immediately report the conduct to the employee's supervisor or to the Human Resource Department, who coordinates all investigations with the District's legal counsel and other affected areas, both internal and external.

Management will ensure that the applicable requirements of state law respecting ethics and conflicts of interest are followed, including requirements under the Political Reform Act.



## **Section 5.06.040**

### **Actions Constituting Fraud**

The terms embezzlement, misappropriation, and other fiscal fraud or related inappropriate conduct as described in this policy shall refer to activities carried out for inappropriate personal gain such as, but not limited to:

- Any dishonest or fraudulent act.
- Forgery or alteration of any document or account belonging to Rainbow Municipal Water District.
- Forgery or alteration of a check, bank draft, or any other financial document.
- Misappropriation of funds, securities, supplies, or other assets.
- Impropriety in the handling or reporting of money or financial transactions.
- Authorizing or receiving payment for goods not received or services not performed.
- Profiteering as a result of insider knowledge of Rainbow Municipal Water District's activities.
- Computer-related activity involving an unauthorized alteration, destruction, forgery, or manipulation of data or misappropriation of District-owned software.
- Misrepresentation of information on District's documents, including financial statements.
- Disclosure of confidential information where the District is entitled by law to maintain the confidentiality of such information and the District has taken all reasonable steps to maintain such confidentiality.
- Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to Rainbow Municipal Water District where the communication is made that a payment or donation is required in order to do business with the District. This includes the refusal to accept any and all gifts over a nominal value and gratuities from vendors and prospective vendors (Administration Code Section 5.02.200 #6).
- Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment; and/or
- Any similar or related inappropriate conduct of Federal, State, or Local laws related to dishonest activities or fraud.

**Section 5.06.050**

**Other Inappropriate Conduct**

Fraud or any similar or related inappropriate conduct concerning an employee should be resolved by Human Resources Department working in conjunction with the General Manager and District legal counsel (where necessary) rather than by the immediate supervisor.

Fraud and any similar or related inappropriate conduct concerning a Rainbow Municipal Water District Board Member conduct should be resolved in accordance with the adopted Board Governance Policies of the District.

**Section 5.06.060**  
**Employee Responsibilities**

A suspected incident of fraud or any similar or related inappropriate conduct observed by, or made known to, an employee must be reported to the employee's supervisor or the Human Resources Department for reporting to the proper management official.

When the employee believes the supervisor may be involved in the fraudulent incident and any similar or related inappropriate conduct, the employee shall make the report directly to the next higher level of management and/or the General Manager.

If a suspected incident of fraud or any similar or related inappropriate conduct involve the General Manger, it shall be reported to the District's Board President or the District's legal counsel.

For purposes of this Policy, the term **employee** refers to any individual or group of individuals who receive compensation, either full or part-time, including Rainbow Municipal Water District Board of Directors. The term also includes committee members and any volunteer who provide services to the District through an official arrangement with the District or a District Organization.

**Section 5.06.070**  
**Investigation Responsibilities**

The General Manager has the primary responsibility for the investigation of all suspected incidents of fraud or similar or related inappropriate conduct as defined in this policy, which may be referred to the District's legal counsel. If the investigation substantiates that an incident of fraud has likely occurred, the General Manager or the District's legal counsel shall report the incident to the Board President or General Manager, as appropriate. Based on the exigencies of the circumstances, the Board President in cooperation with the District's legal counsel will determine the appropriate method to inform the Board of Directors.

Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with the General Manager and District's legal counsel, as will final decisions on disposition of the case.

For claims of fraud or similar or related inappropriate conduct involving the General Manager, the President of the Board or the District's legal counsel shall have primary responsibility for investigation of the activity covered by this policy.

**Section 5.06.080**  
**Confidentiality**

The General Manager, Management Team, Board of Directors, the District's legal counsel and the Human Resources Department shall maintain the confidentiality of fraud reports and related information received confidentially. Any employee who suspects dishonest or fraudulent activity shall notify ~~their~~his or her supervisor or the Human Resources Department immediately, and *should not attempt to personally conduct investigations or interviews/interrogations* related to any suspected fraudulent act (see **Reporting Procedure** section 5.06.100). However, management is responsible for taking appropriate corrective actions to ensure adequate controls exist to prevent reoccurrence of improper actions.

Investigation results *will not be disclosed or discussed* with anyone other than those who have a legitimate need to know.

## **Section 5.06.090**

### **Authorization for Investigating suspected Fraud**

Members of the Investigation Team will have:

- Free and unrestricted access to all Rainbow Municipal Water District records and premises, whether owned or rented including computer and other electronic files; and
- The authority to examine, and/or copy all or any portion of the contents of files, desks, cabinets, and other storage facilities on the Rainbow Municipal Water District's premises without prior knowledge or consent of any individual who might use or have access to any such items or facilities when it is within the scope of their investigation.

## Section 5.06.100 Reporting Procedures

Great care must be taken in the investigation of suspected fraud, improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way. Management should avoid the following:

- Incorrect accusations.
- Alerting suspected individuals that an investigation is underway.
- Treating employees unfairly.
- Making statements that could lead to claims of false accusations or other offenses.

An employee who discovers or suspects fraud or similar or related inappropriate conduct shall contact ~~their~~ supervisor or the Human Resource Department immediately. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, ~~their~~ attorney or representative, or any other person or entity should be directed to the Human Resource Department or directly to District General Manager. No information concerning the status of an ongoing investigation may be disclosed or released to the public or anyone not participating in the investigation. The proper response to any such inquiry is, "I am not at liberty to discuss this matter." *Under no circumstances* should any reference be made to "the allegation," "the crime," "the fraud," "the forgery," "the misappropriation," or any other specific reference.

The reporting individual should be informed of the following:

- Do not contact the suspected individual in an effort to determine facts or demand restitution.
- Do not discuss the case, facts, suspicions, or allegations with *anyone* unless specifically asked to do so by the General Manager or the District's legal counsel.

Employees will be granted whistle-blower protection when acting in accordance with this policy so long as the employee has not engaged in activity that violates this policy. When informed of a suspected impropriety, neither the District nor any person acting on behalf of the District shall, because of the reporting employee's report:

- Dismiss or threaten to dismiss the employee,
- Discipline, suspend, or threaten to discipline or suspend the employee,
- Impose any penalty upon the employee, or
- Intimidate or coerce the employee.

Violations of the whistle-blower protection will result in discipline up to and including dismissal.



**Section 5.06.110**  
**Termination**

If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed for approval by the General Manager, the designated representative from Human Resource Department and District legal counsel and, if necessary, by outside counsel, before any such action is taken. The decision to terminate an employee is made by General Manager.

**Section 5.06.120**  
**Administration**

The General Manager, with the assistance of the District's legal counsel, is responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed and revised as needed.

**Section 8.06.010**  
**Service Connections**

The District reserves the right to approve the size, number and location of all service connections. No more than one service connection may be extended to any single parcel without the consent of the District. The District will inspect all new installations. Only authorized employees or contractors of the District may change, repair, replace or remove service connections and meters. All meter registers shall be sealed by the District at the time of installation, and no seal shall be broken or altered except by the District's authorized employee or agent.

**Section 8.06.020**  
**Cross-Connections**

A cross-connection is unprotected connection between any part of the District's potable water supply system and a source or system which potentially contains water or a substance not approved for human consumption. By-pass arrangements, jumper connections, removable sections, swivel or changeover devices, or other devices through which backflow could occur, shall be considered to be cross-connections.

Cross-connections are to be avoided. Whenever any cross-connection exists, the District's water supply shall be protected at the Customer's expense against backflow by the installation of approved protective backflow devices as specified by this code, the Health and Safety Code of the State of California, and all rules and regulations adopted by any other regulatory body having jurisdiction.

**Section 8.06.030**  
**Backflow Devices**

Whenever backflow protection is necessary on a water supply line entering a Customer's premises, or when more than one domestic or irrigation service connection supplies water to a single premises, water supply lines from the District's mains entering such premises, buildings or structures shall be protected by an approved backflow device, regardless of the use of the additional water supply lines. Installation and maintenance of approved backflow devices are the responsibility of the Customer. Under requirements of the Title 17, any Customer property that has any potential hazards, such as a fertilizer injection system or private wells, must have an approved backflow device installed immediately downstream of the water meter in accordance with Section 8.20. This device shall be tested yearly to determine it is functioning satisfactorily. Testing must be performed by a person possessing a valid Certificate of Competence issued by the San Diego County Connection Control Certification Program.

**Section 8.06.040**  
**Booster Pumps**

When a Customer chooses to install a booster pump on the service to any premises, such pump shall be equipped with a low pressure cut-off switch designed to shut off the pump when the pressure drops below a safe operating level. Appropriate backflow protection will be required. It shall be the duty of the Customer to maintain the cut-off device in proper working order.

Low-pressure cut-off device certification shall be by a person deemed competent by the District.

**Section 8.06.050**  
**Ownership**

All service connections, meters or measuring devices, mains and appurtenances connected to the District's distribution system shall become the property of the District after installation and final inspection, and shall be operated and maintained by the District. Dedication of such mains and appurtenances to the District shall be made, in a form acceptable for recording, prior to commencement of service through any new system. No Customer shall have the right to tamper with any part of said meter or recording device. The District may immediately shut off the water and apply a penalty fee for any Customer violating this rule.

**Section 8.06.060**  
**Maintenance**

**8.06.060.1** The District will be responsible for the maintenance and repair of the service connection from the main line up to and including the meter. The Customer is responsible for maintenance and repair of the service connection beyond the meter. District costs for repairs that are the result of the Customer's negligence in the operation of the Customer's water distribution system shall be billed to and paid by the Customer.

**8.06.060.2** The Customer shall, at all times, keep the meter box in place and in good repair, free of dirt and debris, and see that the surrounding area is reasonably clear to permit access and protect the meter. Noncompliance may result in the District's cleaning the area and billing the cost of such cleaning to the Owner.

**8.06.060.3** The District will, at all reasonable times, have the right of access to a Customer's premises for any purpose normally connected with the furnishing of water service as a condition of Customer's water service. The District shall have the right to remove any and all property owned by the District on the Customer's premises upon the termination of service.

**8.06.060.4** The District will not be responsible for any loss or damage caused by any act of a Customer or ~~their~~<sup>his</sup> representatives when installing, maintaining or operating the Customer's water system.

**Section 8.12.010  
Rendering of Bills**

Bills will be rendered once a month.

**Section 8.12.020  
Payment of Bills**

All bills for water or for service or materials are due and payable upon receipt. Failure to receive a bill does not relieve a customer of liability for payment.

**8.12.020.1 ~~\_\_\_\_\_~~ Delinquent**

**8.12.020.2** Bills are issued to cover the preceding billing period. Payment is due and payable upon receipt and delinquent thirty (30) days after the billing date. At that time, a delinquent charge will be added to the unpaid balance. If said bills are not paid within sixty-five (65) days of the billing date, the District may discontinue service until all charges have been paid in full, provided that residential services may be discontinued per Sections 8.13 and 8.14. An established turn-on charge will be made to restore service following discontinuance.

If a payment made by check or credit card is not honored by the issuing bank for any reason, the District will inform the Customer of the returned payment. The Customer shall have five (5) business days to pay the full amount with cash or certified check only. If the Customer does not pay in full within the allotted time, the District will discontinue service, provided that residential services may be discontinued per Sections 8.13 and 8.14.

**8.12.020.3** Any Customer desiring water service from the District who has had service discontinued for non-payment of a bill at any time or whose check has been returned by the Customer's bank shall be required to post a security deposit equal to twice the estimated average periodic bill.

**8.12.020.3.1** This deposit is in addition to the payment of all charges due and any applicable re-establishment of service charges

**8.12.020.3.2** The General Manager may waive or adjust the security deposit requirement with sufficient written justification.

**8.12.020.3.3** The security deposit will be returned to the depositor two (2) years after the last lock-off for non-payment, if the depositor has maintained a timely paid, delinquent free account record during the two-year period, or when the account is paid in full on termination of service, whichever occurs first.

**8.12.020.3.4** The security deposit can be cash, a certificate of deposit, letter of credit or bond, or any other comparable guarantees approved by the District's General Manager. No interest shall be paid on any deposit.

#### **8.12.020.4 ~~\_\_\_\_\_~~ Unreadable Water Meters – Estimated Water Bill**

The District will make every attempt to read the meter monthly. However, when the meter is broken or is determined to be unreadable, the amount to be billed will be estimated. The estimated bill will be determined in the following manner:

##### **8.12.020.4.1 Calculating the Estimated Bill**

The Customer's water usage during a like month in the year immediately preceding the billing cycle in which the meter became broken or was determined to be unreadable shall be used in calculating the estimated bill. If this history is not available, water usage during the month immediately preceding the billing cycle shall be used in calculating the estimated bill.

When a meter malfunctions, the meter shall be repaired or replaced at the District's expense. If a meter is abused or broken by Customer, the Customer shall bear the cost involved repairing or replacing the meter. A bill describing the material and labor involved in the project shall be presented to the Customer and shall be paid in full.

#### **8.12.020.5 ~~\_\_\_\_\_~~ Responsibility for Water Bill; Notices to Residential Occupants**

Payment of the water bill shall be the responsibility of the Customer. The District requires a signed application by both Tenant and Owner when the property is a rental.

An unpaid or delinquent bill is the responsibility of the person in whose name the water service is held. If the Customer is the non-occupant owner, manager or operator of a residence, District shall make every good faith effort to inform the residential occupants by written notice when the account is delinquent that service will be terminated in 10 days, including an additional 5 days if notice is by mail. The notice shall inform the residents that they have the right to become a customer of the District without being required to pay the delinquent bill, provided it is feasible to provide separately metered service to such residents.

Where services is provided through a master meter to a multi-unit residential structure or structures, or mobile-home park, the District will comply with the additional requirements of section 10009.1 of the Public Utilities Code for notice to residents and offering residential reasonable conditions for service to the property prior to termination of service. The General Manager shall issue guidelines for assistance to residential users served by a master meter and a form for such notice and requirements for requesting separate service. In the event the service is in the name of a renter or lessee, water service will not be re-established in the name of such renter or lessee or any other current or subsequent renter or lessee, but shall be established and held in the legal (record) Owner's name as shown on the San Diego County Assessor's Tax Roll.

**8.12.020.6 \_\_\_\_\_ Delinquent Account Fees**

The Board of Directors shall establish from time to time certain fees for delinquent accounts and service fees for various actions related to delinquent accounts. The District will have the ability to waive one late/delinquent fee upon request by customer within a two-year period, preceding the date of the late bill.

**8.12.020.7 \_\_\_\_\_ Collection of Unpaid Bills by Lien**

The following measures may be taken to make collection of any bill in excess of \$20.00 which remains delinquent 63 days after the date of bill issue.

**8.12.020.7.1** After the 63 day delinquent period, a written notice will be sent to the legal Owner of the land or property, as shown in the San Diego Assessor's tax roll, notifying the legal Owner of the land or property of accruing unpaid water and other service charges that may become a lien on such property.

**8.12.020.7.2** Five business days after the date of notification referenced in Section 8.12.020.7.1 herein, The District may secure payment of unpaid water bills and other service charges by filing for record (i.e., lien) in the office of the San Diego County Recorder, a certificate specifying the amount of such charges and the name and address of the person liable there for.

**8.12.020.7.3** In May of each calendar year, the legal Owner of the land or property will be notified in writing any accrued unpaid water bills or other service charges as well as a \$45.00 service charge will be turned over to the County Tax Assessor's tax roll for that calendar year for collection. If water bills and other service charges remain unpaid, a second written notification will be sent to the legal Owners of the land or property in June of same calendar year.

**8.12.020.7.4** On August 1<sup>st</sup> of each calendar year all unpaid water bills and service charges for that calendar year will be sent to the San Diego County Tax Assessor's tax roll for collection.

**8.12.020.7.5** From the time of recordation of the certificate, the amount required to be paid, together with interest and penalties, constitutes a lien upon all real property in the county owned by the person or afterwards and, before the lien expires, acquired by them~~him or her~~.

**8.12.020.7.6** The lien has the force, priority, and effect of a judgment lien and shall continue for 10 years from the date of the filing of the certificate unless sooner released or otherwise discharged, and may be extended by filing for record a new certificate.

**Section 8.11**  
**Connection and Meter Charges**

Service will be commenced after submittal of an application and on payment to the District of the applicable fees, charges, and deposits as set forth in this Section.

**Section 8.11.010**  
**Fees and Charges**

At the time an Applicant files an application for a service connection and as a condition of District's acceptance of said application, the Applicant shall pay to the District the amount in established, current published fee schedule. If said application is for a connection to District facilities constructed as provided under this policy or to other line extensions or facilities being acquired by the District under an agreement that requires the District to make an additional charge for said connection, then the Applicant shall also pay to the District such sum as the District is obligated to pay under the agreement for acquisition of said facilities.

**Section 8.11.020**  
**Transfer of Meter**

No installation or meter charge will be billed upon the change of Ownership or property unless the service is changed. If, at any time, conditions require a larger size or different type of meter than already installed, the Customer shall pay the current meter and service installation charge for the new connection (less a credit to be determined by the District) and any additional capacity charges. If the meter being transferred does not conform to these Rules and Regulations, it shall be changed to conform at the time of transfer.

**Section 8.11.030**  
**Water Capacity Charge**

**8.11.030.01 Application**

**8.11.030.01.1** A water capacity charge shall be paid at the time of the District's approval of an application for a permanent water service. Customer must hire a contractor to install water service per District's standards. Any capacity charges shall be in addition to charges for the actual cost of labor and materials necessary to make the physical connection to the water system by the contractor.

**8.11.030.01.2** The capacity charge shall be based on the potential water demands which the Applicant can derive from the District's system and shall be established and adjusted by the Board of Directors from time to time. Funds collected by the District from the capacity charge shall be utilized for capital of facilities used to supply water service within the District.

**8.11.030.01.3** The application for water service shall be issued for a term of two years. If no connection is made it shall expire and all rights of application holder resulting from the issuance of such application shall terminate. Fees paid on the



application that has expired will be refunded minus administrative costs to the applicant listed on the application.

**8.11.030.01.4** If application desires to sell the property during the term of the application transfer to the future owner with the same parcel of land and use, the applicant must submit in writing to the District of the transfer. Otherwise, at the expiration of the application for water connection, the connection fees minus administrative costs, will be refunded to the applicant. The parcel and use described in the application must be the same and the new owner must complete a new application. The term of the application will remain the same.

#### **8.11.030.02 Capacity Charge for Increasing Meter Size**

If a property owner wishes to increase the size of a water meter serving their/his/her property and the District determines that such a larger sized meter is appropriate, the difference between the current capacity charge of the new meter and the current capacity charge of the existing meter to be replaced shall be the total capacity charge to be collected. In the event property owner replaces a smaller meter with a larger meter, they must abandon the existing smaller meter lateral. Additional administrative and inspection fees shall apply.

#### **8.11.030.03 Reduction in Meter Size**

Reduction of meter size is subject to District approval. Property owner must complete all required District forms. No capacity charge shall be imposed upon and no credit or refund shall be made to a property owner replacing an existing water meter with a meter of smaller size, whether or not any capacity charge was in effect for the larger meter when it was obtained. The difference in capacity between the larger and smaller meter is lost. If the reduction is approved, customer account must be current.

#### **8.11.030.04 Exchange of Meter for Multiple Smaller Meters**

Owners of parcels presently receiving water service through a District meter that subdivide their property and apply to exchange their original meter for smaller meters to new legal parcels will be given a credit toward the new capacity charges for the new meters. This credit is equal to the amount of capacity for the meter being replaced at the current capacity charge rate for that meter size. Meters must be downsized and installed concurrently in order to receive credit. Additional administrative inspection fee shall apply.

#### **8.11.030.05 Fire Service Meters**

No capacity charge shall be imposed upon a property owner for a water meter obtained and used solely for fire protection purposes. Should it be later determined that other water uses are being made from a fire service meter, the then appropriate capacity charge shall be immediately due and payable or service shall be immediately discontinued.

#### **8.11.030.06 Meter Relocation**

Meters shall not be relocated to other parcels of land within the District unless the parcels are abutting and owned by the same Owner. Owner must hire a private contractor with an A license to abandon the existing meter lateral and install a new meter lateral per District Standards. Owner must pay appropriate inspection fees to the District. Relocation of meters is subject to the approval of General Manager.

#### **8.11.030.07 Transfer of Capacity Charges or Meters**

Neither capacity charges nor meters shall be transferable to other parcels of land within the District unless the parcels are abutting and owned by the same Owner. Transfer of capacity charges or meters are subject to the approval of the General Manager.

#### **8.11.030.08 Reimbursement of Capacity Charges**

Once the water meter for which capacity charges have been paid has been installed in the District's water system and inspected and accepted by the District, no portion of the capacity charges paid for that meter shall be reimbursable.

#### **8.11.030.09 San Diego County Water Authority (SDCWA) Capacity Charges**

As required by Section 5.9 of the County Water Authority Act, the District as a member agency of the San Diego County Water Authority shall collect and remit to the Authority the capacity charges imposed by the Authority. The Ordinance of the Authority in effect at the time that a water meter is obtained from the District shall govern the amount of the charge, the persons liable therefore, and the procedures to be followed. The District shall not provide a water meter to a property owner until the property owner has paid to the District the applicable capacity charge of the Authority.

#### **8.11.030.10        Removal of Water Meter**

If the Owner of vacant property being serviced no longer requires service and wants a meter removed permanently, the Customer must provide a written request to the District. In addition, the Owner must enter into a Memorandum of Understanding with the District that outlines the terms of the removal of the water meter, including the forfeiture of capacity rights in the system. The District will seal the meter service and remove the meter. The Engineering Department will determine whether the meter lateral will or will not be removed. Per Section 8.11.030.7 no portion of the capacity charges paid for that meter shall be reimbursable. If the Owner requires a meter to serve the property in the future the owner must pay all appropriate fees and capacity fees associated with the purchase of a new water meter at the time of the request. Customer account must be current before removal of water meter.

**Section 8.16.010**  
**One Service per Parcel**

Effective November 1, 2014, water service is to be provided to a single parcel only. The use of water from a single service to multiple parcels is prohibited.

Where service has been approved to multiple parcels in the past, the use will be allowed to continue until a change in Ownership of the parcel or water service Applicant occurs at which point the use of water across multiple parcels must end.

**Section 8.16.020**  
**Resale of Water**

No Customer shall resell any of the water received by them/him/her from the District to any other person, nor shall said water be used on any premises other than those described in their/his/her application for service.

*M:\Administration\Confidential\Administrative Code Working Docs\Board Secretary Administrative Code Working File\Drafts Not Approved\Title 8\Pronoun Updates Only\Supply to Separate Parcels and Resale of Water 8.16.docx\W:\BOARD\Board Secretary\Administrative Code Working File\Board Admin Code 2005-2006\Water Policy\Supply to Separate Parcels and Resale of Water 8.16.doc\Approved 8-3-05 by Ordinance 05-07\8-3-05\Amended and Updated 10-28-14\Approved by Ordinance No. 14-07\10-28-14\DRAFT*

**Section 8.21.010  
Pressure**

At the time a meter application is first received, the District will inform each Customer as to the expected range of pressures at which water maybe delivered to the Customer. The Customer shall have the sole responsibility of installing pressure regulators to reduce the water pressure of water served by the District to that pressure desired by the Customer. All pressure regulators hereinafter acquired by a Customer shall be at the Customer's expense and shall be installed on the Customer's side of the meter by the Customer, or by ~~their~~<sup>his</sup> duly authorized agent. Customers in areas with pressure greater than 150 psi must sign a high water pressure agreement that is recorded on the property. Customers in areas with pressure less than 20 psi must sign a low water pressure agreement that is recorded on the property. The Customer shall have the sole responsibility of installing a booster bump to deliver water to their property.

**Section 8.23.010**  
**Access to Premises**

Inspectors, supervisors, and employees of the District, whose duty it may be to enter upon private premises to make inspection, examination, and tests of pipes, fixtures, or attachments used in connection with the water supply, shall be provided with credentials to identify them as authorized agents of the District. Any authorized employee of the District shall, upon presentation of theirhis credentials, have access at all reasonable hours to any premises supplied with water for the purpose of making an inspection, examination or tests of the entire water system upon said premises. In case any authorized employee is refused admittance to any premises, or being admitted is hindered or prevented from making such inspection, examination, or tests, the District may discontinue water service to said premises after giving twenty-four (24) hours notice to the Owner or occupant of said premises of the intention to do so.

**Section 8.25.010**  
**Inspection**

The General Manager or ~~their~~<sup>his/her</sup> designee shall have the right to enter upon the Customer's premises during reasonable hours for the purpose of inspecting the Customer's water system to insure compliance with these rules and regulations, including the provision that all cross connections are properly protected.

**Section 9.11.010**  
**Policy**

The Manager or ~~their~~~~his~~~~her~~ authorized representative shall have the right to enter upon the customer's premises during reasonable hours for the purpose of inspecting the customer's sewer system and to insure compliance with these rules and regulations, and the provision that all cross connections be properly protected.





**Section 1.02.030**  
**Public Complaints**

A public complaint is an assertion by a member of the public that the District has intentionally or unintentionally created a condition where the individual has been adversely affected.

The Board of Directors desires all public complaints be resolved at the lowest possible administrative level and that the method for resolution of complaints be logical and systematic.

**1.02.030.01 Method Used for Addressing Public Complaints**

The individual with a complaint may discuss the matter with staff with the objective of resolving the matter informally.

If the individual registering the complaint is not satisfied by staff, a written complaint may be filed with the General Manager. Within ten (10 days), the General Manager will acknowledge the complaint and shall then communicate with the person filing the complaint to resolve the matter. The General Manager is under no obligation to meet in person and may choose to communicate via phone, letter, or email to attempt to reach a resolution of the matter. At the option of the General Manager, they may conduct conferences and take testimony or written documentation in the resolution of the complaint. A written decision from the General Manager shall be provided to the individual filing the complaint.

If the individual filing the complaint is not satisfied with the disposition of the matter by the General Manager, a written complaint may be filed with the Board of Directors within thirty (30) days of receiving the General Manager's decision. The Board will consider the matter at the next available meeting. The Board will endeavor to expeditiously resolve the matter. In making the final decision, the Board may conduct conferences, hear testimony, as well as utilize the record of written documentation. A written decision from the Board shall be provided individual filing the complaint.

This policy in no way prohibits or is intended to deter a member of the community or staff member from appearing before the Board to present verbal testimony, a complaint, or statement in regard to actions of the Board, District programs and services.

**Section 1.02.040**  
**Claims Procedure Policy**

**1.02.040.01 Purpose**

The purpose of this policy is to provide the public, District staff and Board of Directors guidelines on how all claims for money or damages against the District are to be handled. Pursuant to Government Code sections 910 et seq., claims against the District shall be governed by the procedures laid out in this policy, including all deadlines set forth herein.

**1.02.040.02 Claims Notification Procedure**

When an individual, corporation or entity, including another local public agency, first notifies District staff in person, by telephone, or in writing, damage has been done, or is being done, to their person, business or property, and describing a set of circumstances or facts as to how the District is responsible, the staff person receiving the information will do the following:

- A.** Record the time and date of telephone calls or office visits and take notes as to the information provided by the claimant on the phone or in the office.
- B.** Refrain from discussing liability or responsibility and refrain from making any admissions that would implicate the District; staff should respond to questions, be cordial, but refrain from commenting on liability questions.
- C.** Ask the claimant to fill out a District claim form which should always be available on request. The staff person should not assist in filling out the claim form. When completed and filed with the District, the claim form should be date stamped with the date the claim is actually received by the District.

If an individual sends a letter or written request appearing to be a claim, the letter or written request shall be date-stamped when received by the District. The District shall consider whether to send a notice of insufficiency pursuant to Government Code section 910.8; whether no response is required based on the content provided in the letter or written request; or whether to send a response letter requesting the following categories of information:

- A.** Name and address of claimant.
- B.** Address where notices should be sent.
- C.** Date, place and other circumstances of the occurrence or transaction which gave rise to the claim.
- D.** A general description of the alleged injury or damage.
- E.** Name(s) of the employee(s) who would be aware of the alleged inquiry or damage (if known).
- F.** Estimated amount of loss (Gov. Code §910.).

The response letter should include a District claim form with a request that it be completed if the individual wishes to file a claim.

If the written request is not on a District claim form, but includes the name and address of claimant, an address where notices should be sent, the date, place and other circumstances of the occurrence or transaction which gave rise to the claim, a general description of the alleged injury or damage, the name(s) of the employee(s) who would be aware of the alleged injury or damage (if known), and the estimated amount of loss, the written request should be treated like a formal claim, date-stamped and submitted to the General Manager.

Immediately upon receipt of a District claim form or any written request appearing to be a claim, will be submitted along with all details of the claim to the General Manager, who will determine the proper person to investigate the matter.

#### **1.02.040.03 Presentation and Consideration of a Claim**

All claims shall be presented and considered in the manner set forth herein and as required by Government Code Sections 910-915.4.

#### **1.02.040.04 Investigation of Claim**

Investigation of the claim should be done as soon as possible after it is filed. The investigation shall be conducted by the appropriate member of the District staff as determined by the General Manager.

Board members will not perform independent investigations of claims.

Investigations may include photos, interviews, and the use of outside experts if appropriate.

#### **1.02.040.05 Determination of Claim**

The General Manager is authorized by this section to perform the functions of the Board with respect to claims, including paying, settling, and rejecting claims in amounts not exceeding \$20,000, in accordance with Government Code Section 935.4. Claims not exceeding \$20,000 may be evaluated by the General Manager and either rejected or accepted based on their determination in accordance with Government Code Section 912.4. The General Manager may present smaller claims to the Board of Directors for consideration where the nature of the claim may warrant advice from the Board of Directors.

All claims in excess of \$20,000, and/or all claims that, based on existing facts and circumstances, present significant exposure to litigation against the District, shall be presented to the Board of Directors for consideration in Closed Session and shall be processed in accordance with Government Code Section 912.4 and 912.6. Staff shall present the Board with information related to the claim and carry out the direction of the Board related to the claim.

Claims determined to be justified should be resolved in the most direct and efficient manner possible.

In exchange for settlement of a claim, the claimant shall execute a Settlement and Release Agreement with the District. The District Counsel shall approve the form of this agreement before settlement is final.

The District will attempt to act on the claim within forty-five (45) days after it is presented pursuant to Government Code Section 912.4, unless this deadline is extended by written agreement under the terms of this section. The District's decision on how the claim is going to be handled will be communicated to the claimant as soon as is practicable. When possible and applicable, the District shall communicate rejections of claims consistent with Government Code Section 913.

**1.02.040.06 Necessity of Written Claim; Limitations of Actions**

A written claim for money or damages must be submitted to the District prior to the filing of any lawsuit for money or damages, as provided by Government Code Section 945.4, which section is specifically incorporated herein by reference. The limitation practices on claims required to be presented pursuant to this policy shall be governed by Government Code Section 945.6, which section is specifically incorporated herein by reference.

**Section 2.02.010**  
**Attendance Policy**

**2.02.010.01 Attendance**

Members of the Board of Directors shall attend all regular and special meetings of the Board unless there is a good cause for absence.

**2.02.010.02 Vacancies**

A vacancy shall occur if any member ceases to discharge the duty of their office for the period of three consecutive months except as authorized by the Board of Directors.

**2.02.010.03 Staff Meetings**

Members of the Board of Directors shall not attend Staff meetings unless invited by the General Manager of District staff.

## **Section 2.03.010**

### **Remuneration and Reimbursement Policy**

#### **2.03.010.01 Compensable Meetings**

State Law limits Board member compensation to ten (10) compensable meetings per month (Water Code Section 20202). The RMWD Board shall not be eligible for compensation for more than six (6) compensable days per month.

#### **2.03.010.02 Compensation**

Members of the Board of Directors shall receive compensation of \$150 for each day's attendance up to two Board meetings per month. In addition, Board Members shall receive compensation of \$150 for each day in attendance at the following regularly scheduled local meetings:

- Council of Water Utilities Monthly Meeting
- San Diego Chapter of CSDA Quarterly Meeting

Certain Board Members will be appointed as the District's representative for local agencies and organizations. Board Members appointed to the following organizations will receive compensation of \$150 per day of attendance at meetings of the following organizations:

- San Luis Rey Watershed Council
- Santa Margarita Watershed Council

Should two compensable meetings occur in a single day, the Board member(s) in attendance shall be eligible for compensation of only \$150 for the entire day.

#### **2.03.010.03 Training, Seminars and Conferences**

If a Board member wishes to attend any training, seminar, or conference and receive compensation for the event and travel/registration expenses, the Board member must present their request for attendance in writing during a regularly scheduled open session Board meeting. A standing agenda item for this practice will be included in each Board meeting agenda. The Board member requesting compensation and travel/registration costs shall indicate the nature of the conference and the benefits that their attendance will bring to the District and its ratepayers. The full Board shall consider this information and take action to approve or disapprove the compensation by a majority vote. Upon approval, the Board member will be eligible for compensation of \$150 for each full day at a conference or seminar.

#### **2.03.010.04 Legitimate Expenses**

Members of the Board of Directors shall be reimbursed for all legitimate expenses incurred in attending any meetings or in making any trips on official business of the Board, when so authorized in accordance with this Administrative Code. Reimbursement for the cost of the use

of a Director's vehicle shall be on the basis of total miles driven and at the rate specified in the Internal Revenue Service Rates as established in Publication 463 or any successor publication.

**Section 2.04.010**  
**Board of Directors Policy**

**2.04.010.01 Board President**

The President of the Board of Directors shall serve as chairperson at all Board meetings and shall have the same rights as the other members of the Board in voting, introducing motions, resolutions and ordinances, and any discussion questions that follow said actions.

In the absence of the President, the Vice President of the Board of Directors shall serve as chairperson over all meetings of the Board. If the President and Vice President of the Board are both absent, the remaining members present shall select one of themselves to act as chairperson of the meeting.

**2.04.010.02 Members of the Board of Directors**

Directors shall thoroughly prepare themselves to discuss agenda items at meetings of the Board of Directors. If clarification is required it would be requested from the General Manager.

Information exchanged before meetings shall be distributed through the General Manager and all Directors will receive all information being distributed.

Directors shall at all times conduct themselves with courtesy to each other, staff and members of the audience present at Board meetings.

Directors shall defer to the chairperson for conduct of meetings of the Board but shall be free to question and discuss items on the agenda. All comments should be brief and confined to the matter being discussed by the Board.

**2.04.010.03 Basis of Authority**

The Board of Directors is the unit of authority within the District. Apart from their normal function as a part of this unit, Directors have no individual authority. As individuals, Directors shall not commit the District to any policy, act or expenditure. Violation of the foregoing may be subject to censure as determined by the Board of Directors.

**2.04.010.04 Training, Education and Conferences**

It is the policy of the Rainbow Municipal Water District to encourage Board development and excellence of performance by reimbursing expenses incurred for tuition, travel, lodging and meals as a result of training, educational courses, participation with professional organizations, and attendance at local, state and national conferences associated with the interests of the District.

Attendance at such conferences shall be considered as a day of service for the purpose of Board member compensation.

District administrative staff shall be responsible for making arrangements for travel, lodging and registration for Directors attending state and national seminars, workshops and conferences. All expenses shall be reported to the District by Directors, together with validated receipts.

Attendance by Directors at seminars, workshops and conferences shall be approved by the Board of Directors prior to incurring any reimbursable costs.



Upon returning from seminars, workshops, or conferences where expenses are reimbursed by the District, Directors will provide a written summary at the next Board meeting during Directors' Comments. Said summary shall detail what was learned at the session(s) that will be of benefit to the District. Materials from the session(s) will be delivered to the Board Secretary and may be included in the District library for the future use by other Directors.

**Section 2.05.010**  
**Membership Policy**

**2.05.010.01 Approved Association and Organization Memberships**

In accordance with California Water Code, Section 71597, the district may by resolution of a four-fifths majority of its directors obtain membership in associations, having for their purpose, the furtherance of subjects relating to the powers and duties of the district and for the interchange of information relating to such powers and duties.

The Board shall, by ordinance, resolution, or motion approve membership in associations or organizations and a copy of the ordinance, resolution or motion shall be maintained as part of District records. The General Manager will ensure annual dues are paid when due:

In the event a previously authorized membership is thought to be no longer necessary by the General Manager or any member of the Board, the General Manager or any Board member will notify the Board of Directors that the need to maintain membership no longer exists and the General Manager may, with concurrence from a simple majority of the Board, cancel membership in the association or organization.

The General Manager may, at their discretion, approve individual staff memberships in organizations and/or associations applicable to the employee's performance of their duties and/or support technical development in their fields.

**2.05.010.02 Individual Board Member Participation in Associations and Organizations**

Individual Board members may hold membership in and attend meetings of such national, state, and local associations and/or organizations as may exist which have applicability to the District and shall look upon such memberships as an opportunity for in-service training. The District will pay individual board member dues and expenses for the following organizations and associations:

Water Environment Federation  
American Water Works Association  
California Water Environment Association

District payment for participation by individual board member in organizations or associations not listed above may be approved on a case-by-case basis by the Board of Directors.

This policy is not intended to preclude a board member from participating in any organization or association; it only applies to those memberships paid for by the District.

**Section 4.01.180**  
**Personal Matters**

In order to ensure that personal matters do not interfere with employees' work and the work of others, the District has adopted the following policy on personal matters:

1. Personal Valuables. The District cannot assume responsibility for lost or stolen personal items. Hence, employees are asked to use their own discretion when bringing such items to work.
2. Personal Business. Conducting personal business during working time or in working areas generally should be limited to breaks and lunch period.
3. Personal Data. It is extremely important the District maintain accurate records of all employees. Hence, should any of the following personal information change, please advise Human Resources and Payroll as soon as possible:
  - a. Home address
  - b. Telephone number
  - c. Person and/or number to notify in case of emergency
  - d. Name
  - e. Change affecting income tax withholding
  - f. Change in beneficiary for insurance plans
4. Personal Phone Calls. Personal phone calls should be limited to emergency situations. If an employee must make a personal call while on duty, they should do so during their break period.

**Section 4.01.200**  
**Recruitment Standards**

1. It is the philosophy of the District to hire and promote the most qualified candidates for available positions. The District is committed to ensuring that all decisions regarding recruitment, hiring, promotion, assignments, training and other terms and conditions of employment will be made without discrimination or any other factor, which cannot be lawfully used as a basis for employment decision. For list of protected factors, please refer to Equal Opportunity Policy provided in the Administrative Code.
2. Applications for employment with the District will be accepted when there is an open and posted job vacancy. Resumes will not be accepted in lieu of a District application. Applications for employment are only accepted up to the closing date and must specify the position for which the applicant is applying for. The application submitted must be fully completed and signed by the applicant. Electronic signatures will be accepted through the District's electronic applicant tracking system.
3. The District will first consider any qualified regular employees who have been employed at least one year before considering external job applicants.
4. Successful candidates for employment are required to pass a physical examination and background check prior to commencing employment. The examination will include a drug screening test which employees must pass. A physician designated by the District will conduct the examination at District expense.
5. Reasonable accommodations, in accordance with the Americans with Disabilities Act (ADA) and California Fair Employment Housing Act (FEHA) will be made for otherwise qualified individuals with disabilities unless an undue hardship exists. Any applicant or employee who requires an accommodation in order to participate in the recruitment process should contact the Human Resources Office and request such an accommodation that they need to engage in the selection process.
6. For jobs that require driving on District business, employees must maintain a valid California Driver's License and qualify for coverage under the District's Automobile Liability Insurance Carrier.

**Section 4.01.280**  
**Employee-Employer Relations**

**4.01.280.01 General Provisions**

**4.01.280.01.1 Purpose**

It is the purpose of these rules and regulations to implement those provisions of the Meyers-Milias-Brown Act (Government Code, § 3500 *et seq.*) by promoting full communication between the District and its employees regarding wages, hours and other terms and conditions of employment. It is also the purpose of these provisions to promote the improvement of personnel management and employer-employee relations within the District by providing a uniform basis for recognizing the right of the employees of the District to join, or to refrain from joining, organizations of their own choice and be represented, or not to be represented, by such organizations in their employment relationships with the District.

**4.01.280.01.1.1** Nothing in these provisions shall interfere with the right of the Board to manage the affairs of the District in the most economical and efficient manner and in its best interest according to its governing laws, including but not limited to the merits, necessity, or organization of any service or activity allowed by law.

**4.01.280.01.1.2** These rules and regulations provide procedures for recognizing and meeting and conferring in good faith with recognized employee organizations regarding matters including but not limited to wages, hours, and other terms and conditions of employment of employees in appropriate units that are within the scope of representation.

**4.01.280.01.2 Definitions**

When used in these rules and regulations, the following words and terms shall have the meaning indicated, unless the content clearly indicates otherwise.

**4.01.280.01.2.1 Appropriate Unit.** An appropriate unit means a group of employees that the Employee Relations Officer has determined should have the opportunity to be represented by a single employee organization pursuant to Section 4.01.280.03.5.

**4.01.280.01.2.2 Board.** Board means the Board of Directors of Rainbow Municipal Water District.

**4.01.280.01.2.3 Confidential Employee.** Confidential employee means an employee who, in the course of their duties, is privy to decisions of the Board or of management which affect employer-employee relations.

**4.01.280.01.2.4 Consult/Consultation.** Consult or consultation means to communicate orally or in writing for the purpose of presenting and obtaining views or advising of intended actions. As distinguished from meeting and conferring in good faith, it does not involve an exchange of proposals and counter proposals with a recognized employee organization

in an endeavor to reach agreement, nor is it subject to the impasse and appeals procedures contained herein.

**4.01.280.01.2.5 Day.** Means calendar day unless expressly stated otherwise.

**4.01.280.01.2.6 District.** District means the Rainbow Municipal Water District.

**4.01.280.01.2.7 Employee.** Employee means a regular employee of the District. It does not include temporary employees.

**4.01.280.01.2.8 Employee Organization.** Employee organization means any lawful organization which includes employees of the District, and which has as one of its primary purposes representing such employees in their relations with the District.

**4.01.280.01.2.9 Employee Relations Officer.** Employee Relations Officer means the General Manager of the District or their designee.

**4.01.280.01.2.10 Employee Representative.** Employee representative means a person or persons designated and authorized by a recognized employee organization to exclusively represent the employees within an identified bargaining unit.

**4.01.280.01.2.11 Impasse.** Impasse means the failure of the representative(s) of the District and a recognized employee organization to reach an agreement after a reasonable period of time bargaining over matters within the scope of representation.

**4.01.280.01.2.12 Management Employee.** Management employee means an employee having responsibility for formulating, administering or managing the implementation of District policies and programs or any employee having authority to exercise independent judgment to hire, transfer, suspend, lay-off, recall, promote, discharge, assign, reward, or discipline other employees, or having the responsibility to direct them, adjust their grievances, or effectively to recommend such action if in connection with the foregoing, the exercise of such authority is not of a merely routine or clerical nature, but requires the use of independent judgment.

**4.01.280.01.2.13 Mediation.** Mediation means any efforts by an impartial third person or persons who may assist in reaching a voluntary agreement over a dispute or impasse between representatives of the District and a recognized employee organization through interpretation, suggestion, and advice.

**4.01.280.01.2.14 Meet and Confer in Good Faith.** To meet and confer in good faith means the mutual obligation of the District or the Employee Relations Officer, and representatives of recognized employee organizations, to personally meet and confer promptly upon request by either party. This should continue for a reasonable period of time in order to freely exchange information, opinions, and proposals. The purpose is to

endeavor to reach an agreement on matters within the authority of such representatives and within the scope of representation prior to the adoption by the Board of the District's final budget for the ensuing year.

**4.01.280.01.2.15 Proof of Employee Support.** Proof of employee support means (a) an authorization card recently signed and personally dated by an employee, or (b) a verified authorization petition or petitions recently signed and personally dated by an employee. The only authorization which may be considered hereunder shall be the authorization last signed by the employee. The words "recently signed" shall mean within 90 days prior to the filing of a petition.

**4.01.280.01.2.16 Recognized Employee Organization.** A recognized employee organization means an employee organization which has been formally acknowledged by the District pursuant to these rules as the sole employee organization representing the employees in an appropriate unit. A recognized employee organization has the exclusive right to meet and confer in good faith on behalf of the employees within such unit concerning matters within the scope of representation, and thereby assumes a corresponding obligation of fairly representing such employees.

**4.01.280.01.2.17 Scope of Representation.** Scope of representation means all matters relating to employment conditions and employer-employee relations, including, but not limited to, wages, hours, and other terms and conditions of employment. However, the scope of representation shall not include consideration of the merits; necessity or organization of any services or activities provided the District, or any other subject matter legally relegated to the sole discretion of the District.

**4.01.280.01.2.18 Wage Class.** A definitely recognized category of employment with the District designated to embrace all positions having duties and responsibilities sufficiently similar and performed under sufficiently similar physical working conditions so that the same requirements as to education, experience, knowledge and physical ability may be demanded of incumbents and so that the same schedule of compensation may be made to apply with equity.

## **4.01.280.02 General Rules**

### **4.01.280.02.1 Employee Rights**

Except as otherwise provided by law, employees shall have the right to form, join, and participate in the activities of employee organizations of their own choosing for the purpose of representation on all matters within the scope of representation. Employees also shall have the right to refuse to join and participate in the activities of the employee organization and shall have the right to represent themselves individually in their employment relations.

**4.01.280.02.1.1** No employee shall be interfered with, intimidated, restrained, coerced or discriminated against by the District, any of its employees or by any employee organization because of the exercise of these rights.

**4.01.280.02.1.2** Management and confidential employees that wish to be represented separately from other non-management and non-confidential employees by an employee organization consisting of such management and confidential employees.

**4.01.280.02.1.3** Nothing contained herein shall deny an individual the right to negotiate their own agreement or to enforce such individual employment agreement. However, this right shall not be construed to require the District to meet and confer with any individual whose position is within a recognized bargaining unit.

#### **4.01.280.02.2 District Rights**

The rights of the District include but are not limited to:

**4.01.280.02.2.1** The exclusive right to determine the duties of District departments; set standards of selection for employment and promotion; direct its employees; take disciplinary action; relieve its employees from duty because of lack of work or other legitimate reasons; maintain the efficiency of the District operations; determine the methods, means and personnel by which its operations are to be conducted; determine the content of job classifications; take all necessary actions to carry out its mission in emergencies; and exercise complete control and discretion over its organization and the technology of performing its work.

**4.01.280.02.2.2** To amend these rules and regulations after reasonable notice and consultation with each recognized employee organization

#### **4.01.280.02.3 Rights of Recognized Employee Organization**

Any recognized employee organization shall have the following rights:

**4.01.280.02.3.1** To represent the members of the bargaining unit in their employment relations with the District and to meet and confer in good faith with the Employee Relations Officer on matters within the scope of representation.

**4.01.280.02.3.2** The District will establish reasonable rules regarding access to District work locations by exclusive employee organizations. The District will allow a reasonable number of representatives paid time off to meet and confer with the District regarding subjects within the scope of representation.

**4.01.280.02.3.3** Recognized employee organizations may use portions of District bulletin boards under the following conditions:

- (a) All materials must receive the approval of the Employee Relations Officer.
- (b) All materials must be dated and must identify the organization that published them.



- (c) The actual posting of materials will be done by the District as soon as possible after they have been approved. Unless special arrangements are made, materials posted will be removed thirty-one (31) days after the posting date. Materials which the Employee Relations Officer considers objectionable will not be posted.
- (d) The District reserves the right to determine where bulletin boards shall be placed and what portions of them are to be allocated to employee organizations' materials.
- (e) An employee organization that does not abide by these rules will forfeit its right to have materials posted on District bulletin boards.

**4.01.280.02.3.4** Recognized employee organizations may have reasonable access to non-confidential information pertaining to employment relations, as contained in the public records of the District, subject to limitations and conditions set forth in this rule and the Public Records Act (Government Code, §§ 6250-6260). Such information will be made available during regular office hours and after payment of reasonable cost, where applicable. Nothing contained herein shall be construed to require disclosures which constitute an unwarranted invasion of privacy or are gathered pursuant to promises to keep the source confidential. Nor shall anything herein be construed to require disclosure of records (records pertaining to claims or litigation to which the District is a party) that are working papers or memoranda not retained in the ordinary course of business. The District shall not be required to do research or assemble data.

**4.01.280.02.3.5** Except in case of emergency as provided herein, to have reasonable written notice of any proposed ordinance, rule, resolution, or regulation directly relating to matters within the scope of its representation and the opportunity to meet with the Employee Relations Officer prior to the adoption of such proposal. In cases of emergency, when the Board determines that an ordinance, rule, resolution or regulation must be adopted immediately without prior notice or meeting with a recognized employee organization, the Employee Relations Officer shall provide such notice and the opportunity to meet at the earliest practical time following the adoption of such ordinance, rule, resolution or regulation.

**4.01.280.02.3.6** To have an authorized representative of the recognized employee organization contact members of their organization in District facilities provided they have first made arrangements with the management or supervisory employee in charge. This right does not extend to contacting District employees on District time who are not members of the particular employee organization, nor to soliciting for membership or representation rights in an employee organization.

**4.01.280.02.3.7** To have a reasonable number of employee representatives allowed reasonable time off without loss of compensation or other benefits when formally meeting and conferring with the Employee Relations Officer about matters within the scope of representation.

#### **4.01.280.03 Representation Proceedings**

##### **4.01.280.03.1 Filing of Recognition Petition**

An employee organization that seeks to be formally acknowledged as the recognized employee organization representing employees in an appropriate unit shall file a petition with the Employee Relations Officer containing the following information and documentation:

- (a) Name and address of the employee organization.
- (b) Names and titles of its officers.
- (c) Names of employee organization representatives who are authorized to speak on behalf of the organization.
- (d) A statement that the employee organization has, as one of its primary purposes, the responsibility of representing employees in their employment relations with the District.
- (e) A statement as to whether the employee organization is a chapter of, or affiliated directly or indirectly in any manner, with a local, regional, state, national or international organization, and if so, the name and address of such organization(s).
- (f) Certified copies of the employee organization's constitution and bylaws.
- (g) A designation of those persons and their addresses, not exceeding two in number, to whom notice sent by regular United States mail will be deemed sufficient notice to the employee organization for any purpose.
- (h) A statement that the employee organization has no restriction on membership based on race, color, creed, sex, national origin, age, marital status, or disability.
- (i) The job classifications or position titles of employees in the group claimed to be an appropriate unit and the approximate number of member employees therein.
- (j) A statement that the employee organization has in its possession proof of employee support, as herein defined, to establish that at least 30% of the employees in the group claimed to be an appropriate unit have designated the employee organization to represent them in their employment relations with the District. Such written proof shall be submitted for confirmation to the Employee Relations Officer.

- (k) A request that the Board formally acknowledge the petitioner as the recognized employee organization representing the employees in the unit claimed to be appropriate for the purpose of meeting and conferring in good faith. The petition, including the proof of employee support and all accompanying documentation, shall be declared to be true, correct and complete, under penalty of perjury, by the duly authorized officer(s) of the employee organization executing it.

#### **4.01.280.03.2 District Response to Recognition Petition**

Upon receiving the petition, the Employee Relations Officer shall determine whether:

- (a) There has been compliance with the requirements of the recognition petition.
- (b) The proposed representation unit is an appropriate unit in accordance with Section 4.01.280.03.5.
- (c) If an affirmative determination is made by the Employee Relations Officer on the foregoing two matters, they shall use a third party mediator to conduct a card authorization confirmation. If the third party mediator concludes that more than 50% of the employees in the appropriate bargaining unit have signed valid authorization, without revocation, the mediator shall so inform the Employee Relations Officer, who shall subsequently inform the Board. The Board shall so certify the organization as the exclusive bargaining representative of the employees in said bargaining unit.
  - (i) If the third party mediator determines that there are less than 50%, but more than 30% of employees in the appropriate bargaining unit who have signed valid authorization cards, the Employee Relations Officer will schedule a secret ballot election in accordance with this Resolution.
- (d) If the Employee Relations Officer does not confirm compliance with sections (a) or (b) above, the Employee Relations Officer shall offer to consult thereon with such petitioning employee organization and, if such determination thereafter remains unchanged, shall inform that organization of the reasons therefore in writing.
- (e) The petitioning employee organization may do one of the following within fifteen (15) days from the determination made in (d) above:
  - (i) Appeal such determination in accordance with Section 4.01.280.03.7.
  - (ii) Amend its petition to comply with (a) and (b).

### **4.01.280.03.3 Election Procedure**

The Employee Relations Officer may conduct the election or may arrange for an election to be conducted by the California State Conciliation and Mediation Service in accordance with its rules and procedures, subject to the provisions contained herein. All employee organizations that have duly submitted petitions, which have been determined to be in conformance with these rules and regulations, shall be included on the ballot. The ballot shall also reserve to employees the choice of no employee organization. Employees entitled to vote in such elections shall be those persons employed in regular positions within the designated appropriate unit who were employed during the pay period immediately prior to the date which ended at least fifteen (15) days before the date the election commences. This would include those who did not work during such period because of illness, vacation or other excused absences, and who are employed by the District in the same unit on the date of the election. An employee organization shall be formally acknowledged as the recognized employee organization for the designated unit following an election or run-off election if it receives a numerical majority of valid votes cast in the election. In the event of multiple employee organizations on the voting ballot, the organization receiving the largest number of valid votes cast will be certified as the exclusive bargaining representative.

There shall be no more than one election affecting the same unit or a substantially similar unit (as determined at the Employee Relations Officer's sole discretion) in a 12-month period.

Costs of conducting an election shall be borne in equal shares by the District and by each employee organization appearing on the ballot.

### **4.01.280.03.4 Procedure for Decertification or Withdrawal of Recognition**

#### **4.01.280.03.4.1 Form of Petition for De-Certification**

A de-certification petition alleging that the incumbent-recognized employee organization no longer represents the majority of the employees in an established unit may be filed with the Employee Relations Officer any time following the first twelve (12) months of recognition. A de-certification petition may be filed by two or more employees or their representative or by an employee organization and shall contain the following information and documentation declared by the fully authorized signatory under penalty of perjury to be true, correct, and complete:

- (a) The name, address and telephone number of the petitioner and a designated representative authorized to receive notices or requests for further information.
- (b) The name of the established appropriate unit and of the incumbent recognized employee organization sought to be decertified as the representative of that unit.
- (c) An allegation that the incumbent recognized employee organization no longer represents a majority of the employees in the appropriate unit, and any other relevant material or facts relating thereto.

- (d) Proof of employee support by establishing that at least thirty percent (30%) of the employees in the established appropriate unit no longer desire to be represented by the incumbent-recognized employee organization. Such petition shall be submitted for confirmation, to the Employee Relations Officer.

An employee organization may, in satisfaction of the decertification petition requirements hereunder, file a petition under this section in the form of a recognition petition. Said petition must evidence proof of employee support of at least thirty percent (30%) and include the allegations and information required under this section, and otherwise conform to the requirements of Section 4.01.280.04.1.

#### **4.01.280.03.4.2 Determination by Employee Relations Officer**

The Employee Relations Officer shall initially determine whether the petition has been filed in compliance with the applicable provisions of this section. If their determination is in the negative, the Employee Relations Officer shall offer to consult thereon with the representative of such petitioning employees or employee organization, and if their determination thereafter remains unchanged, shall return such petition to the employees or employee organization with a statement of the reasons therefore in writing. The petitioning employees or employee organization may appeal such determination in accordance with Section 4.01.280.03.7. If the determination of the Employee Relations Officer is in the affirmative, or if their negative determination is reversed on appeal, the Employee Relations Officer shall thereupon arrange for a third party to conduct a secret ballot election.

#### **4.01.280.03.4.3 Employee Relations Officer-Ordered Election**

Following the first full year of recognition, the Employee Relations Officer may on their own motion, when they have reason to believe that a majority of unit employees no longer wish to be represented by the incumbent exclusively recognized employee organization, give notice to that organization and all unit employees that they will arrange for an election to determine that issue. In such event, any other employee organization may, within fifteen (15) days of such notice, file a Recognition Petition in accordance with this Section 4.01.280.03, which the Employee Relations Officer shall act on in accordance with this Section 4.01.280.03.

#### **4.01.280.03.4.4 Withdrawal of Recognition Based on Good Faith Doubt**

The District may withdraw recognition from an employee organization which has previously been granted formal recognition if the District has a good faith doubt as to the continued majority status of the employee organization. The District's good faith doubt shall be supported by evidence that the employee organization lacks continued majority status.

This evidence should include, but is not limited to, some of the following:

Inactivity by the employee organization, such as a failure to monitor contract provisions and pursue grievances;

Employee expressions of dissatisfaction with the employee organization;

The filing of a petition by employees;

Substantial employee turnover and/or expansion since the date of formal recognition;

Pronounced decline in the number of employees who pay employee organization dues; or

A poll of employees indicating the lack of majority support, such a poll may be initiated by the Employee Relations Officer only under the following conditions:

- (1) The District must have other evidence indicating a lack of majority status prior to initiating a poll;
- (2) The purpose of the poll must be to determine whether the employee organization represents a majority of the employees;
- (3) The purpose of the poll must be communicated to the employees;
- (3) The employees must be given assurances against reprisal;
- (4) The employees must be polled by secret ballot;
- (5) The polling process must be free of coercion.

The District's evidence must support a conclusion that more than fifty percent (50%) of the employees do not support the employee organization.

Recognition may not be withdrawn under this procedure until the employee organization in question has served for a full year, as measured by the date of certification.

#### **4.01.280.03.5 Determination of Appropriate Units**

The policy objectives in determining the appropriateness of units shall be: promoting the efficient operations of the District, compatibility with the primary responsibility of the District and its employees to effectively and economically serve the public, and providing the employee with effective representation based on recognized community of interest considerations. These policy objectives require that the appropriate unit shall be the broadest feasible grouping of positions that share an identifiable community of interest. Factors to be considered shall be:

- (a) Similarity of the general kinds of work performed, types of qualifications required, and the general working conditions.
- (b) History of representation in the District and similar employment, except that no unit shall be deemed to be an appropriate unit solely on the basis of the extent to which employees in the proposed unit have organized.
- (c) Consistency with the organizational patterns of the District.
- (d) Number of employees and wage classes, and the effect on the administration of the employer-employee relations created by the fragmentation of wage classes and proliferation of units.
- (e) Effect on the classification structure and impact on the stability of the employer-employee relationship of dividing single or related wage classes among two or more units.

Notwithstanding the foregoing provisions of this section, managerial and confidential responsibilities, as defined in Section 4.01.280.02, are determining factors in establishing appropriate units hereunder. Therefore, managerial and confidential employees, as designated by the Employee Relations Officer, may only be included in a unit consisting solely of managerial or confidential employees. Managerial and confidential employees may not represent any employee organization which represents other employees.

The Employee Relations Officer shall, after notice to and consultation with affected employee organizations, allocate new wage classes or positions, delete eliminated wage classes or positions, and remain, reallocate or delete classes or positions from units in accordance with the provisions of this section.

#### **4.01.280.03.6 Procedure for Modification of Establishing Appropriate Units**

Requests by an employee organization for modifications of established appropriate units shall be considered by the Employee Relations Officer. Such request shall be submitted in the form of a recognition petition and, in addition to the requirements set forth in Section 4.01.280.03.1, shall contain a complete statement of all relevant facts and citations in support of the proposed modified unit in terms of the policies and standards set forth in Section 4.01.280.03.5. The Employee Relations Officer shall determine whether or not to process the request, based upon the best interests of the District and of the employees involved. If the Employee Relations Officer decides to proceed, they shall process such petitions, as provided in these rules for other recognition petitions, except that only employees in the newly proposed and approved appropriate unit may vote.

The Employee Relations Officer may, on their own motion, propose that an established unit be modified. The Employee Relations Officer shall give written notice of the proposed modifications to any affected employee organization and shall hold a meeting concerning the proposed modifications, at which time all affected employee organizations shall be heard. Thereafter, the Employee Relations Officer shall determine the composition of the appropriate unit or units in accordance with Section 4.01.280.03.5 and shall give written notice of such determination to the affected employee organizations. The Employee Relations

Officer's determination may be appealed as provided in Section 4.01.280.03.7. If a unit is modified pursuant to the motion of the Employee Relations Officer hereunder, employee organizations may thereafter file recognition petitions seeking to become the recognized employee organization for such new appropriate unit or units pursuant to Section 4.01.280.03.1.

#### **4.01.280.03.7 Appeal from the Employee Relations Officer's Determination**

Employees or an employee organization aggrieved by a determination of the Employee Relations Officer regarding an appropriate unit or a recognition petition, challenging petition, or of recognition petition, may, within fifteen (15) days of notice of such determination, appeal the determination to the Board for final decision.

Appeals to the Board shall be filed in writing with the District Secretary, and a copy thereof served to the Employee Relations Officer. The Board may select a designee(s) to consider the matter and make a written recommendation to the Board. The Board may designate whether the matter shall be heard by written briefs or by an informal hearing process. The Board or its designee(s) shall commence to consider the matter within forty-five (45) days of the filing of the appeal. The decision of the Board shall be final and binding.

#### **4.01.280.04 Administration**

##### **4.01.280.04.1 Memorandum of Understanding**

If agreement is reached by the representative of the District and a recognized employee organization, they shall jointly prepare a written memorandum of such understanding and present it to the Board for ratification. The memorandum of Understanding will not become effective and binding unless and until the Board ratifies it. If approved by the Board, the memorandum of understanding shall constitute a contract between the District and the recognized employee organization.

##### **4.01.280.04.2 Payroll Deductions**

A recognized employee organization may be entitled to request that payroll deductions be made for payment of organization membership dues, if agreed to through a MOU, or if otherwise provided by law. The providing of such service to the recognized employee organization by The District shall be contingent upon and in accordance with the provisions of the memorandum of understanding and must be approved in writing by each employee on a payroll deduction authorization card provided by the District.

##### **4.01.280.04.3 Submission of Current Information**

Any changes in the information filed with the District by a recognized employee organization under items (a) and (b) of its recognition petition under Section 4.01.280.03.1 shall be submitted in writing to the Employee Relations Officer within fifteen (15) days of such changes.



#### **4.01.280.04.4 Administrative Rules and Procedures**

The Employee Relations Officer is hereby authorized to establish such rules and procedures as appropriate in order to implement and administer the provisions contained herein.

#### **4.01.280.05 Impasse Procedures**

##### **4.01.280.05.1 Initiation of Impasse Procedures**

In the Meet and Confer process as defined in this Resolution, either party may initiate the impasse procedures by filing with the other party a written request for an impasse meeting, together with a statement of its position on all issues. An impasse meeting shall then be scheduled promptly by the Employee Relations Officer. The purpose of such meeting shall be:

- (a) To review the position of the parties in a final effort to reach agreement on a Memorandum of Understanding; and
- (b) If the impasse is not resolved, to discuss arrangements for the utilization of the impasse procedures provided herein.

##### **4.01.280.05.2 Impasse Procedures**

Impasse procedures are as follows:

If the parties agree to submit the dispute to mediation, and agree on the selection of a mediator, the dispute shall be submitted to mediation. All mediation proceedings shall be private and non-binding, unless otherwise agreed to in writing by both parties. The mediator shall make no public recommendation, nor take any public position at any time concerning the issues.

If the parties fail to agree to mediation or to a mediator, or having so agreed, fail to resolve the dispute through mediation, the Board of Directors may take such action as it, in its discretion, deems appropriate in the public interest. Any legislative action by the Board of Directors on the impasse shall be final and binding.

##### **4.01.280.05.3 Costs of Impasse Procedures**

The costs of the services of a mediator utilized by the parties, and other mutually incurred costs of mediation, shall be borne equally by the District and the exclusively recognized employee organization. The cost for other separately incurred costs shall be borne by such party.

#### **4.01.280.06 Severability**

##### **4.01.280.06.1 Severability**

If any provision of this Resolution, or application of such provision to any person or circumstance, is found by a court of appropriate jurisdiction to be invalid, the remainder of this Resolution, or the application of its provisions to person(s) or circumstances other than those as to which it is held invalid, shall not be affected thereby.

**Section 5.02.030**  
**Purchase Requests**

The Purchase Request is used to inform the purchasing agent of the needs of the department and to define the material requested. A Purchase Request should be prepared well in advance of the date the goods will be needed to enable the purchasing department to secure competitive prices and the vendor to make delivery. A Purchase Request can be made by filling out a paper requisition form or by entering a Purchase Order request into the purchasing software.

The Originator will obtain the approval of their Department Manager and will send the request form to the purchasing department. A software purchase request will be automatically processed through the workflow for approval. The purchasing department will complete the Requisition by indicating the vendor selected, inserting the correct prices and forwarding to their Department Manager for approval. The purchasing department will then issue a Purchase Order to the Vendor.

Employees are not authorized to commit the District for materials or services without prior approval. Purchases or agreements to purchase made by any employee without the approval of the purchasing department may not be honored for payment by the District.

The purchasing department shall have the authority to change vendors and revise specifications as to quality, quantity, or estimated cost. Any revision affecting quality, quantity, or cost shall be in accordance with the standards and specifications established and will be concurred to by the requisitioning department as well as the purchasing agent's Department Manager before the order is confirmed with the vendor. The purchasing department cannot revise specifications without the agreement of the requisitioning department.

**Section 5.02.150**  
**Contract Delivery/Inspection**

The Purchasing Department shall inspect all materials, supplies, and equipment received to determine its conformance with the specifications set forth in the order or contract.

Although most materials, supplies and equipment should be delivered to the warehouse, there may be a need to ship items to other locations in the District. The Purchasing Department may authorize the using department to check materials against a Purchase Order for conformance as to quality, quantity, and specifications. When merchandise is received by the department per a Purchase Order, the following procedure shall be observed:

1. Check the delivery slip to see that it agrees with the merchandise received.
2. Check the delivery slip against the Purchase Order.
3. If the order is complete, check that the Purchase Order number is shown. Sign and forward the receiving copy of the Purchase Order and packing slip to the Purchasing Department.
4. In the case of a "partial" delivery, complete the receiving copy of the Purchase Order, indicating what portions of the order were received.
5. Forward this copy with the packing slip to the Purchasing Department, who will then make a photocopy and forward a duplicate of the receiving copy to Accounts Payable. This should be done each time a partial shipment is received until the order is complete, at which time you must forward the original receiving copy of the Purchase Order to the Accounts Payable Department.
6. In case of an overage or shortage (unless shown as a back order) or damaged delivery, notify the delivery driver and the Purchasing Department immediately.
7. Any employee receiving merchandise is instructed not to sign collect freight bills, but to notify the delivery service that the freight bill must be prepaid and advise the Purchasing Department.
8. Do not accept any delivery without obtaining some form of delivery ticket. Every driver must obtain signature for their records but be sure they leaves a copy for our records.

**Section 5.02.160**  
**Invoices**

Invoices are the media which guide the District in the settlement of financial obligations incurred. An invoice is the vendor's statement of their charges against the District for materials or services rendered, based on the Purchase Order.

All invoices, except those related to the Capital Improvement Projects, will be processed by Purchasing and Accounts Payable for payment.

Capital Improvement Projects - Progress Payment Invoices/billings are to be submitted to the District by the contractor monthly.

Upon review by the inspector and the responsible engineer, a brief memo from the engineer to the General Manager or their designee shall be attached to each progress payment. The memo shall state the amount paid and the date you request a check to be issued by Accounts Payable.

**Section 5.03.210**  
**Investment Policy Glossary Terms**

**Agencies:** Federal agency securities and/or Government-sponsored enterprises.

**Asked:** The price at which securities are offered. (The price at which a firm will sell a security to an investor). See "**Bid**" or "**Offer**".

**Average Weighted Yield:** The accumulative yield of each security weighted by the security's dollar as compared to the total value of all the securities.

**Bankers' Acceptance:** A letter of credit is issued in a foreign trade transaction. For example, a U.S. corporation planning to import goods from abroad will ask its bank to issue a letter of credit on behalf of the corporation in favor of the foreign supplier. Upon receipt of this letter and draft, the supplier will ship the goods and present the draft at its bank for discounting. The foreign bank then forwards the draft to its U.S. correspondent. The draft is stamped "accepted" with the U.S. bank incurring an obligation to pay the draft (now a bankers' acceptance) at maturity. Initial maturities range from 30 to 180 days, but the short-term 90-day acceptance is the market standard.

**Basis Point:** One one-hundredth of a percent (i.e. 0.01%).

**Benchmark:** A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

**Bid:** The price offered by a buyer of securities. (When you are selling securities, you ask for a bid). See "**Asked**" or "**Offer**".

**Book-entry Securities:** Securities that are purchased, sold and held with electronic computer entries rather than transfer of physical certificates.

**Broker:** A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides: they do not take a position. In the money market, brokers are active in markets, in which banks buy and sell money, and in inter-dealer markets.

**Callable Bonds or Notes:** Bonds or Notes may be repurchased at the option of the issuer within a specified period at a specified price. Early redemption of high-coupon bonds and/or notes occurs whenever interest rates subsequently decline (i.e., 30-year GNMA Notes).

**Certificate of Deposit (CD):** A time deposit with a specific maturity evidenced by a certificate. Large denominations CD's are typically negotiable.

**Collateral:** Securities, evidence of deposit, or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

**Collateralization:** The act of securing or guaranteeing the discharge of an obligation with anything such as stocks or bonds. Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Repayment of a loan may refer to securities pledged by a bank to secure deposits of public monies.

**Commercial Paper:** Short term obligations issued by banks, corporations, and other borrowers to investors with temporary idle cash. Such instruments are unsecured and are issued on a discounted basis.

**Coupon:**

(a.) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value.

(b.) A certificate attached to a bond evidencing interest due on a payment date.

**Dealer:** A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for their own account.

**Debenture:** A bond secured only by the general credit of the issuer.

**Delivery-Versus-Payment:** Funds are not wire-transferred until the securities are delivered. If the transfer is accomplished through the Fed wire system, the investor is notified before cash is released. If a third party acts as custodian, funds are released by the custodian or the customer only when delivery is accomplished.

**Delivery-Versus-Receipt:** Is delivery of securities with an exchange of a signed receipt for the securities.

**Derivatives:**

(1.) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or

(2.) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

**Discount:** The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

**Discount Securities:** Non-interest bearing money market instruments that are Bills.

**Diversification:** Dividing investment funds among a variety of securities offering independent returns.

**Federal Credit Agencies:** Agencies of the Federal Government set up to supply credit to various classes of institutions and individuals, e.g., S & L's, small business firms, students, farmers, farm cooperatives, and exporters.

**Federal Deposit Insurance Corporation (FDIC):** A Federal agency that insures bank deposits, currently up to \$100,000 per deposit.

**Federal Funds Rate:** The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

**Federal Home Loan Banks (FHLB):** Government sponsored wholesale banks (currently 12 regional banks) which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLB's is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

**Federal National Mortgage Association (FNMA):** FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

**Federal Open Market Committee (FOMC):** Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

**Federal Reserve System:** The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

**Government National Mortgage Association (GNMA or Ginnie Mae):** Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or USDA Rural Development mortgages. The term "pass-through" is often used to describe Ginnie Mae's.

**Liquid Short-term Securities:** A security that is instantly negotiable at par value. A checking account, demand deposit, money market funds and state investment pool with check-writing features are very liquid.

**Liquidity:** A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

**Local Government Investment Pool (LGIP):** The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer (**LAIF**) for investment and reinvestment.

**Market Value:** The price that a security can be expected to bring when sold in a given market.

**Market-average Rate of Return:** The average return on a six-month U.S. Treasury Bill.

**Master Repurchase Agreement:** A written contract covering all future transactions between the parties to repurchase-reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

**Maturity:** The date upon which the principal or stated value of an investment becomes due and payable.

**Money Market:** The market in which short-term debt instruments (bills, commercial paper, banker's acceptances, etc.) are issued and traded.

**Money Market Funds:** Third party funds that are subject to SEC (Investment Company Act of 1940) regulations that special diversification requirements and 53601).

**Mutual Funds:** Third party funds that are subject to the investment guidelines as described under California Government Code Section 53601.

**Offer:** The price asked by a seller of securities. (When you are buying securities you ask for an offer). See "**Asked**" and "**Bid**".

**Open Market Operations:** Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases affect reserves into the bank system and stimulate growth of money and credit: Sales have most flexible monetary policy tool.

**Portfolio:** Collection of securities held by an investor.

**Primary Dealer:** A group of government securities dealers who submit daily reports of market activity and positions, monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker/dealers, banks and a few unregulated firms.

**Prime Self-liquidating Bankers' Acceptance:** The bankers' acceptance will be liquidated at maturity from the proceeds of the sale of goods, which distinguishes self-liquidating acceptance from those used only to finance inventories.



**Private Export Funding Corporation:** Created by the finance U.S. exports. Interest payments and principal payments are backed by the full faith and credit of the U.S. Government.

**Prudent Person Rule:** An investment standard established in 1630. It states that a trustee who is investing for another should behave in the same way as a prudent individual of discretion and intelligence who is seeking a reasonable income and preservation of capital (California Government Code 53600.3). In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state-the so called "legal list". California Government Code 53601 is the "legal list".

**Rate of Return:** The yield obtainable on its purchase price or its current market price. This may be the amortized yield to maturity; on a bond, the current income return.

**Repurchase Agreement (RP or REPO):** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate them for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is, increasing bank reserves.

**Safekeeping:** A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

**Secondary Markets:** A market made for the purchase and sale of outstanding issues following the initial distribution.

**Securities and Exchange Commission:** Agency created by congress to protect investors in securities transactions by administering securities legislation.

**SEC Rule 15C3-1:** See **UNIFORM NET CAPITAL RULE.**

**Structured Notes:** Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc.) and Corporations that have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

**Swap:** A shift of assets from one instrument to another and may be done for a variety of reasons, such as to increase yield, lengthen or shorten maturities, to take a profit, or to increase investment quality.

**Sweep:** A daily transfer of available cash balances from a demand deposit (checking) account to an interest-earning vehicle such as an overnight repurchase agreement.

**Treasury Bills:** A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

**Treasury Bond:** Long-term U.S. Treasury securities having initial maturities of more than 10 years.

**Treasury Notes:** Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

**Uniform Net Capital Rule:** Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

**Weighted Average Days to Maturity:** The accumulative days of each security between the reporting date and maturity of the security weighted by the security's dollar value as compared to the total value of all the securities.

**Yield:** The rate of annual income return on an investment, expressed as a percentage.

(a.) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security.

(b.) **NET YIELD** or **YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in purchase price; with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

**Zero Coupon:** A bond without current interest coupons sold at a substantial discount from par that provides its return to investors through accretion in value at maturity.

**Section 5.04.010  
Capital Asset Policy**

**5.04.010.01 Policy Statement**

Rainbow Municipal Water District (RMWD) has a significant investment in a variety of capital assets, which are used to provide water and sewer services to customers. The purpose of this policy is to ensure that the District's capital assets are acquired, safeguarded, controlled, disposed of, and accounted for in accordance with state and federal regulations, generally accepted accounting principles, internal controls, and audit requirements. It is the purpose of this policy to provide clear guidelines for the financial treatment of capitalizable and non-capitalizable transactions. This policy addresses the following issues related to capital assets:

- A. Asset types and lives
- B. Scope
- C. Budgeting for Capital Asset Purchases
- D. Accounting
- E. Depreciation
- F. Management of Assets
- G. Disposal

**5.04.010.02 Definitions**

Term definitions as utilized by RMWD:

- I. **CAPITAL ASSET:** Capital assets are assets that are 1) used in the operations of the District, 2) have a probable future benefit either singly or in combination with other assets, and 3) have been the subject of a transaction that gives the District the right to or control of the asset. Capital assets may include land, land improvements, easements, water rights, buildings, building improvements, vehicles, machinery, equipment, works of art, historical treasures, infrastructure, and any intangible assets that have a useful life beyond a single reporting period. Capital assets do not include inventory held for use in unidentified future projects.

**VALUATION OF CAPITAL ASSET:** The value assigned to capital assets shall be determined as follows:

**PURCHASED CAPITAL ASSETS:** The capitalized value of purchased Capital assets shall be determined using the original cost of the asset. Specific costs eligible for capitalization are identified below. If the original cost of an asset is not available or cannot be reasonably determined, an estimated current cost may be utilized.

**DISTRICT – CONSTRUCTED CAPITAL ASSETS:** District-constructed water system infrastructure assets intended to be used in District operations or internally generated computer software are eligible for capitalization. The capitalized value of such assets shall be determined using direct costs and material costs associated with the construction up until the time the asset is complete and ready for use.

**DONATED CAPITAL ASSETS:** The capitalized value of donated assets shall be determined using the fair market value at the time of donation. If the fair market value of the asset is not available or cannot be reasonably determined, an estimated cost may be determined using the best available information. The value of donated intangible assets shall be accounted for separate from donated tangible capital assets.

**CAPITALIZABLE COSTS:** Costs eligible for capitalization under this policy are:

For land:

- Purchase price or appraised value, whichever is more readily determinable;
- Closing costs, such as title fees, attorney fees, environmental assessments, appraisals, taxes and recording fees;
- Costs necessary to get the land ready for its intended use, such as grading, clearing, filling, draining, surveying, and demolition of existing structures;
- Assumptions of liens, encumbrances or mortgages;

For purchased assets other than land:

- Purchase price, including all taxes
- Freight, handling and in-transit insurance charges
- Assembling and installation charges
- Professional fees of engineers, inspectors, attorneys, consultants, etc.;
- Applicable purchase discounts or rebates

For District-constructed assets:

- Direct labor costs (to include wages and benefits);
- Direct materials cost;
- Professional fees of engineers, inspectors, attorneys, consultants, etc.;
- Insurance premiums and related costs incurred during construction;
- Costs necessary to get the site ready for its intended use, such as grading, clearing, filling, draining, surveying, and demolition of existing structures;
- Costs for intangible assets are determined in accordance with Governmental Accounting Standards Board, Statement No. 51 “Accounting and Financial Reporting for Intangible Assets.”

For donated Capital assets:

- Fair Market or Appraised Value at date of donation;
- Installation costs;
- Professional fees of engineers, inspectors, attorneys, consultants, etc.;
- Other normal or necessary costs required to place the asset in its intended location and condition for use.

**CAPITALIZATION OF COSTS SUBSEQUENT TO ACQUISITION:** Additional costs incurred after a capital asset is placed in use shall be accounted for as follows:

**ADDITIONS:** An Addition is defined as an expenditure that either significantly extends the useful life or productivity of the existing capital asset or creates a new capital asset.

**IMPROVEMENTS AND REPLACEMENTS:** Improvements and Replacements are defined as expenditures that involve substituting a similar capital asset, or portion thereof, for an existing one. If the existing asset's book value is determinable, then the existing asset should be removed from the books at the time the replacement is recorded. If the existing asset is not separately identifiable, then the replacement should still be capitalized as the existing asset's book value is assumed to be negligible.

**REARRANGEMENT OR REINSTALLATION:** Rearrangement or Reinstallation costs are defined as expenditures that involve moving an existing asset to a new location or reinstalling a similar asset in place of an existing asset. All "Rearrangement or Reinstallation" costs should be expensed in the period incurred.

**REPAIRS AND MAINTENANCE:** Repairs and Maintenance costs are defined as expenditures that involve maintaining the asset in good or ordinary repair. All Repairs and Maintenance costs should be expensed in the period incurred.

- II. **CAPITALIZATION THRESHOLD:** The minimum cost which an asset must exceed in order to be capitalized. The minimum value of an asset that qualifies it to be capitalized is \$10,000. This is the per-unit cost of the asset. Groups of assets that cost more than \$10,000 in aggregate but not individually are not capitalizable except as noted in Section A. Capital Asset Types and Lives, Groups of Assets. The cost of the unit is 1) the total cost of all invoices for the item, including transportation and installation charges and interest expense directly related to the unit's acquisition or making it ready for use plus 2) the net book value of any assets given in exchange plus 3) the present value of any liability incurred. If this information is not available, the cost is determined by an appraisal of the unit's value. The initial development cost of making a decision as to which project to construct or acquire is not capitalizable. It is the responsibility of the employee overseeing the acquisition to provide all relevant data to Accounting.

If the asset is the subject of a federal award program that sets a maximum threshold, it will be capitalized according to the award program rules regardless of the District's threshold.

- III. **CIP:** (Capital Improvement Project) RMWD defines CIP as any expenditure that relates to the purchase of a Capital Asset.
- IV. **DEPRECIATION:** The process of allocating the cost of an asset over a period of time.
- V. **DEPRECIATION METHOD:** RMWD utilizes the straight-line method with the half-year convention.
- VI. **INTANGIBLE ASSETS:** An asset that is not physical in nature such as water rights.
- VII. **TANGIBLE ASSETS:** An asset that has a physical form.
- VIII. **USEFUL LIFE:** The cost of an asset, less salvage value, is depreciated over its estimated useful life. Standard useful lives for groups of assets are as follows:

**General Provisions**

**A. Capital Asset Types and Lives**

See the table below for the capital asset categories used by RMWD.

| Asset Types  | Asset Categories at RMWD | Asset Life (in years) | Examples                                 |
|--------------|--------------------------|-----------------------|--|
| Land         | Land                     | Infinite              | Real estate                              |
| Improvements | Water Wells              | 75                    | Drilling, piping, concrete work          |
|              | Reservoirs               | 75                    | Tanks, foundations                       |
|              | Pipelines                | 75                    | Waterlines, sewer lines                  |
|              | Pumping/(Lift) Stations  | 55/(35)               | Water Booster/(Wastewater Lift) Stations |
|              | Pressure Regulating      | 45                    | Water Pressure Regulating Stations       |
| Buildings    | Buildings                | 50                    | Offices, workshops                       |
|              | Water Treatment Plant    | 50                    | Structure, piping                        |

|           |                 |    |                                  |
|-----------|-----------------|----|----------------------------------|
| Equipment | Meters          | 15 | PD, turbine, or compound meters  |
|           | Heavy Equipment | 15 | Excavators, dump trucks, vactors |
|           | Telemetry       | 10 | Control panels, electrical       |
| Vehicles  | Vehicles        | 5  | Passenger cars                   |
|           |                 | 7  | Light trucks                     |
|           |                 | 10 | One-ton trucks                   |
|           |                 | 12 | Two-ton trucks                   |
| Office    | Software        | 3  | For PC's, phones, security, etc. |
|           | Furniture       | 7  | Desks, cubicles                  |

If there is a substantial reason for an asset to be given a non-standard useful life, it should be noted at the time the asset is acquired. Alternative useful lives may be derived from 1) general guidelines from a professional organization, 2) information from other governmental agencies, 3) internal experience, or 4) outside professionals such as engineers, architects, etc. The alternative method should take into consideration the relative quality of the asset, the intended use, and the environment in which it will be placed.

It is the District's practice to depreciate capital assets other than land over their useful life using the straight-line method. The amount to be depreciated is the asset's adjusted cost less an estimated salvage value. The salvage value is the value an asset is expected to have when it is no longer useful for its intended purpose. If there is a substantial reason for a more rapid method of depreciation to be applied to an asset, it should be noted at the time the asset is acquired.

Assets that are acquired or constructed for a specific short-term purpose and do not have an alternative future use are charged to expense at the time the costs are incurred.

## **B. Scope**

RMWD will employ a CIP plan that has a 5-year timeline including the current year carryover. This 5-year timeline helps RMWD to prioritize projects from year to year and establish plans for funding sources.

The capitalization threshold for RMWD is \$10,000. Assets are capitalized if the cost exceeds the capitalization threshold except for groups of similar assets such as meters, computers, or printers when the total of the similar assets purchased during the year exceeds \$10,000.

## **C. Budgeting**

The Finance Manager is responsible for the oversight of the Capital Asset Program and the development of the CIP Budget. The Finance Manager may delegate responsibility to various managers to identify what Capital Assets are needed and requested in the CIP Budgeting process.

Asset purchases are authorized through the CIP Budgeting Process (except for emergency projects) which involves the following steps:

- i. Need is identified – either a new asset is needed or an asset is in need of replacement or major repair
- ii. Manager who is responsible for operating the asset submits a Capital Project Request form during the CIP Budget process
- iii. Funding source for the project is identified (See part f.)
- iv. Projects are reviewed by the Engineering Committee
- v. Project funding is granted through approval of the Annual Operating and Capital Improvement Budget by the Board of Directors

The various requests submitted in the CIP Budget Process will be compiled by the Accounting staff. The total of the CIP requests must be balanced in the overall Operating and Capital Improvement Budget. Capital funding sources must be identified for each request.

The CIP Budget will be reviewed in detail by the Engineering Committee. The Board of Directors will subsequently review and approve the CIP Budget as part of the Operating and Capital Improvement Budget.

The procurement process will be handled primarily by the manager who submitted the request. The procurement must follow the steps and rules stated in the RMWD Purchasing Policy in the Administrative Code Section 5.02.

If actual costs are lower than budgeted, the balance will be unappropriated and transferred to the CIP Reserve or allocated to another project.



If actual costs are expected to be higher than what was budgeted, these options are available within the requirements of existing policies:

- Cancel the project or reduce the scope of the project
- Transfer funds from another project with lower priority or excess funds available
- Appropriate funds from reserves with Board approval
- Request carryover of the project with additional funding in the following fiscal year

**D. Accounting**

Asset purchases will be accounted for in the Capital Asset Funds. Project numbers will be utilized in order to facilitate tracking of purchases, budgets, and assets in the computerized accounting system.

The Accounting Staff will track all assets in a subsidiary ledger that will contain at a minimum: asset name, description, cost, year placed in service, and expected life.

The Accounting staff is responsible for recording the reallocation of funds from projects that were under budget or not included in a carryover request.

**E. Depreciation**

RMWD uses the straight-line method of depreciation for all depreciable fixed assets (land, intangible assets, and construction-in-progress are not depreciated). A half year of depreciation is recognized in the year the asset is placed into service and in the last year of estimated useful life. The Accounting staff has the responsibility to track and record depreciation.

**F. Management of Assets**

The department that requests and purchases the assets is responsible for the operation and maintenance of the assets. Department managers will periodically measure and quantify the condition of assets. Managers must identify adequate funding to support repair and replacement of deteriorating capital assets and avoid a significant unfunded liability from deferred maintenance.

The tools that should be utilized to manage assets include but are not limited to:

- i. Master plans which are utilized for long-term planning of capital asset needs.
- ii. Historical and projected operating costs are considered. If an asset requires excessive amounts of repairs, then the manager should consider replacing the asset. When a new asset is requested, the operating costs over the life of the new asset should be considered.

- iii. Inventories should be kept in order to track assets that are susceptible to theft.

**PHYSICAL INVENTORY OF CAPITAL ASSETS:** A physical inventory of the following categories of capital assets shall be performed at least annually:

- Inventory items
- Machinery and Equipment Fleet Equipment
- Office Furniture and Fixtures
- Computer Equipment, Purchased Software and Telephones

The results of the physical inventory shall be reconciled with the District's asset inventory system. Differences will be reported, along with explanations, to the Board of Directors.

**G. Disposal of Assets**

**A. Surplus Property Disposal**

The division supervisor or department manager is responsible for the transfer and disposition of surplus District property. "Surplus property" is used generically to describe any District property that is no longer needed or useable by the holding department. The superintendent or department manager has the authority to declare item(s) surplus according to the authorization table in sub-section B.

Surplus property that may result from the termination of a lease agreement shall be specifically reported to the Purchasing Agent prior to the termination of the lease. The report shall include all information about the lease, including purchase price at the commencement of the lease, residual value at the end of the lease, the total payments through the end of the lease and the fair market value at the end of the lease. In determining the fair market value, each department shall document the methods used to make such determination including tools such as Kelly Blue Book, classified advertisements, and local vendors with similar products available.

Each department shall periodically review its equipment, material, and inventory, and shall promptly notify the Accounting Department of any surplus property. A memo shall be completed to document the reason(s) that the property is surplus and the recommended method of disposal. This memo must then be submitted to the Accounting Department. The Accounting staff will then make the appropriate adjustments to the Capital Assets Subsidiary Ledger.

**B. Authority**

|                      |   |
|----------------------|---|
| Salvage Value up to: | Approval Level (Except when items are scrap |
| \$500                | Superintendents                             |
| \$2,000              | Department Managers                         |
| \$10,000             | General Manager                             |
| \$10,001+            | Board of Directors                          |

**C. Method**

The staff member requesting disposal shall determine one of the following methods of disposition that is most appropriate and in the best interest of the District.

a. Trade-In

Property declared as surplus may be offered as a trade-in for credit toward the acquisition of new property. If surplus property is to be applied to a purchase order, the trade-in value shall be itemized on the Purchase Order. The amount charged against the expense account will be the value of the purchase before application of the trade-in credit.

b. Sale

Surplus property may be offered for sale by the Department Manager. All surplus property is for sale “as is” and “where is”, with no warranty, guarantee, or representation of any kind, expressed or implied, as to the condition, utility or usability or the property offered for sale. Appropriate methods of sale are as follows:

- Public Auction - Surplus property may be sold at public auction. Public Auctions may be conducted by District staff, or the District may contract with a professional auctioneer including professional auction services.
- Sealed Bids - Sealed bids may be solicited for the sale of surplus property. Surplus property disposed of in this manner shall be sold to the highest responsible bidder.

- Selling for Scrap - Surplus property may be sold as scrap if the Department Manager deems that the value of the raw material exceeds the value of the property as a whole.
- Negotiated Sale - Surplus property may be sold outright if the Department Manager determines that only one known buyer is available or interested in acquiring the property.
- No Value Item – Where the Department Manager determines that specific supplies or equipment are surplus and of minimal value to the District due to spoilage, obsolescence or other cause or where the Department Manager determines that the cost of disposal of such supplies or equipment would exceed the recovery value, the Department Manager shall dispose of the same in such a manner as they deem appropriate and in the best interest of the District.

c. Donation

Surplus property may be donated, in accordance with the authority table, to non-profit organizations such as school districts within the RMWD boundaries. When property is donated, a donation receipt letter must be obtained from the receiving organization and kept on file by the department manager.

**D. Proceeds**

Proceeds from the sale or trade-in of surplus property shall be recorded in the gain/loss on sale account in the related fund. Proceeds from the sale of scrap will be recorded in the scrap metal miscellaneous revenue account. Proceeds from the sale of surplus property or scrap may not be used to offset Departmental Operating Expenses.

**5.04.010.03 Policy Review**

This policy shall be reviewed at least biennially.

**Section 5.06.010**  
**Background**

Internal control policy for Rainbow Municipal Water District is established to facilitate the development of controls which will aid in the detection and prevention of fraud and similar or related inappropriate conduct against Rainbow Municipal Water District. It is the intent of Rainbow Municipal Water District to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

Monthly financial statements prepared in accordance with generally accepted accounting principles are reviewed by the District's Board of Directors. Independent audit professionals appointed by the District's Board of Directors perform annual audits of the District's financial statements.

**Section 5.06.020**  
**Scope of Policy**

This policy applies to any fraud and similar or related inappropriate conduct involving employees, consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with Rainbow Municipal Water District.

### **Section 5.06.030**

#### **Policy**

The General Manager and the Management Team are responsible for the detection and prevention of fraud, misappropriations, and other similar or related inappropriate conduct. Fraud is defined as the intentional false representation or concealment of a material fact for the purpose of inducing another to act upon it to their injury or the injury of the District. Each member of the management team will be familiar with the types of improprieties that might occur within their area of responsibility and be alert for any indication of fraud and similar or related inappropriate conduct.

Any employee that detects or reasonably suspects fraud or similar or related inappropriate conduct shall immediately report the conduct to the employee's supervisor or to the Human Resource Department, who coordinates all investigations with the District's legal counsel and other affected areas, both internal and external.

Management will ensure that the applicable requirements of state law respecting ethics and conflicts of interest are followed including requirements under the Political Reform Act.

## **Section 5.06.040**

### **Actions Constituting Fraud**

The terms embezzlement, misappropriation, and other fiscal fraud or related inappropriate conduct as described in this policy shall refer to activities carried out for inappropriate personal gain such as, but not limited to:

- Any dishonest or fraudulent act.
- Forgery or alteration of any document or account belonging to Rainbow Municipal Water District.
- Forgery or alteration of a check, bank draft, or any other financial document.
- Misappropriation of funds, securities, supplies, or other assets.
- Impropriety in the handling or reporting of money or financial transactions.
- Authorizing or receiving payment for goods not received or services not performed.
- Profiteering as a result of insider knowledge of Rainbow Municipal Water District's activities.
- Computer-related activity involving an unauthorized alteration, destruction, forgery, or manipulation of data or misappropriation of District-owned software.
- Misrepresentation of information on District's documents, including financial statements.
- Disclosure of confidential information where the District is entitled by law to maintain the confidentiality of such information and the District has taken all reasonable steps to maintain such confidentiality.
- Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to Rainbow Municipal Water District where the communication is made that a payment or donation is required in order to do business with the District. This includes the refusal to accept any and all gifts over a nominal value and gratuities from vendors and prospective vendors (Administration Code Section 5.02.200 #6).
- Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment; and/or
- Any similar or related inappropriate conduct of Federal, State, or Local laws related to dishonest activities or fraud.



**Section 5.06.050**

**Other Inappropriate Conduct**

Fraud or any similar or related inappropriate conduct concerning an employee should be resolved by Human Resources Department working in conjunction with the General Manager and District legal counsel (where necessary) rather than by the immediate supervisor.

Fraud and any similar or related inappropriate conduct concerning a Rainbow Municipal Water District Board Member should be resolved in accordance with the adopted Board Governance Policies of the District.

**Section 5.06.060**  
**Employee Responsibilities**

A suspected incident of fraud or any similar or related inappropriate conduct observed by, or made known to, an employee must be reported to the employee's supervisor or the Human Resources Department for reporting to the proper management official.

When the employee believes the supervisor may be involved in the fraudulent incident and any similar or related inappropriate conduct, the employee shall make the report directly to the next higher level of management and/or the General Manager.

If a suspected incident of fraud or any similar or related inappropriate conduct involve the General Manger, it shall be reported to the District's Board President or the District's legal counsel.

For purposes of this Policy, the term **employee** refers to any individual or group of individuals who receive compensation, either full or part-time, including Rainbow Municipal Water District Board of Directors. The term also includes committee members and any volunteer who provide services to the District through an official arrangement with the District or a District Organization.

**Section 5.06.070**  
**Investigation Responsibilities**

The General Manager has the primary responsibility for the investigation of all suspected incidents of fraud or similar or related inappropriate conduct as defined in this policy, which may be referred to the District's legal counsel. If the investigation substantiates that an incident of fraud has likely occurred, the General Manager or the District's legal counsel shall report the incident to the Board President or General Manager, as appropriate. Based on the exigencies of the circumstances, the Board President in cooperation with the District's legal counsel will determine the appropriate method to inform the Board of Directors.

Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with the General Manager and District's legal counsel, as will final decisions on disposition of the case.

For claims of fraud or similar or related inappropriate conduct involving the General Manager, the President of the Board or the District's legal counsel shall have primary responsibility for investigation of the activity covered by this policy.

**Section 5.06.080**  
**Confidentiality**

The General Manager, Management Team, Board of Directors, the District's legal counsel and the Human Resources Department shall maintain the confidentiality of fraud reports and related information received confidentially. Any employee who suspects dishonest or fraudulent activity shall notify their supervisor or the Human Resources Department immediately, and *should not attempt to personally conduct investigations or interviews/interrogations* related to any suspected fraudulent act (see **Reporting Procedure** section 5.06.100). However, management is responsible for taking appropriate corrective actions to ensure adequate controls exist to prevent reoccurrence of improper actions.

Investigation results *will not be disclosed or discussed* with anyone other than those who have a legitimate need to know.

**Section 5.06.090**

**Authorization for Investigating suspected Fraud**

Members of the Investigation Team will have:

- Free and unrestricted access to all Rainbow Municipal Water District records and premises, whether owned or rented including computer and other electronic files; and
- The authority to examine, and/or copy all or any portion of the contents of files, desks, cabinets, and other storage facilities on the Rainbow Municipal Water District's premises without prior knowledge or consent of any individual who might use or have access to any such items or facilities when it is within the scope of their investigation.

## Section 5.06.100 Reporting Procedures

Great care must be taken in the investigation of suspected fraud, improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way. Management should avoid the following:

- Incorrect accusations.
- Alerting suspected individuals that an investigation is underway.
- Treating employees unfairly.
- Making statements that could lead to claims of false accusations or other offenses.

An employee who discovers or suspects fraud or similar or related inappropriate conduct shall contact their supervisor or the Human Resource Department immediately. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, their attorney or representative, or any other person or entity should be directed to the Human Resource Department or directly to District General Manager. No information concerning the status of an ongoing investigation may be disclosed or released to the public or anyone not participating in the investigation. The proper response to any such inquiry is, "I am not at liberty to discuss this matter." *Under no circumstances* should any reference be made to "the allegation," "the crime," "the fraud," "the forgery," "the misappropriation," or any other specific reference.

The reporting individual should be informed of the following:

- Do not contact the suspected individual in an effort to determine facts or demand restitution.
- Do not discuss the case, facts, suspicions, or allegations with *anyone* unless specifically asked to do so by the General Manager or the District's legal counsel.

Employees will be granted whistle-blower protection when acting in accordance with this policy so long as the employee has not engaged in activity that violates this policy. When informed of a suspected impropriety, neither the District nor any person acting on behalf of the District shall, because of the reporting employee's report:

- Dismiss or threaten to dismiss the employee,
- Discipline, suspend, or threaten to discipline or suspend the employee,
- Impose any penalty upon the employee, or
- Intimidate or coerce the employee.

Violations of the whistle-blower protection will result in discipline up to and including dismissal.

**Section 5.06.110**  
**Termination**

If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed for approval by the General Manager, the designated representative from Human Resource Department and District legal counsel and, if necessary, by outside counsel, before any such action is taken. The decision to terminate an employee is made by General Manager.

**Section 5.06.120**  
**Administration**

The General Manager, with the assistance of the District's legal counsel, is responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed and revised as needed.



**Section 8.06.010**  
**Service Connections**

The District reserves the right to approve the size, number and location of all service connections. No more than one service connection may be extended to any single parcel without the consent of the District. The District will inspect all new installations. Only authorized employees or contractors of the District may change, repair, replace or remove service connections and meters. All meter registers shall be sealed by the District at the time of installation, and no seal shall be broken or altered except by the District's authorized employee or agent.

**Section 8.06.020**  
**Cross-Connections**

A cross-connection is unprotected connection between any part of the District's potable water supply system and a source or system which potentially contains water or a substance not approved for human consumption. By-pass arrangements, jumper connections, removable sections, swivel or changeover devices, or other devices through which backflow could occur, shall be considered to be cross-connections.

Cross-connections are to be avoided. Whenever any cross-connection exists, the District's water supply shall be protected at the Customer's expense against backflow by the installation of approved protective backflow devices as specified by this code, the Health and Safety Code of the State of California, and all rules and regulations adopted by any other regulatory body having jurisdiction.

**Section 8.06.030**  
**Backflow Devices**

Whenever backflow protection is necessary on a water supply line entering a Customer's premises, or when more than one domestic or irrigation service connection supplies water to a single premises, water supply lines from the District's mains entering such premises, buildings or structures shall be protected by an approved backflow device, regardless of the use of the additional water supply lines. Installation and maintenance of approved backflow devices are the responsibility of the Customer. Under requirements of the Title 17, any Customer property that has any potential hazards, such as a fertilizer injection system or private wells, must have an approved backflow device installed immediately downstream of the water meter in accordance with Section 8.20. This device shall be tested yearly to determine it is functioning satisfactorily. Testing must be performed by a person possessing a valid Certificate of Competence issued by the San Diego County Connection Control Certification Program.

**Section 8.06.040**  
**Booster Pumps**

When a Customer chooses to install a booster pump on the service to any premises, such pump shall be equipped with a low pressure cut-off switch designed to shut off the pump when the pressure drops below a safe operating level. Appropriate backflow protection will be required. It shall be the duty of the Customer to maintain the cut-off device in proper working order.

Low-pressure cut-off device certification shall be by a person deemed competent by the District.

**Section 8.06.050**  
**Ownership**

All service connections, meters or measuring devices, mains and appurtenances connected to the District's distribution system shall become the property of the District after installation and final inspection, and shall be operated and maintained by the District. Dedication of such mains and appurtenances to the District shall be made, in a form acceptable for recording, prior to commencement of service through any new system. No Customer shall have the right to tamper with any part of said meter or recording device. The District may immediately shut off the water and apply a penalty fee for any Customer violating this rule.

**Section 8.06.060**  
**Maintenance**

**8.06.060.1** The District will be responsible for the maintenance and repair of the service connection from the main line up to and including the meter. The Customer is responsible for maintenance and repair of the service connection beyond the meter. District costs for repairs that are the result of the Customer's negligence in the operation of the Customer's water distribution system shall be billed to and paid by the Customer.

**8.06.060.2** The Customer shall, at all times, keep the meter box in place and in good repair, free of dirt and debris, and see that the surrounding area is reasonably clear to permit access and protect the meter. Noncompliance may result in the District's cleaning the area and billing the cost of such cleaning to the Owner.

**8.06.060.3** The District will, at all reasonable times, have the right of access to a Customer's premises for any purpose normally connected with the furnishing of water service as a condition of Customer's water service. The District shall have the right to remove any and all property owned by the District on the Customer's premises upon the termination of service.

**8.06.060.4** The District will not be responsible for any loss or damage caused by any act of a Customer or their representatives when installing, maintaining or operating the Customer's water system.

**Section 8.12.010  
Rendering of Bills**

Bills will be rendered once a month.

**Section 8.12.020  
Payment of Bills**

All bills for water or for service or materials are due and payable upon receipt. Failure to receive a bill does not relieve a customer of liability for payment.

**8.12.020.1 Delinquent**

**8.12.020.2** Bills are issued to cover the preceding billing period. Payment is due and payable upon receipt and delinquent thirty (30) days after the billing date. At that time, a delinquent charge will be added to the unpaid balance. If said bills are not paid within sixty-five (65) days of the billing date, the District may discontinue service until all charges have been paid in full, provided that residential services may be discontinued per Sections 8.13 and 8.14. An established turn-on charge will be made to restore service following discontinuance.

If a payment made by check or credit card is not honored by the issuing bank for any reason, the District will inform the Customer of the returned payment. The Customer shall have five (5) business days to pay the full amount with cash or certified check only. If the Customer does not pay in full within the allotted time, the District will discontinue service, provided that residential services may be discontinued per Sections 8.13 and 8.14.

**8.12.020.3** Any Customer desiring water service from the District who has had service discontinued for non-payment of a bill at any time or whose check has been returned by the Customer's bank shall be required to post a security deposit equal to twice the estimated average periodic bill.

**8.12.020.3.1** This deposit is in addition to the payment of all charges due and any applicable re-establishment of service charges

**8.12.020.3.2** The General Manager may waive or adjust the security deposit requirement with sufficient written justification.

**8.12.020.3.3** The security deposit will be returned to the depositor two (2) years after the last lock-off for non-payment, if the depositor has maintained a timely paid, delinquent free account record during the two-year period, or when the account is paid in full on termination of service, whichever occurs first.

**8.12.020.3.4** The security deposit can be cash, a certificate of deposit, letter of credit or bond, or any other comparable guarantees approved by the District's General Manager. No interest shall be paid on any deposit.

#### **8.12.020.4 Unreadable Water Meters – Estimated Water Bill**

The District will make every attempt to read the meter monthly. However, when the meter is broken or is determined to be unreadable, the amount to be billed will be estimated. The estimated bill will be determined in the following manner:

##### **8.12.020.4.1 Calculating the Estimated Bill**

The Customer's water usage during a like month in the year immediately preceding the billing cycle in which the meter became broken or was determined to be unreadable shall be used in calculating the estimated bill. If this history is not available, water usage during the month immediately preceding the billing cycle shall be used in calculating the estimated bill.

When a meter malfunctions, the meter shall be repaired or replaced at the District's expense. If a meter is abused or broken by Customer, the Customer shall bear the cost involved repairing or replacing the meter. A bill describing the material and labor involved in the project shall be presented to the Customer and shall be paid in full.

#### **8.12.020.5 Responsibility for Water Bill; Notices to Residential Occupants**

Payment of the water bill shall be the responsibility of the Customer. The District requires a signed application by both Tenant and Owner when the property is a rental.

An unpaid or delinquent bill is the responsibility of the person in whose name the water service is held. If the Customer is the non-occupant owner, manager or operator of a residence, District shall make every good faith effort to inform the residential occupants by written notice when the account is delinquent that service will be terminated in 10 days, including an additional 5 days if notice is by mail. The notice shall inform the residents that they have the right to become a customer of the District without being required to pay the delinquent bill, provided it is feasible to provide separately metered service to such residents.

Where services is provided through a master meter to a multi-unit residential structure or structures, or mobile-home park, the District will comply with the additional requirements of section 10009.1 of the Public Utilities Code for notice to residents and offering residential reasonable conditions for service to the property prior to termination of service. The General Manager shall issue guidelines for assistance to residential users served by a master meter and a form for such notice and requirements for requesting separate service. In the event the service is in the name of a renter or lessee, water service will not be re-established in the name of such renter or lessee or any other current or subsequent renter or lessee, but shall be established and held in the legal (record) Owner's name as shown on the San Diego County Assessor's Tax Roll.

#### **8.12.020.6 Delinquent Account Fees**

The Board of Directors shall establish from time to time certain fees for delinquent accounts and service fees for various actions related to delinquent accounts. The District will have the ability to waive one late/delinquent fee upon request by customer within a two-year period, preceding the date of the late bill.

#### **8.12.020.7 Collection of Unpaid Bills by Lien**

The following measures may be taken to make collection of any bill in excess of \$20.00 which remains delinquent 63 days after the date of bill issue.

**8.12.020.7.1** After the 63 day delinquent period, a written notice will be sent to the legal Owner of the land or property, as shown in the San Diego Assessor's tax roll, notifying the legal Owner of the land or property of accruing unpaid water and other service charges that may become a lien on such property.

**8.12.020.7.2** Five business days after the date of notification referenced in Section 8.12.020.7.1 herein, The District may secure payment of unpaid water bills and other service charges by filing for record (i.e., lien) in the office of the San Diego County Recorder, a certificate specifying the amount of such charges and the name and address of the person liable there for.

**8.12.020.7.3** In May of each calendar year, the legal Owner of the land or property will be notified in writing any accrued unpaid water bills or other service charges as well as a \$45.00 service charge will be turned over to the County Tax Assessor's tax roll for that calendar year for collection. If water bills and other service charges remain unpaid, a second written notification will be sent to the legal Owners of the land or property in June of same calendar year.

**8.12.020.7.4** On August 1<sup>st</sup> of each calendar year all unpaid water bills and service charges for that calendar year will be sent to the San Diego County Tax Assessor's tax roll for collection.

**8.12.020.7.5** From the time of recordation of the certificate, the amount required to be paid, together with interest and penalties, constitutes a lien upon all real property in the county owned by the person or afterwards and, before the lien expires, acquired by them.

**8.12.020.7.6** The lien has the force, priority, and effect of a judgment lien and shall continue for 10 years from the date of the filing of the certificate unless sooner released or otherwise discharged and may be extended by filing for record a new certificate.

## **Section 8.11 Connection and Meter Charges**

Service will be commenced after submittal of an application and on payment to the District of the applicable fees, charges, and deposits as set forth in this Section.

### **Section 8.11.010 Fees and Charges**

At the time an Applicant files an application for a service connection and as a condition of District's acceptance of said application, the Applicant shall pay to the District the amount in established, current published fee schedule. If said application is for a connection to District facilities constructed as provided under this policy or to other line extensions or facilities being acquired by the District under an agreement that requires the District to make an additional charge for said connection, then the Applicant shall also pay to the District such sum as the District is obligated to pay under the agreement for acquisition of said facilities.

### **Section 8.11.020 Transfer of Meter**

No installation or meter charge will be billed upon the change of Ownership or property unless the service is changed. If, at any time, conditions require a larger size or different type of meter than already installed, the Customer shall pay the current meter and service installation charge for the new connection (less a credit to be determined by the District) and any additional capacity charges. If the meter being transferred does not conform to these Rules and Regulations, it shall be changed to conform at the time of transfer.

### **Section 8.11.030 Water Capacity Charge**

#### **8.11.030.01 Application**

**8.11.030.01.1** A water capacity charge shall be paid at the time of the District's approval of an application for a permanent water service. Customer must hire a contractor to install water service per District's standards. Any capacity charges shall be in addition to charges for the actual cost of labor and materials necessary to make the physical connection to the water system by the contractor.

**8.11.030.01.2** The capacity charge shall be based on the potential water demands which the Applicant can derive from the District's system and shall be established and adjusted by the Board of Directors from time to time. Funds collected by the District from the capacity charge shall be utilized for capital of facilities used to supply water service within the District.

**8.11.030.01.3** The application for water service shall be issued for a term of two years. If no connection is made it shall expire and all rights of application holder resulting from the issuance of such application shall terminate. Fees paid on the application that has expired will be refunded minus administrative costs to the applicant listed on the application.

**8.11.030.01.4** If application desires to sell the property during the term of the application transfer to the future owner with the same parcel of land and use, the applicant must submit in writing to the District of the transfer. Otherwise, at the expiration of the application for water connection, the connection fees minus administrative costs, will be refunded to the applicant. The parcel and use described in the application must be the same and the new owner must complete a new application. The term of the application will remain the same.

#### **8.11.030.02 Capacity Charge for Increasing Meter Size**

If a property owner wishes to increase the size of a water meter serving their property and the District determines that such a larger sized meter is appropriate, the difference between the current capacity charge of the new meter and the current capacity charge of the existing meter to be replaced shall be the total capacity charge to be collected. In the event property owner replaces a smaller meter with a larger meter, they must abandon the existing smaller meter lateral. Additional administrative and inspection fees shall apply.

#### **8.11.030.03 Reduction in Meter Size**

Reduction of meter size is subject to District approval. Property owner must complete all required District forms. No capacity charge shall be imposed upon and no credit or refund shall be made to a property owner replacing an existing water meter with a meter of smaller size, whether or not any capacity charge was in effect for the larger meter when it was obtained. The difference in capacity between the larger and smaller meter is lost. If the reduction is approved, customer account must be current.

#### **8.11.030.04 Exchange of Meter for Multiple Smaller Meters**

Owners of parcels presently receiving water service through a District meter that subdivide their property and apply to exchange their original meter for smaller meters to new legal parcels will be given a credit toward the new capacity charges for the new meters. This credit is equal to the amount of capacity for the meter being replaced at the current capacity charge rate for that meter size. Meters must be downsized and installed concurrently in order to receive credit. Additional administrative inspection fee shall apply.

#### **8.11.030.05 Fire Service Meters**

No capacity charge shall be imposed upon a property owner for a water meter obtained and used solely for fire protection purposes. Should it be later determined that other water uses are being made from a fire service meter, the then appropriate capacity charge shall be immediately due and payable or service shall be immediately discontinued.

#### **8.11.030.06 Meter Relocation**

Meters shall not be relocated to other parcels of land within the District unless the parcels are abutting and owned by the same Owner. Owner must hire a private contractor with an A license to abandon the existing meter lateral and install a new meter lateral per District Standards. Owner must pay appropriate inspection fees to the District. Relocation of meters is subject to the approval of General Manager.

#### **8.11.030.07 Transfer of Capacity Charges or Meters**

Neither capacity charges nor meters shall be transferable to other parcels of land within the District unless the parcels are abutting and owned by the same Owner. Transfer of capacity charges or meters are subject to the approval of the General Manager.

#### **8.11.030.08 Reimbursement of Capacity Charges**

Once the water meter for which capacity charges have been paid has been installed in the District's water system and inspected and accepted by the District, no portion of the capacity charges paid for that meter shall be reimbursable.

#### **8.11.030.09 San Diego County Water Authority (SDCWA) Capacity Charges**

As required by Section 5.9 of the County Water Authority Act, the District as a member agency of the San Diego County Water Authority shall collect and remit to the Authority the capacity charges imposed by the Authority. The Ordinance of the Authority in effect at the time that a water meter is obtained from the District shall govern the amount of the charge, the persons liable therefore, and the procedures to be followed. The District shall not provide a water meter to a property owner until the property owner has paid to the District the applicable capacity charge of the Authority.

#### **8.11.030.10 Removal of Water Meter**

If the Owner of vacant property being serviced no longer requires service and wants a meter removed permanently, the Customer must provide a written request to the District. In addition, the Owner must enter into a Memorandum of Understanding with the District that outlines the terms of the removal of the water meter, including the forfeiture of capacity rights in the system. The District will seal the meter service and remove the meter. The Engineering Department will determine whether the meter lateral will or will not be removed. Per Section 8.11.030.7 no portion of the capacity charges paid for that meter shall be reimbursable. If the Owner requires a meter to serve the property in the future the owner must pay all appropriate fees and capacity fees associated with the purchase of a new water meter at the time of the request. Customer account must be current before removal of water meter.



**Section 8.16.010**  
**One Service per Parcel**

Effective November 1, 2014, water service is to be provided to a single parcel only. The use of water from a single service to multiple parcels is prohibited.

Where service has been approved to multiple parcels in the past, the use will be allowed to continue until a change in Ownership of the parcel or water service Applicant occurs at which point the use of water across multiple parcels must end.

**Section 8.16.020**  
**Resale of Water**

No Customer shall resell any of the water received by them from the District to any other person, nor shall said water be used on any premises other than those described in their application for service.

**Section 8.21.010**  
**Pressure**

At the time a meter application is first received, the District will inform each Customer as to the expected range of pressures at which water maybe delivered to the Customer. The Customer shall have the sole responsibility of installing pressure regulators to reduce the water pressure of water served by the District to that pressure desired by the Customer. All pressure regulators hereinafter acquired by a Customer shall be at the Customer's expense and shall be installed on the Customer's side of the meter by the Customer, or by their duly authorized agent. Customers in areas with pressure greater than 150 psi must sign a high water pressure agreement that is recorded on the property. Customers in areas with pressure less than 20 psi must sign a low water pressure agreement that is recorded on the property. The Customer shall have the sole responsibility of installing a booster bump to deliver water to their property.

**Section 8.23.010**  
**Access to Premises**

Inspectors, supervisors, and employees of the District, whose duty it may be to enter upon private premises to make inspection, examination, and tests of pipes, fixtures, or attachments used in connection with the water supply, shall be provided with credentials to identify them as authorized agents of the District. Any authorized employee of the District shall, upon presentation of their credentials, have access at all reasonable hours to any premises supplied with water for the purpose of making an inspection, examination or tests of the entire water system upon said premises. In case any authorized employee is refused admittance to any premises, or being admitted is hindered or prevented from making such inspection, examination, or tests, the District may discontinue water service to said premises after giving twenty-four (24) hours notice to the Owner or occupant of said premises of the intention to do so.

**Section 8.25.010**  
**Inspection**

The General Manager or their designee shall have the right to enter upon the Customer's premises during reasonable hours for the purpose of inspecting the Customer's water system to insure compliance with these rules and regulations, including the provision that all cross connections are properly protected.

**Section 9.11.010**  
**Policy**

The Manager or their authorized representative shall have the right to enter upon the customer's premises during reasonable hours for the purpose of inspecting the customer's sewer system and to insure compliance with these rules and regulations, and the provision that all cross connections be properly protected.



## BOARD OF DIRECTORS

December 8, 2020

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### SUBJECT

ADOPTION OF ORDINANCE NO. 20-11 AMENDING AND UPDATING ADMINISTRATIVE CODE SECTION 1.05.030 - PROCESS, SUBSECTION 1.05.030.03 – COMMITTEE REVIEW AND RECOMMENDATIONS

### BACKGROUND

The Board adopted an updated version of Administrative Code Title 1 on June 23, 2020 which included updated chapter and section numbers. As part of the ongoing review of the Administrative Code, it was discovered one of the references in the above-referenced subsection had not been revised to reflect one of the updated chapter numbers.

### DESCRIPTION

Section 1.05.030 includes a subsection related to committee review and recommendations. In this subsection, Administrative Code Chapter 2.09 is referenced. Part of the updates to Administrative Code Title 1 included chapter consolidations that resulted in eliminating a Chapter 2.09. Chapter 2.09 is now Chapter 2.06.

The only amendment to Administrative Code Section 1.05.030, Subsection 1.05.030.03 is the reference to the correct chapter.

### POLICY/STRATEGIC PLAN KEY FOCUS AREA

Strategic Focus Area Four: Fiscal Responsibility  
Strategic Focus Area Six: Communication

### 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.

### BOARD OPTIONS/FISCAL IMPACTS

There are no known fiscal impacts associated with updating this section of the Administrative Code.

- 1) Adopt Ordinance No. 20-11 amending and updating Administrative Code Section 1.05.030, Subsection 1.05.030.03 as presented.
- 2) Adopt Ordinance No. 20-11 amending and updating Administrative Code Section 1.05.030, Subsection 1.05.030.03 with additional revisions.
- 3) Deny adoption of Ordinance No. 20-11 and provide staff with direction.

**STAFF RECOMMENDATION**

Staff recommends the Board approve Ordinance No. 20-11 amending and updating Administrative Code Section 1.05.030, Subsection 1.05.030.03.



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Tom Kennedy, General Manager

December 8, 2020



**Ordinance No. 20-11**

**Ordinance of the Board of Directors of the Rainbow Municipal Water District  
Amending and Updating Administrative Code  
Section 1.05.030 – Process, Subsection 1.05.030.03 – Committee Review and  
Recommendations**

WHEREAS, the Rainbow Municipal Water District has, from time to time, adopted various rules and regulations for the operation of the District; and

WHEREAS, certain of those rules and regulations require updating to reflect best practices, as well as changes in applicable laws; and

WHEREAS, the Board of Directors has determined that changes in the rules or regulations of the District shall occur solely by amendment to the Administrative Code;

NOW, THEREFORE,

BE IT ORDAINED by the Board of Directors of Rainbow Municipal Water District as follows:

1. The following rules and regulations of the District, collected are hereby adopted and shall be incorporated into the Administrative Code, consisting of:

|                         |                                      |
|-------------------------|--------------------------------------|
| Section 1.05.030:       | Process                              |
| Subsection 1.05.030.03: | Committee Review and Recommendations |

2. The General Manager is hereby directed to update the Administrative Code to reflect the approval of these rules and regulations, and to assign or reassign the numbering of the Administrative Code as necessary to codify these rules and regulations as amended.

3. This ordinance shall take effect immediately upon its adoption on this 8th day of December 2020.

**AYES:**  
**NOES:**  
**ABSTAIN:**  
**ABSENT:**

\_\_\_\_\_  
Hayden Hamilton, Board Vice President

**ATTEST:**

\_\_\_\_\_  
Dawn Washburn, Board Secretary



**Section 1.05.030  
Process**

**1.05.030.01 Initiation**

The variance procedure will be initiated by the submittal of an application including Application Fee. The Application Fee will be established by the Board of Directors by Ordinance and shall not exceed the cost of processing the variance.

**1.05.030.02 Review for Completeness**

Staff will review submitted applications and related documents for completeness. Should the application be found to be incomplete, a request will be made to the applicant for additional information. Upon determination the application is complete, it will be brought to the appropriate committee for review and recommendations at the next regularly scheduled committee meeting for which the agenda is not already published and shall be within fifty (50) days of the date of the application.

**1.05.030.03 Committee Review and Recommendations**

Variance requests will be referred to the appropriate committee based on matters within the committee's respective areas of responsibility as stated in Administrative Code Chapter 2.06~~9~~ by placing an item on the applicable committee's meeting agenda within the stipulated timeframe.

The responsible committee may request staff obtain additional information from the applicant prior to making a final recommendation to the Board of Directors or make a recommendation for approval, conditional approval, or denial of said application to the Board of Directors which shall have final decision-making authority over such applications.

**1.05.030.04 Board Review and Final Decision**

Upon recommendation from the responsible committee, an item for the variance application will be placed on the next Board of Directors' meeting agenda for a final decision.

If approved, variances will be recorded to property title when applicable.



**Section 1.05.030**  
**Process**

**1.05.030.01 Initiation**

The variance procedure will be initiated by the submittal of an application including Application Fee. The Application Fee will be established by the Board of Directors by Ordinance and shall not exceed the cost of processing the variance.

**1.05.030.02 Review for Completeness**

Staff will review submitted applications and related documents for completeness. Should the application be found to be incomplete, a request will be made to the applicant for additional information. Upon determination the application is complete, it will be brought to the appropriate committee for review and recommendations at the next regularly scheduled committee meeting for which the agenda is not already published and shall be within fifty (50) days of the date of the application.

**1.05.030.03 Committee Review and Recommendations**

Variance requests will be referred to the appropriate committee based on matters within the committee's respective areas of responsibility as stated in Administrative Code Chapter 2.06 by placing an item on the applicable committee's meeting agenda within the stipulated timeframe.

The responsible committee may request staff obtain additional information from the applicant prior to making a final recommendation to the Board of Directors or make a recommendation for approval, conditional approval, or denial of said application to the Board of Directors which shall have final decision-making authority over such applications.

**1.05.030.04 Board Review and Final Decision**

Upon recommendation from the responsible committee, an item for the variance application will be placed on the next Board of Directors' meeting agenda for a final decision.

If approved, variances will be recorded to property title when applicable.



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**BOARD OF DIRECTORS**

December 8, 2020

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**SUBJECT**

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CONSIDERATION AND POSSIBLE ACTION TO APPROVE RESOLUTION NO. 20-15, A RESOLUTION OF THE BOARD OF DIRECTORS OF RAINBOW MUNICIPAL WATER DISTRICT COMMENDING HELENE BRAZIER FOR HER OUTSTANDING SERVICE AS A DIRECTOR, SECRETARY, AND BOARD PRESIDENT

**BACKGROUND**

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Helene Brazier has actively participated in District-related community interest groups for more than thirty years. In February 2012 she was appointed to serve as the Division 1 director on Rainbow Municipal Water District's Board and was officially elected to the Board in November 2012. She was appointed as Secretary in 2015 and President in 2017.

**DESCRIPTION**

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Helene Brazier served as the Division 1 director on Rainbow Municipal Water District's Board from February 2012 to November 2020. Resolution No. 20-15 commends Helene Brazier for her dedicated service.

**POLICY/STRATEGIC PLAN KEY FOCUS AREA**

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Strategic Focus Area One: Water Resources  
Strategic Focus Area Two: Asset Management  
Strategic Focus Area Three: Workforce Development  
Strategic Focus Area Four: Fiscal Responsibility  
Strategic Focus Area Five: Customer Service  
Strategic Focus Area Six: Communication

There is no fiscal impact associated with the approval of Resolution No. 20-15.

**ENVIRONMENTAL**

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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.

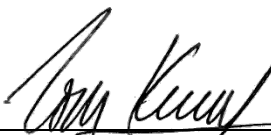
**BOARD OPTIONS/FISCAL IMPACTS**

- 
1. Approve Resolution No. 20-15 commending Helene Brazier for her service on the Board.
  2. Do not approve Resolution No. 20-15 and provide staff with direction.

**STAFF RECOMMENDATION**

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Staff recommends Option 1.



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Tom Kennedy  
General Manager

December 8, 2020



**RESOLUTION NO. 20-15**  
**RESOLUTION OF THE BOARD OF DIRECTORS OF RAINBOW**  
**MUNICIPAL WATER DISTRICT COMMENDING**  
**HELENE BRAZIER**

**WHEREAS**, the Board of Directors of Rainbow Municipal Water District wishes to recognize Helene Brazier for her outstanding service as a Director of the District; and

**WHEREAS**, Helene Brazier actively participated in District-related community interest groups for more than thirty years ensuring the interests of the ratepayers were represented in all decision making; and

**WHEREAS**, Helene Brazier was appointed to the Rainbow MWD Board of Directors on February 28, 2012 and was officially elected to the Board in November 2012; and

**WHEREAS**, Helene Brazier provided steady leadership both her roles as Secretary and President; and

**WHEREAS**, Helene Brazier served as a member of the Communications Committee and continues to serve as a member of the Engineering and Operations Committee; and

**WHEREAS**, Helene Brazier was instrumental in the efforts opposing the consolidation of the Rainbow MWD and Fallbrook PUD; and

**WHEREAS**, Helene Brazier consistently helped the Board find the right balance between the needs of all customers and had a singular focus on service to the ratepayers in her actions as a member of the Rainbow MWD Board; and

**WHEREAS**, Helene Brazier's service and dedication to the District is deeply appreciated by the Board, staff and employees of Rainbow MWD.

**NOW, THEREFORE, IT IS HEREBY RESOLVED, DETERMINED AND ORDERED** That the Board of Directors hereby commends Helene Brazier and thanks her for her outstanding efforts on behalf of the District.

**PASSED AND ADOPTED** at a regular meeting of the Board of Directors of Rainbow Municipal Water District held on the 8<sup>th</sup> day of December 2020 by the following vote, to wit:

**AYES:**  
**NOES:**  
**ABSENT:**  
**ABSTAIN:**

\_\_\_\_\_  
Hayden Hamilton, Board Vice President

**ATTEST:**

\_\_\_\_\_  
Dawn Washburn, Board Secretary



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### BOARD OF DIRECTORS

December 8, 2020

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### SUBJECT

CONSIDER ESTABLISHING THE 2021 REGULAR BOARD MEETING SCHEDULE

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### BACKGROUND

Regular Meetings of the Board of Directors are currently scheduled for the fourth Tuesday of each month with the November and December meetings combined and held on the first Tuesday in December of each calendar year.

### DESCRIPTION

The Board will consider establishing the 2021 Regular Board Meeting schedule.

Administrative Code Section 3.01.010 – Regular Meetings states the Regular Board Meetings are held on the fourth Tuesday of each month except for the November/December meetings which are to be held on the first Tuesday in December.

The Board of Directors will be considering ratifying Administrative Code Section 3.01.010 to provide for the combined November/December meetings to be held on the “first available” Tuesday in December at today’s Board meeting to allow for any conflicts with annual conferences Board Members may attend.

In accordance with Administrative Code Section 3.01.010, a tentative meeting schedule has been drafted and attached for Board reference.

After reviewing the 2021 conferences and seminar schedules currently published, there are opportunities for Board Members to attend without schedules conflicting with the proposed 2021 Board Meeting schedule.

In the event the Board prefers setting a different meeting schedule than that presented in accordance with the current policy, they will need to consider amending and updating Administrative Code Section 3.01.010 accordingly at their first Regular Board meeting scheduled for January 26, 2021.

### POLICY/STRATEGIC PLAN KEY FOCUS AREA

Strategic Focus Area Six: Communication

Administrative Code Section 3.01.010 – Regular Meetings

**ENVIRONMENTAL**

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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.

**BOARD OPTIONS/FISCAL IMPACTS**

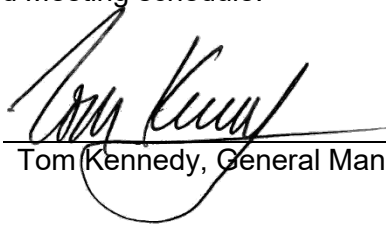
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Establish the 2021 Regular Board Meeting schedule.

**STAFF RECOMMENDATION**

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The Board establish the 2021 Regular Board Meeting schedule.



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Tom Kennedy, General Manager

December 8, 2020

**RAINBOW MUNICIPAL WATER DISTRICT**

**2021**

**REGULAR BOARD MEETING SCHEDULE**

4<sup>th</sup> Tuesday of the Month

~~ Meetings will begin at a time announced on each month's respective agenda for Closed Session items. Open Session items will start time certain at 1:00 p.m. ~~

January 26

February 23

March 23

April 27

May 25

June 22

July 27

August 24

September 28

October 26

\*December 7

\*The November and December Board meetings will be combined into one meeting to be held on the first Tuesday of the month (December 7, 2020).

Special Meetings may be scheduled as needed.



### BOARD OF DIRECTORS

December 8, 2020

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#### **SUBJECT**

DISCUSSION AND POSSIBLE ACTION TO APPROVE A CONTRACT CHANGE ORDER FOR KENNEDY JENKS DESIGN CONTRACT FOR SEWER INFRASTRUCTURE PROJECTS LIFT STATION NO. 1 REPLACEMENT PROJECT IN THE AMOUNT OF \$239,623 AND EXTENSION OF CONTRACT TERM THROUGH JULY 30, 2021.

#### **BACKGROUND**

District staff and the consultant Kennedy Jenks and Associates (KJ) have been undertaking the design for the replacement of Lift Station 1 and the surrounding pipelines since 2014. Several different design plans have been developed and completed since the start of the project to address maintenance and future wastewater infrastructure needs. Many of the existing facilities are undersized for current and predicted future wastewater flows and require replacement.

At the Board of Directors meeting on April 28, 2020, the District entered into an Agreement for Out-of-Agency Service with Valley Center Municipal Water District and an Annexation Agreement with Pardee Homes to provide water and wastewater service to the Meadowood Development, which includes 850 Equivalent Dwelling Units. An analysis of the District's existing wastewater conveyance system prepared by Dexter Wilson Engineering, Inc. projected the need for the following projects in order to serve the Meadowood Development:

- Thoroughbred Lift Station and appurtenant pipeline modifications
- Force main from Thoroughbred Lift Station to Old River Road
- Upsize of existing sewer line along Highway 76
- Gravity Main to proposed Thoroughbred Lift Station from Olive Hill Road

In addition, the analysis projected that improvements to wastewater facilities in North River Road and existing gravity sewer mains in Old River Road are needed to meet the ultimate needs of the District to accommodate future developments beyond Meadowood. KJ has also completed a design for the replacement of Lift Station 1 to a future Schoolhouse Lift Station including improvements to a gravity main at Golf Club Drive and on Camino Del Rey; however, these improvements are not needed for expansion capacity and are proposed for a future later phase. At this time, the District's focus is to meet the demands of the Meadowood Development by completing the design and construction of Phase I Wastewater Facilities and Infrastructure Improvements that include a new Thoroughbred Lift Station, Force Main, Hwy 76 Gravity Main Upsize and Olive Hill Road Gravity Main (Exhibit 1).

#### **DESCRIPTION**

District staff requested a scope and fee from KJ to complete the design of the four wastewater facilities/infrastructure improvement projects presented in the background section of this report. Many of these improvements were included in previous draft iterations of different design scenarios by KJ but had never been completed. Given District staff's concerns that the KJ contract was executed 6 years ago and

a significant amount of their budget had been expended without a final project plan, District staff decided to request a cost estimate for the same design deliverables from another engineering firm (Dexter Wilson Engineering, Inc.) for comparison purposes and to decide whether to continue with KJ or to work with another firm.

The comparison of both schedule and cost between KJ and Dexter Wilson Engineering, Inc. was significant. KJ proposed to complete the design for the Thoroughbred Lift Station, Force Main, Hwy 76 Gravity Main Upsize, Olive Hill Road Gravity Main to Thoroughbred Lift Station, Caltrans Permitting and CEQA Initial Study Mitigated Negative Declaration for \$390,180 (Exhibit 2). The design work would be completed by the end of this fiscal year. Dexter Wilson Engineering, Inc.'s rough estimate to complete the aforementioned work was \$959,700 and with about twice the time schedule. This is due in part to the fact that KJ had already completed some elements of the proposed design package. Given this information, District staff determined that it is in the best interest of the District to continue with KJ based on cost and schedule to complete the design of this phase 1 project.

Pending approval of the proposed Change Order #12, KJ will be completing design for the following facilities to be constructed as part of Phase 1.

1. Thoroughbred Lift Station,
2. Force Main from Thoroughbred Lift Station to Old River Road,
3. Olive Hill Road Gravity Main Improvements (appurtenant to Lift Station),
4. Upsize of existing Sewer Lines Along Highway 76.

KJ's current contract is for \$1,434,485 and this proposed Change Order #12 would increase the contract amount by \$239,623 for a total contract amount of \$1,674,108. The Environmental Review is expected to be complete by February 2021. The designs for all four projects are expected to be completed by the end of the fiscal year with the goal to bid the project in the Summer of 2021. This Change Order #12 also proposes extending the contract term from December 31, 2020 to July 30, 2021. The following table is a summary of the previous Change Orders to this contract.

| <b>CONTRACT SUMMARY</b>         |                               |                          |                              |
|---------------------------------|-------------------------------|--------------------------|------------------------------|
| <b>Original Contract Amount</b> | <b>Previous Change Orders</b> | <b>This Change Order</b> | <b>Total Contract Amount</b> |
| <b>\$379,121</b>                | <b>CO# 01: \$11,783</b>       |                          | <b>\$390,904</b>             |
|                                 | <b>CO# 02: \$45,014</b>       |                          | <b>\$435,918</b>             |
|                                 | <b>CO# 03: \$11,655</b>       |                          | <b>\$447,573</b>             |
|                                 | <b>CO# 04: \$168,772</b>      |                          | <b>\$616,345</b>             |
|                                 | <b>CO# 05: \$8,992</b>        |                          | <b>\$616,345</b>             |
|                                 | <b>CO# 06: (\$1,618)</b>      |                          | <b>\$614,727</b>             |
|                                 | <b>CO# 07: \$526,647</b>      |                          | <b>\$1,141,374</b>           |
|                                 | <b>CO# 08: \$5,480</b>        |                          | <b>\$1,146,854</b>           |
|                                 | <b>CO# 09: \$293,111**</b>    |                          | <b>\$1,439,965</b>           |
|                                 | <b>CO# 10: \$0</b>            |                          | <b>\$1,439,965</b>           |
|                                 | <b>CO# 11: \$0</b>            |                          | <b>\$1,439,965</b>           |
|                                 |                               | <b>CO# 12: \$239,623</b> | <b>\$1,674,108</b>           |

**POLICY/STRATEGIC PLAN KEY FOCUS AREA**

Strategic Focus Area Two: Asset Management. The increases in sewer flows expected with the addition of the Meadowood Development make it necessary to install several key sewer facilities to safely and reliably convey wastewater to the Oceanside outfall.



**ENVIRONMENTAL**

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In accordance with CEQA guidelines Section 15378, the action before the Board does not constitute a “project” as defined by CEQA. Environmental Review of the planned construction is underway and is expected to come to the Board of Directors for approval in January 2021.

**BOARD OPTIONS/FISCAL IMPACTS**

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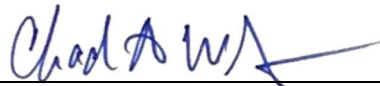
The current contract amount for design with KJ is \$1,434,485. Change Order #12 would add \$239,623 to the current contract for a total of \$1,674,108. Adequate funds are available and were budgeted in the Five-Year Wastewater CIP Plan for project number 530001.

- 1) Option 1:
  - Authorize the General Manager to execute a Change Order to the Professional Services Agreement with Kennedy Jenks and Associates to provide design Services for the Lift Station 1 Replacement Project in the amount of \$239,623.
  - Extend the contract term from December 31, 2020 to July 30, 2020.
  - Make a determination that the action identified herein does not constitute a “project” as defined by CEQA.
- 2) Option 2:
  - Provide other direction to staff.

**STAFF RECOMMENDATION**

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Staff recommends Option 1.



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Chad Williams  
Acting District Engineer

12/08/2020









November 2, 2020

Mr. Malik Tamimi  
Project Manager  
Rainbow Municipal Water District  
3707 S Highway 395  
Fallbrook, CA 92028

Subject: Additional Services Request No. 12 – Project Re-packaging and Phase 1 Re-design  
Lift Station No. 1 Replacement, Project No. 201040  
K/J 1444101\*00

Dear Mr. Tamimi:

Kennedy/Jenks Consultants (Kennedy Jenks) respectfully requests an amendment to our existing contract for additional engineering services for the re-packaging and re-design of the Lift Station No. 1 (LS1) Replacement Project, incorporating the following modifications:

1. Thoroughbred Lift Station (LS): Design a new LS (currently scoped and designed as the Thoroughbred Equalization (EQ) Basin) and revise design based on new flow assumptions (design now is for ultimate flow; previous design assumption was for an interim flow scenario). Design assumptions:
  - a. Dual wet wells (one duty plus one standby)
  - b. Submersible pumps with VFDs (two duty pumps in one wet well plus two standby pumps in the other wet well), sized to meet an ultimate PWWF of 2,013 gpm with the ability to limit flow to a maximum of 1,100 gpm to protect downstream facilities until improvements to the system are made under future phases
  - c. Emergency/operational storage basin (380,000 gallons total volume, which equated to 6 hours of ADWF at the original ultimate flow assumption; up to 170,000 gallons of this to be used for operational storage)
  - d. Odor control system for headspace in wet wells and emergency storage basin
  - e. Electrical building
  - f. Emergency generator (housed inside electrical building)
  - g. Structural design (needs to be updated and revised based on new codes that went into effect January 1, 2020)
2. Thoroughbred Force Main (FM): Design ~4,800 LF of 10-inch, 12-inch and 14-inch FM from Thoroughbred PS to manhole N-3\_65 in Old River Road
  - a. Assume slip-lining of existing 12-inch gravity main (GM) with a new 10-inch FM or CIPP of the existing 12-inch GM within Caltrans right-of-way (ROW) to cross Hwy 76 (District

- to CCTV this section of the existing GM to determine its condition and aid with the selection of construction method)
- b. Addition of County of San Diego assistance for the San Luis Rey River and Moosa Creek bridge crossings; addition of Caltrans permitting assistance for the Hwy 76 crossing
3. Olive Hill GM and LS1-NW GM: Modifications to design for the two trenchless crossings (one for Olive Hill GM and one for LS1-NW GM) based on preliminary geotechnical investigation (either pilot tube microtunneling or open shield tunneling)
- a. Additional geotechnical investigation in order to make a final determination on trenchless construction method for both crossings (additional boring for Ostrich Farm Creek crossing for LS1-NW GM due to high variability in soil conditions from initial investigation; install piezometers at each trenchless crossing to monitor seasonal groundwater fluctuation; bucket auger or test pit with backhoe at each crossing to determine presence of cobbles and/or boulders)
  - b. Addition of potholing to locate gas line and bottom of storm channel headwall footing for the Olive Hill GM trenchless crossing of the storm drain channel
  - c. Addition of scour analysis for the trenchless creek crossing for the LS1-NW GM in order to determine depth GM needs to be under the creek (to be as shallow as possible to minimize cost without putting the asset at risk)
4. All of the proposed Phase 2 and Phase 3 components of the project, including Schoolhouse LS, LS1-NE GM, Golf Club Drive GM, and LS2 GM, are removed from our scope of services. It is anticipated that this will be designed/re-designed and constructed at a future date (TBD) as part of a future authorization.
5. CEQA: Modifications to CEQA documents based on revised project description and packaging

## SCOPE OF SERVICES

### Task 100 – Project Management

#### Task 101 – Project Management

This task addresses the management responsibilities associated with proper scheduling, budget control, invoice preparation and coordination with the District and the Kennedy Jenks project team.

#### Task 102 – Review Meetings

The Kennedy Jenks Project Manager and Project Engineer will attend the following two (2) review meetings with District Staff:

1. Phase 1 60% Submittal (GMs only) comment review meeting
2. Phase 1 90% Submittal comment review meeting

Kennedy Jenks will prepare agendas and meeting minutes for each of these meetings listed above.

Additional meetings are identified in Task 1200 of this scope for permitting assistance.

#### Task 103 – Quality Assurance/Quality Control

Kennedy Jenks will provide quality assurance and quality control (QA/QC) reviews throughout the course of the project, consistent with Kennedy Jenks' policies, as outlined in our QA/QC and Quality Management Manual.

#### Task 200 – Field Investigations and Supporting Engineering

##### Task 201 – CEQA

HELIX Environmental (HELIX), as a subconsultant to Kennedy Jenks, will complete environmental and cultural resources consulting services including finalization of the Mitigated Negative Declaration (MND)/Initial Study (IS) for CEQA compliance for the Lift Station 1 Replacement Project (Phase 1, 2 and 3). A Draft MND/IS will be submitted for District review and comment. HELIX will incorporate comments and submit a proof copy of the Public Review Draft MND/IS electronically for approval of production. Twenty-five (25) copies of the Public Review Draft MND/IS will be provided to the District for distribution.

HELIX will draft responses to comments received on the Public Review Draft IS/MND and prepare a draft Mitigation Monitoring and Reporting Program (MMRP). Following one round of District review and revision by HELIX, up to 10 comments and responses will be provided with the Final MND for consideration by the District's Board during its evaluation of whether to adopt the Final MND and MMRP and approve the proposed project. HELIX will provide up to 10 hard copies and one (1) electronic copy of the Final MND to the District for distribution.

##### Task 202 – Geotechnical Investigation

Our subconsultant, Leighton, will conduct additional geotechnical investigations required for the two trenchless GM crossings (Olive Hill GM and LS1-NW GM). More specifically, the additional information is needed for the trenchless crossings at the existing concrete-lined trapezoidal storm channel located north of the gas station at the corner of Olive Hill Road and Hwy 76 (Crossing 1) and the existing Ostrich Farm Creek (Crossing 2) located approximately 500 feet southwest of Mission Road. The following is the proposed geotechnical scope of work:

#### **Perform 2 Additional Bucket Auger Borings and Install 2 GW Piezometers**

**Permits:** We will obtain boring and encroachment permits from the County of San Diego prior to our fieldwork in order to drill within existing County ROW. If we have to drill within private properties, we assume legal access will be provided to us by Owner and/or Kennedy Jenks.

**Site Mark-out:** We will mark proposed boring locations and notify Underground Service Alert (USA) prior to fieldwork, so that known public or registered private underground utilities can be identified at the

proposed drilling locations. We are not responsible for any damage to unidentified utilities not identified by USA (or by a private utility locator, provided as an optional task later in this proposal).

**Bucket Auger Borings:** We will drill and log up two 24-inch bucket augers borings within an accessible areas of the proposed crossings (one on the north side of Crossing 1, near LB-3, and one on the north side of Crossing 2) to a maximum depth of 25 feet or practical refusal in granitic rock. The main purpose of these borings is to visually verify the presence or absence of hard soil fragments or cobbles and collect samples for further laboratory testing, if required.

**Groundwater Piezometers:** At the completion of the bucket auger excavations, we will install two 3-inch diameter PVC pipes with a minimum of 8 feet slotted bottom section wrapped with filter fabric. At least the bottom 5 to 8 feet of the 24-inch borings will be backfilled with the more granular soils cuttings (sand and gravel) and the remainder of the holes will be backfilled with the soils cuttings mixed with bentonite. The piezometers will be capped and secure with a typical sprinkler box.

**Soil Sampling for Scour Analysis:** As part of a scour analysis performed by others, we will log and sample three samples from the upper 5 to 10 feet of soils within the creek bed to perform grain size analyses.

**Laboratory Testing:** Laboratory tests will be performed on selected, representative soil and rock samples to determine pertinent engineering properties, specifically grain size analyses and rock strength/unconfined compression strength (UCS) testing (maximum 2 tests). The UCS testing will require special preparation or trimming/coring of the collected cobbles or rock fragments in our laboratory prior to performing actual tests.

**Deliverables/Reports:** We will provide an addendum report presenting a site plan showing location of the borings/piezometers and scour analysis samples. The report will also provide a summary of our findings and conclusions reviewed and signed by our Geotechnical Engineer.

### **Additional Services**

**Private Utility Locator:** As indicated before, we will contact Underground Service Alert (USA) prior to beginning fieldwork so that registered public utilities will be marked. However, USA will not mark unregistered (private) utility locations. Thus, a utility locator will be utilized to help reduce the risk of damaging underground utilities at locations of borings.

**Plans and Specifications Review:** Leighton will review draft plans and specifications pertaining to the geotechnical aspects of the project. This scope of work does not include geotechnical testing and observation during construction.

**Groundwater Monitoring:** Our addendum report will include a site plan showing location of the piezometers and an initial reading of groundwater depth at time of installation. However, additional readings will be taken at each location once per month for 6 months (total of 6 site visits to collect readings).

Task 203 – Odor Provisions, Noise Assessment, and Air Permitting

DHK Engineers (DHK), as a sub-consultant to Kennedy Jenks, will provide the following services:

1. Thoroughbred LS



- a. Odor control provisions (evaluate odor potential, and update odor control design to mitigate it)
- b. standby generator permitting assistance (prepare, submit and monitor permit acquisition process)
- c. acoustical review (design review and guidance for generator and odor control acoustical features)

#### Task 204 – Trenchless Construction

Staheli Trenchless Consultants, Inc. (Staheli), as a sub-consultant to Kennedy Jenks, will provide trenchless design support for the two trenchless crossing associated with the Phase 1 (Thoroughbred) design Phase:

1. Olive Hill GM storm culvert crossing
2. LS1-NW GM Ostrich Farm Creek crossing

Staheli will conduct one (1) site visit and will provide review and comments for applicable geotechnical reports; the preliminary Trenchless Design Technical Memorandum (TM); and the 60%, 90%, and final design phases, including drawings, specifications, and calculations. Staheli will provide recommendations of what trenchless construction methodology is most suitable based on the geotechnical reports and preliminary Trenchless Design TM.

It is assumed the Thoroughbred FM State Route 76 crossing will be slip-lined or CIPP construction methods and will not require trenchless design support.

#### Task 205 – Potholing

Kennedy Jenks will utilize Underground Solutions, Inc. (USI) for potholing services and consisting of the following:

- Process ROW/traffic permits as necessary
- Delineate for USA markout
- Set Traffic Control per approved plans
- Vacuum excavate each utility pothole site and determine diameter and depth of utilities; for purposes of this proposal, it is assumed that one days' work on this site will be required
- Back-fill, compact and patch potholes
- Mark each site with a PK nail, paint or lathe stake for future survey
- Prepare a "Subsurface Utility Report" w/data, photos and pothole locations map

It is assumed that the fee for the encroachment permit will be paid by the District. Our proposal is based on diggable conditions using the air excavation process and hot-mix asphalt restoration is not required.

## Task 206 – Scour Analysis (DISTRICT AUTHORIZATION REQUIRED)

Kennedy Jenks will not commence work on this task without prior authorized by the District in writing. If authorized, our subconsultant, Flow Science, will provide a scour analysis using computational fluid dynamics (CFD) modeling in the Ostrich Farm Creek (OFC) located in Bonsall, CA. The purpose of the scour analysis is to predict creek velocities and shear stress near the creek bed and to evaluate the potential for scour at the proposed pipeline crossing of the OFC near Highway 76. The following is a detailed Scope of Work for performing the analysis.

### **Data Collection**

Collect and review available creek bathymetry data, creek flow rates and water depths, soil characteristics, and other pertinent data.

### **Set-Up CFD Model**

Set-up the three-dimensional CFD grid for a section of the OCR centered at the pipeline crossing site. Establish, in conjunction with you, a flow scenario for one creek flow rate and one water depth at the upstream boundary for the Base Case.

### **CFD Modeling of the Base Case**

Perform CFD analysis for the Base Case. The simulation will be performed for a single, steady-state flow scenario. Results will include simulated velocity profiles, streamlines, velocity vectors, and speed contours at multiple locations. The shear stress near the creek bed will be computed and compared with the estimated critical shear stress based on the type of soil. The areas with the predicted bed shear stress exceeding the critical shear stress will be identified as the areas with high potential for scour and erosion. Scour depth can be estimated along the pipeline path using the predicted shear stress.

### **CFD Modeling of One Alternative**

Establish, in conjunction with you, an alternative flow scenario with different combinations of creek flow rates and water depths. Perform CFD analysis for this scenario. The simulation will be performed for a single, steady-state flow condition. Results will include simulated velocity profiles, streamlines, velocity vectors, and speed contours at multiple locations. The shear stress near the creek bed will be computed and compared with the estimated critical shear stress based on the type of soil. The areas with the predicted bed shear stress exceeding the critical shear stress will be identified as the areas with high potential for scour and erosion. Scour depth can be estimated along the pipeline path using the predicted shear stress.

### **Presentation of Results**

Provide a PowerPoint summary or a short Technical Memorandum describing the methods of analysis and modeling results in the form of tables and plots.

Task 300 – Phase 1 Thoroughbred Lift Station and Force Main, Olive Hill Gravity Main and LS1-NW Gravity Main Final Design

The scope for the detailed design is based on the Phase design criteria presented within this letter and Table 1 below. The scope includes re-packaging existing CAD files and final development of 65 design drawings as listed below.

**Table 1: Phase 1 (Thoroughbred)Sheet List**

| Sheet No. | Sheet Title   | New (N) or Revisions (R) |
|-----------|---|--------------------------|
| G-1       | Title Sheet, Vicinity and Location Map                                      | R                        |
| G-2       | Abbreviations, Legend and Sheet Index                                       | R                        |
| G-3       | Key Plan  | R                        |
| G-4       | Hydraulic Profile   | R                        |
| C-1       | Civil and Survey Notes  | R                        |
| C-2       | 18-Inch Gravity Line Plan & Profile - 1                                     | R                        |
| C-3       | 18-Inch Gravity Line Plan & Profile - 2                                     | R                        |
| C-4       | 18-Inch Gravity Line Plan & Profile - 3                                     | R                        |
| C-5       | 18-Inch Gravity Line Plan & Profile - 4                                     | R                        |
| C-6       | Thoroughbred LS Force Main Plan & Profile - 1                               | R                        |
| C-7       | Thoroughbred LS Force Main Plan & Profile - 2                               | R                        |
| C-8       | Thoroughbred LS Force Main Plan & Profile - 3                               | R                        |
| C-9       | Thoroughbred LS Force Main Plan & Profile - 4                               | R                        |
| C-10      | Thoroughbred LS Force Main Plan & Profile - 5                               | R                        |
| C-11      | Thoroughbred LS Force Main Plan & Profile - 6                               | N                        |
| C-12      | HWY 76 Trenchless Details   | N                        |
| C-13      | San Luis Bridge & Moosa Bridge Force Main Connections                       | R                        |
| C-14      | Olive Hill Gravity Main Plan & Profile                                      | N                        |
| C-15      | Thoroughbred LS Site Plan   | R                        |
| C-16      | Thoroughbred LS Grading and Drainage Plan                                   | R                        |
| C-17      | Thoroughbred LS Yard Piping Plan  | R                        |
| C-18      | Piping Connection Details - 1   | N                        |
| C-19      | Piping Connection Details - 2   | N                        |
| C-20      | Civil Details - 1   | R                        |
| C-21      | Civil Details - 2   | R                        |
| A-1       | Thoroughbred LS Electrical Building Floor plan, Code Summary, and Schedules | R                        |
| A-2       | Thoroughbred LS Electrical Building Exterior Elevations                     | N                        |
| A-3       | Thoroughbred LS Electrical Building Sections and Screen Wall Details        | N                        |

| Sheet No. | Sheet Title   | New (N) or Revisions (R) |
|-----------|---|--------------------------|
| S-1       | Structural General Notes and Design Criteria          | R                        |
| S-2       | Structural Reinforced Concrete Details                | R                        |
| S-3       | Structural Reinforced Concrete Details                | R                        |
| S-4       | Structural CMU Notes and Details                      | R                        |
| S-5       | Emergency Storage Tank Foundation Plan                | R                        |
| S-6       | Emergency Storage Tank Roof Plan                      | R                        |
| S-7       | Emergency Storage Tank Roof Reinforcing Plan          | R                        |
| S-8       | Emergency Storage Tank Section                        | R                        |
| S-9       | Thoroughbred Lift Station Section                     | R                        |
| S-10      | Emergency Storage Tank Wall and Column Details        | R                        |
| S-11      | Emergency Storage Tank Details                        | R                        |
| S-12      | Electrical Building Section and Details               | R                        |
| S-13      | Structural Details                                    | N                        |
| M-1       | Legend, Abbreviations, and Notes                      | R                        |
| M-2       | Thoroughbred LS Mechanical Overall Plan               | R                        |
| M-3       | Thoroughbred LS Mechanical Plan                       | R                        |
| M-4       | Thoroughbred LS Mechanical Section                    | R                        |
| M-5       | Thoroughbred LS Odor Control                          | R                        |
| M-6       | Mechanical Details - 1                                | R                        |
| M-7       | Mechanical Details - 2                                | R                        |
| M-8       | Thoroughbred LS Electrical Building – Mechanical Plan | N                        |
| E-1       | General Electrical Notes, Legend and Abbreviations    | R                        |
| E-2       | Electrical Site Plan                                  | R                        |
| E-3       | Partial Site Plan – Wet Well and Diversion Manhole    | R                        |
| E-4       | Electrical Building – Power and Signal Plan           | N                        |
| E-5       | Single Line Diagram and MCC Elevations                | R                        |
| E-6       | Conduit and Wire Schedule                             | R                        |
| E-7       | Control Schematic - 1                                 | R                        |
| E-8       | Control Schematic - 2                                 | R                        |
| E-9       | Electrical Details - 1                                | R                        |
| E-10      | Electrical Details - 2                                | R                        |
| I-1       | Instrumentation Notes, Identifiers and Abbreviations  | R                        |
| I-2       | Process Legends and Symbols                           | R                        |
| I-3       | P&ID – Generator and Odor Control                     | R                        |
| I-4       | P&ID – Wet Wells and Storage Basin                    | R                        |
| I-5       | P&ID – Discharge Piping                               | R                        |
| I-6       | Instrumentation Details                               | R                        |

#### Task 301 – 60% Design Submittal (Gravity Mains Only)

Kennedy Jenks will prepare the 60% design of the LS1-NW GM from River Village to the Thoroughbred LS and the Olive Hill GM from Olive Hill Road to the Thoroughbred LS based on the established design criteria attached to this letter and conclusions of a preliminary Trenchless Design TM. Kennedy Jenks will develop a preliminary Trenchless Design TM to evaluate trenchless construction methodologies and determine the most suitable methodology for the Olive Hill GM storm drain crossing and LS1-NW creek crossing to mitigate future construction challenges. The preliminary Trenchless Design TM will be reviewed by Staheli, from which conclusions will be implemented into the 60% design submittal. The 60% design submittal will include applicable GM drawings (per Table 1), all related calculations, and an opinion of probable construction cost (OPCC) for this portion of Phase 1. One (1) electronic copy (pdf) of the documents will be submitted to the District for review.

#### Task 302 – 90% Design Submittal

Kennedy Jenks will prepare the 90% Design Submittal of the Thoroughbred LS and FM (to connection point with the Schoolhouse FM), Olive Hill GM, and LS1-NW GM. The submittal will include drawings (per Table 1), front-end and technical specifications, all related calculations, and an OPCC. One (1) electronic copy (pdf) of the documents will be submitted. The drawings will also be submitted to the County of San Diego for approval of the Thoroughbred FM being attached to the San Luis Bridge, as well as California Department of Transportation (Caltrans) for permitting associated with the State Route 76 crossing (refer to Tasks 1201 and 1202).

#### Task 303 – Final Design Submittal

District comments on the 90% Design Submittal will be addressed and incorporated into the Final Design Submittal plans, specifications, and OPCC. The drawings and specifications will be signed and stamped by professional engineer(s) registered in the State of California. One (1) full size set (mylars) of the drawings and one (1) electronic copy (pdf) of the drawings and specifications will be submitted to the District for bidding.

Task 400 – Phase 2 LS2 Gravity Main Final Design – NOT INCLUDED

Task 500 – Phase 3 Schoolhouse Lift Station and Force Main and LS1-NE Gravity Main Final Design – NOT INCLUDED

Task 600 – Phase 1 (Thoroughbred) Bid Support Services – NOT INCLUDED

Task 700 – Phase 2 (LS2 GM) Bid Support Services – NOT INCLUDED

Task 800 – Phase 3 (Schoolhouse) Bid Support Services – NOT INCLUDED

Task 900 – Phase 1 (Thoroughbred) Engineering Services During Construction (ESDC) – NOT INCLUDED

Task 1000 – Phase 2 (LS2 GM) ESDC – NOT INCLUDED

Task 1100 – Phase 3 (Schoolhouse) ESDC – NOT INCLUDED

Task 1200 – Additional Regulatory Permitting

Task 1201 – County of San Diego Permitting Assistance

Kennedy Jenks will provide permitting assistance for the attachment of the Thoroughbred FM to the County of San Diego (County) bridge over the San Luis Rey River and Schoolhouse/Combined FM to the County of San Diego bridge over Moosa Creek. One (1) meeting with the County, District Staff, and Kennedy Jenks is assumed for this task. A draft submittal, review period and final submittal incorporating County comments is assumed. It is further assumed that any fees will be paid directly by the District.

It is assumed the Thoroughbred LS site will not be connected to the County storm sewer system.

Task 1202 – Caltrans Permitting Assistance

Kennedy Jenks will assist the District in obtaining a Caltrans Encroachment Permit for the Thoroughbred FM crossing of Hwy 76 (Kennedy Jenks will prepare an application form, project drawings and Water Pollution Control Plan only). Two (2) meetings with Caltrans staff, District staff and Kennedy Jenks are assumed for this task. The permit application will be prepared and submitted to Caltrans at the 90% Design Submittal. It is assumed that all permit fees will be paid directly by the District.

## Schedule

Assuming a notice-to-proceed date of October 12, 2020, Kennedy Jenks proposes to perform the services described above per the following schedule (see Attachment B for a more detailed design schedule):

### Phase 1 (Thoroughbred)

- 60% Submittal: February 5, 2021
- District Review and Review Meeting: February 8 to February 19, 2021
- 90% Submittal: April 16, 2021
- District Review and Review Meeting: April 19 to April 30, 2021
- Final Submittal: May 28, 2021
- CEQA: Board adoption in January 2021

Mr. Malik Tamimi  
 Rainbow Municipal Water District  
 2 November 2020  
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Budget

Kennedy/Jenks proposes to perform the services described above on a time-and-materials basis for an additional fee of \$239,623 as summarized in the table below (see Attachment A for a detailed breakdown of the additional fee). This will increase the total authorization from **\$1,434,485 to \$1,674,108**.

| Description   | Total       |
|---|-------------|
| <b>Professional Engineering Services for Included Scope (see attached detailed breakdown)</b> |             |
| Kennedy Jenks Fee   | \$263,135   |
| Subconsultants (Geotech, Potholing, Scour, Odor Control, CEQA, Trenchless)                    | \$127,045   |
| Total Design Services Fee   | \$390,180   |
| Available Funds   | (\$150,557) |
| Requested Amendment   | \$239,623   |

Notes:

1. Available funds presented are after payment to Leighton for Geotechnical Report code updates and HELIX for ambrosia study, per the notice to proceed received via email on May 19<sup>th</sup>, 2020.
2. Available funds presented reflect effort to date on Phase 2 and Phase 3 facilities since the notice to proceed received via email on June 17<sup>th</sup>, 2020. All work on Phase 2 and Phase 3 facilities have ceased as of August 4<sup>th</sup>, 2020 and are being removed from our scope of services as part of this amendment per direction received in the August 4<sup>th</sup>, 2020 meeting with District staff.

Kennedy Jenks will start services described in Tasks 301 and 302 (and associated support services listed in Tasks 100, 200 and 1200) under the current authorization. Completion of the services and services under all other Tasks will commence after approval additional funds requested through this amendment.

Please feel free to contact me at (858) 676-7505 should you have any questions regarding this amendment request. Kennedy Jenks appreciates the opportunity to work with the District on this important project.

Very truly yours,

KENNEDY JENKS CONSULTANTS

Corey Young  
 Vice President / Project Manager





# **DESIGN CRITERIA & ASSUMPTIONS**



## **DESIGN FLOWS:**

| Item | Facility                  | ADWF                |                   |                   | Design PDWF  | Design PWWF  |
|------|---------------------------|---------------------|-------------------|-------------------|--------------|--------------|
|      |                           | Existing ADWF (GPM) | Future ADWF (GPM) | Design ADWF (GPM) |              |              |
| 1    | Thoroughbred Lift Station | 440                 | 365               | 805               | 1,208        | 2,013        |
| 2    | Schoolhouse Lift Station  | 73                  | 140               | 213               | 320          | 533          |
| 3    | Basin 1                   | 51                  | 40                | 91                | 136          | 225          |
|      | <b>TOTAL</b>              | <b>564</b>          | <b>545</b>        | <b>1,109</b>      | <b>1,664</b> | <b>2,771</b> |

Note: Flows presented are based on the "Updated Draft Existing Rainbow Conveyance System" report received from the District May 11, 2020.

## **PHASE 1 (THOROUGHbred) ASSUMPTIONS**

### **THOROUGHbred LIFT STATION:**

| Item | Design Feature                        | Description   |
|------|---------------------------------------|---|
| 1    | Design Revisions                      | Previous LS mechanical and site piping design will be developed from the 60% design submittal and updated for the revised flows, including an electrical building designed to house the electrical panels and emergency generator. VFDs for the pumps will also be added (previously were designed as constant speed pumps). Electrical and P&ID design will be revised accordingly. It is assumed the electrical building will be a pre-engineered building similar to Schoolhouse LS. Acoustical review will be provided for the generator and odor control; however, it is assumed noise modeling is not required for this site. |
| 2    | Site Layout and Grading/Drainage Plan | Site access from Thoroughbred Lane, site grading and drainage, site wall extents will be based on the concepts presented in the previous 90% design submittal. Odor control and piping will be revised based on the revised flows. It is assumed storm water runoff will be directed to the street.   |
| 3    | Emergency/Operational Storage Basin   | Basin size, layout and design will not be revised from the 60% design submittal (380,000 gallons), but will be revised to include provisions for potential future expansion. Structural design of the basin will continue development and updates to meet the current code requirements.  |
| 4    | Force main                            | It is assumed the 12-inch force main alignment from Thoroughbred LS across San Luis Bridge and the 14-inch Combined FM design from Schoolhouse LS across Moosa Creek Bridge will not need to be revised. The design across San Luis Bridge and Moosa Creek Bridge have been previously approved by the County and one additional submittal to the County is included within the Project scope. Utility research will be conducted along the alignment to mitigate new potential utility conflicts. The 60% design submittal will be reviewed  |

| Item | Design Feature          | Description   |
|------|-------------------------|---|
|      |                         | and updated based on current standards. It is assumed no new utility conflicts will occur and the 60% design submittal alignment will not change, other than it will be extended to connect to manhole N-3_65 in Old River Road. Total length of this FM is approximately 4,800 linear feet.                    |
| 5    | State Route 76 Crossing | Trenchless. Slip-lining existing 12-inch GM with 10-inch FM or CIPP of existing 12-inch GM is assumed.  |
| 6    | Permitting              | County of San Diego coordination to confirm approval for the attachment of Thoroughbred FM to the bridge over the San Luis Rey River and the attachment of the Combined FM to the bridge over Moosa Creek. Caltrans coordination and permitting led by Kennedy Jenks for State Route 76 Crossing per Task 1202. |
| 7    | Traffic Control         | Not included in the design (provided by the Contractor)   |

**LS1-NW GRAVITY MAIN:**

| Item | Design Feature              | Description  |
|------|-----------------------------|--|
| 1    | Alignment Length            | 3,000 linear feet of 18-inch pipe  |
| 2    | Design Revisions            | Utility research will be conducted along the alignment to mitigate new potential utility conflicts. The design will be developed from 20% completion to Final.                       |
| 3    | Mission Road Crossing       | Open cut   |
| 4    | Ostrich Farm Creek Crossing | Trenchless. Method to be determined. Additional geotechnical investigation required to make final determination. Scour analysis required to determine depth of pipe under the creek. |
| 5    | Permitting                  | Caltrans coordination led by the District; Kennedy/Jenks to provide support; assumed no Encroachment Permit is required  |
| 6    | Traffic Control             | Not included in the design (provided by the Contractor)  |

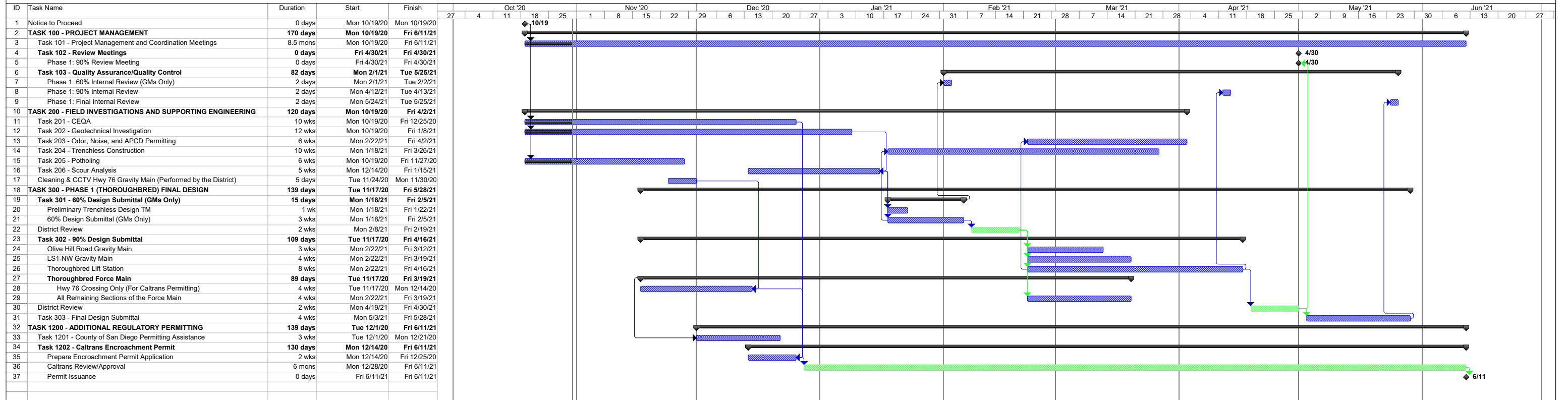
**OLIVE HILL GRAVITY MAIN:**

| Item | Design Feature         | Description   |
|------|------------------------|---|
| 1    | Alignment Length       | 1,000 linear feet of 8-inch pipe  |
| 2    | Storm Culvert Crossing | Trenchless. Method to be determined. Additional geotechnical investigation required to make final determination. Potholing require to determine depth of pipe under the storm channel (need depth of existing gas line and footing for storm channel headwall). |
| 3    | Permitting             | Caltrans coordination led by the District; Kennedy/Jenks to provide support; assumed no Encroachment Permit is required   |
| 4    | Traffic Control        | Not included in the design (provided by the Contractor)   |

CLIENT Name: Rainbow Municipal Water District  
 PROJECT Description: Lift Station No. 1 Replacement - Amendment 12  
 Proposal/Job Number: 1444101\*02 Date: 11/2/2020

| January 1, 2019 Rates   | Eng-Sci-9 | Eng-Sci-8 | Eng-Sci-7 | Eng-Sci-6  | Eng-Sci-5 | Eng-Sci-4 | Eng-Sci-3  | Eng-Sci-2 | Eng-Sci-1 | Sr. CAD-Design | CAD-Design | Sr. CAD-Tech | CAD-Tech   | Project Administrator | Admin. Assist. | Aide     | Total       | Total Labor      | Total Subs       | Total Expenses | Total Labor + Subs + Expenses |
|---|-----------|-----------|-----------|------------|-----------|-----------|------------|-----------|-----------|----------------|------------|--------------|------------|-----------------------|----------------|----------|-------------|------------------|------------------|----------------|-------------------------------|
| Classification:   |           |           |           |            |           |           |            |           |           |                |            |              |            |                       |                |          | Hours       |                  |                  |                | Fees                          |
| Hourly Rate:  | \$295     | \$280     | \$265     | \$240      | \$215     | \$195     | \$180      | \$160     | \$130     | \$170          | \$150      | \$130        | \$115      | \$125                 | \$105          | \$80     |             |                  |                  |                |                               |
| <b>Task 100 Project Management</b>                                |           |           |           |            |           |           |            |           |           |                |            |              |            |                       |                |          |             |                  |                  |                |                               |
| Task 101 - Project Management                                     |           | 18        |           |            |           |           | 40         |           |           |                |            |              |            |                       | 10             |          | 68          | \$13,490         | \$0              | \$0            | \$13,490                      |
| Task 102 - Review Meetings (2)                                    |           | 4         |           |            |           |           | 8          |           |           |                |            |              |            |                       |                |          | 12          | \$2,560          | \$0              | \$220          | \$2,780                       |
| Task 103 - QA/QC  | 22        | 24        |           | 8          |           |           | 4          |           |           |                |            |              |            |                       |                |          | 58          | \$15,850         | \$0              | \$0            | \$15,850                      |
| <b>Task 100 - Subtotal</b>  | <b>22</b> | <b>46</b> | <b>0</b>  | <b>8</b>   | <b>0</b>  | <b>0</b>  | <b>52</b>  | <b>0</b>  | <b>0</b>  | <b>0</b>       | <b>0</b>   | <b>0</b>     | <b>0</b>   | <b>10</b>             | <b>0</b>       | <b>0</b> | <b>138</b>  | <b>\$31,900</b>  | <b>\$0</b>       | <b>\$220</b>   | <b>\$32,120</b>               |
| <b>Task 200 - Field Investigations and Supporting Engineering</b> |           |           |           |            |           |           |            |           |           |                |            |              |            |                       |                |          |             |                  |                  |                |                               |
| Task 201 - CEQA   |           |           |           |            |           |           | 8          |           |           |                |            |              |            |                       |                |          | 8           | \$1,440          | \$17,490         | \$0            | \$18,930                      |
| Task 202 - Geotechnical Investigation                             | 4         | 8         |           |            |           |           | 6          |           |           |                |            |              |            |                       |                |          | 18          | \$4,500          | \$29,018         | \$0            | \$33,518                      |
| Task 203 - Odor, Noise, and APCD Permitting                       |           |           |           |            |           |           | 6          |           |           |                |            |              |            |                       |                |          | 6           | \$1,080          | \$8,278          | \$0            | \$9,358                       |
| Task 204 - Trenchless Construction                                | 8         | 4         |           |            |           |           | 8          |           |           |                |            |              |            |                       |                |          | 20          | \$4,920          | \$37,851         | \$0            | \$42,771                      |
| Task 205 - Potholing  |           | 2         |           |            |           |           | 4          |           |           |                |            |              |            |                       |                |          | 6           | \$1,280          | \$5,368          | \$0            | \$6,648                       |
| Task 206 - Scour Analysis   | 4         | 4         |           | 4          |           |           | 4          |           |           |                |            |              |            |                       |                |          | 16          | \$3,980          | \$29,040         | \$0            | \$33,020                      |
| <b>Task 200 - Subtotal</b>  | <b>16</b> | <b>18</b> | <b>0</b>  | <b>4</b>   | <b>0</b>  | <b>0</b>  | <b>36</b>  | <b>0</b>  | <b>0</b>  | <b>0</b>       | <b>0</b>   | <b>0</b>     | <b>0</b>   | <b>0</b>              | <b>0</b>       | <b>0</b> | <b>74</b>   | <b>\$17,200</b>  | <b>\$127,045</b> | <b>\$0</b>     | <b>\$144,245</b>              |
| <b>Task 300 - Phase 1 (Thoroughbred) Final Design</b>             |           |           |           |            |           |           |            |           |           |                |            |              |            |                       |                |          |             |                  |                  |                |                               |
| Task 301 - 60% Design Submittal (GMs Only)                        |           | 1         |           | 10         |           |           | 20         |           |           |                | 29         |              | 16         |                       |                |          | 77          | \$12,721         | \$0              | \$0            | \$12,721                      |
| Task 302 - 90% Design Submittal                                   |           | 2         |           | 115        | 7         | 64        | 211        | 69        |           |                | 153        |              | 88         |                       | 3              |          | 712         | \$124,523        | \$0              | \$0            | \$124,523                     |
| Task 303 - Final Design Submittal                                 |           | 1         |           | 49         | 3         | 28        | 91         | 30        |           |                | 66         |              | 38         |                       | 1              |          | 307         | \$53,627         | \$0              | \$330          | \$53,957                      |
| <b>Task 300 - Subtotal</b>  | <b>0</b>  | <b>4</b>  | <b>0</b>  | <b>174</b> | <b>10</b> | <b>92</b> | <b>322</b> | <b>99</b> | <b>0</b>  | <b>0</b>       | <b>249</b> | <b>0</b>     | <b>142</b> | <b>0</b>              | <b>4</b>       | <b>0</b> | <b>1096</b> | <b>\$190,870</b> | <b>\$0</b>       | <b>\$330</b>   | <b>\$191,200</b>              |
| <b>Task 1200 - Additional Regulatory Permitting</b>               |           |           |           |            |           |           |            |           |           |                |            |              |            |                       |                |          |             |                  |                  |                |                               |
| Task 1201 - County of San Diego Bridge Crossings                  |           |           |           | 4          |           |           | 12         |           |           |                |            |              |            |                       |                |          | 16          | \$3,120          | \$0              | \$0            | \$3,120                       |
| Task 1202 - Caltrans Permitting Assistance                        |           | 12        |           | 16         |           |           | 64         |           |           |                |            |              |            |                       | 4              |          | 96          | \$19,220         | \$0              | \$275          | \$19,495                      |
| <b>Task 1200 - Subtotal</b>                                       | <b>0</b>  | <b>12</b> | <b>0</b>  | <b>20</b>  | <b>0</b>  | <b>0</b>  | <b>76</b>  | <b>0</b>  | <b>0</b>  | <b>0</b>       | <b>0</b>   | <b>0</b>     | <b>0</b>   | <b>4</b>              | <b>0</b>       | <b>0</b> | <b>112</b>  | <b>\$22,340</b>  | <b>\$0</b>       | <b>\$275</b>   | <b>\$22,615</b>               |
| <b>All Tasks Total</b>  | <b>38</b> | <b>80</b> | <b>0</b>  | <b>206</b> | <b>10</b> | <b>92</b> | <b>486</b> | <b>99</b> | <b>0</b>  | <b>0</b>       | <b>249</b> | <b>0</b>     | <b>142</b> | <b>14</b>             | <b>4</b>       | <b>0</b> | <b>1420</b> | <b>\$262,310</b> | <b>\$127,045</b> | <b>\$825</b>   | <b>\$390,180</b>              |
| <b>AVAILABLE FUNDS</b>  |           |           |           |            |           |           |            |           |           |                |            |              |            |                       |                |          |             |                  |                  |                | <b>\$150,557</b>              |
| <b>AMENDMENT REQUEST</b>  |           |           |           |            |           |           |            |           |           |                |            |              |            |                       |                |          |             |                  |                  |                | <b>\$239,623</b>              |

**ATTACHMENT B**  
**Rainbow Municipal Water District**  
**Lift Station No. 1 Replacement Project**  
**(Revised October 31, 2020)**



### BOARD OF DIRECTORS

December 8, 2020

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### SUBJECT

CONSIDER AWARDING A PROFESSIONAL SERVICES AGREEMENT (PSA) TO VALLEY CONSTRUCTION MANAGEMENT FOR PROJECT MANAGEMENT SERVICES ON CONSTRUCTION PROJECTS DISTRICT-WIDE AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE PSA

### BACKGROUND

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The engineering and operations activities of Rainbow Municipal Water District (District) requires project and construction managers to see through projects from design to construction. The District has a good number of construction projects under its CIP Program either in design or construction phase. Currently, the District maintains two fulltime project managers. With the departure of the District Engineer, one of the two project managers has stepped into the Acting District Engineer role and has assumed the full time responsibilities of the position. As a result, this has had a significant impact on the District's ability to manage projects in house.

District staff has analyzed the current workload and has determined that the most cost-effective manner to keep projects on track in design and construction is to bring on an as needed consultant to provide project and construction management support. The as-needed contract will facilitate in meeting District CIP goals in the same way other as needed consultants have helped the District with Civil Engineering Services, Land Surveying, and Environmental Services.

A number of District projects are in need of additional project management support at this time. These projects include the Rainbow Heights Pump Station, Nella Lane, Sagewood and Gopher Canyon pipe lines, Rice Canyon 18-inch Transmission Main, Turner and Hutton Pump Stations and North River Road Sewer Improvements. Based on this need, the District released a Request for Proposals (RFP) for as needed project management services on October 1, 2020.

The Consultant will be utilized on an as-needed basis at the direction of the Acting District Engineer and/or Operations Manager for both water and wastewater construction projects. The District will issue Assignment Letters that may include but are not limited to the scope of services described below.

1. Pre-Construction Conference: The Consultant shall prepare the preconstruction meeting agenda, conduct the meeting and prepare and distribute meeting minutes to ensure that all discussions, agreements and understandings are documented for the permanent project records.
2. Progress Meetings: The Consultant shall prepare the progress meeting agenda, conduct the meeting and prepare and distribute meeting minutes to ensure that all discussions, agreements and understandings are documented for the permanent project records. The purpose of the weekly meeting is to review the contract status and issues, construction status and issues,

schedules, status of Requests for Information (RFIs), change order proposals, submittals and other documentation, and any other issues that need to be resolved.

3. **Submittal & RFI Management.** The Consultant shall maintain the log for all Contractor RFI's and submittals. The Consultant shall assist design engineer to ensure that any deviations or substitutions submitted by the contractor shall be equal to or of better quality than specified in the contract documents. The Consultant shall ensure all substitutions receive District's concurrence prior to approval. The Consultant shall review RFI's and submittals and immediately return items that are incomplete to the Contractor. The Consultant shall respond to all RFI's and submittals that do not need design engineering review. Any RFI's and submittal that need design engineer review shall be immediately transmitted to the Design Engineer and notification to District's project manager. The Consultant shall then monitor the Design Engineer review time to assure it does not exceed the contractual time limits and then after receiving a response from the Design Engineer and approval from District's project manager transmit the information to the General Contractor.
4. **Schedule Review.** The Consultant shall review, analyze, and comment on the General Contractor's initial construction schedule along with all the monthly updates submitted by the General Contractor. The Consultant should closely monitor the General Contractor's activities and make sure that the field activities and the duration of those activities match the information presented in the construction schedule. Any deviations should be incorporated into the General Contractor's subsequent monthly update. This includes the cause of the delay, the duration of the delay, the corrective action planned by the contractor, and the budget and schedule impacts to District.
5. **Progress Payment Requests.** The Consultant shall review General Contractor's monthly payment request and make a written recommendation for payment to District.
6. **Change Orders/Claim.** The Consultant shall:
  - a. Assist District with preparation and analysis of Extra Work Orders, and Change Orders in accordance with District's policies.
  - b. Identify, prepare, log, and monitor all contract potential force account work, extra work, change orders, and disputes.
  - c. Assist District with resolution of extra work and changes to the contract with the General Contractor.
  - d. Prepare written justification, schedule impact and cost estimates for each change order and negotiate costs with the General Contractor. Justification shall include: a statement of the extra work or change; detailed description of the extra work or change; background leading to the issue; resolution alternatives and resolution recommendation for action by District. Submit change orders to District for approval within five (5) working days of the finalization of negotiations.
  - e. Assist and support District in analyzing, responding to, negotiating, and resolving any disputes. The Consultant shall report and coordinate all verbal and written disputes immediately with the District's Acting District Engineer and/or Operations Manager.
  - f. Coordinate with the Design Engineer, as necessary, regarding their review and analysis of change order requests. The Design Engineer may perform special design services, as necessary, for the analysis of change order requests.
7. **Document Control (Electronic Cloud Storage).** The Consultant shall maintain document control and storage.
8. **Project Closeout.** The Consultant shall:
  - a. Prepare detailed project punch lists at substantial completion of the project. Coordinate the correction of deficiencies and schedule, coordinate, and conduct a final walk-through prior to the acceptance of work by District.



- b. Review the project and create punch-list items for completion by contractor and assure completion. Verify receipt of unconditional releases for preliminary notices received by the District.
- c. Check and submit final payment requests from the Contractor prior to filing of Notice of Completion. District will file the Notice of Completion.
- d. Review and certify (sign and seal) that the Contractor's project record drawings are complete and accurate.
- e. Compile and submit operation and maintenance manuals, instruction manuals, parts lists, spare parts, and warranties for equipment procured as required by the contract documents.
- f. Prepare a Warranty Expiration spreadsheet for the project. This spreadsheet should contain major equipment items and be broken down into specific process areas and include a Product Name, Manufacturer, Serial Number, Warranty Period and Warranty Expiration Date for each piece of equipment. Provide the spreadsheet data in an electronic format.
- g. Coordinate operator training for use of any specialty equipment.
- h. Coordinate and assist in verification of intermediate and final operation. Final acceptance shall require all the components for the facility to be fully operational, and work in unison including necessary testing, disinfection, start-up and jurisdictional transfer of all or the respective portions of each substantially completed facility from its construction phase to District operational phase. The Consultant shall check and inspect to its satisfaction to ensure that all components, equipment, and facilities have been properly installed, calibrated and are operating for each and every component of the Project.
- i. Furnish all original project documents and final project reports to District within sixty (60) calendar days following filing of the Notice of Completion. Provide District support for processing final paperwork following Notice of Completion. Project documents shall be delivered to District in form and fashion acceptable to District.

The Engineering and Operations Committee will be updated each time a task is assigned to an As Needed Services Agreement.

## **DESCRIPTION**

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The District issued an RFP for As-Needed Project Management Services for various construction projects on October 1, 2020. Nine (9) firms responded by submitting a proposal on October 20, 2020. Staff reviewed the proposals and evaluated them based on the executive summary, capabilities, identification of consultant, project organization, and experience and past performance. The members of the Engineering and Operations Committee were also given the proposals for review. The evaluation determined that Valley Construction Management (Valley CM) ranked the highest and was deemed most qualified to perform as-needed project management services for the District. (See Exhibit 1).

It is worth noting that Valley CM has worked with the District previously and is familiar with the District's standard specifications, procedures and protocols. Valley CM has extensive experience with the construction currently occurring throughout the District as well as upcoming projects such as the Turner and Hutton Pump Stations. These are specialized manufactured pump stations and Valley CM is well equipped to handle all phases of the project.

The proposed contract amount listed in the RFP was \$200,000, and is "up to" that amount, not a guarantee that it will all be used. Staff is asking the Board to consider entering into a Professional Services Agreement (PSA) with Valley CM for their services to provide project management related duties for both ongoing construction projects as well as projects that are up coming. A copy of the proposed PSA has been attached for reference (See Exhibit 2).

## **POLICY/STRATEGIC PLAN KEY FOCUS AREA**

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Strategic Focus Area Four: Fiscal Responsibility. The proposed professional services agreement will help the District manage CIP projects cost effectively through the use of as needed consultant support.

## **ENVIRONMENTAL**

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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.

## **BOARD OPTIONS/FISCAL IMPACTS**

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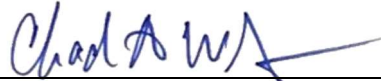
The PSA is a Not to Exceed amount of \$200,000 and will be billed on a Time and Materials basis. Should less hours by Valley CM be required, the total amount billed will reflect this and be less. Funds are available in the CIP Budget under each project to be assigned.

- 1) Option 1:
  - Authorize the General Manager to execute PSA with Valley CM for a not to exceed amount of \$200,000.
  - Make a determination that the action identified herein does not constitute a "project" as defined by CEQA.
- 2) Option 2:
  - Provide other direction to staff.

## **STAFF RECOMMENDATION**

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Staff recommends Option 1.



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Chad Williams  
Acting District Engineer

December 8, 2020

# Exhibit 1

| AS NEEDED PROJECT MANAGEMENT EVALUATIONS |                |              |                |            |              |                  |                 |            |                  |                |
|--|----------------|--------------|----------------|------------|--------------|------------------|-----------------|------------|------------------|----------------|
| <b>CHAD WILLIAMS</b>                     | Total Possible | DUDEK        | H&A            | IEC        | MUROW        | NV5, INC.        | P2S INC.        | PdM        | VALLEY CM        | WALLACE        |
| Executive Summary                        | 10             | 7            | 9              | 9          | 5            | 8                | 5               | 5          | 10               | 5              |
| Project Description                      | 25             | 15           | 20             | 20         | 8            | 18               | 9               | 7          | 24               | 8              |
| Identification of Consultant             | 10             | 10           | 10             | 10         | 10           | 10               | 10              | 10         | 10               | 10             |
| Project Organization                     | 20             | 15           | 13             | 16         | 10           | 14               | 10              | 10         | 19               | 10             |
| Experience & Past Performance            | 35             | 28           | 28             | 30         | 16           | 28               | 18              | 16         | 30               | 16             |
| <b>SUM</b>                               | <b>100</b>     | <b>75</b>    | <b>80</b>      | <b>85</b>  | <b>49</b>    | <b>78</b>        | <b>52</b>       | <b>48</b>  | <b>93</b>        | <b>49</b>      |
| <b>MALIK TAMIMI</b>                      | Total Possible | DUDEK        | H&A            | IEC        | MUROW        | NV5, INC.        | P2S INC.        | PdM        | VALLEY CM        | WALLACE        |
| Executive Summary                        | 10             | 8            | 8              | 8          | 5            | 8                | 4               | 5          | 7                | 8              |
| Project Description                      | 25             | 16           | 20             | 18         | 10           | 20               | 10              | 5          | 25               | 15             |
| Identification of Consultant             | 10             | 10           | 10             | 10         | 10           | 10               | 10              | 10         | 10               | 10             |
| Project Organization                     | 20             | 16           | 16             | 15         | 10           | 16               | 9               | 8          | 19               | 15             |
| Experience & Past Performance            | 35             | 25           | 30             | 28         | 15           | 30               | 18              | 12         | 31               | 20             |
| <b>SUM</b>                               | <b>100</b>     | <b>75</b>    | <b>84</b>      | <b>79</b>  | <b>50</b>    | <b>84</b>        | <b>51</b>       | <b>40</b>  | <b>92</b>        | <b>68</b>      |
| <b>ROBERT GUTIERREZ</b>                  | Total Possible | DUDEK        | H&A            | IEC        | MUROW        | NV5, INC.        | P2S INC.        | PdM        | VALLEY CM        | WALLACE        |
| Executive Summary                        | 10             | 7            | 8              | 9          | 8            | 9                | 5               | 0          | 10               | 8              |
| Project Description                      | 25             | 15           | 18             | 15         | 0            | 15               | 12              | 0          | 23               | 20             |
| Identification of Consultant             | 10             | 10           | 10             | 10         | 10           | 10               | 10              | 0          | 10               | 10             |
| Project Organization                     | 20             | 15           | 15             | 16         | 12           | 15               | 10              | 0          | 19               | 15             |
| Experience & Past Performance            | 35             | 30           | 29             | 25         | 15           | 30               | 20              | 0          | 25               | 20             |
| <b>SUM</b>                               | <b>100</b>     | <b>77</b>    | <b>80</b>      | <b>75</b>  | <b>45</b>    | <b>79</b>        | <b>57</b>       | <b>0</b>   | <b>87</b>        | <b>73</b>      |
| <b>Evaluator's Scores</b>                |                | <b>DUDEK</b> | <b>H&amp;A</b> | <b>IEC</b> | <b>MUROW</b> | <b>NV5, INC.</b> | <b>P2S INC.</b> | <b>PdM</b> | <b>VALLEY CM</b> | <b>WALLACE</b> |
| <b>CHAD</b>                              |                | <b>75</b>    | <b>80</b>      | <b>85</b>  | <b>49</b>    | <b>78</b>        | <b>52</b>       | <b>48</b>  | <b>93</b>        | <b>49</b>      |
| <b>MALIK</b>                             |                | <b>75</b>    | <b>84</b>      | <b>79</b>  | <b>50</b>    | <b>84</b>        | <b>51</b>       | <b>40</b>  | <b>92</b>        | <b>68</b>      |
| <b>ROBERT</b>                            |                | <b>77</b>    | <b>80</b>      | <b>75</b>  | <b>45</b>    | <b>79</b>        | <b>57</b>       | <b>0</b>   | <b>87</b>        | <b>73</b>      |
| <b>RESULTS / RANKING</b>                 |                |              |                |            |              |                  |                 |            |                  |                |
| <b>Total Evaluator's Scores</b>          |                | <b>227</b>   | <b>244</b>     | <b>239</b> | <b>144</b>   | <b>241</b>       | <b>160</b>      | <b>88</b>  | <b>272</b>       | <b>190</b>     |
| <b>Average Total Scores</b>              |                | <b>76</b>    | <b>81</b>      | <b>80</b>  | <b>48</b>    | <b>80</b>        | <b>53</b>       | <b>29</b>  | <b>91</b>        | <b>63</b>      |
| <b>Total Score</b>                       |                | <b>76</b>    | <b>81</b>      | <b>80</b>  | <b>48</b>    | <b>80</b>        | <b>53</b>       | <b>29</b>  | <b>91</b>        | <b>63</b>      |



# EXHIBIT 2



**RAINBOW MUNICIPAL WATER DISTRICT  
3707 HIGHWAY 395  
FALLBROOK CA 92028  
(760) 728-1178**

## **PROFESSIONAL SERVICES AGREEMENT**

**PROJECT: AS-NEEDED PROJECT MANAGEMENT SERVICES  
Project No. Assigned by Project, Contract No. 20-\_\_\_**

THIS AGREEMENT ("Agreement") is made and entered into this \_\_\_ day of **December 2020** by and between the **RAINBOW MUNICIPAL WATER DISTRICT**, a municipal water district, hereinafter designated as "**DISTRICT**", and **VALLEY CM, INC. dba VALLEY CONSTRUCTION MANAGEMENT** a California corporation, hereinafter designated as "**CONSULTANT**."

### **RECITALS**

- A.** DISTRICT desires to obtain Professional Consulting Services from an independent contractor for the above-named Project.
- B.** CONSULTANT has submitted a proposal to provide professional services for DISTRICT in accordance with the terms set forth in this Agreement.
- C.** DISTRICT desires to contract with CONSULTANT as an independent contractor and CONSULTANT desires to provide services to DISTRICT as an independent contractor.
- D.** CONSULTANT has demonstrated its competence and professional qualifications necessary for the satisfactory performance of the services designated herein by virtue of its experience, training, education, and expertise.

**NOW THEREFORE, THE PARTIES MUTUALLY AGREE AS FOLLOWS:**

### **1. PROFESSIONAL SERVICES PROVIDED BY CONSULTANT.**

- 1.1** The professional services to be performed by CONSULTANT shall consist of the following: **Project management services for water and wastewater construction projects, which will include pre-construction meetings, progress meetings, Submittal and RFI management, schedule review, progress payment review, change order, claims, document control, and project closeout. The District will issue Assignment Letters, as required for services on specific assignments outlined in the scope of services.** The scope of services is more particularly defined in

Exhibit "A", attached and made a part hereof. Any additional engineering services will be requested in writing as set forth in Section 19.

1.2 In performing the services set forth in Exhibit "A", CONSULTANT shall work closely with DISTRICT'S General Manager or Authorized Representative and staff in performing services in accordance with this Agreement in order to receive clarification as to the result that DISTRICT expects to be accomplished by CONSULTANT. The General Manager or Authorized Representative, shall be DISTRICT'S authorized representative in the interpretation and enforcement of all services performed in connection with this Agreement.

1.3 CONSULTANT represents that its employees have the qualifications and skills necessary to perform the services under this Agreement in a competent, professional manner, without the advice or direction of DISTRICT. This means CONSULTANT is able to fulfill the requirements of this Agreement. Failure to perform all services required under this Agreement constitutes a material breach of the Agreement.

## **2. TERM AND TIMING REQUIREMENTS.**

2.1 **This Agreement will become effective on the date stated above and will continue in effect for a period of 3-years, after the date of this Agreement or until terminated as provided under Section 14 of this Agreement.**

2.2 CONSULTANT'S performance of services under this Agreement shall be in accordance with the schedule outlined in each **Assignment Letter** unless otherwise modified in writing as set forth in Section 19. Failure by CONSULTANT to strictly adhere to these timing requirements may result in termination of this Agreement by DISTRICT.

2.3 CONSULTANT shall submit all requests for extensions of time for performance in writing to the General Manager or Authorized Representative no later than two (2) business days after the commencement of the cause of any unforeseeable delay beyond CONSULTANT'S control and in all cases prior the date on which performance is due if possible. The General Manager or Authorized Representative shall review all such requests and may grant reasonable time extensions for unforeseeable delays which are beyond CONSULTANT'S control.

2.4 For all time periods not specifically set forth herein, CONSULTANT shall respond in the most expedient and appropriate manner under the circumstances, by telephone, fax, hand delivery, e-mail or mail.

## **3. STUDY CRITERIA AND STANDARDS.**

3.1 All services shall be performed in accordance with applicable DISTRICT, county, state and federal Codes and criteria. In the performance of its professional services, CONSULTANT shall use the degree of care and skill ordinarily exercised by consultants performing the same or similar work under similar conditions.

## **4. INDEPENDENT CONTRACTOR.**

4.1 CONSULTANT'S relationship to DISTRICT shall be that of an independent contractor in performing all services hereunder. DISTRICT shall not exercise any control or direction

over the methods by which CONSULTANT shall perform its services and functions. DISTRICT'S sole interest and responsibility is to ensure that the services covered in this Agreement are performed in a competent, satisfactory and legal manner. The parties agree that no services, act, commission or omission of CONSULTANT or its employee(s) pursuant to this Agreement shall be construed to make CONSULTANT or its employee(s) the agent, employee or servant of DISTRICT. CONSULTANT and its employee(s) are not entitled to receive from DISTRICT vacation pay, sick leave, retirement benefits, Social Security, workers' compensation, disability benefits, unemployment benefits or any other employee benefit of any kind.

- 4.2 CONSULTANT shall be solely responsible for paying all federal and state employment and income taxes, for carrying workers' compensation insurance and for otherwise complying with all other employment requirements with respect to CONSULTANT or its employee(s). CONSULTANT agrees to indemnify, defend and hold DISTRICT harmless from any and all liability, damages or losses (including attorney's fees, costs, penalties and fines) DISTRICT suffers as a result of CONSULTANT'S failure comply with the foregoing.
- 4.3 CONSULTANT shall be solely responsible for the performance of any of its employees, agents, or subcontractors under this Agreement. CONSULTANT represents and warrants that CONSULTANT customarily engages in the independently established trade and business of the same nature as the work to be performed under this Agreement.
- 4.4 CONSULTANT shall have no authority, express or implied, to act on behalf of as an agent, or to bind DISTRICT to any obligation whatsoever, unless specifically authorized in writing by the General Manager or Authorized Representative. If CONSULTANT'S services relate to an existing or future DISTRICT construction contract, CONSULTANT shall not communicate directly with, nor in any way direct the actions of, any bidder for that construction contract without the prior written authorization by the General Manager or Authorized Representative.

**5. WORKERS' COMPENSATION INSURANCE.**

- 5.1 By CONSULTANT'S signature hereunder, CONSULTANT certifies that CONSULTANT is aware of the provisions of Section 3700 of the California Labor Code that require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and CONSULTANT will comply with such provisions before commencing the performance of the services of this Agreement.

**6. INDEMNIFICATION, HOLD HARMLESS AND DEFENSE.**

- 6.1 All officers, agents, employees and subcontractors, and their agents, who are employed by CONSULTANT to perform services under this Agreement, shall be deemed officers, agents and employees of CONSULTANT. To the extent and in any manner permitted by law, CONSULTANT shall defend, indemnify, and hold DISTRICT, its directors, officers, employees, authorized volunteers and agents, and each of them free and harmless from any claims, demands, liability from loss, damage, or injury to property or persons, including wrongful death, that arise out of, pertain to, or relate to the negligence, recklessness or willful misconduct of CONSULTANT, including CONSULTANT'S

officers, employees and agents, in connection with the services required by this Agreement, including without limitation, the payment of reasonable attorneys' fees and costs. In no event shall the cost to defend charged to the CONSULTANT exceed the CONSULTANT'S proportionate percentage of fault, as determined by a court of law. The foregoing indemnity, hold harmless and defense obligation of CONSULTANT shall apply except to the extent the loss, damage or injury is caused by the sole negligence or willful misconduct of an indemnified party.

- 6.2** To the extent and in any matter permitted by law, CONSULTANT shall defend, indemnify and hold DISTRICT, its directors, officers, employees, authorized volunteers and agents, and each of them free and harmless from and against any and all actions, proceedings, damages, costs, expenses, penalties or liabilities, in law or equity, of every kind or nature whatsoever, arising out of, related to or incident to a breach of any governmental law or regulations, compliance with which is the responsibility of CONSULTANT, except any violation of law due to the DISTRICT'S negligence or willful misconduct.
- 6.3** CONSULTANT shall defend, at CONSULTANT'S own cost, expense and risk, any and all such aforesaid claims, suits, actions or other legal proceedings of every kind that may be brought or instituted against DISTRICT or DISTRICT'S directors, officers, employees, authorized volunteers and agents, and each of them. DISTRICT shall be consulted regarding and approve of the selection of defense counsel.
- 6.4** CONSULTANT shall pay and satisfy any judgment, award or decree that may be rendered against DISTRICT or its directors, officers, employees, authorized volunteers and agents, and each of them, in any and all such aforesaid claims, suits, action or other legal proceeding. CONSULTANT shall not agree without DISTRICT'S prior written consent, to any settlement which would require DISTRICT to pay any money or perform some affirmative act, including in the case of intellectual property infringement any payment of money or performance of some affirmative act to continue using CONSULTANT Products.
- 6.5** CONSULTANT'S indemnification, hold harmless and defense obligation shall survive the termination or expiration of this Agreement.

**7. LAWS, REGULATIONS AND PERMITS.**

- 7.1** CONSULTANT shall give all notices required by law and comply with all laws, ordinances, rules and regulations pertaining to the conduct of the services required by this Agreement. CONSULTANT shall be liable for, and bear all costs resulting from, any violations of the law in connection with services furnished by CONSULTANT, except any violation of the law due to the DISTRICT'S negligence or willful misconduct.
- 7.2** CONSULTANT shall comply with all of the following requirements with respect to any services as a Building/Construction Inspector, Field Soils and Material Tester, or Land Surveyor, as those trades are defined by the California Department of Industrial Relations ("DIR").
- a) CONSULTANT agrees to comply with and require its subcontractors to comply with the requirements of California Labor Code sections 1720 *et seq.* and 1770 *et seq.*, and California Code of Regulations, title 8, section 16000 *et seq.* (collectively, "Prevailing Wage Laws") and any additional applicable California



Labor Code provisions related to such work including, without limitation, payroll recordkeeping requirements. CONSULTANT and its subcontractors shall pay not less than the prevailing rate of per diem wages as determined by the Director of the DIR for all services described in this Section 7.2 of the Agreement and as required by law. The general prevailing wage determinations can be found on the DIR website at: [www://dir.ca.gov/dslr](http://www.dir.ca.gov/dslr). Copies of the prevailing rate of per diem wages may be accessed at the DISTRICT'S administrative office, and shall be made available upon request. CONSULTANT shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the services described in this Section 7.2 of the Agreement available to interested parties upon request, and shall post and maintain copies at CONSULTANT'S principal place of business and at all site(s) where services are performed. Penalties for violation of Prevailing Wage Laws may be assessed in accordance with such laws. For example, CONSULTANT shall forfeit, as a penalty to the DISTRICT, Two Hundred Dollars (\$200) for each calendar day, or portion thereof, for each workman paid less than stipulated prevailing rates for services performed under this Agreement by CONSULTANT, or any subcontractor under CONSULTANT, in violation of Prevailing Wage Laws.

- b) CONSULTANT and each of its subcontractors shall keep accurate payroll records showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker or other employee employed by CONSULTANT or subcontractor in connection with the services performed pursuant to this Agreement. Each payroll shall be certified, available for inspection, and copies thereof furnished as prescribed in California Labor Code sections 1771.4(a)(3)(A) and 1776, including any required redactions. CONSULTANT shall keep the DISTRICT informed as to the location of the records and shall be responsible for the compliance with these requirements by all subcontractors. CONSULTANT shall inform the DISTRICT of the location of the payroll records, including the street address, city and county and shall, within five (5) working days, provide a notice of a change of location and address. Penalties for noncompliance include a forfeiture of One Hundred Dollars (\$100) per calendar day, or portion thereof, for each worker until strict compliance is effectuated, which may be deducted from any moneys due to CONSULTANT.
- c) Eight (8) hours of work shall constitute a legal day's work. CONSULTANT and any subcontractors shall forfeit, as a penalty to the DISTRICT, Twenty-Five Dollars (\$25) for each worker employed in the execution of services pursuant to this Agreement by CONSULTANT or any subcontractor under him for each calendar day during which such worker is required or permitted to work more than eight (8) hours in any one (1) calendar day and forty (40) hours in any calendar week in violation of the provisions of the California Labor Code, in particular, sections 1810 to 1815, thereof, inclusive, except services performed by employees of CONSULTANT and its subcontractors in excess of eight (8) hours per day at not less than the rates published by the California Department of Industrial Relations.
- d) CONSULTANT'S attention is directed to the provisions of California Labor Code sections 1777.5, 1777.6 and 1777.7 concerning employment of apprentices by

CONSULTANT or any of its subcontractors. If applicable to the services performed under the Agreement, CONSULTANT shall comply with such apprenticeship requirements and submit apprentice information to the DISTRICT. Information relative to apprenticeship standards, wage schedules and other requirements may be obtained from the DIR or the Division of Apprenticeship Standards. Knowing violations of section 1777.5 will result in forfeiture not to exceed One Hundred Dollars (\$100) or Three Hundred Dollars (\$300), depending on the circumstances, for each calendar day of non-compliance pursuant to section 1777.7.

- e) CONSULTANT shall require any subcontractors performing services described in this Section 7.2 of the Agreement to comply with all the above.
- f) CONSULTANT must be, and must require all subcontractors performing services described in this Section 7.2 to be, registered with and have paid the annual fee to the DIR prior to execution of this Agreement pursuant to Labor Code Section 1725.5. No contractor or subcontractor may be listed on a bid proposal for a public works project, or perform services described in this Section 7.2, unless registered with the DIR pursuant to Labor Code Section 1725.5. No contractor or subcontractor may be awarded a contract for public work on a public works project, or perform services described in this Section 7.2, unless registered with the DIR pursuant to Labor Code Section 1725.5. The performance of services described in this Section 7.2 is subject to compliance monitoring and enforcement by the DIR

## **8. SAFETY.**

In carrying out CONSULTANT'S services, CONSULTANT shall at all times, exercise all necessary precautions for the safety of employees appropriate to the nature of the services and the conditions under which the services are to be performed, and be in compliance with all federal, state and local statutory and regulatory requirements including State of California, Division of Industrial Safety (Cal/OSHA) regulations, and the U.S. Department of Transportation Omnibus Transportation Employee Testing Act (as applicable). Safety precautions as applicable shall include instructions in accident prevention for all employees such as safe walkways, scaffolds, fall protection, ladders, bridges, gang planks, confined space procedures, trenching & shoring, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries.

## **9. INSURANCE.**

### **9.1 INSURANCE COVERAGE AND LIMITS.**

CONSULTANT shall provide and maintain at all times during the performance of this Agreement, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the services hereunder by CONSULTANT, its agents, representatives, employees or subcontractors. Claims made policies shall not satisfy these insurance requirements unless CONSULTANT notifies DISTRICT and obtains DISTRICT'S prior written consent to the use of such claims made policies.

**Coverage** – CONSULTANT shall maintain coverage at least as broad as the following:

- a) Coverage for Professional Liability appropriate to CONSULTANT'S profession covering CONSULTANT'S wrongful acts, negligent actions, errors or omissions. The retroactive date (if any) is to be no later than the effective date of this Agreement.
- b) Insurance Services Office Commercial General Liability Coverage (Occurrence Form CG 0001).
- c) Insurance Services Office Automobile Liability Coverage (Form CA 0001), covering Symbol 1 (any auto).
- d) Workers' Compensation insurance as required by the State of California and Employers Liability insurance.

**Limits** - CONSULTANT shall maintain limits no less than the following:

- a) Professional Liability - One million dollars (\$1,000,000) per claim and two million dollars (\$2,000,000) annual aggregate.
- b) General Liability - One million dollars (\$1,000,000) per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit or products-completed operations aggregate limit is used, either the general aggregate limit shall apply separately to the project/location (with the ISO CG 2503, or ISO CG 2504, or insurer's equivalent endorsement provided to DISTRICT) or the general aggregate limit and products-completed operations aggregate limit shall be twice the required occurrence limit.
- c) Automobile Liability - One million dollars (\$1,000,000) for bodily injury and property damage each accident limit.
- d) Workers' Compensation insurance with statutory limits as required by California law and Employer's Liability insurance with a limit of no less than One Million Dollars (\$1,000,000) per accident for bodily injury or disease.

**9.2 REQUIRED PROVISIONS.** The insurance policies are to contain, or be endorsed to contain the following provisions:

- a) DISTRICT, its directors, officers, or employees are to be covered as insureds on the CGL and auto policies with respect to liability arising out of automobiles owned, leased, hired, or borrowed by on or behalf of CONSULTANT; and with respect to liability arising out of services or operations performed by or on behalf of CONSULTANT including materials, parts, or equipment furnished in connection with such services or operations. General liability coverage can be provided in the form of an endorsement to CONSULTANT'S insurance (at least as broad as ISO Form CG 20 10, 11 85 or both CG 20 10 and CG 20 37 forms if later revisions used). The coverage shall contain no special limitations on the scope of protection afforded to DISTRICT, its directors, officers,

employees, or authorized volunteers. The Project Name shall also be included.

- b) For any claims related to the services provided hereunder, CONSULTANT'S insurance shall be primary insurance as respects DISTRICT, its directors, officers, employees, and authorized volunteers. Any insurance, self-insurance, or other coverage maintained by DISTRICT, its directors, officers, or employees shall not contribute to it.
- c) Each insurance policy specified above are to state or be endorsed to state that coverage shall not be canceled except after thirty (30) days prior written notice (ten (10) days for non-payment of premium) by U.S. mail has been provided to DISTRICT.
- d) In the event any change is made in the insurance carrier, scope of coverage or retroactive date of professional liability coverage required under this Agreement (if applicable), CONSULTANT shall notify DISTRICT prior to any changes.

**9.3 WAIVER OF SUBROGATION.** CONSULTANT hereby agrees to waive rights of subrogation which any insurer of CONSULTANT may acquire from CONSULTANT by virtue of the payment of any loss. CONSULTANT agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation. The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of DISTRICT for all services performed by CONSULTANT, its employees, agents and subcontractors.

**9.4 DEDUCTIBLES AND SELF-INSURED RETENTIONS.** Any deductible or self-insured retention must be declared to and approved by DISTRICT. At the option of DISTRICT, the insurer shall either reduce or eliminate such deductibles or self-insured retention.

**9.5 ACCEPTABILITY OF INSURERS.** Insurance is to be placed with insurers having a current A.M. Best rating of no less than A:VII or equivalent or as otherwise acceptable to DISTRICT.

**9.6 EVIDENCES OF INSURANCE.** Prior to execution of this Agreement, CONSULTANT shall furnish DISTRICT with original certificates and amendatory endorsements, or copies of the applicable insurance language, effecting coverage required by this Agreement. All certificates and endorsements are to be received and approved by DISTRICT before services commence. However, failure to obtain the required documents prior the services beginning shall not waive CONSULTANT'S obligation to provide them.

CONSULTANT shall, upon demand of DISTRICT at any time, deliver to DISTRICT complete, certified copies or all required insurance policies, including endorsements, required by this Agreement.

**9.7 SUBCONTRACTORS.** In the event that CONSULTANT employs subcontractors as part of the services covered by this Agreement, it shall be the CONSULTANT'S responsibility to require and verify that each subcontractor meets the minimum insurance requirements specified in this Agreement.

**10. NO CONFLICT OF INTEREST.**

If CONSULTANT is providing services related to a DISTRICT project, CONSULTANT shall not be financially interested in any other contract necessary for the undertaking of the project. For the limited purposes of interpreting this section, CONSULTANT shall be deemed a "district officer or employee", and this section shall be interpreted in accordance with California Government Code Section 1090. In the event that CONSULTANT becomes financially interested in any other contract necessary for the undertaking of the project, this Agreement shall be null and void and DISTRICT shall be relieved of any responsibility whatsoever to provide compensation under the terms and conditions of any such contract for those services performed by CONSULTANT.

**11. OWNERSHIP OF DOCUMENTS.**

All documents and specifications, including details, computations, and other documents, prepared or provided by CONSULTANT under this Agreement shall be the property of DISTRICT. DISTRICT agrees to hold CONSULTANT free and harmless from any claim arising from any use, other than the purpose intended, of the documents and all preliminary sketches, schematics, preliminary plans, architectural perspective renderings, working drawings, including details, computations, and other documents, prepared or provided by CONSULTANT. CONSULTANT may retain a copy of all material produced under this Agreement for the purpose of documenting their participation in this Project.

**12. CONFIDENTIAL INFORMATION.**

Any written, printed, graphic, or electronically or magnetically recorded information furnished by DISTRICT for CONSULTANT'S use are the sole property of DISTRICT. CONSULTANT and its employee(s) shall keep this information in the strictest confidence, and will not disclose it by any means to any person except with DISTRICT'S prior written approval, and only to the extent necessary to perform the services under this Agreement. This prohibition also applies to CONSULTANT'S employees, agents and subcontractors. On termination or expiration of this Agreement, CONSULTANT shall promptly return any such confidential information in its possession to DISTRICT.

**13. COMPENSATION.**

**13.1** For services performed by CONSULTANT in accordance with this Agreement, DISTRICT shall pay CONSULTANT in accordance with the schedule of billing rates set forth in Exhibit "A", attached hereto and incorporated herein by reference. . This is a time and materials contract. Overtime work must be authorized by the DISTRICT. No hourly rate changes shall be made during the term of this Agreement. **CONSULTANT'S compensation for all services performed in accordance with this Agreement shall not exceed the total contract price of \$200,000.** No services shall be performed by CONSULTANT in excess of the total contract price without prior written approval of the General Manager or Authorized Representative. CONSULTANT shall obtain approval from the General Manager or Authorized Representative prior to performing any services that result in incidental expenses to the DISTRICT.

**13.2** CONSULTANT shall maintain accounting records including the following information:

- a) Names and titles of employees or agents, types of services performed, and times and dates of all services performed in connection with Agreement that is billed on an hourly basis.
  - b) All incidental expenses including reproductions, computer printing, postage, mileage billed at current Internal Revenue Service ("IRS") Rate, and subsistence.
- 13.3** CONSULTANT'S accounting records shall be made available to DISTRICT Accounting Manager, for verification of billings, within a reasonable time of the Accounting Manager's request for inspection.
- 13.4** CONSULTANT shall submit monthly invoices to DISTRICT. DISTRICT shall make partial payments to CONSULTANT not to exceed the total contract price within thirty (30) days of receipt of invoice, subject to the approval of the General Manager or Authorized Representative. ***Each application for partial payment shall be accompanied with a Progress Report summarizing the status of the services performed.***
- 13.5** CONSULTANT shall ensure that any report generated under this Agreement shall comply with Government Code Section 7550.
- 14. TERMINATION OF AGREEMENT.**
- 14.1** If DISTRICT ("demanding party") has a good faith belief that CONSULTANT is not complying with the terms of this Agreement, DISTRICT shall give written notice of the default (with reasonable specificity) to CONSULTANT and demand the default to be cured within ten (10) calendar days of the notice.
- 14.2** If CONSULTANT fails to cure the default within ten (10) calendar days of the notice, or if more than ten (10) calendar days are reasonably required to cure the default, and CONSULTANT fails to give adequate assurance and due performance within ten (10) calendar days of the notice, DISTRICT may terminate this Agreement upon written notice to CONSULTANT.
- 14.3** In the event of a material breach of any representation or term of this Agreement by CONSULTANT that is not curable or results in a threat to health or safety, DISTRICT may immediately terminate this Agreement by providing written notice and without a cure period.
- 14.4** Upon termination, DISTRICT shall pay CONSULTANT for any services completed up to and including the date of termination of this Agreement, in accordance with the compensation Section 13. DISTRICT shall be required to compensate CONSULTANT only for services performed in accordance with the Agreement up to and including the date of termination.
- 15. ASSIGNMENT AND DELEGATION.**
- 15.1** This Agreement and any portion thereof shall not be assigned or transferred, nor shall any of CONSULTANT'S duties be delegated or subcontracted, without the express written consent of DISTRICT. Any attempt to assign or delegate this Agreement without the express written consent of DISTRICT shall be void and of no force or effect.

Consent by DISTRICT to one assignment shall not be deemed to be consent to any subsequent assignment.

- 15.2 This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

16. **AUDIT DISCLOSURE.**

Pursuant to Government Code section 8546.7, if the Agreement is over ten thousand dollars (\$10,000), it is subject to examination and audit of the State Auditor, at the request of DISTRICT or as part of any audit of DISTRICT, for a period of three (3) years after final payment under the Agreement. CONSULTANT shall cooperate with any such examination or audit at no cost to DISTRICT.

17. **ENTIRE AGREEMENT.**

This Agreement, and the attached Exhibit "A", comprise the entire integrated understanding between DISTRICT and CONSULTANT concerning the services to be performed pursuant to this Agreement and supersedes all prior negotiations, representations, or agreements whether express or implied, oral or written. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms herein. In the event of any conflict between the provisions of the Agreement and the Exhibit(s), the terms of the Agreement shall prevail.

18. **INTERPRETATION OF THE AGREEMENT.**

- 18.1 The interpretation, validity, and enforcement (including, without limitation, provisions concerning limitations of actions) of the Agreement shall be governed by and construed under the laws of the State of California, notwithstanding any conflict-of-laws doctrines of such state or other jurisdiction to the contrary and without the aid of any canon, custom or rule requiring construction against the draftsman. The Agreement does not limit any other rights or remedies available to DISTRICT.

- 18.2 CONSULTANT shall be responsible for complying with all applicable local, state, and federal laws whether or not said laws are expressly stated or referred to herein.

- 18.3 Should any provision herein be found or deemed to be invalid, the Agreement shall be construed as not containing such provision, and all other provisions which are otherwise lawful shall remain in full force and effect, and to this end the provisions of this Agreement are severable.

- 18.4 Each and every provision of law and clause required by law to be inserted in this Agreement shall be deemed to be inserted herein, and the Agreement shall be read and enforced as though they were included herein. If through mistake of otherwise any such provision is not inserted, or is not correctly inserted, then upon application of either party, the Agreement shall forthwith be physically amended to make such insertion.

19. **AGREEMENT MODIFICATION.**

This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the parties hereto.

**20. DISPUTE RESOLUTION.**

Upon the written demand of either party, any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, shall be first submitted to mediation the cost of which shall be borne equally by the parties, if not resolved pursuant to the Government Claims Act, Government Code section 900 *et seq.* if applicable, and prior the commencement of any legal action or other proceeding. Any mediation shall take place in the State of California, County of San Diego, and shall be concluded within sixty (60) days of the written demand, unless such time is extended by mutual written consent of the parties. Nothing herein waives or excuses compliance with the California Government Claims Act.

In the event that mediation has not been successfully concluded within the time allowed, any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate, shall be determined by arbitration in the State of California, County of San Diego, before one arbitrator. The arbitration shall be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures if the amount in controversy is equal or greater than Two Hundred Fifty Thousand Dollars (\$250,000), or pursuant to its Streamlined Arbitration Rules and Procedures if the amount in controversy is less than Two Hundred Fifty Thousand Dollars (\$250,000). The use of arbitration shall allow full discovery by all parties associated with the dispute or claim. Judgment on the award may be entered in any court having jurisdiction. This clause shall not preclude the parties from seeking provisional remedies in aid of arbitration from a court of competent jurisdiction. The arbitrator may, in the award, allocate all or a part of the costs of the arbitration, including the fees of the arbitrator and the reasonable attorneys' fees of the prevailing party. If either party petitions to confirm, correct or vacate the award as provided by Chapter 4, of Title 9 of the California Code of Civil Procedure (commencing with Section 1285), the prevailing party shall be entitled as part of his or its costs to reasonable attorneys' fees to be fixed by the Court.

**21. JURISDICTION, FORUM AND VENUE.**

Except as otherwise required by Section 20 of this Agreement concerning dispute resolution, the proper jurisdiction, forum and venue for any claims, causes of action or other proceedings concerning this Agreement shall be in the state and federal courts located in the State of California, northern district of the County of San Diego. DISTRICT and CONSULTANT agree not to bring any action or proceeding arising out of or relating to this Agreement in any other jurisdiction, forum or venue. DISTRICT and CONSULTANT hereby submit to personal jurisdiction in the State of California for the enforcement of this Agreement and hereby waive any and all personal rights under the law of any state to object to jurisdiction within the State of California for the purposes of any legal action or proceeding to enforce this Agreement whether on grounds of inconvenient forum or otherwise.

**22. MAILING ADDRESSES.**

Notices given pursuant to this Agreement shall be deemed communicated as of the earlier of the day of receipt or the fifth (5<sup>th</sup>) calendar day after deposit in the United States mail, postage prepaid, and addressed to the following:



**DISTRICT:** Rainbow Municipal Water District  
3707 Old Hwy 395  
Fallbrook, CA 92028  
Phone: (760) 728-1178

**CONSULTANT:** Valley CM, Inc. dba Valley Construction Management  
3525 Del Mar Heights Road, Suite 192  
San Diego, CA 92130  
Phone: (866) 966-2720

Notices delivered personally will be deemed communicated as of actual receipt.

**23. SIGNATURES.**

Each party represents that the individual executing this Agreement on its behalf has the right, power, legal capacity and authority to enter into and to execute this Agreement on behalf of such party.

**24. COUNTERPARTS.**

This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same agreement, and the signature of any party to any counterpart shall be deemed to be a signature to, and may be appended to, any other counterpart.

**25. ATTORNEY'S FEES.**

In the event of a dispute arising under terms of this Agreement, it is agreed that the prevailing party may be awarded reasonable attorneys' fees and actual costs.

**IN WITNESS WHEREOF** the parties hereto for themselves, their heirs, executors, administrators, successors, and assigns do hereby agree to the full performance of the covenants herein contained and have caused this Agreement to be executed.

VALLEY CM, INC. DBA VALLEY CONS. MNMT.

RAINBOW MUNICIPAL WATER DISTRICT

By \_\_\_\_\_  
PAUL MOCHEL, PRINCIPAL CONST. MANAGER

By \_\_\_\_\_  
TOM KENNEDY, GENERAL MANAGER

\_\_\_\_\_  
PAUL MOCHEL, PE, CCM

Date: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Attest: Executive Secretary

\_\_\_\_\_  
Federal Employer ID #

\_\_\_\_\_  
Approved as to Form:  
Alfred Smith, General Counsel

**NOTARY ACKNOWLEDGEMENT OF CONSULTANT MUST ACCOMPANY THIS DOCUMENT**

## **EXHIBIT "A"**

### **SCOPE OF SERVICES**

#### **AS-NEEDED PROJECT MANAGEMENT SERVICES**

The Consultant shall provide As-needed Project Management services for Rainbow Municipal Water District (District) as required by the Acting District Engineer and the Operations Manager. All work shall be coordinated with the Acting District Engineer through the issuance of **Assignment Letters** as needed for specific services outlined in the scope of services described below:

##### **TASK 1 PRE-CONSTRUCTION CONFERENCE**

The Consultant shall prepare the preconstruction meeting agenda, conduct the meeting and prepare and distribute meeting minutes to ensure that all discussions, agreements and understandings are documented for the permanent project records.

##### **TASK 2 PROGRESS MEETINGS**

The Consultant shall prepare the progress meeting agenda, conduct the meeting and prepare and distribute meeting minutes to ensure that all discussions, agreements and understandings are documented for the permanent project records. The purpose of the weekly meeting is to review the contract status and issues, construction status and issues, schedules, status of Requests for Information (RFIs), change order proposals, submittals and other documentation, and any other issues that need to be resolved.

##### **TASK 3 SUBMITTAL & RFI MANAGEMENT**

The Consultant shall maintain the log for all Contractor RFI's and submittals. The Consultant shall assist design engineer to ensure that any deviations or substitutions submitted by the contractor shall be equal to or of better quality than specified in the contract documents. The Consultant shall ensure all substitutions receive District's concurrence prior to approval. The Consultant shall review RFI's and submittals and immediately return items that are incomplete to the Contractor. The Consultant shall respond to all RFI's and submittals that do not need design engineering review. Any RFI's and submittal that need design engineer review shall be immediately transmitted to the Design Engineer and notification to District's project manager. The Consultant shall then monitor the Design Engineer review time to assure it does not exceed the contractual time limits and then after receiving a response from the Design Engineer and approval from District's project manager transmit the information to the General Contractor.

##### **TASK 4 SCHEDULE REVIEW**

The Consultant shall review, analyze, and comment on the General Contractor's initial construction schedule along with all the monthly updates submitted by the General Contractor. The Consultant should closely monitor the General Contractor's activities and make sure that the field activities and the duration of those activities match the information presented in the construction schedule. Any deviations should be incorporated into the General Contractor's subsequent monthly update. This includes the cause of the delay, the duration of the delay, the corrective action planned by the contractor, and the budget and schedule impacts to District.

## **TASK 5     PROGRESS PAYMENT REQUESTS**

The Consultant shall review General Contractor's monthly payment request and make a written recommendation for payment to District.

## **TASK 6     CHANGE ORDERS/CLAIM**

The Consultant shall:

- a. Assist District with preparation and analysis of Extra Work Orders, and Change Orders in accordance with District's policies.
- b. Identify, prepare, log, and monitor all contract potential force account work, extra work, change orders, and disputes.
- c. Assist District with resolution of extra work and changes to the contract with the General Contractor.
- d. Prepare written justification, schedule impact and cost estimates for each change order and negotiate costs with the General Contractor. Justification shall include: a statement of the extra work or change; detailed description of the extra work or change; background leading to the issue; resolution alternatives and resolution recommendation for action by District. Submit change orders to District for approval within five (5) working days of the finalization of negotiations.
- e. Assist and support District in analyzing, responding to, negotiating, and resolving any disputes. The Consultant shall report and coordinate all verbal and written disputes immediately with the District's Acting District Engineer and/or Operations Manager.
- f. Coordinate with the Design Engineer, as necessary, regarding their review and analysis of change order requests. The Design Engineer may perform special design services, as necessary, for the analysis of change order requests.

## **TASK 7     DOCUMENT CONTROL (ELECTRONIC CLOUD STORAGE)**

The Consultant shall maintain document control and storage.

## **TASK 8     PROJECT CLOSEOUT**

The Consultant shall:

- a. Prepare detailed project punch lists at substantial completion of the project. Coordinate the correction of deficiencies and schedule, coordinate, and conduct a final walk-through prior to the acceptance of work by District.
- b. Review the project and create punch-list items for completion by contractor and assure completion. Verify receipt of unconditional releases for preliminary notices received by the District.
- c. Check and submit final payment requests from the Contractor prior to filing of Notice of Completion. District will file the Notice of Completion.

- d. Review and certify (sign and seal) that the Contractor's project record drawings are complete and accurate.
- e. Compile and submit operation and maintenance manuals, instruction manuals, parts lists, spare parts, and warranties for equipment procured as required by the contract documents.
- f. Prepare a Warranty Expiration spreadsheet for the project. This spreadsheet should contain major equipment items and be broken down into specific process areas and include a Product Name, Manufacturer, Serial Number, Warranty Period and Warranty Expiration Date for each piece of equipment. Provide the spreadsheet data in an electronic format.
- g. Coordinate operator training for use of any specialty equipment.
- h. Coordinate and assist in verification of intermediate and final operation. Final acceptance shall require all the components for the facility to be fully operational, and work in unison including necessary testing, disinfection, start-up and jurisdictional transfer of all or the respective portions of each substantially completed facility from its construction phase to District operational phase. The Consultant shall check and inspect to its satisfaction to ensure that all components, equipment, and facilities have been properly installed, calibrated and are operating for each and every component of the Project.
- i. Furnish all original project documents and final project reports to District within sixty (60) calendar days following filing of the Notice of Completion. Provide District support for processing final paperwork following Notice of Completion. Project documents shall be delivered to District in form and fashion acceptable to District.

**FEE SCHEDULE:**

**This is a Time and Material Agreement not to exceed \$200,000.**

| <b>Name</b>                      | <b>Labor Category</b>              | <b>Hourly Rate</b> |
|----------------------------------|------------------------------------|--------------------|
| <b>Paul Mochel, PE, CCM, QSD</b> | <b>Senior Construction Manager</b> | <b>\$165</b>       |
| <b>Jeff Moody, PE, CM, CSI</b>   | <b>Senior Construction Manager</b> | <b>\$165</b>       |

**Hourly rates are all inclusive of typical direct costs (Mileage, phone, laptop, etc.)**



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## BOARD OF DIRECTORS

December 8, 2020

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### SUBJECT

DISCUSSION AND POSSIBLE ACTION UPDATING BOARD OF DIRECTOR MEMBERSHIP ON STANDING COMMITTEES

### BACKGROUND

Per RMWD Administrative Code Chapter 2.06 - Committees, no more than one member of the Board of Directors may sit as a member on a Committee.

Since Helene Brazier did not seek re-election to the RMWD Board of Directors during the November 2020 elections, a vacancy has been created for one Board Member to serve on the Engineering and Operations Committee.

Director Gasca currently serves as the Board representative on the Budget and Finance Committee. Pam Moss and Julie Johnson are also members of this same committee; both of whom have sought to be elected to the RMWD Board of Directors during the November 2020 elections. Regardless of the election results, the Budget and Finance Committee will have two members of the Board of Directors serving on one committee which does not comply with current Administrative Code policy.

### DESCRIPTION

This item is to provide the Board of Directors with an opportunity to consider appointing one Board Member to the Engineering and Operations Committee and removing one Board Member from the Budget and Finance Committee.

### POLICY/STRATEGIC PLAN KEY FOCUS AREA

Administrative Code Chapter 2.06 – Committees

Strategic Focus Area One: Water Resources  
Strategic Focus Area Two: Asset Management  
Strategic Focus Area Four: Fiscal Responsibility

### 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.

## **BOARD OPTIONS/FISCAL IMPACTS**

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1. Appoint one Board Member to serve on the Engineering and Operations Committee and remove one Board Member from serving on the Budget and Finance Committee.
2. Remove one Board Member from serving on the Budget and Finance Committee and appoint one Board Member to serve on the Engineering and Operations Committee at a later date.

## **STAFF RECOMMENDATION**

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Staff supports Board decision.



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Tom Kennedy, General Manager      December 8, 2020



### BOARD OF DIRECTORS

December 8, 2020

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### SUBJECT

DISCUSSION AND POSSIBLE ACTION TO ADOPT ORDINANCE NO. 20-09 AMENDING AND UPDATING ADMINISTRATIVE CODE TITLE 3 – BOARD MEETINGS

### BACKGROUND

As part of the ongoing process, staff conducted a review of RMWD's Administrative Code Title 3 and found no significant changes needed to be made, but rather minor typographical, grammatical, and formatting updates.

The Board was provided with an initial review of all sections of Administrative Code Title 3 and asked to remit any additional changes to the Board Secretary with a two weeks following the September 22, 2020 meeting so they could be finalized and provided at the October 27, 2020 meeting for consideration. Staff did not receive any additional input or feedback from the Board.

At their October 27, 2020 Board meeting, it was suggested the term "chairperson" be confirmed to have been defined in the Administrative Code as well as not capitalized throughout Title 3 and bring the amendments back at the December 8, 2020 Board meeting for consideration.

### DESCRIPTION

Some of the proposed updates to Administrative Code Title 3 include:

- Replacing all gender specific pronouns with non-gender specific pronouns.
- Eliminating single page chapters thereby reducing the number of chapters found in Title 3.
- Creating appropriate chapter title pages to include all updated subsection titles.
- Updating section titles and combining subsections and procedures for easier reference.

Other proposed minor changes are typographical, grammatical, or formatting updates.

All proposed changes have been reviewed by the General Manager and provided to the Board for review at their September 22, 2020 and October 27, 2020 meetings.

Per the Board's request, the term "chairperson" has been confirmed to be defined in Administrative Code Section 2.04.010 – Board of Directors Policy, Subsection 2.04.010.01 – Board President as follows:

*"The President of the Board of Directors shall serve as chairperson at all Board meetings. He/she shall have the same rights as the other members of the Board in voting, introducing motions, resolutions and ordinances, and any discussion questions that follow said actions.*

*In the absence of the President, the Vice President of the Board of Directors shall serve as chairperson over all meetings of the Board. If the President and Vice President of the Board are both absent, the remaining members present shall select one of themselves to act as chairperson of the meeting.*

All references to “Chairperson” have been revised to “chairperson” in Administrative Code Title 3.

Both a redline version and non-redline version have been attached.

## **POLICY/STRATEGIC PLAN KEY FOCUS AREA**

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As the foundation for all our operations, the Administrative Code supports all of our Key Focus Areas. It is a living document that will continue to be reviewed and adapted to meet the policy and strategic needs of the District.

## **ENVIRONMENTAL**

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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.

## **BOARD OPTIONS/FISCAL IMPACTS**

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1. Adopt Ordinance No. 20-09 amending and updating Administrative Code Title 3 – Board Meetings as proposed.
2. Adopt Ordinance No. 20-09 amending and updating Administrative Code Title 3 – Board of Directors as proposed with revisions.
3. Deny adoption of Ordinance No. 20-09 and provide staff with direction.

## **STAFF RECOMMENDATION**

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Staff recommends Option 1.



Tom Kennedy, General Manager

December 8, 2020

**Ordinance No. 20-09**

**Ordinance of the Board of Directors of the Rainbow Municipal Water District  
Amending and Updating Administrative Code  
Title 3 – Board Meetings and All Chapters and Sections and Subsections  
Included in Administrative Code Title 3**

WHEREAS, the Rainbow Municipal Water District has, from time to time, adopted various rules and regulations for the operation of the District; and

WHEREAS, certain of those rules and regulations require updating to reflect best practices, as well as changes in applicable laws; and

WHEREAS, the Board of Directors has determined that changes in the rules or regulations of the District shall occur solely by amendment to the Administrative Code;

NOW, THEREFORE,

BE IT ORDAINED by the Board of Directors of Rainbow Municipal Water District as follows:

1. The following rules and regulations of the District, collected are hereby adopted and shall be incorporated into the Administrative Code, consisting of:

|                    |                              |
|--------------------|------------------------------|
| Title 3:           | Board Meetings               |
| Chapters:          | 3.01-3.06                    |
| Sections:          | 3.01.010 – 3.06.040          |
| Subsections Under: | Sections 3.01.010 – 3.06.040 |

2. The General Manager is hereby directed to update the Administrative Code to reflect the approval of these rules and regulations, and to assign or reassign the numbering of the Administrative Code as necessary to codify these rules and regulations as amended.

3. This ordinance shall take effect immediately upon its adoption on this 8th day of December 2020.

**AYES:  
NOES:  
ABSTAIN:  
ABSENT:**

\_\_\_\_\_  
Hayden Hamilton, Board Vice President

**ATTEST:**

\_\_\_\_\_  
Dawn Washburn, Board Secretary



Title 3  
BOARD MEETINGS

Chapters:

- 3.01 ~~Meetings~~ Schedules
- 3.02 ~~Board Meeting~~ Agendas
- 3.03 ~~Board Meeting~~ Conduct
- 3.04 Board Actions and Directions
- 3.05 ~~Minutes of Board Meeting~~ Minutes
- 3.06 Confidentiality of Board Closed Sessions



## **Section 3.01.010 Regular Meetings**

All regular meetings of the Board of Directors will be conducted in the Board room of the District at 3707 Old Highway 395, Fallbrook, California 92028.

The date and time of the regular meetings shall be established by the Board of Directors at the last Board meeting of each calendar year.

### **3.01.010.01 Schedule**

Regular ~~m~~Meetings ~~of the Board of Directors~~ shall be held on the fourth (4<sup>th</sup>) Tuesday of each calendar month. The November and December meetings shall be combined and held on the first available Tuesday in the month of December of each calendar year.

The starting time for the ~~r~~Regular ~~m~~Meeting Open Session ~~Agenda~~ shall be 1:00 p.m.

### **3.01.010.02 Open Sessions**

Each regular meeting will include an Open Session. Open Sessions are for the purpose of discussing in an open forum any matters that are not of confidential nature as permitted by law and are open to the public.

Although the Board is not prohibited from taking testimony at regular meetings on matters not on the agenda which a member may wish to bring before the Board, the Board cannot not discuss or take action on such matters at that meeting but may briefly respond, ask a question for clarification, make an announcement, report their own activities, refer the item to staff for follow-up, or place it on a future agenda for discussion and action.

A time limit may be imposed on the speaker by the meeting chairperson at their sole discretion.

### **3.01.010.03 Closed Sessions**

The Board, General Manager, or District Counsel may schedule a Closed Session as part of any regular meeting. Closed Sessions are for the purpose of discussing confidential matters as permitted by law and are closed to the public.

Closed Sessions may be scheduled for any time during a regular meeting. The start time of each Closed Session shall be determined by the chairperson after conferring with the General Manager and District Counsel regarding the estimated time necessary to adequately discuss the agenda items. Once a start time has been determined, this information as well as the topics to be discussed will be provided on the regular meeting agenda.

Closed Session scheduled for the beginning of a regular meeting may conclude before or after the Open Session start time; however, Open Session will not begin prior to the Open Session start time.

*M:\Administration\Confidential\Administrative Code Working Docs\Board Secretary Administrative Code Working File\Drafts Not Approved\Title 3\Redline\Regular Meetings 3.01.010.docx\rmwd-b\Store03\BoardFiles\Board Secretary\Administrative Code Working File\Board Admin Code 2005-2006\Regular Meetings 3.01.010.doc\Approved 8-3-05 by Ordinance No. 05-07\8-3-05\Amended and Updated 1-13-06 by Ordinance No. 06-01; Revised 1-13-06\Amended and UpdatedApproved 12-5-06 by Ordinance No. 06-11\Amended and UpdatedApproved 1-23-07 by Ordinance No. 07-02\Amended and UpdatedApproved 8-28-07 by Ordinance No. 07-12\Amended and UpdatedApproved 11-7-07 by Ordinance No. 07-18\Amended and UpdatedApproved 12-2-08 by Ordinance No. 08-17\Amended and UpdatedApproved 5-26-09 by Ordinance No. 09-08\Amended and UpdatedApproved 7-28-09 by Ordinance No. 09-14\Amended and UpdatedApproved 1-22-13 by Ordinance No. 13-01\Amended and UpdatedApproved 11-18-14 by Ordinance No. 14-08\Amended and UpdatedApproved 1-24-17 by Ordinance No. 17-01\***DRAFT**

~~Prior to the 1:00 p.m. Open Session there may be a Closed Session that is closed to the public for the purpose of discussing confidential matters as allowed by law. The starting time of each Closed Session shall be determined by the General Manager after conferring with District Counsel and the Board President regarding the estimated time necessary to adequately discuss the agenda items. The Closed Session agenda items and starting time will then be published on the Regular Meeting Agenda.~~

Prior to adjourning to the Closed Session there shall be a public comment period to allow interested members of the public the opportunity to comment only on those items on the Closed Session agenda.

~~The Regular Meeting Open Session will not start before 1:00 p.m.~~

A second public comment period will be held at the beginning of Open Session to allow interested members of the public an opportunity to directly address the Board on any item of interest to the public.

~~All regular meetings will be conducted in the Board room of the District at 3707 Old Highway 395, Fallbrook, California 92028. The date, time and place of the regular Board meetings shall be reconsidered at least annually at any organizational meeting of the Board.~~

#### **3.01.010.04 Agenda Item Order**

The chairperson of the meetings described herein shall determine the order in which agenda items shall be considered for discussion and/or action by the Board.



## **Section 3.01.020 Special, Adjourned and Emergency Meetings**

Special, adjourned and emergency meetings of the Board of Directors may be called as provided by law, and in accordance with the provisions of the Brown Act, Government Code ~~s~~Section 54950 *et seq.*

### **3.01.020.01 Special Meetings**

Special meetings may be called by the President or by a majority of the members of the Board as permitted by Government Code ~~s~~Section 54956. The President shall set the time and place for any special meeting of the Board of Directors. The President shall have final approval on the contents of the agendas for all special, adjourned and emergency meetings of the Board. Directors shall be notified of special meetings by the Secretary. The call and notice shall be posted at least 24 hours prior to the special meeting at the District Headquarters. The Secretary shall post an agenda containing a brief, general description of each item of business to be transacted or discussed at special meetings, including the items to be discussed in closed session. The posting shall be freely accessible to the public.

### **3.01.020.02 Adjourned Meetings**

A regular meeting may be adjourned by the Board or by the Secretary if less than a quorum is present to another time. An adjourned regular meeting is a regular meeting if held within five days of the regular meeting. If the adjourned meeting is held more than five days after the regular meeting, a new agenda shall be posted.

### **3.01.020.03 Emergency Meetings**

An emergency meeting may be called by a majority of the Board pursuant to Government Code ~~s~~Section 54956.5 without twenty-four hour notice or posting of an agenda if necessary due to disruption or threatened disruption of District facilities by work stoppage, natural or crippling disaster or other activity severely impairing public health or safety as determined by a majority of the members.

**Section 3.01.03020-01**  
**Bi-Annual Organizational Meeting**

The Board of Directors shall hold an organizational meeting at its regular meeting in January of the odd numbered year or as determined by the Board. At this meeting the Board will elect a President and Vice President from among its members and may appoint the Executive Assistant as its Board Secretary and the Finance Manager as its Treasurer to serve until the next biannual meeting ~~and may appoint the Executive Assistant as the Board's Secretary and the Finance Manager as its Treasurer.~~

**Section 3.01.040**  
**Availability of Information**

~~3.01.040.1~~ The ~~Cc~~ chairperson and the General Manager shall insure that appropriate information and materials ~~are~~ is available for the audience at meetings of the Board of Directors. This information includes, but is not limited to, the following:

~~A. 3.01.040.1.1~~ Agenda packages and other materials deemed appropriate by the Board of Directors, e.g. draft budgets for budget workshops, shall be made available to any interested member of the public ratepayer who makes a request ~~in writing~~.

~~B. 3.01.040.1.2~~ Members of the public who would like to receive agendas as well as agenda packets on a recurring basis throughout the calendar year may submit a request form with the Executive Assistant/Board Secretary. Said written request shall be in effect for the calendar year in which it is made, and shall be renewed annually to continue regular receipt of the materials.

~~C. 3.01.040.1.3~~ Sufficient copies of any materials provided at meetings of the Board of Directors shall be made and readily available for those attending said meetings. ~~these materials shall be made to provide for the list of those having made requests.~~

~~D. 3.01.040.1.4~~ One additional copy of the agenda packages will be made readily available for each division (5) will be made available to the first non-subscribers from that division upon requesting one.

~~E. 3.01.040.1.5~~ Subscribers will be notified by e-mail, fax, or telephone when materials are available.

~~3.01.040.1.6~~ Staff shall provide materials to interested parties within 24 hours of receipt by the Board of Directors.

~~3.01.040.1.7~~ A copy of Resolution No. 05-06 shall be kept along with a current list of recipients, at the District's front desk.

**Section 3.01.030**  
**Agenda Items Order**

The Chairperson of the meetings described herein shall determine the order in which agenda items shall be considered for discussion and/or action by the Board.

Moved to Regular Meetings Section 3.01.010.04

Chapter 3.02  
**BOARD MEETING AGENDAS**

**Sections:**

- 3.02.010 Board Meeting Agendas**
- 3.02.010.01 Agenda Preparation**
- 3.02.010.02 Requests for Agenda Items**
- 3.02.010.02.1 Requests Made by Board of Directors**
- 3.02.010.02.2 Requests Made by Members of the Public**
- 3.02.010.03 Taking Testimony**
- 3.02.010.04 Time Limits**
- 3.02.010.05 Posting of Agenda**
- 3.02.010.05.1 Regular Meetings**
- 3.02.010.05.2 Special Meetings**
- 3.02.020.01 Presentations from Board Invited Guests**
- 3.02.020 Time Limits**
- 3.02.030 Items Not on Agenda**
- 3.02.040 Posting of Agenda**

## Section 3.02.010

### Board Meeting Agendas

#### 3.02.010.01 Agenda Preparation

–The General Manager, in cooperation with the Board President, shall coordinate preparation ~~prepare of~~ an agenda for each regular and special meeting of the Board of Directors.

#### 3.02.010.02 Requests for Agenda Items

##### 3.02.010.02.1 Requests Made by Board of Directors

Any Director may call the General Manager and request any item to be placed on the agenda no later than two weeks prior to the meeting date.

##### 3.02.010.02.2 Requests Made by Public Members

–Any member of the public may request that a matter directly related to District business be placed on the agenda of a regularly scheduled meeting of the Board of Directors, subject to the following conditions:

(a) ~~\_\_\_\_\_ 3.02.010.2.1~~ The request must be in writing and be submitted to the General Manager or their/his/her designee together with supporting documents and information, if any, at least two weeks prior to the date of the meeting;.

(b) ~~\_\_\_\_\_ 3.02.010.2.2~~ No matter which is legally a proper subject for consideration by the Board of Directors in closed session will be accepted under this policy; Notwithstanding permission to request an item's placement on the agenda or to address the Board during public comment, for issues requiring closed session discussion as provided by law, no substantive discussion or action shall be taken by the Board until after the matter has been discussed by the Board in a duly noticed closed session.

~~\_\_\_\_\_ 3.02.010.2.3~~ The Board of Directors may place limitations on the total time to be devoted to a public request issue at any meeting, and may limit the time allowed \_\_\_\_\_ for any one person to speak on the issue at the meeting.

#### 3.02.010.03 Taking Testimony

–This policy does not prevent the Board from taking testimony at regular and special meetings of the Board on matters which are not on the agenda which a member of the public may wish to bring before the Board; ~~however,~~ ~~–However,~~ the Board shall not ~~discuss or take action~~ or engage in substantive discussions on non-agenda items. The Board may request to place a matter on the agenda for a subsequent meeting, ask a question for clarification, provide a reference to staff or other resources for factual information, or direct staff to report back at a future date on such matters at that meeting.

#### 3.02.010.04 Time Limits

The Board of Directors may place limitations on the total time to be devoted to a public request issue at any meeting and may limit the time allowed for any one person to speak on the issue at the meeting.

### **3.02.010.054 Posting of Agenda**

#### **3.02.010.05.1 Regular Meetings**

In accordance with the law, atAt least seventy-two (72) hours prior to the time of all regular meetings, an agenda, which includes but is not limited to all matters on which there may be discussion and/or action by the Board, shall be posted conspicuously for public review at~~within~~ the District office or otherwise as provided by law.

#### **3.02.010.054.24 Special Meetings**

–The agenda for a special meeting shall be posted at least twenty-four (24) hours before the meeting in the same location as stated for regular meetings.

**Section 3.02.0~~20~~10.01**  
**Presentations from Board Invited Guests**

A Board member may request that a guest be invited to make a presentation to the Board of Directors subject to the approval of the request by the Board of Directors.

A Board member wishing to invite a guest to make a presentation will provide to the General Manager a brief description of the nature of the presentation.

Upon receipt of the request the General Manager will include the request in the next available agenda for Board consideration.



**Section 3.02.020**  
**Time Limits**

~~The Board of Directors may place limitations on the total time to be devoted to public request issue at any meeting, and may limit the time allowed for any person to speak on the issue at the meeting.~~

Moved to Section Regular Meetings 3.01.010.02 and Agendas 3.02.010.04 Respectively

**Section 3.02.030**  
**Items Not on Agenda**

~~This policy does not prevent the Board from taking testimony at regular and special meetings of the Board on matters which a member of the public may wish to bring before the Board which are not on the agenda. However, the Board shall not discuss or take action on such matters at that meeting.~~

Moved to Regular Meetings Section 3.01.010.02 and Agendas 3.02.010.03 Respectively

**Section 3.02.040**  
**Posting of Agenda**

In accordance with the law, at least seventy two (72) hours prior to the time of all regular meetings, an agenda, which includes but is not limited to all matters on which there may be discussion and/or action by the Board, shall be posted conspicuously for public review within the District office or as otherwise provided for by law.

The agenda for a special meeting shall be posted at least twenty four (24) hours before the meeting in the same location as stated above.

*Moved to Agendas Section 3.02.010.05*

**Chapter 3.03**  
**~~BOARD MEETING CONDUCT~~**

**Sections:**

- 3.03.010**      **Roberts Rules of Order, Revised**
- 3.03.020**      **Time of Meeting**
- 3.03.030**      **Conduct of Meetings**

**Section 3.03.010**  
**Roberts Rules of Order, Revised**

Meetings of the Board of Directors shall be conducted by the Chairperson. The Board approved Rainbow Municipal District Parliamentary Procedures Policy as well as the latest of Robert's Rules of Order, Revised shall also be used as a general guideline for meeting protocol. District policies shall prevail whenever they ~~are in~~ conflict with Robert's Rules of Order, Revised.

# RMWD Parliamentary Procedures Policy

## Introduction

The Rainbow Municipal Water District is at its heart a service organization dedicated to the communities that make up the District. Part of our mission requires the Board of Directors and various committees to conduct open and public meetings in order to review information and make decisions about important topics facing the District. The manner in which these meetings are conducted is an important factor in the success of the organization.

There are multiple goals of the conduct of each meeting, including but not limited to:

- **Transparency** – the conduct of the meetings must be such that all participants must be able to have access to the information being considered by the Board. In addition, the deliberative process must be in accordance with the requirements of the Ralph M. Brown Act. Except for specific circumstances that require a closed session, the goal is for all deliberations to be done in public sessions with as much information available to the public as possible.
- **Public Input** – the input of the public is an important component in the deliberative process. Each meeting must allow for meaningful input from interested parties. It is also important that the nature and duration of the public input support the deliberative process rather than disrupt the meeting. All opinions are welcome, but communications that are designed to disrupt the meeting must be managed effectively to prevent disruptions.
- **Board/Committee Decorum** – in order to ensure that each member of the Board or committee is able to voice their option on each item under consideration, Board and committee members must conduct themselves in such a way that the rights of the others to speak are respected.
- **Effective Meeting Management** – effective Board and Committee meetings are generally characterized by a strong leadership role of the Board President or Committee Chair. Each person who is leading the meeting must understand the role that they play in the meeting and ensure that the activities of all participants in the meeting adhere to the policies outlined in this document. There can sometimes be a challenge when balancing the needs outlined above with the need for effective meeting management and the role of the leader of the meeting is important in managing this process.

## Background

Section 3.03 of the RMWD Administrative Code outlines the policies of Board Meeting Conduct. This policy document is intended to serve as a supplement to the Administrative Code. In accordance with the Administrative Code, the basic conduct of the meeting will be in accordance with the latest version of Robert's Rules of Order, Revised (hereafter referred to as Robert's Rules). As most people are aware, Robert's Rules are very effective but also very limiting if followed exactly. They were designed for a particular purpose and some facets of Robert's Rules can conflict with the goals stated above. For instance, strict adherence to Robert's Rules would require a motion to be made and seconded before any discussion could be had on a particular course of action. While this may be an appropriate parliamentary procedure in some circumstances, if this practice were to be followed at an RMWD meeting, attendees may conclude

that since a motion was made prior to any discussion there must have been some back room deals leading to the motion. This is not what we want to project to the public.

To that end, this list of parliamentary procedures is intended to supplement and expand on Robert's Rules and provide guidance on how we can conduct orderly, effective, and transparent meetings at RMWD. For the purposes of this document, the Board President and Committee Chairpersons will be collectively referred to as the Chairperson. Board Members or Committee Members will be collectively referred to as Members.

## Conduct of Meetings

**Call to Order** – the Chairperson will call the meeting to order at the time stated on the public notice for that meeting. The clock located in the Boardroom shall be the official clock for starting meetings. If there are Members that are running late, the Chairperson may delay the start of the meeting but such delays should not exceed ten minutes.

**Pledge of Allegiance** – The Chairperson shall lead the group in the recital of the Pledge of Allegiance. As an option, the Chairperson may designate another member or attendee to lead the Pledge of Allegiance. In order to lead the Pledge, the Chairperson or designee shall state "Please rise and join me in the Pledge of Allegiance" and then pause to allow attendees to stand up. Once the room is ready ~~they~~he or she shall state "Ready – Begin" and then recite the Pledge of Allegiance.

**Roll Call and Establishment of a Quorum** – The Board Secretary shall call the roll to determine if a quorum is present at the meeting. The default rule is that a quorum is one more than half the Board or Committee. So, for example, in a Regular Board meeting with a five-member body a quorum is three. When the Board has three members present, it can legally transact business. If the Board has less than a quorum of members present, it cannot legally transact business. For Committees with larger numbers of Members the quorum number will change accordingly.

If the Board or Committee has a quorum to begin the meeting, the Board or Committee can lose the quorum during the meeting when a member departs (or even when a member leaves the dais), and when that occurs the body loses its ability to transact business until and unless a quorum is reestablished.

**Opportunity for Public Comments on Items That are Not on the Agenda** – The Chairperson shall announce that any person who wishes to speak about a topic that is not on the agenda may do so at this time. The Chairperson shall indicate that comments should be limited to three minutes and that speakers should fill out a speaker slip. Depending on the level of attendance at the meeting, the Chairperson may allow for comments to be presented without the use of a speaker slip, but this should be the exception rather than the rule. In addition, if there are a large number of speakers, the Chairperson may restrict the time limit in order to allow all speakers a chance to address the Board. Conversely, if there is limited attendance the Chairperson may allow for more than three minutes per speaker.

The Chairperson has the responsibility to remind speakers when their time limit has been reached. District staff will monitor the length of time of each speaker and inform the Chairperson when the time limit has been reached. The Chairperson will then inform the speaker that they must conclude their comments so that the meeting can proceed.

**Use of AV System During Meetings** – District staff shall prepare presentation materials for each meeting so that information about the item under consideration will be displayed on the screen while the item is under consideration. This is intended to allow all attendees to see which topic is under consideration and receive pertinent information about that topic. In some cases, the information displayed will be a short text summary of the item, but in other cases the staff will include more detailed presentations, maps, tables, and other information that is relevant to the deliberation process. In all cases, the intent of the information presented is to ensure that all parties have adequate information to understand the issues under consideration and the rationale for the decision that is ultimately made.

District staff will operate the AV system during the meeting.

**Board or Committee Action Items** – When considering any action, from approval of minutes, to consent calendar, to individual action items, the following process shall be followed:

- The **C**hairperson shall announce the title of the Action Item
- Staff shall provide a report on the details of the item. This could be as brief as a comment from the General Manager describing the nature of the item or a full staff presentation. In some cases, staff may have contractors or consultants present technical materials. Guest speakers from other agencies may also provide information at this time. The goal of this part of the process is to lay out the foundation of information needed for the Members to deliberate the situation. Members may ask questions of the presenters to clarify information at this time, but this would not be the time to express opinions on options that are presented.
- Once the staff report has concluded, the Chairman shall ask for public comments on the topic. The same rules related to public comments listed above shall apply. At the end of the public comment period, the **C**hairperson should make it clear to the attendees that they may not be allowed to speak on this topic again, so they should say what they need to say now as the Chairman may not allow an interruption of the deliberation of the Members afterwards.
- After both the staff presentation and public comments have concluded, the Members may begin to discuss technical aspects of the topic or get more information from staff about the staff recommendation. It is important to remember that this part of the process is for information gathering, not actually deliberating a decision. Actual deliberation should occur after a motion has been made and seconded. Each Member wishing to speak on the topic shall be recognized by the **C**hairperson as having the floor prior to speaking. Only one Member should speak at a time. This is not only to provide a respectful environment for dialogue, it is also to avoid having garbled recordings of the meetings. When multiple speakers talk at once, it is very difficult to understand what was said on the recordings. Members may ask other members brief clarifying questions without having the floor, but such interjections should be kept to a minimum.
- At any point during the discussion process, any Member may make a Motion regarding the action item. If a Motion is made, the **C**hairperson shall acknowledge the Motion and clarify the terms of the motion as needed. If another Member Seconds the motion in a timely manner, the **C**hairperson shall announce that there has been a Motion and Second and verbally state who made the Motion and the Second. This clarification of which



Member took which action is helpful for the audio recording and the development of meeting minutes. The Chairperson shall then call for any additional discussion. This is the point in time for Members to deliberate about the Motion on hand. Members may ask for further technical clarifications from staff about the motion as part of this process which will continue until the Chairperson “calls the question” for a vote.

- When voting, the Chairperson will verbally clarify the terms of the Motion and ask for a vote. In the case of an Ordinance, the vote shall be a roll call vote. The Chairperson may use a voice vote on an Ordinance as long as the audio record is clear as to how each Member voted. In any act of the group, the votes of each Member must be clearly recorded in our minutes, so roll call votes are generally the best way to go.

**Participation by Public After the Public Comment Period Has Ended** – From time to time a member of the public may wish to make a comment to the Members after the public comment period has ended. This situation can be a very productive part of the deliberative process, but it can also be a disruption to the deliberative process. The Chairperson must clarify the rules for attendees at each meeting and/or for each action item. For items where there are many attendees who may want to join into the deliberative process, the Chairperson should inform them during the public comment period that ~~they~~ will not allow further comment so as not to bog down the meeting. The Chairperson has the discretion to allow attendees to briefly speak at ~~their~~ discretion. It will be the responsibility of the Chairperson to manage the public input process so that the co-equal goals of public input and a constructive deliberation process are achieved.

**Substitute Motions or Amendments to Motions** – Within Robert’s Rules there is a labyrinth of methods to amend or substitute Motions and these processes can become very confusing. In order to create an environment where all parties can clearly understand the deliberative process, the Chairperson shall limit any amendments to any Motion to a single amendment and will not allow substitute Motions. If a Motion is made and Seconded, a Member may ask for an amendment to the Motion during the discussion phase. The request for Amendment shall be made to the originator of the Motion. If the originator of the Motion agrees with the requested amendment, the originator of the Motion shall clarify their revised Motion. If this revised Motion received a Second from another Member, discussion shall ensure until the question is called. If the revised Motion fails to receive a Second, the discussion shall revert to the original Motion and proceed from there.

At the time a vote is taken, the Chairperson shall again clarify the original and amended Motion, including which Members made the Motion and Second, and call for the vote.

### **Courtesy and Decorum** (this section is adapted from “Rosenberg’s Rules of Order)

These parliamentary rules of are meant to create an atmosphere where the members of the Board or Committee and the members of the public can attend to business efficiently, fairly and with full participation. At the same time, it is up to the Chairperson and the members of the Board or Committee to maintain common courtesy and decorum. Unless the setting is very informal, it is always best for only one person at a time to have the floor, and it is always best for every speaker to be first recognized by the Chairperson before proceeding to speak.

The Chairperson should always ensure that debate and discussion of an agenda item focuses on the item and the policy in question, not the personalities of the Members of the Board or

Committee. Debate on policy is healthy, debate on personalities is not. The **C**hairperson has the right to cut off discussion that is too personal, too loud, or too crude.

Debate and discussion should be focused, but free and open. In the interest of time, the **C**hairperson may, however, limit the time allotted to speakers, including Members of the body. Can a Member of the body interrupt the speaker? The general rule is “no.” There are, however, exceptions. A speaker may be interrupted for the following reasons:

**Privilege.** The proper interruption would be: “point of privilege.” The **C**hairperson would then ask the interrupter to “state your point.” Appropriate points of privilege relate to anything that would interfere with the normal comfort of the meeting. For example, the room may be too hot or too cold, or a blowing fan might interfere with a person’s ability to hear.

**Order.** The proper interruption would be: “point of order.” Again, the **C**hairperson would ask the interrupter to “state your point.” Appropriate points of order relate to anything that would not be considered appropriate conduct of the meeting. For example, if the **C**hairperson moved on to a vote on a motion that permits debate without allowing that discussion or debate.

**Appeal.** If the **C**hairperson makes a ruling that a Member of the Board or Committee disagrees with, that Member may appeal the ruling of the **C**hairperson. If the motion is seconded, and after debate, it passes by a simple majority vote, then the ruling of the **C**hairperson is deemed reversed.

**Call for orders of the day.** This is simply another way of saying, “Let’s return to the agenda.” If a Member believes that the Board or Committee has drifted from the agreed-upon agenda, such a call may be made. It does not require a vote, and when the **C**hairperson discovers that the agenda has not been followed, the **C**hairperson simply reminds the Board or Committee to return to the agenda item properly before them. If the **C**hairperson fails to do so, the **C**hairperson’s determination may be appealed.

**Withdraw a motion.** During debate and discussion of a motion, the maker of the motion on the floor, at any time, may interrupt a speaker to withdraw ~~their~~**his or her** motion from the floor. The motion is immediately deemed withdrawn, although the **C**hairperson may ask the person who seconded the motion if ~~they~~**he or she** wishes to make the motion, and any other Member may make the motion if properly recognized.

**Section 3.03.020**  
**Time of Meeting**

All Board meetings shall commence at the time stated on the agenda and shall be guided by same.

### Section 3.03.030 Conduct of Meetings

The conduct of meetings shall, to the fullest possible extent, enable Directors to:

- (a) Consider problems to be solved, weigh evidence related thereto, and make wise decision intended to solve the problems; and,
- (b) Receive, consider and take any needed action with respect to reports of accomplishment of District operations.

Provisions for permitting any individual or group to address the Board concerning any item on the agenda of a special meeting, or to address the Board at a regular meeting on any subject that lies within the jurisdiction of the Board of Directors, shall be as follows:

- \* Three (3) minutes may be allotted to each speaker unless extended by the chairperson ~~President~~.

No conduct which interferes with the meeting shall be permitted at any Board meeting. Persistence in such conduct shall be grounds for summary termination by the Chairperson of that person's privilege to address the Board, and that person may be removed from the meeting.

Oral presentations which include charges or complaints against any District employee, regardless of whether the employee is identified in the presentation by name or by another reference which tends to identify, shall immediately be referred to the General Manager without further comment by the Board.

Willful disruption of any of the meetings of the Board of Directors shall not be permitted. If the Chairperson finds ~~that~~ there is in fact willful disruption of any meeting of the Board and that order cannot be restored by the individuals interrupting the meeting, the chairperson ~~he/she~~ may order the room cleared and subsequently conduct the Board's business without the audience present.

- (a) In such an event, only matters appearing on the agenda may be considered in such a session.
- (b) After clearing the room, the Chairperson may permit those persons who, in their ~~his/her~~ opinion, were not responsible for the willful disruption to re-enter the meeting room.
- (c) Duly accredited representatives of the news media, whom the Chairperson finds have not participated in the disruption, shall be admitted to the remainder of the meeting.

**Chapter 3.04**  
**BOARD OF DIRECTORS ACTIONS AND DIRECTIONS**

**Sections:**

- 3.04.010**      **Board of Directors Actions**
- 3.04.020**      **Board of Directors Directions**

**Section 3.04.010**  
**Board of Directors Actions**

Actions by the Board of Directors include but are not limited to the following:

- (a) Adoption or rejection of regulations or policies;
- (b) Adoption or rejection of a resolution;
- (c) Adoption or rejection of an ordinance; and
- (d) Approval or rejection of any contract or expenditure.

Action can only be taken by ~~at~~the vote of the majority of the Board of Directors. Three (3) Directors must vote affirmatively for any action to be effective (unless a 4/5 vote is required by policy or other law).

This policy applies ~~as well~~ to abstentions from voting as well. A member abstaining in a vote is considered as absent for that vote.

**Section 3.04.020**  
**Board of Directors Directions**

The Board may give directions which are not formal action. Such directions do not require formal procedural process. Such directions include the Board's directives and instructions to the General Manager. Such directives shall not consist of orders or instructions that would require the expenditure of District funds or other actions that would otherwise require formal approval of the Board.

The Chairperson shall determine by consensus a Board directive and shall state it for clarification. Should any two Directors challenge the statement of the Chairperson, a voice vote may be requested.

A formal motion may be made to place a disputed directive on a fixture agenda for Board consideration, or to take some other action (such as refer the matter to the General Manager for review and recommendation, etc.).

Informal action by the Board is still Board action and shall only occur regarding matters which appear on the agenda for the Board meeting during which said informal action is taken.

Chapter 3.05  
MINUTES

**Sections:**

3.05.010 Minutes Policy



**Chapter 3.05**  
**MINUTES OF**  
**BOARD**  
**MEETINGS**

**Section 3.05.010**  
**Minutes Policy**

The Secretary of the Board of Directors shall keep minutes of all regular and special meetings of the Board.

~~Staff shall endeavor to make copies of said minutes for distribution to Directors with the agenda of the minutes available at the next Board meeting for approval consideration. Copies of said minutes shall be made for distribution to Directors with the agenda for the next regular Board meeting.~~

The official minutes of the regular and special meetings of the Board shall be kept in a fire-proof vault or in fire-resistant, locked cabinets, as well as in electronic format.

All audio recordings of regular, special, and committee meetings will be kept for the transcription of minutes. Recordings shall be stored on the computer or on the server on secure electronic storage systems managed by District staff. ~~These recordings are made for the convenience of the Secretary and shall be retained until the minutes for the meeting have been transcribed and approved; they are not permanent records.~~ Once minutes have been transcribed and approved, all audio recordings shall be destroyed.

A notice will be visible that a recording is being made at all Board meetings;

There will be no recordings made during closed sessions of the Board. ~~;~~ and

~~Recordings shall be stored on the computer or on the server. These recordings are made for the convenience of the Secretary and shall be retained until the minutes for the meeting have been transcribed and approved; they are not permanent records.~~

Motions, resolutions or ordinances shall be recorded as having passed or failed and individual votes will be recorded unless the action was unanimous.

The minutes of Board meetings shall ~~be maintained as hereinafter outlined~~ include the following:-

Procedure:

- (a)      Date, place and type of each meeting.;
- (b)      Directors present and absent by name.;
- (c)      Call to order.;
- (d)      Arrival/Departure of tardy Directors by name and time.;
- (e)      Adjournment of the meeting.;
- ~~Record of written notice of special meetings; and,~~
- ~~Record of items to be considered at special meetings.~~
- (f)      Board Actions: Approval or amended approval of the minutes of preceding meetings.;
- (g)      Complete information as to each subject of the Board's deliberation.;

*M:\Administration\Confidential\Administrative Code Working Docs\Board Secretary Administrative Code Working File\Drafts Not Approved\Title 3\Redline\Minutes Policy 3.05.010.docx\rmwd-b\Store03\BoardFiles\Board Secretary\Administrative Code Working File\Board Admin Code 2005-2006\Minutes of Board Meetings 3.05-Minutes Policy 3.05.010.doc\Approved 8-3-05 by Ordinance No. 05-07\8-3-05\Amended and Updated Approved 7-21-06 by Ordinance No. 06-02\Amended and Updated Approved 1-27-09 by Ordinance No. 09-03\Amended and Updated Approved 10-25-16 by Ordinance No. 16-14\DRAFT*

- (h) Complete information as to each subject including the roll call record of the vote on a motion if not unanimous.
- (i) All Board resolutions and ordinances in complete context, numbered serially for each calendar year.
- (j) A record of all contracts entered into.
- (k) All employments and resignations or terminations of employment within the District.
- (l) A record by number of all warrants approved for payment.
- (m) Adoption of the annual budget.
- (n) Approval of all policies and Board-adopted regulations.
- (o) ~~and,~~ A record of all visitors and delegations appearing before the Board.

**Chapter 3.06**  
**CONFIDENTIALITY OF BOARD CLOSED SESSIONS**

**Sections**

- 3.06.010**      **General Policy**
- 3.06.020**      **Unauthorized Disclosure by a Director**
- 3.06.030**      **Unauthorized Disclosure by an Employee**
- 3.06.040**      **Enforcement**
- 3.06.040.01**   **Violation of Policy**
- 3.06.040.02**   **Investigation of Violation**

## **Section 3.06.010 General Policy**

The Brown Act prohibits the disclosure of confidential information acquired in closed session by any person present and offers various remedies to address willful breaches of confidentiality. These include injunctive relief, disciplinary action against an employee, and referral of a member of the legislative body to the grand jury.

It is incumbent upon all those attending lawful closed sessions to protect the confidentiality of those discussions.

Generally, the business of the District must be conducted in open session. Pursuant to the Ralph M. Brown Act, California Government Code sections 54962 et seq., the following matters may be discussed in closed session:

- a determination regarding a license or permit;
- conference regarding real property negotiations;
- conference with legal counsel regarding existing litigation;
- conference with legal counsel regarding anticipated litigation;
- liability claims;
- threat to public services or facilities;
- public employee appointment;
- public employee performance evaluation;
- public employee discipline, dismissal, or release;
- conference with labor negotiators;
- report involving trade secret;
- charge or complaint involving information protected by federal law; and a
- conference involving a joint powers agency.

Only the legislative body, acting as a body, may agree to divulge confidential closed session information.

Regarding attorney/client privileged communications occurring in closed session, the entire legislative body is the holder of the privilege and only a majority vote of the entire legislative body can authorize the waiver of the privilege.

Only what is publicly reported by the general counsel at the conclusion of a closed session may be publicly disclosed except as may be necessary to implement the decisions made by the Board in closed session.

**Section 3.06.020**  
**Unauthorized Disclosure by a Director**

A violation of the policy stated in Section 3.06.010 by a director shall be placed on the agenda of the next regular meeting of the Board or on an earlier special meeting of the Board to consider remedial action, which may include, but not be limited to:

- (a) an oral reprimand;
- (b) a written reprimand;
- (c) injunctive relief to prevent the current or future disclosure of confidential information;
- (d) referral of the Director(s) who willfully disclosed confidential information in violation of the policy to the San Diego District Attorney;
- (e) removal from any committee assignments for a specified period;
- (f) suspension of reimbursements for District travel for a specified period.

Before taking any action, the Board, or an ad hoc committee appointed by the Board to first review the matter, shall provide the person(s) under investigation with an opportunity to meet with the Board or ad hoc committee appointed for the purpose to review the presentation of reasons and evidence why action should not be taken.

It is the intention to implement progressive discipline unless the violation is so severe, willful and detrimental to the interests of the District in fulfilling its public functions that progressive discipline would not serve the District.

The resulting decision of the Board shall be final without any administrative appeal procedure.

**Section 3.06.030**  
**Unauthorized Disclosure by an Employee**

A violation of the policy stated in Section 3.06.010 by an employee shall be placed on the agenda of the next regular meeting of the Board or on an earlier special meeting of the Board to consider remedial action, which may include, but not be limited to:

- (a) an oral reprimand;
- (b) a written reprimand;
- (c) a suspension of a specified period of time with or without pay;
- (d) injunctive relief to prevent the current or future disclosure of confidential information;
- (e) referral of the employee(s) who willfully disclosed confidential information in violation of the policy to the San Diego District Attorney;
- (f) termination.

It is the intention to implement progressive discipline unless the violation is so severe, willful and detrimental to the interests of the District in fulfilling its public functions that progressive discipline would not serve the District.

Before taking any action, the Board, or an ad hoc committee appointed by the Board to first review the matter, shall provide the person(s) under investigation with an opportunity to meet with the Board or ad hoc committee appointed for the purpose to review the presentation of reasons and evidence why action should not be taken.

The resulting decision of the Board shall be final without any administrative appeal procedure.

**Section 3.06.040  
Enforcement**

**3.06.040.01 Violation of Policy**

(a) Any director or employee who has reason to believe that a violation of the policy of confidentiality has occurred shall report the suspected violation as follows:

- (1) if the suspected violation was by a director, the chair of the Board shall be notified;
- (2) if the suspected violation was by the chair of the Board, the general manager and general counsel shall be notified;
- (3) if the suspected violation was by an employee, the general manager shall be notified;
- (4) if the suspected violation was by the general manager, the chair of the Board shall be notified;
- (5) if the suspected violation was by the general counsel, the general manager and the chair of the Board shall be notified.

(b) **3.06.040.02 Investigation of Violation**

The suspected violation shall be investigated in the manner provided in Administrative Code Ssection 3.06.020 or 3.06.030, as appropriate. The Board, or an ad hoc committee appointed by the Board, upon receiving any information in support of the suspected violation, shall permit the suspected violator(s) to present any explanation, evidence, or testimony to rebut the allegation.

The Board's decision regarding the suspected violation shall be supported by the "preponderance of the evidence" legal standard, which requires a showing that it is more likely than not ~~that~~ the suspected violation occurred. (California Evidence Code section 115; Weiner v. Fleischman (1991) 54 Cal.3d 476).





**Title 3  
BOARD MEETINGS**

**Chapters:**

- 3.01 Meetings**
- 3.02 Meeting Agendas**
- 3.03 Conduct**
- 3.04 Board Actions and Directions**
- 3.05 Minutes**
- 3.06 Confidentiality of Board Closed Sessions**

**Chapter 3.01  
MEETINGS**

**Sections:**

- 3.01.010 Regular Meetings**
- 3.01.010.01 Schedule**
- 3.01.010.02 Open Sessions**
- 3.01.010.03 Closed Sessions**
- 3.01.010.04 Agenda Item Order**
- 3.01.020 Special, Adjourned and Emergency Meetings**
- 3.01.020.01 Special Meetings**
- 3.01.020.02 Adjourned Meetings**
- 3.01.020.03 Emergency Meetings**
- 3.01.030 Biannual Organizational Meeting**
- 3.01.040 Availability of Information**

**Section 3.01.010**  
**Regular Meetings**

All regular meetings of the Board of Directors will be conducted in the Board room of the District at 3707 Old Highway 395, Fallbrook, California 92028.

The date and time of the regular meetings shall be established by the Board of Directors at the last Board meeting of each calendar year.

**3.01.010.01 Schedule**

Regular meetings shall be held on the fourth (4<sup>th</sup>) Tuesday of each calendar month. The November and December meetings shall be combined and held on the first available Tuesday in the month of December of each calendar year.

The starting time for the regular meeting Open Session shall be 1:00 p.m.

**3.01.010.02 Open Sessions**

Each regular meeting will include an Open Session. Open Sessions are for the purpose of discussing in an open forum any matters that are not of confidential nature as permitted by law and are open to the public.

Although the Board is not prohibited from taking testimony at regular meetings on matters not on the agenda which a member may wish to bring before the Board, the Board cannot discuss or take action on such matters at that meeting but may briefly respond, ask a question for clarification, make an announcement, report their own activities, refer the item to staff for follow-up, or place it on a future agenda for discussion and action.

A time limit may be imposed on the speaker by the meeting chairperson at their sole discretion.

**3.01.010.03 Closed Sessions**

The Board, General Manager, or District Counsel may schedule a Closed Session as part of any regular meeting. Closed Sessions are for the purpose of discussing confidential matters as permitted by law and are closed to the public.

Closed Sessions may be scheduled for any time during a regular meeting. The start time of each Closed Session shall be determined by the chairperson after conferring with the General Manager and District Counsel regarding the estimated time necessary to adequately discuss the agenda items. Once a start time has been determined, this information as well as the topics to be discussed will be provided on the regular meeting agenda.

Closed Session scheduled for the beginning of a regular meeting may conclude before or after the Open Session start time; however, Open Session will not begin prior to the Open Session start time.

Prior to adjourning to the Closed Session there shall be a public comment period to allow interested members of the public the opportunity to comment only on those items on the Closed Session agenda.

A second public comment period will be held at the beginning of Open Session to allow interested members of the public an opportunity to directly address the Board on any item of interest to the public.

**3.01.010.04 Agenda Item Order**

The chairperson of the meetings described herein shall determine the order in which agenda items shall be considered for discussion and/or action by the Board.

**Section 3.01.020**  
**Special, Adjourned and Emergency Meetings**

Special, adjourned and emergency meetings of the Board of Directors may be called as provided by law, and in accordance with the provisions of the Brown Act, Government Code Section 54950 *et seq.*

**3.01.020.01 Special Meetings**

Special meetings may be called by the President or by a majority of the members of the Board as permitted by Government Code Section 54956. The President shall set the time and place for any special meeting of the Board of Directors. The President shall have final approval on the contents of the agendas for all special, adjourned and emergency meetings of the Board. Directors shall be notified of special meetings by the Secretary. The call and notice shall be posted at least 24 hours prior to the special meeting at the District Headquarters. The Secretary shall post an agenda containing a brief, general description of each item of business to be transacted or discussed at special meetings, including the items to be discussed in closed session. The posting shall be freely accessible to the public.

**3.01.020.02 Adjourned Meetings**

A regular meeting may be adjourned by the Board or by the Secretary if less than a quorum is present to another time. An adjourned regular meeting is a regular meeting if held within five days of the regular meeting. If the adjourned meeting is held more than five days after the regular meeting, a new agenda shall be posted.

**3.01.020.03 Emergency Meetings**

An emergency meeting may be called by a majority of the Board pursuant to Government Code Section 54956.5 without twenty-four hour notice or posting of an agenda if necessary due to disruption or threatened disruption of District facilities by work stoppage, natural disaster or other activity severely impairing public health or safety as determined by a majority of the members.

**Section 3.01.030**  
**Biannual Organizational Meeting**

The Board of Directors shall hold an organizational meeting at its regular meeting in January of the odd numbered year or as determined by the Board. At this meeting the Board will elect a President and Vice President from among its members and may appoint the Executive Assistant as its Board Secretary and the Finance Manager as its Treasurer to serve until the next biannual meeting.

**Section 3.01.040**  
**Availability of Information**

The chairperson and the General Manager shall insure that appropriate information and materials are available for the audience at meetings of the Board of Directors. This information includes, but is not limited to, the following:

- A.** Agenda packages and other materials deemed appropriate by the Board of Directors, e.g. draft budgets for budget workshops, shall be made available to any interested member of the public who makes a request.
- B.** Members of the public who would like to receive agendas as well as agenda packets on a recurring basis throughout the calendar year may submit a request form with the Executive Assistant/Board Secretary. Said written request shall be in effect for the calendar year in which it is made and shall be renewed annually to continue regular receipt of the materials.
- C.** Sufficient copies of any materials provided at meetings of the Board of Directors shall be made and readily available for those attending said meetings.
- D.** Additional copies of the agenda packages will be made readily available to non-subscribers upon request.
- E.** Subscribers will be notified by e-mail, fax, or telephone when materials are available.

Moved to Regular Meetings Section 3.01.010.04



**Chapter 3.02  
MEETING AGENDAS**

**Sections:**

- 3.02.010 Agendas**
- 3.02.010.01 Agenda Preparation**
- 3.02.010.02 Requests for Agenda Items**
- 3.02.010.02.1 Requests Made by Board of Directors**
- 3.02.010.02.2 Requests Made by Members of the Public**
- 3.02.010.03 Taking Testimony**
- 3.02.010.04 Time Limits**
- 3.02.010.05 Posting of Agenda**
- 3.02.010.05.1 Regular Meetings**
- 3.02.010.05.2 Special Meetings**
- 3.02.020 Presentations from Board Invited Guests**

**Section 3.02.010**  
**Agendas**

**3.02.010.01 Agenda Preparation**

The General Manager, in cooperation with the Board President, shall coordinate preparation of an agenda for each regular and special meeting of the Board of Directors.

**3.02.010.02 Requests for Agenda Items**

**3.02.010.02.1 Requests Made by Board of Directors**

Any Director may call the General Manager and request any item to be placed on the agenda no later than two weeks prior to the meeting date.

**3.02.010.02.2 Requests Made by Public Members**

Any member of the public may request that a matter directly related to District business be placed on the agenda of a regularly scheduled meeting of the Board of Directors, subject to the following conditions:

- (a) The request must be in writing and be submitted to the General Manager or their designee together with supporting documents and information, if any, at least two weeks prior to the date of the meeting.
- (b) Notwithstanding permission to request an item's placement on the agenda or to address the Board during public comment, for issues requiring closed session discussion as provided by law, no substantive discussion or action shall be taken by the Board until after the matter has been discussed by the Board in a duly noticed closed session.

**3.02.010.03 Taking Testimony**

This policy does not prevent the Board from taking testimony at regular and special meetings of the Board on matters which are not on the agenda which a member of the public may wish to bring before the Board; however, the Board shall not take action or engage in substantive discussions on non-agenda items. The Board may request to place a matter on the agenda for a subsequent meeting, ask a question for clarification, provide a reference to staff or other resources for factual information, or direct staff to report back at a future date.

**3.02.010.04 Time Limits**

The Board of Directors may place limitations on the total time to be devoted to a public request issue at any meeting and may limit the time allowed for any one person to speak on the issue at the meeting.

### **3.02.010.05 Posting of Agenda**

#### **3.02.010.05.1 Regular Meetings**

In accordance with the law, at least seventy-two (72) hours prior to the time of all regular meetings, an agenda, which includes but is not limited to all matters on which there may be discussion or action by the Board, shall be posted conspicuously for public review at the District office or otherwise as provided by law.

#### **3.02.010.05.2 Special Meetings**

The agenda for a special meeting shall be posted at least twenty-four (24) hours before the meeting in the same location as stated for regular meetings.

**Section 3.02.020**  
**Presentations from Board Invited Guests**

A Board member may request that a guest be invited to make a presentation to the Board of Directors subject to the approval of the request by the Board of Directors.

A Board member wishing to invite a guest to make a presentation will provide to the General Manager a brief description of the nature of the presentation.

Upon receipt of the request the General Manager will include the request in the next available agenda for Board consideration.



Moved to Regular Meetings Section 3.01.010.02 and Agendas 3.02.010.03 Respectively

Moved to Agendas Section 3.02.010.05

**Chapter 3.03  
CONDUCT**

**Sections:**

- 3.03.010**      **Roberts Rules of Order, Revised**
- 3.03.020**      **Time of Meeting**
- 3.03.030**      **Conduct of Meetings**



**Section 3.03.010**  
**Roberts Rules of Order, Revised**

Meetings of the Board of Directors shall be conducted by the chairperson. The Board approved Rainbow Municipal District Parliamentary Procedures Policy as well as the latest of Robert's Rules of Order, Revised shall also be used as a general guideline for meeting protocol. District policies shall prevail whenever they conflict with Robert's Rules of Order, Revised.

# RMWD Parliamentary Procedures Policy

## Introduction

The Rainbow Municipal Water District is at its heart a service organization dedicated to the communities that make up the District. Part of our mission requires the Board of Directors and various committees to conduct open and public meetings in order to review information and make decisions about important topics facing the District. The manner in which these meetings are conducted is an important factor in the success of the organization.

There are multiple goals of the conduct of each meeting, including but not limited to:

- **Transparency** – the conduct of the meetings must be such that all participants must be able to have access to the information being considered by the Board. In addition, the deliberative process must be in accordance with the requirements of the Ralph M. Brown Act. Except for specific circumstances that require a closed session, the goal is for all deliberations to be done in public sessions with as much information available to the public as possible.
- **Public Input** – the input of the public is an important component in the deliberative process. Each meeting must allow for meaningful input from interested parties. It is also important that the nature and duration of the public input support the deliberative process rather than disrupt the meeting. All opinions are welcome, but communications that are designed to disrupt the meeting must be managed effectively to prevent disruptions.
- **Board/Committee Decorum** – in order to ensure that each member of the Board or committee is able to voice their option on each item under consideration, Board and committee members must conduct themselves in such a way that the rights of the others to speak are respected.
- **Effective Meeting Management** – effective Board and Committee meetings are generally characterized by a strong leadership role of the Board President or Committee Chair. Each person who is leading the meeting must understand the role that they play in the meeting and ensure that the activities of all participants in the meeting adhere to the policies outlined in this document. There can sometimes be a challenge when balancing the needs outlined above with the need for effective meeting management and the role of the leader of the meeting is important in managing this process.

## Background

Section 3.03 of the RMWD Administrative Code outlines the policies of Board Meeting Conduct. This policy document is intended to serve as a supplement to the Administrative Code. In accordance with the Administrative Code, the basic conduct of the meeting will be in accordance with the latest version of Robert's Rules of Order, Revised (hereafter referred to as Robert's Rules). As most people are aware, Robert's Rules are very effective but also very limiting if followed exactly. They were designed for a particular purpose and some facets of Robert's Rules can conflict with the goals stated above. For instance, strict adherence to Robert's Rules would require a motion to be made and seconded before any discussion could be had on a particular course of action. While this may be an appropriate parliamentary procedure in some circumstances, if this practice were to be followed at an RMWD meeting, attendees may conclude

that since a motion was made prior to any discussion there must have been some back room deals leading to the motion. This is not what we want to project to the public.

To that end, this list of parliamentary procedures is intended to supplement and expand on Robert's Rules and provide guidance on how we can conduct orderly, effective, and transparent meetings at RMWD. For the purposes of this document, the Board President and Committee chairpersons will be collectively referred to as the chairperson. Board Members or Committee Members will be collectively referred to as Members.

## **Conduct of Meetings**

**Call to Order** – the chairperson will call the meeting to order at the time stated on the public notice for that meeting. The clock located in the Boardroom shall be the official clock for starting meetings. If there are Members that are running late, the chairperson may delay the start of the meeting, but such delays should not exceed ten minutes.

**Pledge of Allegiance** – The chairperson shall lead the group in the recital of the Pledge of Allegiance. As an option, the chairperson may designate another member or attendee to lead the Pledge of Allegiance. In order to lead the Pledge, the chairperson or designee shall state "Please rise and join me in the Pledge of Allegiance" and then pause to allow attendees to stand up. Once the room is ready they shall state "Ready – Begin" and then recite the Pledge of Allegiance.

**Roll Call and Establishment of a Quorum** – The Board Secretary shall call the roll to determine if a quorum is present at the meeting. The default rule is that a quorum is one more than half the Board or Committee. So, for example, in a Regular Board meeting with a five-member body a quorum is three. When the Board has three members present, it can legally transact business. If the Board has less than a quorum of members present, it cannot legally transact business. For Committees with larger numbers of Members the quorum number will change accordingly.

If the Board or Committee has a quorum to begin the meeting, the Board or Committee can lose the quorum during the meeting when a member departs (or even when a member leaves the dais), and when that occurs the body loses its ability to transact business until and unless a quorum is reestablished.

**Opportunity for Public Comments on Items That are Not on the Agenda** – The chairperson shall announce that any person who wishes to speak about a topic that is not on the agenda may do so at this time. The chairperson shall indicate that comments should be limited to three minutes and that speakers should fill out a speaker slip. Depending on the level of attendance at the meeting, the chairperson may allow for comments to be presented without the use of a speaker slip, but this should be the exception rather than the rule. In addition, if there are a large number of speakers, the chairperson may restrict the time limit in order to allow all speakers a chance to address the Board. Conversely, if there is limited attendance the chairperson may allow for more than three minutes per speaker.

The chairperson has the responsibility to remind speakers when their time limit has been reached. District staff will monitor the length of time of each speaker and inform the chairperson when the time limit has been reached. The chairperson will then inform the speaker that they must conclude their comments so that the meeting can proceed.

**Use of AV System During Meetings** – District staff shall prepare presentation materials for each meeting so that information about the item under consideration will be displayed on the screen

while the item is under consideration. This is intended to allow all attendees to see which topic is under consideration and receive pertinent information about that topic. In some cases, the information displayed will be a short text summary of the item, but in other cases the staff will include more detailed presentations, maps, tables, and other information that is relevant to the deliberation process. In all cases, the intent of the information presented is to ensure that all parties have adequate information to understand the issues under consideration and the rationale for the decision that is ultimately made.

District staff will operate the AV system during the meeting.

**Board or Committee Action Items** – When considering any action, from approval of minutes, to consent calendar, to individual action items, the following process shall be followed:

- The chairperson shall announce the title of the Action Item
- Staff shall provide a report on the details of the item. This could be as brief as a comment from the General Manager describing the nature of the item or a full staff presentation. In some cases, staff may have contractors or consultants present technical materials. Guest speakers from other agencies may also provide information at this time. The goal of this part of the process is to lay out the foundation of information needed for the Members to deliberate the situation. Members may ask questions of the presenters to clarify information at this time, but this would not be the time to express opinions on options that are presented.
- Once the staff report has concluded, the Chairman shall ask for public comments on the topic. The same rules related to public comments listed above shall apply. At the end of the public comment period, the chairperson should make it clear to the attendees that they may not be allowed to speak on this topic again, so they should say what they need to say now as the Chairman may not allow an interruption of the deliberation of the Members afterwards.
- After both the staff presentation and public comments have concluded, the Members may begin to discuss technical aspects of the topic or get more information from staff about the staff recommendation. It is important to remember that this part of the process is for information gathering, not actually deliberating a decision. Actual deliberation should occur after a motion has been made and seconded. Each Member wishing to speak on the topic shall be recognized by the chairperson as having the floor prior to speaking. Only one Member should speak at a time. This is not only to provide a respectful environment for dialogue, it is also to avoid having garbled recordings of the meetings. When multiple speakers talk at once, it is very difficult to understand what was said on the recordings. Members may ask other members brief clarifying questions without having the floor, but such interjections should be kept to a minimum.
- At any point during the discussion process, any Member may make a Motion regarding the action item. If a Motion is made, the chairperson shall acknowledge the Motion and clarify the terms of the motion as needed. If another Member Seconds the motion in a timely manner, the chairperson shall announce that there has been a Motion and Second and verbally state who made the Motion and the Second. This clarification of which Member took which action is helpful for the audio recording and the development of meeting minutes. The chairperson shall then call for any additional discussion. This is the point in time for Members to deliberate about the Motion on hand. Members may ask

for further technical clarifications from staff about the motion as part of this process which will continue until the chairperson “calls the question” for a vote.

- When voting, the chairperson will verbally clarify the terms of the Motion and ask for a vote. In the case of an Ordinance, the vote shall be a roll call vote. The chairperson may use a voice vote on an Ordinance as long as the audio record is clear as to how each Member voted. In any act of the group, the votes of each Member must be clearly recorded in our minutes, so roll call votes are generally the best way to go.

**Participation by Public After the Public Comment Period Has Ended** – From time to time a member of the public may wish to make a comment to the Members after the public comment period has ended. This situation can be a very productive part of the deliberative process, but it can also be a disruption to the deliberative process. The chairperson must clarify the rules for attendees at each meeting and/or for each action item. For items where there are many attendees who may want to join into the deliberative process, the chairperson should inform them during the public comment period that they will not allow further comment so as not to bog down the meeting. The chairperson has the discretion to allow attendees to briefly speak at their discretion. It will be the responsibility of the chairperson to manage the public input process so that the co-equal goals of public input and a constructive deliberation process are achieved.

**Substitute Motions or Amendments to Motions** – Within Robert’s Rules there is a labyrinth of methods to amend or substitute Motions and these processes can become very confusing. In order to create an environment where all parties can clearly understand the deliberative process, the chairperson shall limit any amendments to any Motion to a single amendment and will not allow substitute Motions. If a Motion is made and Seconded, a Member may ask for an amendment to the Motion during the discussion phase. The request for Amendment shall be made to the originator of the Motion. If the originator of the Motion agrees with the requested amendment, the originator of the Motion shall clarify their revised Motion. If this revised Motion received a Second from another Member, discussion shall ensure until the question is called. If the revised Motion fails to receive a Second, the discussion shall revert to the original Motion and proceed from there.

At the time a vote is taken, the chairperson shall again clarify the original and amended Motion, including which Members made the Motion and Second, and call for the vote.

### **Courtesy and Decorum** (this section is adapted from “Rosenberg’s Rules of Order)

These parliamentary rules of are meant to create an atmosphere where the members of the Board or Committee and the members of the public can attend to business efficiently, fairly and with full participation. At the same time, it is up to the chairperson and the members of the Board or Committee to maintain common courtesy and decorum. Unless the setting is very informal, it is always best for only one person at a time to have the floor, and it is always best for every speaker to be first recognized by the chairperson before proceeding to speak.

The chairperson should always ensure that debate and discussion of an agenda item focuses on the item and the policy in question, not the personalities of the Members of the Board or Committee. Debate on policy is healthy, debate on personalities is not. The chairperson has the right to cut off discussion that is too personal, too loud, or too crude.

Debate and discussion should be focused, but free and open. In the interest of time, the chairperson may, however, limit the time allotted to speakers, including Members of the body.

Can a Member of the body interrupt the speaker? The general rule is “no.” There are, however, exceptions. A speaker may be interrupted for the following reasons:

**Privilege.** The proper interruption would be: “point of privilege.” The chairperson would then ask the interrupter to “state your point.” Appropriate points of privilege relate to anything that would interfere with the normal comfort of the meeting. For example, the room may be too hot or too cold, or a blowing fan might interfere with a person’s ability to hear.

**Order.** The proper interruption would be: “point of order.” Again, the chairperson would ask the interrupter to “state your point.” Appropriate points of order relate to anything that would not be considered appropriate conduct of the meeting. For example, if the chairperson moved on to a vote on a motion that permits debate without allowing that discussion or debate.

**Appeal.** If the chairperson makes a ruling that a Member of the Board or Committee disagrees with, that Member may appeal the ruling of the chairperson. If the motion is seconded, and after debate, it passes by a simple majority vote, then the ruling of the chairperson is deemed reversed.

**Call for orders of the day.** This is simply another way of saying, “Let’s return to the agenda.” If a Member believes that the Board or Committee has drifted from the agreed-upon agenda, such a call may be made. It does not require a vote, and when the chairperson discovers that the agenda has not been followed, the chairperson simply reminds the Board or Committee to return to the agenda item properly before them. If the chairperson fails to do so, the chairperson’s determination may be appealed.

**Withdraw a motion.** During debate and discussion of a motion, the maker of the motion on the floor, at any time, may interrupt a speaker to withdraw their motion from the floor. The motion is immediately deemed withdrawn, although the chairperson may ask the person who seconded the motion if they wish to make the motion, and any other Member may make the motion if properly recognized.

**Section 3.03.020**  
**Time of Meeting**

All Board meetings shall commence at the time stated on the agenda and shall be guided by same.

**Section 3.03.030**  
**Conduct of Meetings**

The conduct of meetings shall, to the fullest possible extent, enable Directors to:

- (a) Consider problems to be solved, weigh evidence related thereto, and make wise decision intended to solve the problems; and,
- (b) Receive, consider and take any needed action with respect to reports of accomplishment of District operations.

Provisions for permitting any individual or group to address the Board concerning any item on the agenda of a special meeting, or to address the Board at a regular meeting on any subject that lies within the jurisdiction of the Board of Directors, shall be as follows:

- \* Three (3) minutes may be allotted to each speaker unless extended by the chairperson.

No conduct which interferes with the meeting shall be permitted at any Board meeting. Persistence in such conduct shall be grounds for summary termination by the chairperson of that person's privilege to address the Board, and that person may be removed from the meeting.

Oral presentations which include charges or complaints against any District employee, regardless of whether the employee is identified in the presentation by name or by another reference which tends to identify, shall immediately be referred to the General Manager without further comment by the Board.

Willful disruption of any of the meetings of the Board of Directors shall not be permitted. If the chairperson finds there is in fact willful disruption of any meeting of the Board and that order cannot be restored by the individuals interrupting the meeting, the chairperson may order the room cleared and subsequently conduct the Board's business without the audience present.

- (a) In such an event, only matters appearing on the agenda may be considered in such a session.
- (b) After clearing the room, the chairperson may permit those persons who, in their opinion, were not responsible for the willful disruption to re-enter the meeting room.
- (c) Duly accredited representatives of the news media, whom the chairperson finds have not participated in the disruption, shall be admitted to the remainder of the meeting.



**Chapter 3.04**  
**BOARD OF DIRECTORS ACTIONS AND DIRECTIONS**

**Sections:**

- 3.04.010**      **Board of Directors Actions**
- 3.04.020**      **Board of Directors Directions**

**Section 3.04.010**  
**Board of Directors Actions**

Actions by the Board of Directors include but are not limited to the following:

- (a) Adoption or rejection of regulations or policies;
- (b) Adoption or rejection of a resolution;
- (c) Adoption or rejection of an ordinance; and
- (d) Approval or rejection of any contract or expenditure.

Action can only be taken by a vote of the majority of the Board of Directors. Three (3) Directors must vote affirmatively for any action to be effective (unless a 4/5 vote is required by policy or other law).

This policy applies to abstentions from voting as well. A member abstaining in a vote is considered as absent for that vote.

**Section 3.04.020**  
**Board of Directors Directions**

The Board may give directions which are not formal action. Such directions do not require formal procedural process. Such directions include the Board's directives and instructions to the General Manager. Such directives shall not consist of orders or instructions that would require the expenditure of District funds or other actions that would otherwise require formal approval of the Board.

The chairperson shall determine by consensus a Board directive and shall state it for clarification. Should any two Directors challenge the statement of the chairperson, a voice vote may be requested.

A formal motion may be made to place a disputed directive on a fixture agenda for Board consideration, or to take some other action (such as refer the matter to the General Manager for review and recommendation, etc.).

Informal action by the Board is still Board action and shall only occur regarding matters which appear on the agenda for the Board meeting during which said informal action is taken.

**Chapter 3.05  
MINUTES**

**Sections:**

**3.05.010      Minutes Policy**

**Section 3.05.010**  
**Minutes Policy**

The Secretary of the Board of Directors shall keep minutes of all regular and special meetings of the Board.

Staff shall endeavor to make copies of said minutes for distribution to Directors with the agenda of the minutes available at the next Board meeting for approval consideration.

The official minutes of the regular and special meetings of the Board shall be kept in a fire-proof vault or in fire-resistant locked cabinets, as well as in electronic format.

All audio recordings of regular, special, and committee meetings will be kept for the transcription of minutes. Recordings shall be stored on secure electronic storage systems managed by District staff. These recordings are made for the convenience of the Secretary and shall be retained until the minutes for the meeting have been transcribed and approved; they are not permanent records. Once minutes have been transcribed and approved, all audio recordings shall be destroyed.

A notice will be visible that a recording is being made at all Board meetings;

There will be no recordings made during closed sessions of the Board.

Motions, resolutions or ordinances shall be recorded as having passed or failed and individual votes will be recorded unless the action was unanimous.

The minutes of Board meetings shall include the following:

- (a) Date, place and type of each meeting.
- (b) Directors present and absent by name.
- (c) Call to order.
- (d) Arrival/Departure of tardy Directors by name and time.
- (e) Adjournment of the meeting.
- (f) Board Actions: Approval or amended approval of the minutes of preceding meetings.
- (g) Complete information as to each subject of the Board's deliberation.
- (h) Complete information as to each subject including the roll call record of the vote on a motion if not unanimous.
- (i) All Board resolutions and ordinances in complete context, numbered serially for each calendar year.
- (j) A record of all contracts entered into.
- (k) All employments and resignations or terminations of employment within the District.
- (l) A record by number of all warrants approved for payment.
- (m) Adoption of the annual budget.
- (n) Approval of all policies and Board-adopted regulations.
- (o) A record of all visitors and delegations appearing before the Board.

**Chapter 3.06**  
**CONFIDENTIALITY OF BOARD CLOSED SESSIONS**

**Sections**

- 3.06.010**      **General Policy**
- 3.06.020**      **Unauthorized Disclosure by a Director**
- 3.06.030**      **Unauthorized Disclosure by an Employee**
- 3.06.040**      **Enforcement**
- 3.06.040.01**   **Violation of Policy**
- 3.06.040.02**   **Investigation of Violation**

### **Section 3.06.010 General Policy**

The Brown Act prohibits the disclosure of confidential information acquired in closed session by any person present and offers various remedies to address willful breaches of confidentiality. These include injunctive relief, disciplinary action against an employee, and referral of a member of the legislative body to the grand jury.

It is incumbent upon all those attending lawful closed sessions to protect the confidentiality of those discussions.

Generally, the business of the District must be conducted in open session. Pursuant to the Ralph M. Brown Act, California Government Code sections 54962 et seq., the following matters may be discussed in closed session:

- a determination regarding a license or permit;
- conference regarding real property negotiations;
- conference with legal counsel regarding existing litigation;
- conference with legal counsel regarding anticipated litigation;
- liability claims;
- threat to public services or facilities;
- public employee appointment;
- public employee performance evaluation;
- public employee discipline, dismissal, or release;
- conference with labor negotiators;
- report involving trade secret;
- charge or complaint involving information protected by federal law; and a
- conference involving a joint powers agency.

Only the legislative body, acting as a body, may agree to divulge confidential closed session information.

Regarding attorney/client privileged communications occurring in closed session, the entire legislative body is the holder of the privilege and only a majority vote of the entire legislative body can authorize the waiver of the privilege.

Only what is publicly reported by the general counsel at the conclusion of a closed session may be publicly disclosed except as may be necessary to implement the decisions made by the Board in closed session.

**Section 3.06.020**  
**Unauthorized Disclosure by a Director**

A violation of the policy stated in Section 3.06.010 by a director shall be placed on the agenda of the next regular meeting of the Board or on an earlier special meeting of the Board to consider remedial action, which may include, but not be limited to:

- (a) an oral reprimand;
- (b) a written reprimand;
- (c) injunctive relief to prevent the current or future disclosure of confidential information;
- (d) referral of the Director(s) who willfully disclosed confidential information in violation of the policy to the San Diego District Attorney;
- (e) removal from any committee assignments for a specified period;
- (f) suspension of reimbursements for District travel for a specified period.

Before taking any action, the Board, or an ad hoc committee appointed by the Board to first review the matter, shall provide the person(s) under investigation with an opportunity to meet with the Board or ad hoc committee appointed for the purpose to review the presentation of reasons and evidence why action should not be taken.

It is the intention to implement progressive discipline unless the violation is so severe, willful and detrimental to the interests of the District in fulfilling its public functions that progressive discipline would not serve the District.

The resulting decision of the Board shall be final without any administrative appeal procedure.



**Section 3.06.030**  
**Unauthorized Disclosure by an Employee**

A violation of the policy stated in Section 3.06.010 by an employee shall be placed on the agenda of the next regular meeting of the Board or on an earlier special meeting of the Board to consider remedial action, which may include, but not be limited to:

- (a) an oral reprimand;
- (b) a written reprimand;
- (c) a suspension of a specified period of time with or without pay;
- (d) injunctive relief to prevent the current or future disclosure of confidential information;
- (e) referral of the employee(s) who willfully disclosed confidential information in violation of the policy to the San Diego District Attorney;
- (f) termination.

It is the intention to implement progressive discipline unless the violation is so severe, willful and detrimental to the interests of the District in fulfilling its public functions that progressive discipline would not serve the District.

Before taking any action, the Board, or an ad hoc committee appointed by the Board to first review the matter, shall provide the person(s) under investigation with an opportunity to meet with the Board or ad hoc committee appointed for the purpose to review the presentation of reasons and evidence why action should not be taken.

The resulting decision of the Board shall be final without any administrative appeal procedure.

**Section 3.06.040  
Enforcement**

**3.06.040.01 Violation of Policy**

Any director or employee who has reason to believe that a violation of the policy of confidentiality has occurred shall report the suspected violation as follows:

- (1) if the suspected violation was by a director, the chair of the Board shall be notified;
- (2) if the suspected violation was by the chair of the Board, the general manager and general counsel shall be notified;
- (3) if the suspected violation was by an employee, the general manager shall be notified;
- (4) if the suspected violation was by the general manager, the chair of the Board shall be notified;
- (5) if the suspected violation was by the general counsel, the general manager and the chair of the Board shall be notified.

**3.06.040.02 Investigation of Violation**

The suspected violation shall be investigated in the manner provided in Administrative Code Section 3.06.020 or 3.06.030, as appropriate. The Board, or an ad hoc committee appointed by the Board, upon receiving any information in support of the suspected violation, shall permit the suspected violator(s) to present any explanation, evidence, or testimony to rebut the allegation.

The Board's decision regarding the suspected violation shall be supported by the "preponderance of the evidence" legal standard, which requires a showing that it is more likely than not the suspected violation occurred. (California Evidence Code section 115; *Weiner v. Fleischman* (1991) 54 Cal.3d 476).

### BOARD OF DIRECTORS

December 8, 2020

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### SUBJECT

DISCUSSION AND POSSIBLE ACTION TO ADOPT ORDINANCE NO. 20-13 AMENDING AND UPDATING VARIOUS ADMINISTRATIVE CODE CHAPTERS, SECTIONS AND SUBSECTIONS INCLUDED IN TITLES 2, 6, 8, AND 9

### BACKGROUND

At their October 27, 2020 Board meeting, the Board approved Resolution No. 20-13 establishing job classifications which included the reclassification of the District Engineer position.

Also, in accordance with SB-179 which went into effect last year, any references to personal gender specific pronouns in any RMWD policies needed to be replaced with pronouns that are not gender specific.

As part of the ongoing policy review and updating process, updates were made to some of the chapters, sections, and subsections included in Titles 2, 6, 8, and 9 to bring the policies in alignment with the District's current practices. Other minor typographical, grammatical, and formatting revisions were also incorporated.

### DESCRIPTION

Staff conducted a thorough review of the entire Administrative Code in search of references to the specific job titles "District Engineer" and "Engineering Manager". Upon a subsequent search for gender specific pronouns, it was discovered there was some overlap in some policies with these job title references; therefore, references to these job titles as well as gender specific pronouns have been incorporated into the proposed changes being presented to the Board for consideration. Any other gender specific pronoun updates will be presented to the Board as a separate Board action item.

Some of the proposed updates to various chapters, sections, and subsections included Administrative Code Titles 2, 6, 8, and 9 include:

- Updating all references to the specific job title of "District Engineer" and "Engineering Manager" to a more universal term "District Representative" including a definition of "District Representative" as General Manger or their designee.
- Replacing all gender specific pronouns with non-gender specific pronouns.
- Addition of some missing section titles.
- Updated some areas found to be not in alignment with current District practices.

Other proposed minor changes are typographical, grammatical, or formatting updates.

The proposed changes have been provided to the General Manager, Acting District Engineer, and Human Resources Manager for review.

Both a redline version and non-redline version have been attached.

**POLICY/STRATEGIC PLAN KEY FOCUS AREA**

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As the foundation for all our operations, the Administrative Code supports all of our Key Focus Areas. It is a living document that will continue to be reviewed and adapted to meet the policy and strategic needs of the District.

**ENVIRONMENTAL**

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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.

**BOARD OPTIONS/FISCAL IMPACTS**

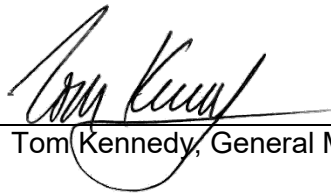
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1. Adopt Ordinance No. 20-13 amending and updating various chapters, sections, and subsections included in Administrative Code Titles 2, 6, 8, 9 as proposed.
2. Adopt Ordinance No. 20-13 amending and updating various chapters, sections, and subsections included in Administrative Code Titles 2, 6, 8, 9 as proposed with revisions.
3. Deny adoption of Ordinance No. 20-13 and provide staff with direction.

**STAFF RECOMMENDATION**

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Staff recommends Option 1.



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Tom Kennedy, General Manager

December 8, 2020

**Ordinance No. 20-13**

**Ordinance of the Board of Directors of the Rainbow Municipal Water District  
Amending and Updating Various Chapters, Sections, and Subsections  
Included in Titles 2, 6, 8, and 9**

WHEREAS, the Rainbow Municipal Water District has, from time to time, adopted various rules and regulations for the operation of the District; and

WHEREAS, certain of those rules and regulations require updating to reflect best practices, as well as changes in applicable laws; and

WHEREAS, the Board of Directors has determined that changes in the rules or regulations of the District shall occur solely by amendment to the Administrative Code;

NOW, THEREFORE,

BE IT ORDAINED by the Board of Directors of Rainbow Municipal Water District as follows:

1. The following rules and regulations of the District, collected are hereby adopted and shall be incorporated into the Administrative Code, consisting of:

|                   |   |
|-------------------|---|
| Section 2.06:     | Committees  |
| Section 6.02.010: | Master Plan   |
| Section 6.05.010: | Water and Sewer Line Extensions   |
| Section 6.09.010: | Inspection  |
| Chapter 6.10:     | Rights-Of-Way   |
| Section 6.10.030: | Definitions   |
| Section 6.10.040: | Prohibited Uses   |
| Section 6.10.050: | Uses Allowed Without a Permit – Notice to<br>Rainbow Municipal Water District |
| Section 6.10.060: | Encroachment Permits – Required –<br>Encroachments                            |
| Section 6.10.070: | District Engineer   |
| Section 6.10.090: | Encroachment Permits – Revocation –<br>Penalty for Violation of Terms         |
| Section 6.10.110: | Joint Use Agreements  |
| Section 6.10.130: | Guidelines for Parallel Encroachments   |
| Section 6.10.150: | Leases for Right-Of-Way Management  |
| Chapter 8.02:     | Definitions   |
| Section 8.02:     | Definitions   |
| Section 8.04:     | Establishment of Water Service  |
| Section 8.08:     | Automatic Shut-Off Valves   |
| Section 8.09:     | Water Service Line  |
| Section 8.20:     | Cross-Connection Control  |
| Chapter 9.02:     | Definitions   |
| Section 9.02:     | Definitions   |
| Section 9.07:     | Equivalent Dwelling Units Established   |
| Section 9.08:     | Quality of Sewage   |
| Section 9.12:     | Grease Oil and Sand Interceptions   |

2. The General Manager is hereby directed to update the Administrative Code to reflect the approval of these rules and regulations, and to assign or reassign the numbering of the Administrative Code as necessary to codify these rules and regulations as amended.

3. This ordinance shall take effect immediately upon its adoption on this 8th day of December 2020.

**AYES:**  
**NOES:**  
**ABSTAIN:**  
**ABSENT:**

\_\_\_\_\_  
Hayden Hamilton, Board Vice President

**ATTEST:**

\_\_\_\_\_  
Dawn Washburn, Board Secretary

## Section 2.06.010 Committees Policy

The Board shall organize committees that are advisory to the Board with regards to matters within their respective areas of responsibility. Committees may study, advise and make recommendations to the Board on matters within the committee's area of responsibility. Committee recommendations shall be communicated to the Board. The authority of committees is limited to advisory recommendations only. Committees may provide recommendations for the Board to consider, which recommendations may be considered, adopted, amended or rejected by the Board in the Board's sole discretion. The Board may refer a recommendation back to the committee for reevaluation whenever the Board deems additional evaluation is required. Committees shall have no authority to take action or otherwise render decisions that are binding upon the Board or District staff.

Each committee shall have at least four and no more than seven regular members appointed by a simple majority vote of the Board. Each committee may also have up to two alternate committee members appointed by a simple majority of the Board. Committees may be comprised of Directors, staff, and legal ratepayers of the District. Committee members must reside within District boundaries. Committee members must be registered voters within District boundaries and must maintain a primary domicile within District boundaries for the duration of their tenure. The Board in its sole discretion may determine at any time whether a committee member properly resides within the District. Each committee shall designate their own chairperson, but that Chairperson may not also serve as an elected member of the Board of Directors. In order to promote attendance by Directors at Committee meetings without inadvertently creating a violation of the Ralph M. Brown Act, no more than one member of the Board of Directors may sit as a member on a Committee. Directors that are not members of a committee may attend as observers but are allowed to participate at the Committee's request.

Members of the committees serve at the pleasure of the Board. The Board has authority to remove committee members at any time in the Board's sole discretion. Each committee may elect a vice-chairperson, but that vice-chairperson may not also serve as an elected member of the Board of Directors. Members of committees, including the chairperson and vice-chairperson shall serve until their successors are appointed. The chairperson of a committee is its presiding officer. In the absence of the chairperson, the vice-chairperson shall perform the duties of the chairperson. The chairperson and vice-chairperson are not deprived of any of the rights and privileges of a committee member by reason of being the presiding officer.

The chairperson and vice-chairperson will hold their positions for one calendar year. Committee members will serve a term of four years and may be reappointed at the will of the Board.

Committee meetings shall be open to the public and held in accordance with the provisions of the Ralph M. Brown Act. At least 72 hours before a committee meeting, the Secretary shall post an agenda containing a brief, general description of each item of business to be discussed at the committee meeting. The posting shall be freely accessible to the public. No action shall be taken by secret ballot at a committee meeting.

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Approved and Incorporated 3-27-07 by Ordinance No. 07-04\Amended and Updated 8-28-07 by Ordinance No. 07-11\Amended and Updated 11-7-07 by Ordinance No. 07-17\Amended and Updated 1-27-09 by Ordinance No. 09-02\Amended and Updated 6-24-14 by Ordinance No. 14-04\Amended and Updated 9-27-16 by Ordinance No. 16-13\Amended and Updated 4-24-18 by Ordinance No. 18-10\Amended and Updated 5-22-18 by Ordinance No. 18-13\Amended and Updated 12-4-18 by Ordinance No. 18-25\Amended and Updated 9-24-19 by Ordinance No. 19-10\Amended and Updated 10-22-19 by Ordinance No. 19-13\Amended and Updated 2-25-20 by Ordinance No. 20-03\Amended and Updated 8-25-20 by Ordinance No. 20-08\ DRAFT

Each lawfully noticed committee meeting will be recorded with summary minutes prepared from these meeting audio recordings. The minutes of each committee meeting and any recommendation of a committee shall include a summary of the information presented. District staff will prepare minutes of each meeting. Draft minutes will be provided to the committee at the next available committee meeting for committee member review, consideration and approval. Once approved, minutes will be made a part of the District's permanent records and audio recordings will be disposed of according to the District's Records Retention policy provided in the District's Administrative Code.

A majority of the members of each committee shall constitute a quorum for the transaction of business.

Only regular members of the committee are entitled to make, second or vote on any motion or other action of the committee. Alternate members present at a meeting, but not seated as a regular member by the committee Chairperson, may participate in discussions but may not participate in motions or voting. Each committee member shall be entitled to one vote on all matters considered by the committee. A simple majority vote of the members of the Committee shall designate approval of a motion.

All committee member absences will be considered by the majority of the committee members to determine whether or not the absence is without cause. Sickness, jury duty, vacation and/or bereavement will be considered excused absences. When three meetings in a row or a total of six meetings in one calendar year are missed the remaining committee members will consider removal of the individual from the committee. The removal must be voted upon and approved by the majority of the committee members with the exception of the committee member in question.

If the roll call of regular members reveals that a quorum of regular members cannot be established, the Chairperson may appoint one or more alternate members who are present to be a temporary regular member in order to establish a quorum. Once a quorum is established, any remaining alternate member who has not been appointed as a temporary regular member shall remain as an alternate member. Once alternates have been seated as a regular committee member, they may immediately participate in any action taken and voted upon by the committee. All alternates must conform to the same rules as regular committee members. The Chairperson shall state for the record which alternate members have been seated as temporary regular members.

Committee Members and alternates shall comply with the obligations and responsibilities of office including the obligation to comply with the disclosure requirements of the Political Reform Act (Form 700). The reporting categories made applicable to the Directors by Rainbow Municipal Water District's local conflict of code shall apply to the members of the committee members.

All committee communications must go through the designated committee chairperson.

#### **2.06.010.01 Budget and Finance Committee**

The Committee shall work in concert with the General Manager, Treasurer, and Finance Manager of the District.

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The Committee shall be responsible for the review of District finances including: rates, fees, charges and other sources of revenue; budget; audit; investments; insurance; and other financial matters.

### **2.06.010.02 Engineering and Operations Committee**

The Committee shall work in concert with the General Manager, Engineering department head~~District Engineer~~, and Operations Manager.

The Committee shall be responsible to review matters of design, construction, replacement, and repair of the District facilities and property, including: the Capital Improvement Program; contractor selection process; contractor management programs; and other engineering-related matters.

The committee shall also be responsible to review matters of operations, preventative maintenance practices, standard operating procedures, technical services, equipment, and other operations-related matters.

### **2.06.010.03 Communications and Customer Service Committee**

The Committee shall work in concert with the General Manager and Customer Service and Communications Supervisor.

The Committee shall be responsible for providing input or guidance on matters of internal and external communications including: positive public image; community outreach; media relations; water conservation programs; intergovernmental relations; customer service policies; and other public relations programs.

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**Section 6.02.010  
Master Plan**

The District has prepared a master plan setting forth the facilities contemplated for construction within the District. The master plan may be modified from time to time. The District may refuse to supply service if the proposal does not comply with the District's master plan. The District may condition approval of service upon the construction, by the owner; applicant or customer, of those facilities needed to serve the property and such other facilities as may be required by District.

**Section 6.02.020  
System Reliability**

The District is to provide water system looping wherever possible and practical. This policy is a direct result of the agricultural history of the District's water system, and the District's need to increase overall system reliability for its growing domestic water supply role. Therefore, each new pipeline in the water system shall be evaluated, and if possible and practical, the new line will be required to be looped with adjacent infrastructure.

It is the policy of the District that developers construct water infrastructure necessary to provide water supply to their proposed developments. Therefore, it will be the responsibility of the developer to consult with the District Representative Engineering Manager or his/her designee staff for an evaluation of each pipeline to determine the need for system looping and other system reliability issues. It will be the responsibility of the developer to construct the looped pipeline, as a condition of the District's acceptance of the facilities for water service by the District.

## **Section 6.05.010**

### **General**

The District may accept, maintain and operate pipelines constructed by others in accordance with District requirements. The Applicant, at ~~their~~~~his~~ ~~or~~ ~~her~~ sole expense, must construct the necessary facilities required to serve the Applicant's property, subdivision development, or parcel map splits, and all other property which the District will determine should be served by common facilities as specified by the ~~Engineering Manager~~~~District Representative~~. Meters will be furnished and installed by the District at rates set by current schedules established by the Board. The Applicant shall obtain all easements required for construction and submit them to the District for approval and recordation.

## **Section 6.05.020**

### **Procedure**

For design and construction guidelines of water and sewer line extensions, refer to the most current standard specifications of the District.

**6.05.020.1** The Applicant shall have plans prepared by a registered civil engineer and reviewed for accuracy and constructability by the District.

**6.05.020.2** ~~\_\_\_\_\_~~ The Applicant shall submit to the District a complete package of plans and project documents (as stated in the current standard specifications) accompanied with the required deposit in an amount established by the General Manager to cover engineering fees.

**6.05.020.3** On District's acceptance of plans, the Applicant may proceed with construction once all contract requirements are fulfilled (as stated in the standard specifications) and submit the required deposit in an amount established by the General Manager to cover inspection fees plus any additional deposit to cover cost of work or materials to be furnished by the District as part of the project.

**6.05.020.4** Line extensions approved by the District and not completed within a two-year period after date of approval must be resubmitted for reconsideration by the District. Resubmitted plans shall be revised to reflect current District policies at the time of resubmittal. At the time of such resubmittal, additional deposit may be required by the Applicant to cover engineering fees.

**6.05.020.5** ~~\_\_\_\_\_~~ After completion of the work, in accordance with District requirements, and prior to acceptance by the Board, the Applicant shall deliver to the District a properly executed Deed of Conveyance transferring all interest and title of such systems, free of liens, to the District.

## **Section 6.05.030 Sewer Policy**

The intention of this section is (1) to provide guidelines for staff in approving and reviewing development plans, sewer line extensions, building permits, sewer system connections, etc.; and (2) to provide reasonable, predictable guidelines for property owners.

### **6.05.030.1 Goals**

**6.05.030.1.1** Provide an adequate system for serving all users and potential users within the District in an orderly, efficient and economical manner.

**6.05.030.1.2** Provide a system which allows for efficient and economical maintenance.

**6.05.030.1.3** Provide a system which has easy, efficient access to the District facilities, such as cleanouts and manholes.

**6.05.030.1.4** Provide a reliable, safe and sanitary collection system.

### **6.05.030.2 Provisions**

The District's basic requirement is that no private sewer lateral shall be allowed to cross a property line or (if in a public street) across the extension of a property line. The provisions of this policy apply to any new applicant or property owner who seeks to extend or modify the District facilities or to connect to the District's collection system.

**6.05.030.2.1** A private lateral may be allowed across property lines in private easements to serve a single-family residence, provided no more than one parcel would be served by a public sewer line, either in the present or in the future. The District may require copies of such easements.

**6.05.030.2.2** No more than one property may be served by a single lateral. Multiple connections must be by public sewer line.

**6.05.030.2.3** Sewer laterals between the sewer main and the edge of a public right-of-way or the District easement, if not already existing, shall be installed by the owner, at the owner's sole expense as specified by the District.

**6.05.030.2.4** Maintenance and cleaning of laterals shall be the sole responsibility of the property owner. The District shall be responsible for cleaning the lateral within right of way or district sewer easement.

**6.05.030.2.5** The District has no obligation to provide sewer by other than gravity flow. Private sewer pumps, if required, shall be installed, maintained and operated by the property owner.

**6.05.030.2.6** Multi-Unit projects with a Home Owner's Association may be served with private on-site sewer collection systems with the written approval of the District.

**6.05.030.2.7** The private road easements for public road purposes are considered to be public streets for the purposes of this policy. Private sewer line extensions ("laterals") are not allowed in these easements.

**6.05.030.2.8** Public sewer lines shall be designed to serve off-site property within the District, where practical. Should improvements, excessive pipe sizes, or excessive depths be required which solely benefit off-site property, the District may assume the additional cost. The District may establish a reimbursement agreement to recover its contribution from off-site properties which benefit from improvement or excessive sizes or depths.

**6.05.030.2.9** An applicant or property owner who installs off-site public sewer lines may enter into a reimbursement agreement to recover the costs of the off-site improvements, if approved by the District, in its sole discretion. The District shall establish the form and conditions of this agreement from time to time.

**6.05.030.2.10** The District recognized the covenant of improvements placed on minor land divisions by the County of San Diego. The District will agree to remove covenants when the terms of the covenant are met.

**6.05.030.2.11** The District normally requires only those easements, which are necessary for the immediate construction and long-term maintenance of pipelines. The District may require additional easements for future use.

## **Section 6.05.040 Easements**

Applicant shall provide all sites and rights-of-way for required water and sewer system facilities acceptable to the District and necessary to protect the District against the possible future cost of relocating or reconstructing such facilities due to future public or private improvements, including grading and the alteration of drainage or discharge of surface, ground or flood waters.

Applicants shall grant the District an easement which will allow to the District to install, maintain, operate, repair, enlarge and remove any service connection or facilities of the District if the service connections are not located upon an existing District easement or within the public right of way.

**Section 6.09.010**  
**Inspection**

The Applicant shall notify the Engineering Department to schedule timely inspection as per the District's current Standards and Specifications. The ~~Engineering Manager or his/her designee~~District Representative shall inspect the water and sewer facility construction to ensure compliance with current standard specifications and District policies.

**Chapter 6.10  
RIGHTS-OF-WAY**

**Sections:**

- 6.10.010 Purpose**
- 6.10.020 General Authorization**
- 6.10.030 Definitions**
- 6.10.040 Prohibited Uses**
- 6.10.050 Uses Allowed Without A Permit – Notification to Rainbow Municipal Water District**
- 6.10.060 Encroachment Permits – Required**
- 6.10.070 District Representative Engineer**
- 6.10.080 Assignment of Encroachment Permit**
- 6.10.090 Encroachment Permits – Revocation – Penalty for Violation of Terms**
- 6.10.100 Nonexclusive Use of Right-Of-Way**
- 6.10.110 Joint Use Agreements**
- 6.10.120 Pothole Procedure – U.S.A. DigAlert**
- 6.10.130 Guidelines for Parallel Encroachments**
- 6.10.140 Violations and Enforcement**
- 6.10.150 Leases for Right-Of-Way Management**

## Section 6.10.030 Definitions

The following words and phrases whenever used in this chapter shall have the meaning defined in this section.

“Abatement” means action as may be necessary to remove, terminate or alleviate a nuisance, including but not limited to demolition or removal of property.

“Abatement notice” means a notice issued by the General Manager which requires a responsible person to abate a public nuisance.

“Applicant” means the person that has submitted an application to the District for any permit, license, or other authorization to use the District’s right-of-way.

“Board” means the elected Board of the Rainbow Municipal Water District, Fallbrook, California.

“Detrimental use” means any use of right-of-way or property which interferes with, impedes, hinders, delays or obstructs the District’s ability to immediately construct, reconstruct, install, repair, maintain, inspect, remove, replace, relocate, and operate its works and facilities.

“District Representative” means General Manager or their designee.

“Encroachment” means a physical occupation in, on, over, across, under or upon District right-of-way or property. Encroachment also means any radio or similar telecommunication transmissions that interfere with the operation of District works.

~~“Engineer” means the District Engineer.~~

“Facility” means all assets and any other structure necessary or convenient to the full exercise of the District’s rights and purposes.

“Joint Use Agreement” means an agreement between the District and one or more public or governmental agencies or public utilities to use District’s right-of-way or property to install facilities for streets, sewer, water, cable, communications, electric or gas subject to District’s superior rights.

“Owner” means a person having an estate in land encumbered by a District easement or other interest in property. Owner also means a person entitled to exercise a reserved right pursuant to Sections 6.10.050 or 6.10.060.

“Permittee” means a person who holds or has received, pursuant to this chapter, a permit, license or other authorization to use a District right-of-way or property, and includes any agent, contractor or employee of the permittee.



“Person” means any natural person, firm, association, business, trust, organization, corporation, partnership, company, or any other entity, which is recognized by law as the subject of rights or duties. Person includes a public utility or a public or governmental agency.

“Parallel encroachment” means an encroachment by a surface or subsurface pipeline, conduit, channel, aqueduct or similar structure, overhead electrical or telecommunication wires and surface street improvements, which has an alignment parallel to a District pipeline.

“Public nuisance” means any encroachment caused, maintained or allowed to exist in violation of this Chapter. A public nuisance also has the same meaning as defined in California Civil Code Section 3479.

“Public owned utility (POU)” means a utility subject to local public control and regulation. POUs are organized in various forms including municipal districts, city departments, irrigation districts, or rural cooperatives.

“Reserved right” means a property right owned by others to make joint use of a District right-of-way, existing by virtue of a limitation or condition of the deed, order of condemnation or other instrument by which the District acquired title to a specific right-of-way.

“Responsible person” means the person committing a violation. Responsible person also means an owner or manager of a business or property who directs or permits a violation of this Chapter to be done by any other person in the course or apparent course of business of the owner or manager or on the property of the owner.

“Right-of-way” means and includes any land, easement, franchise, or other interest in real property held, owned, leased or otherwise belonging to the District.

“RMWD” means the Rainbow Municipal Water District of Fallbrook, California.

“Structure” means anything constructed or put together and includes, without limitation, a building, or building part, manufactured or mobile home, fence, gate or chain, post, wall, pipe, foundation, concrete or asphalt foundation, driveway or pad, and other similar physical constructions.

“Use” includes any use of property and placing, causing or permitting an encroachment. Use also includes any structure or thing constructed, placed, or maintained in furtherance of a use. Use includes, without limitation, excavation, grading, filling and similar earth movement activity.

“Works” means any facility or improvement to real property necessary or convenient to the full exercise of the District’s statutory purpose. Works includes, without limitation, improved or unimproved access roads, wetlands, uplands and other lands set aside for habitat or natural resource preservation.

**Section 6.10.040  
Prohibited Uses**

(a) Use of a District right-of-way by any person except the District or the District's officers, employees, agents or contractors for District purposes is prohibited except as otherwise authorized by this chapter. Whenever an exemption or exception from the provisions or requirements of this chapter is claimed by any person under the terms of a franchise, agreement, deed, statute, governmental regulation or legal ground the burden shall be on the person claiming the exemption to establish the authority, scope and extent of the exemption to the reasonable satisfaction of the District. No person shall install, construct, or maintain, or cause to be installed, constructed or maintained any parallel utility in the District's right-of-way except as otherwise specifically authorized pursuant to this chapter.

(b) No person shall trespass on the District's right-of-way or property in violation of any sign prohibiting trespass.

(c) No person shall damage, deface, destroy, modify, alter or mark any District facility or work except as otherwise specifically authorized pursuant to this chapter.

(d) No person shall grade, dig, excavate, fill, or trench any District right-of-way except as otherwise specifically authorized pursuant to this chapter.

(e) Any encroachment or use done, constructed, installed, or maintained in violation of any subdivision of this section is a public nuisance and may be abated pursuant to this chapter or other law. The General Counsel is authorized to enforce this section by civil action to enjoin or abate a public nuisance.

(f) No person shall blast within 400 feet of a District facility, except as specifically permitted by the District and subject to all applicable State and local laws, and Authorities Having Jurisdiction (AHJ's).

(g) The following detrimental uses are prohibited in District's rights of way:

1. Telecommunication antennas or towers, or satellite dishes on permanent foundations;
2. Any use or structure that blocks or restricts free District access to a right-of-way, work or facility;
3. Encroachment by a building, any portion of a building, a building foundation, or any part of a foundation or anything supported by a slab or a footing;
4. Concrete paving of any kind including decorative paving, driveways and walkways;
5. Mobile homes, tractor equipment and greenhouses (except as outlined in Section 6.10.050);

6. Fences constructed of wood, plastic or metal, and pre-fabricated corrals, are not permitted. Fences of concrete, stone, or similar materials, are considered walls and not permitted under this subdivision.
  - i. The District ~~Engineer~~Representative may permit a fence that crosses a pipeline if the fence
    - (i) meets the requirements of paragraph (a) of this subdivision, and
    - (ii) has posts that are constructed to minimize interference with the District's works and have a minimum of eighteen inches (18") of vertical separation from bottom of the post hole to the top of pipe. Fences include, without limitation, prefabricated portable corrals.
  - ii. Any fence that crosses the District's right-of-way shall include a gate within the right-of-way as specified by the District ~~Representative~~Engineer. Gateposts shall be installed in accordance with the provisions of this chapter governing fence posts. Gates must not swing to the open or closed position uncontrollably, unless constructed with a latching mechanism to control undesired movement of the gate. Gates shall have reflective caution signs or markings easily visible from a distance of one hundred (100) yards. Gate attachment/locking device shall provide space for a District lock that works independently of any lock installed by the permittee. If the gate is an electrically controlled gate with a key pad, the key code shall be provided to the District. Chains may be used as a locking mechanism for gates. If a gate is located adjacent to a public or private roadway that crosses the right-of-way, then the gate shall be set back, whenever feasible, as follows: (i) if the gate opens towards the roadway, the setback shall be a minimum of forty feet (40') from the closest edge of the roadway, (ii) if the gate opens away from the roadway, the setback shall be a minimum of thirty (30') feet from the closest edge of the roadway. Subject to the provisions of this chapter, fencing or other material to deter access around the gate may be placed in the right-of-way as specified by the District ~~Representative~~Engineer. The District maintains the right to forcible access through any gates or destroy any gates or fencing in District rights-of-way for which the District does not have access. The District will not be responsible for any damage to fencing, walls, gates or any structures which block access to District assets.
7. Fence posts;
8. Electric fencing;
9. Gates or access barriers made of any material including cable, rope, chain, barbed or ribbon wire, metal or wood;
10. Swimming pools, ponds, spas or hot tubs, and other similar structures;

11. Retaining walls, structural walls or walls containing mortar or reinforcement bar;
12. Private sewage treatment systems including septic tank and leach field systems;
13. Dumping, depositing, casting, placing, or stockpiling any waste, rock, wood, dirt or other materials, including without limitation, abandoned vehicles;
14. Dumping, depositing, casting, placing, handling, stockpiling or storing of hazardous, toxic or explosive materials;
15. Corrals or pens for animals;
16. Permanent agriculture such as vineyards and orchards;
17. Trees of any kind;
18. Water wells;
19. Water tanks of any capacity;
20. Water pipeline valves, thrust blocks, backflow preventers, and flow sensors, except as specifically authorized by the District when no alternate location outside of the District's right-of-way is feasible;
21. Fertilizer injection systems;
22. Apiaries, whether permanent or temporary;
23. Utility pole anchors;
24. Columns made of concrete, concrete block, rock or any combination of these;
25. Solar electrical generation or water heating systems, including solar panels.

## Section 6.10.050

### Uses Allowed Without a Permit – Notice to Rainbow Municipal Water District

(a) The Board finds and declares that underlying owners of land may have reserved rights to use District rights-of-way under the deed or final order of condemnation pursuant to which the District holds title to its rights-of-way. The purpose of this section is to provide owners having reserved rights with guidelines, terms, and conditions for the exercise of reserved rights in a manner that will not be incompatible with or detrimental to the District's property or property rights. Subject to the provisions of this section, an underlying owner may exercise a reserved right for a use without obtaining a permit from the District, except that owner shall give District a minimum of 10 calendar days' notice before exercising any reserved right. The notice shall be in writing and filed with the District Representative Engineer.

(b) The following is a list of uses and structures generally allowed as an exercise of a reserved right subject to the provisions of this section:

1. Vegetable and flower gardens, lawns and ground cover (such as low growing vegetation, mulch, bark or crushed rock).
2. Bushes and shrubs, but not trees. Bushes and shrubs must be maintained so as not to obstruct visual inspection of the right of way. Hedges shall be trimmed to a height of thirty-six inches (36") or less.
3. Low voltage/decorative lighting (12 volt / 75 watt maximum).
4. Storage or parking of operational vehicles, trailers, or mobile equipment authorized for travel on public streets subject to the following weight and spacing limits. Single vehicles not exceeding sixteen thousand pounds or a combination of adjacent vehicles within a thirty-foot square having a combined weight that does not exceed sixteen thousand pounds. Vehicles weighing more than fourteen thousand pounds shall be spaced not less than sixty feet (60') apart.
5. Water lines to provide potable or non-potable water service (except reclaimed sewage or sewer water) to the property to which the reserved right is attached provided the lines are two inches (2") or less in diameter, have a minimum depth of twenty-four inches (24") at crossings under patrol or access roads, are installed above the District's pipeline and have a minimum vertical separation of twelve inches (12") from bottom of line to top of the District's pipeline, and are installed such that crossings of the District's pipelines are at right angles or as close to a right angle as possible. If pipelines will be installed below ground, the notice required by subdivision (a) shall be accompanied by a plan showing the proposed location of all subsurface facilities. The notice required by subdivision (a) shall be accompanied by a plan showing the location of all shut-off valves. The owner shall file a written update plan showing any changes in location of subsurface facilities or shut-off valves. Shut-off valves shall be located at the edge of the District's right-of-way.

6. Pipes, conduit, wires and cables to provide electric, gas, sewer, and communications service (“utility facilities”) to the property to which the reserved right is attached. Subsurface utility facilities shall be installed above the District’s pipelines and shall have a minimum vertical separation of twelve inches (12”) from bottom of utility to top of the District’s pipeline and be installed such that crossings of the District’s pipelines are at right angles or as close to a right angle as possible. Conductor clearances for overhead electrical and telephone lines shall conform to California Public Utilities Commission General Order 95 for Overhead Electrical Line Construction or at a greater clearance if required by the District. The clearance shall not be less than thirty-five feet (35’). Overhead lines shall be located a minimum of thirty feet (30’), measured laterally, away from all aboveground facilities on the pipelines. When underground electric lines provide service at 120 volts or greater, conduits shall be encased in a minimum of three inches (3”) of red concrete. Aboveground warning signs shall be placed at the right-of-way lines where subsurface utility facilities enter and exit the right-of-way. Non-metallic gas lines shall be placed with a twelve-gauge (12 gauge) tracer wire a minimum of six inches (6”) above the buried utility, terminating in a District- approved junction box. If utility facilities will be installed below ground, the notice required by subdivision (a) shall be accompanied by a plan showing the proposed location of all subsurface facilities. The notice required by subdivision (a) shall be accompanied by a plan showing the location of all shut-off switches or valves. The owner shall file a written update plan showing any changes in location of subsurface facilities or shut-off switches or valves. Shut-off switches or valves shall be located to provide easy access by District personnel using the District’s right-of-way. Septic systems and leach fields are not permitted. Utility poles are not permitted except pursuant to an encroachment permit or joint use agreement.
7. Storage of boxed landscape trees may be allowed under the following conditions: (a) the boxes must be no larger than 24 inches on each side, (b) the box must have a bottom, (c) the tree, including the box, must not exceed 15 feet in height, and (d) the trees can be stored no closer than 8 feet apart measured from the edges of the boxes. Boxed trees shall be set back at least 10 feet from the closest edge of a District pipeline.
8. Any other use or structure not otherwise prohibited by Section 6.1004.040 that the District Representative Engineer determines in writing not to be incompatible with or detrimental to the District’s property or property rights. The District Representative Engineer shall keep a log of written determinations made pursuant to this paragraph on file in the Engineering Department ~~and with Secretary to the Board~~. The log shall be a public record per the District’s record retention schedule.

(c) The exercise of any reserved right within a District right-of-way as authorized by this section is subject to the following:

1. Any structure or use shall be set back a minimum of twenty (20') feet from the edge of any District surface facility, unless otherwise provided in subdivisions (b) or (c).

The setback from rights of way used for access or patrol road purposes shall be 10 feet away from the centerline of the road.

2. The District shall not be liable for any damage or injury caused by or attributable to the exercise of a reserved right.
3. Any exercise of a reserved right shall at all times be subject to the paramount right of the District to use its property and property rights as necessary or convenient to the full exercise of the District's powers according to the terms of the District's document of title.
4. No person shall exercise a reserved right in a manner that creates a nuisance or causes a dangerous condition of property.
5. Any structures or uses placed or maintained pursuant to this section are subject to immediate removal by the District as may be necessary or convenient for the District's purposes. The District shall not be liable for costs of damage to or replacement of structures or uses it removes. The District may require the owner to remove or relocate a structure or use at the owner's expense.
6. Excavation over the District's pipelines shall be done with hand tools only.
7. The owner shall be responsible for compliance with all applicable zoning, building, grading and other laws relating to the use of property.

Before performing any excavation in the District's right-of-way the owner or their contractor shall contact the District Representative Engineer for a determination whether and provide the Dig Alert reference number. ~~should be called.~~

**Section 6.10.060**  
**Encroachment Permits – Required – Encroachments**

(a) The Board finds and declares that underlying owners of land may have reserved rights to use the District's right-of-way under the deed or final order of condemnation pursuant to which the District holds title to its right-of-way. The purpose of this section is to provide owners with an expedited process for obtaining a permit from the District when a proposed use or structure, appropriately located and conditioned, is or may be compatible with the District's property rights or interests. This section is intended to apply to uses proposed by owners that are accessory to or necessary for the owner's primary use of the parcel subject to the District's right-of-way. Except as specifically authorized pursuant to Section 6.10.050 uses of the District's rights of way by persons other than the District are generally incompatible with or detrimental to the District's property or property rights, but, unless otherwise prohibited by Section 6.10.040, such uses may be made compatible and authorized upon compliance with certain requirements and conditions set forth in this section and in the encroachment permit issued by the District ~~Engineer~~Representative after an evaluation of the facts and circumstances of the use. Subject to the provisions of this section an underlying owner may exercise a reserved right upon obtaining an encroachment permit from the District.

(b) The following requirements apply to uses authorized pursuant to this section:

1. Addition, alteration, modification or demolition of a permitted use is itself a use subject to permit.
2. The District ~~Engineer~~Representative may establish conditions limiting the time, duration and method of construction. In addition to any other condition authorized by this section, the District ~~Engineer~~Representative may establish conditions for use that are consistent with the requirements for use established by Section 6.10.050.
3. Any use or structure shall be set back a minimum of twenty feet (20') from the edge of any District surface facility unless otherwise provided in this section. The District ~~Engineer~~Representative may reduce or eliminate the setback requirement for a use if the District ~~Engineer~~Representative finds that the reduction will not be detrimental to the District. The reasons for and conditions of the reduction or elimination shall be stated in the permit issued for the use.
4. No use shall be permitted that would create an unacceptable load on a pipeline or subsurface structure as determined by the District ~~Engineer~~Representative.
5. Grading, including both excavation and fill, shall be permitted only if the District ~~Engineer~~Representative determines that the proposed grading will not pose a hazard to the integrity of the pipeline, cause an impediment to its maintenance, result in an unacceptable increase or reduction in cover, or cause ponding or erosion within the easement. Grading requiring a permit from another government agency is not allowed unless both the permit of the other agency and the permit of the District are obtained.

~~M:\Administration\Confidential\Administrative Code Working Docs\Board Secretary Administrative Code Working File\Drafts Not Approved\Title 6\Encroachment Permits Required 6.10.060.docx\rmwdb\Main\Administration\Confidential\Administrative Code Working Docs\Board Secretary Administrative Code Working File\Board Admin Code 2005-2006\Engineering Policy\Encroachment Permits\_Required\_6-10-060.docx\Added 10-23-18 by Ordinance No. 18-24\~~DRAFT



6. Conductor clearances for overhead electrical and telephone lines shall conform to the California State Public Utilities Commission, General Order 95, for Overhead Electrical Line Construction or at a greater clearance if required by the District. Clearance shall not be less than thirty-five feet (35'). Overhead lines shall be located at least thirty feet (30'), measured laterally, away from all aboveground structures on the pipelines. Utility poles are not permitted except pursuant to a major encroachment permit or joint use agreement.
7. When underground electric lines provide service at one hundred twenty (120) volts or greater, conduits shall be encased in a minimum of three inches (3") of red concrete. Above-ground warning signs shall be placed at the right-of-way lines where the conduits enter and exit the right-of-way.
8. Hard-surface, sports courts shall be of asphalt or unreinforced concrete, six inches (6") or less in thickness. Setback from centerline of pipeline shall be at least 10- feet.
9. Unreinforced, paved driveways, walkways and parking lots may be approved subject to conditions controlling loading to pipelines, landscaping, type of light standards, depth and location of light standard foundations, drainage, access and other aspects of design and improvement. Grandfather conditions may apply.
10. The District ~~Engineer~~ shall not approve a permit for a reclaimed or recycled water line unless the applicant has obtained Department of Health approval.

(c) Encroachment permits issued under this section shall be processed as provided in this subdivision.

1. An owner may file an application for an encroachment permit with the District ~~Engineer~~Representative. The District ~~Engineer~~Representative may establish and make available guidelines for submission of applications.
2. The application shall contain such information as the District ~~Engineer~~Representative deems appropriate for complete review of the application and shall include the address to which correspondence regarding the application shall be mailed.
3. Within thirty calendar days following submission of an application, the District ~~Engineer~~Representative shall notify the applicant that the application is complete or the nature and extent of additional information that is required to make the application complete.
4. If the applicant submits additional information, the District ~~Engineer~~Representative shall have thirty calendar working days to notify the applicant that the application is complete or whether further additional

information is required.

5. Within thirty calendar days after the District EngineerRepresentative has determined and notified the applicant that the application is complete, the District EngineerRepresentative shall approve, conditionally approve or deny a permit. In addition to the information contained in the application, the District EngineerRepresentative may consider any of the following: topography, soils, drainage, access or other characteristics of the property and adjacent property; community characteristics; location, condition, or nature of existing or reasonably foreseeable future works of District. The District Engineer'sRepresentative's determination shall be in writing delivered to the applicant by personal delivery or first-class mail.
6. An applicant may appeal the denial of a permit or any condition imposed on a permit to the Board by filing a written notice of appeal with the District EngineerRepresentative within thirty calendar days after the date of mailing or of personal service. The notice shall specify the particular reasons for the appeal. The Engineering and Operations Committee may play an advisory role to the Board based on the application, the written determination of the District EngineerRepresentative, the notice of appeal and any written response to the notice of appeal submitted by the District EngineerRepresentative. The decision of the Board shall be made in writing and delivered to the applicant by personal delivery or first- class mail. The decision of the Board is final, except for judicial review.
7. Applications, correspondence, decisions and other permit records are public records and shall be kept in the Engineering Department.

(d) The following provisions apply to all uses and structures authorized by an encroachment permit issued pursuant to this section:

1. Any use shall be located, constructed and maintained according to the terms and conditions of the use permit issued pursuant to this section. The District may (i) charge a processing fee, (ii) require a security deposit, and (iii) charge market value rent for the encroachment. The Owner shall indemnify, defend and hold the District harmless from any claims arising out of or related to the encroachment. The Owner shall add the District as additionally insured for claims related to the encroachment.
2. The District shall not be liable for any damage or injury caused by or attributable to the use or structure. The Owner will be responsible for all taxes assessed as a result of the encroachment and the Owner shall be responsible for all maintenance and repairs of the encroaching structure.
3. Any use shall at all times be subject to the paramount right of the District to use its property and property rights as necessary or convenient to the full exercise of the District's rights according to the terms of the District's document of title.

4. The Owner shall not allow the use or structure to create a nuisance or cause a dangerous condition of property. The Owner shall comply with all hazardous materials and environmental laws, and indemnify, defend and hold the District harmless from any such claims arising out of or related to the encroachment.
5. Any structures or uses placed or maintained pursuant to this section are subject to immediate removal by the District as may be necessary or convenient for the District's purposes. The District shall not be liable for costs of damage to or replacement of structures or uses it removes. District may require the owner to remove or relocate a structure or use at the Owner's expense. The Owner waives any rights to compensation or relocation benefits in the event of a termination by the District of the encroachment permit or request to remove or relocate the encroachment.
6. The District may, at the Owner's expense, cause the encroachment permit to be recorded in the Office of the County Recorder. The Owner shall not use the encroachment area to satisfy the requirements of any governmental agency or authority, including, but not limited to, zoning and/or building or other code requirements.
7. The owner shall be responsible for compliance with all applicable zoning, building, grading and other laws relating to the use of property.

The District and its officers and employees shall not be liable for any damages resulting from the issuance, denial, revocation or enforcement of an encroachment permit. The owner shall be responsible for the accuracy and completeness of the permit application and any plans, specifications or other information required by the Director pursuant to this Chapter.

## Section 6.10.070

### District Engineer Representative

(a) The Board, on an appeal, shall deny an application for an encroachment permit unless the District Engineer Representative finds that the encroachment as proposed or subject to terms and requirements imposed as a condition of approval meets all the following:

1. The proposed encroachment will not be detrimental to the District's facilities or works, or to the general public;
2. The proposed encroachment will not materially interfere with the District's use of right-of-way;
3. The applicant has complied with the requirements of this chapter and all applicable local, state and federal laws;
4. The applicant has agreed to abide by all requirements, terms and conditions of the permit, including without limitation the provision requirement that the permittee indemnify, defend and hold harmless the District, its officers, agents, and employees from all liability occasioned from or caused by the issuance of the encroachment permit or by the construction, installation, maintenance or operation of the encroachment.

(b) In addition to other requirements, the District Engineer Representative may impose conditions for approval of encroachment permit as follows:

1. Traffic and pedestrian safety measures;
2. Environmental impact mitigation measures;
3. Full Topographic survey including field staking of existing and proposed easements and any encroachments in easement;
4. Limits on construction times, noise, duration and method;
5. Limits on duration and requirements for removal of an encroachment; and
6. Other requirements deemed necessary by the District Engineer Representative.

Coordination of construction with other existing encroachments or reasonably anticipated encroachments, other existing or reasonably anticipated construction pursuant to encroachment permits issued to others, and existing or reasonably anticipated District projects.

**Section 6.10.090  
Encroachment Permits – Revocation – Penalty for Violation of Terms**

(a) The District EngineerRepresentative is authorized to revoke an encroachment permit upon determining that the permittee has failed to comply with one or more of the material terms, conditions or restrictions incorporated in the permit or has provided materially false or misleading information regarding the encroachment or its installation. Upon the revocation of an encroachment permit, the permittee shall immediately discontinue any work and cease and desist from further encroaching upon the District's right-of-way or property. The permittee shall restore the site to an as-near original condition as shall be feasible under the supervision and direction of the District in accordance with code and legal requirements in effect at the time of restoration. Installed encroachments shall be removed, unless authorized to be disabled and abandoned in place when determined to be feasible by the District. Except in cases where immediate revocation is necessary to protect District works or facilities, the District EngineerRepresentative shall not revoke a permit except upon fifteen-calendar days written notice to the permittee. Such notice may be given by first class mail to the permittee at the address stated in the permit application or such other more recent address as provided by the permittee and on file with the District EngineerRepresentative. The notice shall advise the permittee of the permittee's right to file a written statement of good cause why the permit should not be revoked within ten days following the date of the notice. A determination of revocation shall be in writing and shall state the grounds for the revocation. The determination shall be delivered to the permittee by personal delivery or mailed to the permittee by first-class mail.

(b) Any permittee who violates any of the terms, conditions or restrictions of an encroachment permit and thereby materially and adversely affects the public health and safety shall be ineligible to receive another encroachment permit from the District for a period of one year following the date of such determination, unless this restriction is waived by the Board.

(c) Any person who has received a determination of revocation of an encroachment permit may appeal the revocation to the Board. The appeal shall be in writing and filed within ten days following the date of the determination of revocation. The appeal shall state grounds upon which the appeal is based. Within twenty working days after filing, the Board of Directors shall decide the appeal. The Engineering and Operations Committee may play an advisory role to the Board based on the application, the written determination of the District EngineerRepresentative, the notice of appeal and any written response to the notice of appeal submitted by the District EngineerRepresentative. The decision of Board shall be made in writing and delivered to the applicant by personal delivery or first-class mail. The decision of the Board is final, except for judicial review.

**Section 6.10.110  
Joint Use Agreements**

(a) In lieu of an encroachment permit, public agencies and public utilities desiring to use District's rights of way and property for construction, operation and maintenance of compatible public facilities may apply to the District for a Joint Use Agreement. The District ~~Engineer~~Representative is authorized to execute Joint Use Agreements on behalf of the District.

(b) Application for Joint Use Agreements shall be submitted to the District ~~Engineer~~Representative and shall be evaluated on a case-by-case basis to determine whether such joint use is compatible with the work of the District. The applicant shall be advised of the type of joint use, if any, which will be authorized. If it is determined that joint use will not be authorized, a notice of denial shall be mailed to the applicant which explains the reason for the denial.

(c) The Joint Use Agreement shall specify the requirements, terms and conditions of construction, operation and maintenance of the compatible public facilities. Except as otherwise specifically authorized by the Board, a Joint Use Agreement shall include the following requirements:

1. The public agency or public utility shall defend, indemnify and hold the District harmless from any damage or injury to District works or facilities. The public agency or public utility shall defend, indemnify and hold the District harmless from any claim, cause of action, suit, proceeding, or liability of or to any person resulting from the construction, reconstruction, repair, maintenance, operation, condition or existence of any work or facility of the public agency or public utility, or from the acts or omissions of the public agency or public utility or its officers, employees, agents or contractors, except for liabilities resulting from the sole negligence of the District or the District's officers, employees or agents.
2. Any compatible public agency or public utility use shall at all times be subject to the paramount right of the District to use its property and property rights as necessary or convenient to the full exercise of the District's statutory purposes and rights according to the terms of the District's documents of title.
3. Any structures or uses placed or maintained pursuant to a Joint Use Agreement are subject to removal or relocation by the permittee upon reasonable demand by the District, or by the District at the permittee's cost, as may be necessary or convenient for District purposes. The District shall not be liable for costs of damage to or replacement of structures or uses it removes. The District may require the permittee to remove or relocate a structure or use at the permittee's expense. A permittee shall also be required to pay for the cost of relocating other previously permitted encroachments when necessary to accommodate the work of the District.
4. Performance of the requirements, terms or conditions of a Joint Use Agreement by a contractor shall be secured by one or more of the following, at the discretion of the permittee, subject to approval of the District:

~~M:\Administration\Confidential\Administrative Code Working Docs\Board Secretary Administrative Code Working File\Drafts Not Approved\Title 6\Joint Use Agreements 6.10.110.docx\rmwdb\Main\Administration\Confidential\Administrative Code Working Docs\Board Secretary Administrative Code Working File\Board Admin Code 2005-2006\Engineering Policy\Joint Use Agreements\_6.10.110.docx~~ \Added 10-23-18 by Ordinance No. 18-24\ DRAFT

- (A) A bond or bonds by one or more duly authorized corporate sureties authorized to do business in the State of California;
- (B) A deposit with the District of money or negotiable bonds of the kind approved for securing deposits of public moneys;
- (C) An irrevocable letter of credit from one or more financial institutions subject to regulation by the State of California or federal government and authorized to do business in the State.

5. A Joint Use Agreement shall not constitute a representation by the District that subsurface conditions are accurately reflected in the records of the District. The party requesting the agreement assumes the risk and responsibility for damage to previously installed permitted encroachments and facilities.

(d) Plans for installation of joint user's facilities including protection of District's facilities shall be approved by the District in advance of construction. Notice of construction of such facilities shall be provided to District at least two weeks in advance.

(e) An applicant denied an agreement may, within 60 days after a notice of denial is mailed, appeal in writing to the Board of Directors. The Board shall consider the information presented in the appeal, comments from the General Manager, and other such data considered appropriate. The denial will be upheld unless it is determined by the Board of Directors that it was arbitrary, or inconsistent with this Chapter.

**Section 6.10.130**  
**Guidelines for Parallel Encroachments**

(a) Public agencies and public utilities may request authorization to place a parallel encroachment in the District's right-of-way. A permit or approval for a parallel encroachment shall be issued only if the applicant has demonstrated good cause for the parallel encroachment to the satisfaction of the District official authorized to permit or approve the encroachment.

(b) An applicant for a parallel encroachment may demonstrate good cause based on any of the following grounds:

1. Other possible alignments would have a severe economic impact on the applicant which impact would be substantially reduced or avoided by the parallel encroachment.
2. Other feasible alignments would result in significant environmental impacts which cannot be feasibly mitigated to a level of insignificance and which would be avoided by the parallel encroachment.
3. Other feasible alignments would require the relocation of a substantial number of businesses or residences or have a severe and extended negative impact on business operations or residents.
4. Other feasible alignments would have severe economic or operational impact, or both, on the applicant which impact or impacts would be substantially reduced or avoided by the parallel encroachment.
5. The parallel encroachment will provide a direct and substantial benefit to the District that outweighs the adverse impact of the encroachment.

(c) The following facilities are prohibited as parallel encroachments:

1. Sewer, storm water or non-potable water pipelines except that on a case-by-case basis the following facilities may be authorized:
  - (A) Pipelines which transport recycled water meeting at a minimum Title 22 of the California Code of Regulations tertiary standards and which satisfy the pipeline separation requirements set forth in the American Water Works Association Guidelines for the Distribution of Non-Potable Water, and is approved by the California Department of Health Services;
  - (B) Pipelines which transport brine from a water treatment plant;
  - (C) Storm drain pipes 18 inches in diameter or less.
2. Electric transmission lines.
3. Gas transmission pipelines.



4. Petroleum transmission pipelines.
- (d) Parallel encroachments shall be subject to the following requirements:
1. Except street pavement, they shall not be located within an area designated by the District ~~Engineer~~Representative as the probable trench zone in event of an emergency. The probable trench zone is generally an area along the path of the pipeline determined using a slope ratio of two feet horizontal to one foot vertical (2:1 slope), starting at point five feet from the outside edge and at the bottom of the District pipeline and ending at a point on the surface of the right-of-way. Parallel encroachments, except street pavement, shall be installed in a location as close to the edge of the right-of-way as possible, and it must be demonstrated that the District can excavate its pipelines without disruption to the encroachment;
  2. They shall not be located between or over District pipelines;
  3. Isolation or other shut-off valves or switches shall be located at the entry and exit points of the District's right-of-way and at such other locations as may be determined appropriate by the District. Valves or switches shall be readily accessible to the District;
  4. All the requirements applicable to encroachment permits or joint use agreements;
  5. A property use payment shall be made to the District in an amount to be determined by the District for use or injury to property or property rights, increased maintenance and repair costs, and all other costs or expense associated with the parallel use;
  6. The District reserves the right, but not the obligation, to repair, restore service and backfill prior to the encroaching utility undertaking similar efforts for the interrupted parallel encroachment in the event of a simultaneous interruption to the operation of a District work and a parallel encroachment;
  7. The applicant is to be responsible for obtaining, providing and authenticating all necessary plans, profile, and other drawings from the District's Engineering Department and shall be responsible to make all the necessary calculations prior to submittal for review by the District;

Such other terms and conditions as may be imposed on issuance of the encroachment permit or joint use agreement for the parallel encroachment.

**Section 6.10.150**  
**Leases for Right-Of-Way Management**

The Board may execute a lease for right-of-way management purposes when all the following circumstances exist:

1. The lessee is the record owner of land that adjoins the District property;
2. The lease establishes terms and conditions for use of the leased property consistent with the provisions of this chapter;
3. The rent is not less than the fair market rent as determined by the District ~~Engineer~~Representative;
4. The lease term does not exceed ten years.

## Chapter 8.02 DEFINITIONS

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The definitions in this sub-section shall be used to interpret this Section, unless otherwise apparent from the context.

**Section 8.02.010**  
**Abut District Line**

*Abut District Line:* Parcels abut a District line where they are crossed by a District line, or where a line runs along the boundary of a parcel in an easement or other right of way.

**Section 8.02.020**  
**Active Park and School Ground Areas**

*Active Park and School Ground Areas:* Areas designated by public agencies and private schools for specific sporting and recreational activities and areas traditionally used for active play or recreation where turf is an integral part of the activity.

**Section 8.02.030**  
**Agricultural Purposes**

*Agricultural Purposes:* The growing or raising, in conformity with recognized practices of farming, for the purposes of commerce, trade, or industry, or for use by public educational or correctional institutions, of agricultural, horticultural, or floricultural products. Such products shall be for human consumption, for the market, or for the feeding of fowl or livestock. Products are to be grown or raised on a parcel of land having an area of not less than one acre utilized exclusively for such purposes.

**Section 8.02.040**  
**Air-Gap**

*Air-Gap:* A means of backflow prevention utilizing the unobstructed vertical distance through the free atmosphere between the lowest opening from any pipe or faucet supplying water to a tank, plumbing fixture or other device and the flood level rim of said vessel.

**Section 8.02.050**  
**Applicant**

*Applicant:* Any person, firm, corporation, association or agency that applies for water service from the District.

**Section 8.02.060**  
**Approved**

*Approved:* Accepted by the District as meeting an applicable specification stated or cited in this chapter or as suitable for the proposed use except as otherwise provided in this Article 8.

**Section 8.02.070**  
**Auxiliary Water Supply**

*Auxiliary Water Supply:* Any water supply available to a Customer, other than the District's system. These auxiliary source of supply may include water from other purveyor's public potable water supply or any natural source(s) such as a well, spring, river, stream, harbor, etc., or used waters or industrial fluids. These supplies constitute a water source over which the District does not have control. There is a risk that they may be polluted, contaminated, or objectionable.

**Section 8.02.080**  
**Backflow**

*Backflow:* The undesirable reversal of water flow or mixtures of water and other liquids, gases or other substances into the Districts distribution pipes of water from any source or sources other than its intended source.

**Section 8.02.090**  
**Backflow Preventer**

*Backflow Preventer:* A device or means designed to prevent backflow or backsiphonage.

**Section 8.02.100**  
**Backpressure**

*Backpressure:* Any elevation of pressure in the downstream piping system (by pump, elevation of piping, or steam and/or air pressure) above the supply pressure at the point of consideration, which would cause, or tend to cause, a reversal of the normal direction of flow.

**Section 8.02.110**  
**Backsiphonage**

*Backsiphonage:* The flow of water (or other liquids, mixtures or substances) into the District system from any source other than its intended source, caused by the sudden reduction of pressure in the District system.

**Section 8.02.120**  
**Blow-Off**

*Blow-Off:* A District facility which is used to drain water mains for purposes of repair and maintenance.

**Section 8.02.130**  
**Board of Directors**

*Board or Board of Directors:* The governing board of the District, consisting of five (5) elected representatives.

**Section 8.02.140**  
**Certified Backflow Tester**

*Certified Backflow Tester:* A person who has proven ~~theirhis/—her~~ ability to test backflow prevention assemblies to the satisfaction of the District and the San Diego County Department of Environmental Health.

**Section 8.02.150**  
**Conservation Offset**

*Conservation Offset:* The implementation of proven conservation techniques which, when installed, will result in a reduction equal to demand of the proposed use. Calculation of demand and saving shall be performed or verified by the ~~District Representative~~Engineering Manager based upon non-drought conditions.

**Section 8.02.160**  
**Construction Meter**

*Construction Meter:* A meter attached to a fire hydrant or other appurtenance and used for construction purposes in incremental periods of six months or less.

**Section 8.02.170**  
**Construction Purposes**

*Construction Purposes:* A temporary service that is facilitated through a fire hydrant or a blow-off for construction purposes; such as construction of a dwelling, or grading of land or other purpose where water is not needed permanently. Construction meters may not be used for agricultural purposes.

**Section 8.02.180**  
**Contamination**

*Contamination:* the impairment of the quality of the potable water by sewage, industrial fluids or waste liquids, compounds or other materials to a degree which creates a potential hazard to public health.

**Section 8.02.190**  
**Control**

*Control:* The right and power over the sanitary quality of water.

**Section 8.02.200**  
**Cross-Connection**

*Cross-Connection:* Any physical connection, or arrangement of piping or fixtures, between two otherwise separate piping systems, one of which contains potable water and the other of which contains nonpotable water, industrial fluids, or fluids of questionable safety, through which, or because of which, backflow may occur into the District's system.

**Section 8.02.210**  
**Cross-Connection Control by Containment**

*Cross-Connection Control by Containment:* The installation of an approved backflow prevention device in any Customer system at the water service connection.

**Section 8.02.220**  
**Customer**

*Customer:* The person in whose name water service is furnished, as evidenced by the signature on the application or request for water service. In the absence of a signed application, the receipt and payment of bills regularly issued in that person's name shall suffice, regardless of the identity of the actual user of the service. The water bill shall be the responsibility of the person in whose name the meter service is held. In the event the water service is in the name of a renter or lessee, the ultimate responsibility for the bill shall be in the legal Owner or Owners of the property, as shown on the County Assessor's Tax Roll. The District requires a signed application by both Tenant and Owner when property is a rental.

**Section 8.02.230**  
**Customer System**

*Customer System:* The Customer systems consist of all water components beyond the metered water service connections owned by the Customer.

**Section 8.02.240**  
**Degree of Hazard**

*Degree of Hazard:* The term derived from an evaluation of the potential risk to public health and the adverse effect of the hazard upon the District system.

**Section 8.02.250**  
**Distribution Main**

*Distribution Main:* A pipeline with the primary intent to distribute water to Customers through laterals installed on the pipeline.

**Section 8.02.260**  
**Distribution System**

*Distribution System:* The distribution system shall include the water delivery system from the source to the Customer systems.

**Section 8.02.270**  
**District**

*District:* The Rainbow Municipal Water District.



**Section 8.02.280**  
**District ~~Engineer~~ Representative**

~~District ~~Engineer~~ Representative: General Manager or their designee. Position directly responsible for overseeing the engineering department as designated by the General Manager.~~

**Section 8.02.290**  
**Domestic and Municipal Purposes**

*Domestic and Municipal Purposes:* The use of water for residential, public, commercial, industrial, and recreational purposes served by the District, but not including water used for agricultural purposes.

**~~Section 8.02.300~~**

**~~Engineering Manager~~**

~~Engineering Manager: Position directly responsible for overseeing the engineering department as designated by the General Manager.~~

**Section 8.02.3010**  
**Fire Protection**

*Fire Protection:* Actions or facilities for prevention or suppression of fires as directed by the fire Marshal or Fire Prevention officer with jurisdiction over the local area involved.

**Section 8.02.3120**  
**General Manager**

*General Manager:* The General Manager of the District or designee authorized by the Board or the General Manager to act in theirhis/her behalf.

**Section 8.02.3230**  
**Greywater**

*Greywater:* Household wastewater other than toilet water, i.e., water from the laundry, shower, tub, bathroom and kitchen sinks.

**Section 8.02.3340**  
**Health Hazard**

*Health Hazard:* Any condition, device or practice in the District system, or its operation, which in the judgment of the District may create a danger to the health and well-being of any water Customer.

**Section 8.02.3450**  
**Industrial Fluids System**

*Industrial Fluids System:* Any system containing a fluid or solution which may be chemically, biologically or otherwise contaminated or polluted in a form or concentration such as would constitute a health, system, pollution or plumbing hazard if introduced into the District system.

**Section 8.02.3560**  
**Industrial Waste**

*Industrial Waste:* Any liquid or solid waste substance, other than domestic sewage, from any producing, manufacturing, or processing operation of any nature.

**Section 8.02.3670**  
**Industrial Waste Treatment Plant or Facility**

*Industrial Waste Treatment Plant or Facility:* Any works or devices for the treatment of industrial waste prior to its discharge into the District sewer facilities.

**Section 8.02.3780**  
**Meter**

*Meter:* Any device registering the flow or the amount of water passing through a service connection.

**Section 8.02.3890**  
**Micro Irrigation Systems/Equipment**

*Micro Irrigation Systems/Equipment:* Low pressure, low volume methods of water application. These devices include drip emitters, T-tape, micro sprayers, minisprinklers, twirlers, and spaghetti tubing. Pop-up sprinklers are not considered low volume, low pressure irrigation systems/equipment.

**Section 8.02.390400**  
**Nonpotable Water**

*Nonpotable Water:* Water which does not meet state and federal standards for safe drinking water and is not safe for human consumption.

**Section 8.02.4010**  
**Payment Date**

*Payment Date:* The date on which payment is received in the District offices or approved payment location, from a Customer in funds which can be deposited into a normal bank. The postmark date of a payment mailed to the District is not considered the payment date. Payments received after the close of business at the offices of the District will be considered to have been received on the next business day.

**Section 8.02.4120**  
**Persons**

*Persons:* Any individual, firm, association, organization, business trust or company.

**Section 8.02.4230**  
**Plan Check & Inspection**

*Plan Check & Inspection Deposit:* Monies provided to the District by the Applicant at the time of submission of improvement plans for the District's approval. The amount of deposit shall be determined by the General Manager and shall cover all costs related to the project.

**Section 8.02.4340**  
**Plumbing Hazard**

*Plumbing Hazard:* Any cross connection in a Customer plumbing system that has not been properly protected by an air-gap separation or backflow prevention.

**Section 8.02.4450**  
**Pollution**

*Pollution:* The presence of any foreign substance (organic, inorganic or biological) in water which tends to degrade its quality so as to constitute a hazard or impair the usefulness or quality of the water.

**Section 8.02.4560**  
**Pollution Hazard**

*Pollution Hazard:* An actual or potential threat to the physical properties of the District system, including water quality, which would constitute a nuisance or be aesthetically objectionable or could cause damage to the District system.

**Section 8.02.4670**  
**Potable Water**

*Potable Water:* Water which meets state and federal safe drinking water standards.

**Section 8.02.4780**  
**Potable Water Service Connection**

*Potable Water Service Connection:* The terminal end of a service connection from the District water system (that is where the District relinquishes control over the water at its point of delivery to the Customer system), being the downstream end of the meter. Service connections shall also include water service connections from a fire hydrant and all other temporary or emergency water service connections.

**Section 8.02.4890**  
**Premises**

*Premises:* The integral property or area, including the improvements to which water service is (or will be) provided. Premises shall be limited to a single parcel.

**Section 8.02.490500**  
**Presentation or Date of Presentation**

*Presentation or "Date of Presentation":* The date on which bills for water service to any Customer are deposited in the United States mail, postage prepaid, to ~~their~~his/her address as it appears upon the records of the District or delivered personally to a Customer.

**Section 8.02.5010**  
**Property Owner or Owner**

*Property Owner or Owner:* The holder of legal title to property receiving water service, contract purchaser, or lessee under a lease with any unexpired term of more than one (1) year, to be held jointly with the lessee and the holder of the title.

**Section 8.02.5120**  
**Public Health Agency**

*Public Health Agency:* The State of California Water Resources Control Board.

**Section 8.02.5230**  
**Reclaimed Water**

*Reclaimed Water:* Water which, as a result of treatment of wastewater, is suitable for a direct beneficial use or controlled use that would not otherwise occur. Reclaimed water shall comply with Title 22 of the California Code of Regulations as well as regulations from the County of San Diego Department of Environmental Health.

**Section 8.02.5340**  
**Recreational and Ornamental Lakes and Ponds**

*Recreational and Ornamental Lakes and Ponds:* Bodies of water which are not swimming pools, water storage reservoirs for potable water or irrigation purposes, or pools which maintain rare plant or animal species.

**Section 8.02.5450**  
**Reduced Pressure Principle Device (RP)**

*Reduced Pressure Principle Device (RP):* A backflow prevention device consisting of an assembly of two independently operating approved check valves with an automatically operating differential relief valve between the two check valves, tightly closing shut-off valves on either side of the check valves, plus properly located test cocks for the testing of the check and relief valves. The entire assembly shall meet the design and performance specifications and approval of a recognized and approved testing agency for backflow prevention assemblies. The device shall

*M:\Administration\Confidential\Administrative Code Working Docs\Board Secretary Administrative Code Working File\Drafts\_Not Approved\Title 8\Definitions 8.02.docx\Approved 8-3-05 by Ordinance No. 05-07\Amended and Updated\Approved 10-28-14 by Ordinance No. 14-07\Amended and Updated 3-28-17 by Ordinance No. 17-02\Amended and Updated 4-24-18 by Ordinance No. 18-09\DRAFT*

operate to maintain the pressure in the zone between the two check valves at a level less than the pressure of the inlet device. At cessation of normal flow the pressure between the two check valves shall be less than the pressure at the inlet of the device. In case of leakage of either of the check valves, the differential relief valve shall operate to maintain the reduced pressure in the zone between the check valves by discharging to the atmosphere. When the inlet pressure is two pounds per square inch or less, the relief valve shall open to the atmosphere. To be approved, these devices must be readily accessible for inline maintenance and testing and be installed in a location where no part of the device will be submerged.

**Section 8.02.5660**  
**Reduced Pressure Principle-Detector Backflow Assembly (RPDA)**

*Reduced Pressure Principle-Detector Backflow Assembly (RPDA):* A specially designed assembly composed of a line-size approved reduced pressure principle backflow prevention assembly with a bypass containing a specific water meter and an approved reduced pressure principle backflow prevention assembly. The meter shall register for only very low rates of flow up to 3 GPM and shall show a registration for all rates of flow.

**Section 8.02.5670**  
**Remote Meters**

*Remote Meters:* Service connections which may be provided to parcels which do not abut a District water main.

**Section 8.02.5780**  
**Rules and Regulations**

*Rules and Regulations:* The entire body of effective rates, tolls, rentals, charges, ordinances, rules and regulations, collectively of the District.

**Section 8.02.5890**  
**Schedules, Tariffs or Lists**

*Schedules, Tariffs or Lists:* Water rates, service connection charges, capacity fees or other charges for water service, materials, equipment and labor furnished by the District, as approved by the Board of Directors.

**Section 8.02.590600**  
**Sealed Meter**

*Sealed Meter:* Any meter in which the District has closed and sealed the service connection valve on the District side of the meter.

**Section 8.02.6010**  
**Secondary Water Main**

*Secondary Water Main:* Extensions of primary distribution mains constructed and dedicated to the District by a developer or property Owner.

**Section 8.02.6120**  
**Security Deposit**

*Security Deposit:* Monies required to be deposited with the District for the purpose of guaranteeing payment of utility bills rendered for water or sewer service.

**Section 8.02.6230**  
**Surcharge**

*Surcharge:* A charge imposed by the District for the provision of a special service not normally provided by the District, such as situations involving unusual quantity or quality requirements.

**Section 8.02.6340**  
**System Hazard**

*System Hazard:* An actual or potential threat of severe damage to the physical properties of the water system or of pollution or contamination which would have an adverse effect on the quality of the potable water in the District system.

**Section 8.02.6450**  
**Temporary Customer**

*Temporary Customer:* Any Customer for whom a temporary service connection has been approved by the District.

**Section 8.02.6560**  
**Termination of Service**

*Termination of Service:* Discontinuance of water service either by the District or as requested by the Customer.

**Section 8.02.6670**  
**Title 17**

*Title 17:* California Code of Regulations, Title 17, Public Health Regulations relating to cross-connection.

**Section 8.02.6780**  
**Transmission**

*Transmission Main:* A pipeline with the primary intent to transport water from the source to distribution mains. The installation of service laterals is restricted on transmission mains.

**Section 8.02.6890**  
**Units of Measurement**

*Units of Measurement:* A unit of 100 cubic feet, equivalent to 748 gallons, is the volume by which water is metered and billed by the District.

**Section 8.02.690700**  
**Used Water**

*Used Water:* Any water supplied by the District from the District system to a Customer after it has passed through the metered water service connection and is no longer under the control of the District.

**Section 8.02.7040**  
**Water Capacity Fee**

*Water Capacity Fee:* A charge imposed by the District for obtaining water service or service capacity.

**Section 8.02.7120**  
**Water Distribution System**

*Water Distribution System:* Individually or collectively any water facilities financed, constructed and dedicated to the District by an Applicant, Owner or Customer or which are the result of local initiative and financing in tracts and subdivisions, as well as non-commercial or industrial developments, which have been accepted by the District.

**Section 8.02.7230**  
**Water Source**

*Water Source:* The water source shall include all components of the facilities utilized in the production, treatment, storage and delivery of water to the distribution system.

**Section 8.02.7340**  
**Water Supervisor**

*Water Supervisor:* In industrial or commercial application, a water supervisor will be designated by the District. An individual designated as water supervisor will be responsible for keeping abreast of cross-connection regulations and maintenance of commercial and industrial water systems to prevent cross-connection or other sanitary effects from occurring on these types of water systems.

**Section 8.02.7450**  
**Water System**

*Water System:* The water system consists of the source and the distribution system under the control of the District, including the water meter, which is owned by the District.

**Section 8.04.010  
Board of Director's Approval**

Any Request for installation or acceptance of water facilities to serve four (4) or more parcels shall be subject to Board approval.

**Section 8.04.020  
Application for Regular Water Service**

Effective November 1, 2014, all new water service accounts shall be established and held in the legal (record) Owner's name as shown on the San Diego County Assessor's Tax Roll.

Each Applicant for water service must sign and file in the District's Office, on a form provided by the District, an application for New Water Service Request (NWSR) which will set forth:

- 8.04.020.1** Proof of Ownership of the parcel to be served
- 8.04.020.2** The name, address and telephone number of the Applicant.
- 8.04.020.3** A description of the parcel to be served by said application (the description of which shall be satisfactory to the District's General Manager.)
- 8.04.020.4** An Agreement on the part of the Applicant to abide by the Rules and Regulations of the District, as amended from time to time, signed by the property Owner
- 8.04.020.5** An agreement on the part of the Applicant that water delivered through the connection will be used only on the property described in the application.
- 8.04.020.6** The date on which Applicant desires service.
- 8.04.020.7** If the Applicant's property does not adjoin the District right-of-way, the Applicant must provide proof of an easement that may be utilized by the Applicant to bring his/her water line to the District's right of way.
- 8.04.020.8** If a meter is being purchased on behalf of the legal Owner by another individual, written authorization to do so shall be provided.
- 8.04.020.9** Before the District commits to provide new water service to a property, or to provide increased water service to a property receiving water service from the District's municipal water system, and as a condition of such new or increased water service, the landowner requesting such water service shall enter into an agreement with the District providing for the landowner's assignment of any rights to divert or extract local groundwater supplies for the benefit of the property to receive new or increased water service ("Property"), in return for water service from the District, upon such terms as may be provided by the District ~~Engineer~~Representative.

This section does not apply to any other property that is not the Property. As an additional condition of District water service, the District may require the landowner to grant to the District any water production facilities located on the Property, together with an easement



providing the District with the right to access, operate, maintain and replace such water production facilities.

The Board may waive the requirements set forth in this Section when it is in the public interest to do so. Following the landowner's and the water utility director's execution of the agreement, the District shall cause the agreement to be recorded against the Property. The agreement shall run with the land and bind all successors in interest of the Property.

Nothing in this ordinance shall grant, or be deemed to grant, a right to District water service and nothing in this ordinance shall require, or be deemed to require, the District to provide water service to any party.

#### **8.04.021**

Notwithstanding the forgoing, at the District's discretion, a tenant or lessee of property may request water service for a property, provided a completed and signed application for water service is submitted to the District by the Owner of the identified property in accordance with Section 8.04.020. The application shall also include: (i) a statement by the Owner that he or she authorizes water service for the identified property; (ii) the signature of the tenant or lessee stating that he or she will be the party responsible for making monthly payments to the District for water services delivered to the identified property; and (iii) an acknowledgement by the Owner that he or she accepts liability for any delinquent or unpaid water charges associated with the identified property, including any penalties and interest related thereto. Such acknowledgment shall be renewed in writing by the Owner or Customer at any change in tenancy at the subject property; however, a failure by the Owner or Customer to renew this acknowledgment in writing shall not excuse the Owner or Customer from any liability associated with delinquent or unpaid water charges, including any penalties or interest related thereto, associated with the District's water service to the property.

#### **8.04.022**

If account holder is the legal (record) Owner of service property as shown on the San Diego County Assessor's Tax Roll, and has become delinquent on account where service is scheduled to be terminated, the non-owner residential occupant(s) may establish water service directly. The non-owner residential occupant(s) will not be required to pay the delinquent bill maintained under the legal Owner. In order to establish service in the non-owner residential occupant(s) name, security deposit equal to twice the estimated average periodic bill will be required. The security deposit will be returned to the depositor two (2) years after the last lock-off for non-payment, if the depositor has maintained a timely paid, delinquent free account record during the two-year period, or when the account is paid in full on termination of service, whichever occurs first. Acceptable methods of the security deposit are cash, check, money order, cashier's check, and District accepted payment cards only. No interest shall be paid on any deposit.

### 8.04.023

During the transfer of residential property ownership from one owner to another, the current owner of a property may request that the District discontinue service and transfer the service to the proposed subsequent owner in a limited term temporary service agreement. In order to establish residential service in the proposed owner's name, the account for the current owner must be current. In addition, the proposed owner must provide a security deposit equal to twice the estimated average periodic bill.

The proposed owner will enter into a written agreement with the District related to the temporary service of water and the term of this temporary service will be 45 days. The proposed owner shall submit information to the District at the close of escrow that conforms to the requirements of Section 8.04.020 of this Administrative Code. Failure to provide this information within the given time limit will result in the termination of water service to the property. Applicants may request one additional extension to this agreement in extraordinary circumstances, but the approval of any extension will be at the sole discretion of the General Manager.

The security deposit will be returned to the depositor, or credited to their account after proof of ownership is provided to the District as long as the depositor has maintained a timely paid, delinquent free account record during the temporary service period. The security deposit can be cash or cashier's check. No interest shall be paid on any deposit.

### Section 8.04.030 Application for a Remote Meter

The District may approve applications for water service to parcels which do not abut a District water main. As a condition of service, if the parcel abuts a future line extension as identified in the District's Master Plan, the remote meter Applicant may be required to contribute an estimated prorated cost for a future line extension or meet other terms and conditions established by the Board.

**8.04.030.1** Remote meters shall be granted only when the District determines that:

- A line extension for fire flow or looping is not required, and
- Under no circumstances shall more than three (3) parcels receive remote service within an area requiring a future line extension, and
- Approval from the fire department with jurisdiction in the area for the remote meter, and
- Proof of private easement for the private lateral is provided.

**8.04.030.2** At the time of application Applicant shall execute a Remote Water Service Agreement and shall furnish a copy of all recorded easements granting the right to the property Owner of the parcel to be served to install and maintain a private water line from the District main to the Applicant's parcel. Before installation of the remote meter, easements must be staked by a licensed land surveyor.

**Section 8.04.040**  
**Application for Construction Water Service**

**8.04.040.1** \_\_\_ Each Applicant for temporary water service (construction meter) shall sign and file in the District's Office an application setting forth information which the District may reasonably require and pay the following:

- The application shall be accompanied by an established refundable deposit against unpaid water use.
- 
- A monthly service charge will be applied for the period of time the meter is available for Applicant's use.
- Once all fees and deposits have been provided the District will install a construction meter at a location of the District's choosing within two business days of the date of the deposit.

**8.04.040.2** The Applicant may request relocation of a construction meter to another location for an established charge.

**8.04.040.3** Billing will be monthly and include an operation and maintenance fixed fee, plus the charge for the water used during the billing period.

**8.04.040.4** Installation or Relocation of a construction meter shall be done by District employees only. There is a fee and at least a two business day notice to request this service.

**8.04.040.5** Applicant shall not use water service in a manner which causes sudden pressure surges that may cause damage to the District's water system.

**8.04.040.6** Construction meters are available for a maximum period of 6 months. Extensions may be granted for additional six month periods at the discretion of the District Representative Engineering Manager.

**8.04.040.7** Applicants shall comply with all rules and regulations of the District. Applicants agree to pay for any damage or loss of District facilities resulting from such use.

**Section 8.04.050**  
**Changes in Premises Served**

Customers making any material change in the size, character of service or extent of their water systems or their operations, shall immediately give the District written notice of the extent and nature of such change.

**Section 8.08**  
**Automatic Shut-Off Valves**

Approved automatic shut-off valves may be installed by Customers. Such valves shall be designed to provide a uniform shut off of flow over a period of not less than thirty (30) seconds for meter sizes two-inches and under. Automatic shut-off valves larger than two-inches in size shall be submitted to the District ~~Engineer~~Representative for approval prior to installation in the system.

**Section 8.09**  
**Water Service Line**

District shall prescribe the size and location of the water service line, the water service connection, the water meter and any and all other appurtenances needed to provide water service. Applicant shall install the water service line to a curb line or property line of Customer's property abutting upon a public right-of-way, such as a street, highway, alley, easement, lane or road (other than a freeway) in which is installed a water main of the District. In the event it is impractical to install a meter abutting a public right-of-way or within a District easement, the District ~~Engineer~~Representative may approve a different location if the property Owner provides the District, at no cost to the District, a recorded easement granting the right to install and maintain water service facilities at such location. All water service lines shall be constructed to the requirements of the District's Standards and Specifications in effect at the time of installation. All construction within the District shall comply with applicable state and federal safety standards.

## Section 8.20.010

### Purpose

The purpose of this chapter is:

- A. To protect the District system from the possibility of contamination or pollution, by isolating within customer systems such contaminants or pollutants that have the potential to backflow into the District's potable water system; and
- B. To provide for an ongoing program of cross-connection control which will systematically and effectively prevent the contamination or pollution of the District's potable water system; and
- C. To meet or exceed Federal and State regulations pertaining to cross-connection control issues.

## 8.20.020

### Legal Basis for Program

All legal authorities and references shall be current versions and revisions.

### Authority

1. Code of Federal Regulations, Safe drinking Water Act - most current
2. Code of California Regulations, Titles 17 and 22
3. State of California Water Code, Chapter 1, Section 110. Chapter 8, Section 500 and Chapter 723, Sections 13553, 13554.2, and 13554.3
4. American Water Works Association Manual of Water Supply Practices M14
5. University of Southern California (USC Manual) – latest or current edition
6. California Plumbing Code (CPC)
7. Rainbow Municipal Water District Administrative Code

## 8.20.030

### Definitions

Whenever in this chapter or in any document where they govern, the following terms are used, they shall be defined as follows:

**"Air-Gap"** is a means of backflow prevention utilizing the unobstructed vertical distance through the free atmosphere between the lowest opening from any pipe or faucet supplying water to a tank, plumbing fixture or other device and the flood level rim of said vessel. An approved air-gap shall be at least double the diameter of the supply pipe,

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measured vertically, above the top of the rim of the vessel; provided however, that in no case shall the air-gap be less than one inch.

**"Approved"** means accepted by the District as meeting an applicable specification stated or cited in this chapter suitable for the proposed use.

**"Auxiliary Water Supply"** means any water supply, other than the District's system available to a customer system. These auxiliary supplies may include water from other purveyor's public potable water supply or any natural source(s) such as a well, spring, river, stream, harbor, etc., or used waters or industrial fluids. These waters may be polluted or contaminated, or they may be objectionable, and constitute an unacceptable water source over which the District does not have control.

**"Agricultural Properties"** is a parcel, lot, grove or residence of any size which is used for an agrarian nature, whether for commercial purposes or not. Typical uses would include, but not be limited to, the practice of cultivating crops, the breeding and raising of livestock, aquaculture and any other form of husbandry.

**"Backflow"** means the reversal of flow of water or mixtures of water and other liquids, gases or other substances into the District's distribution pipes of water from any source or sources.

**"Backflow Preventer"** means a device or means designed to prevent backflow or backsiphonage.

**"Backpressure"** means any elevation of pressure in the downstream piping system (by pump, elevation of piping, or steam and/or air pressure) above the supply pressure at the point of consideration, which would cause, or tend to cause, a reversal of the normal direction of flow.

**"Backsiphonage"** means the flow of water (or other liquids, mixtures or substances) into the District system from any source caused by the reduction of pressure in the District system.

**"Board"** means Board of Directors of the Rainbow Municipal Water District.

**"Certified Backflow Tester"** means a person who has proven ~~their~~<sup>his</sup>/~~her~~ ability to test backflow prevention assemblies to the satisfaction of the District and the San Diego County Department of Environmental Health.

**"Contamination"** means the impairment of the quality of the potable water by sewage, industrial fluids, waste liquids or any other compounds or other materials to a degree which creates an actual hazard to the public health through poisoning or the spreading of disease.

**"Control"** means the right and power over the quality of water.

**"Cross-Connection"** means any physical connection, or arrangement of piping or fixtures, between two otherwise separate piping systems, one of which contains potable water and the other of which contains nonpotable water, industrial fluids, or fluids of questionable safety, through which, or because of which, backflow may occur into the District's system. A water service connection between the District system and a customer system which is cross-connected to a contaminated fixture, industrial fluid system or with a potentially contaminated supply or auxiliary water system, constitutes one type of cross-connection. Other types of cross-connections include connectors such as swing connections, removable sections, four-way plug valves, spools, dummy sections of pipe, swivel or change-over devices, sliding multiport tubes, solid connections, garden hoses, etc.

**"Cross-Connection Control by Containment"** means the installation of an approved backflow prevention device in any customer system chosen as practical for the water service connection.

**"District"** means Rainbow Municipal Water District.

**"Double Check-Detector Backflow Prevention Assembly" (DCDA)** means a specially Designed assembly composed of a line-size approved double check valve assembly with a bypass containing a specific water meter and an approved double check valve assembly. The meter shall register accuracy for only very low rates of flow up to 3 GPM.

**"Double Check Valve Backflow Prevention Assembly"** an assembly composed of two (2) independently acting, approved check valves, including tightly closing resilient seated shut-off valves attached at each end of the assembly and fitted with properly located resilient seated test cocks.

**"Health Hazard"** means any condition, device or practice in the customer system, or its operation, which endangers, or in the judgment of the District, has the potential to endanger the health and well-being of any water customer.

**"Industrial Fluids System"** means any system containing a fluid or solution which may be chemically, biologically or otherwise contaminated or polluted in a form or concentration such as would constitute a health, system, pollution or plumbing hazard if introduced into the District system.

**"Locked-off"** means any water service which has been shut off at the meter by the District.

**"Manager"** means General Manager of the Rainbow Municipal Water District or ~~their~~<sup>his/her</sup> authorized representative.

**"Nonpotable Water"** means water which is not safe for human consumption or which is of questionable potability.



**"Plumbing Hazard"** means an internal or plumbing type cross-connection in a customer/user's potable water system that may be either a pollution or a contamination-type hazard.

**"Pollution"** means the presence of any foreign substance (organic, inorganic or biological) in water which tends to degrade its quality so as to constitute a hazard or impair the usefulness or quality of the water to a degree which does not create an actual hazard to the public health but which does adversely and unreasonably affect such waters for domestic use.

**"Pollution Hazard"** means an actual or potential threat to the physical properties, or to the potability, of the District system, which would constitute a nuisance or be aesthetically objectionable or could cause damage to the District system, but would not be dangerous to health.

**"Potable water"** means any water which, according to recognized standards is safe for human consumption.

**"Potable water service connection"** means the terminal end of a service connection from the District system (where the District loses control over the water at its point of delivery to the customer system), being the downstream end of the meter. There should be no unprotected tees/take-offs from the service line upstream of any backflow prevention device. Service connections shall also include temporary connections from a fire hydrant and all other temporary or emergency water service connections from the District system.

**"Public Health Agency"** means the State Water Resources Control Board or other relevant authority having jurisdiction.

**"Reduced Pressure Principle Device"** (RP) means a backflow prevention device consisting of an assembly of two independently operating approved check valves with an automatically operating differential relief valve between the two check valves, tightly closing shut-off valves on either side of the check valves, plus properly located test cocks for the testing of the check and relief valves. The entire assembly shall meet the design and performance specifications and approval of a recognized and approved testing agency for backflow prevention assemblies. The device shall operate to maintain the pressure in the zone between the two check valves at a level less than the pressure of the inlet device. At cessation of normal flow, the pressure between the two check valves shall be less than the pressure at the inlet of the device. In case of leakage of either of the check valves, the differential relief valve shall operate to maintain the reduced pressure in the zone between the check valves by discharging to the atmosphere. When the inlet pressure is two pounds per square inch or less, the relief valve shall open to the atmosphere. To be approved, these devices must be readily accessible for inline maintenance and testing and be installed in a location where no part of the device will be submerged.

**"Reduced Pressure Principle-Detector Backflow Assembly (RPDA)"** means a specially designed assembly composed of a line-size approved reduced pressure principle backflow prevention assembly with a bypass containing a specific water meter and an approved reduced pressure principle backflow prevention assembly. The meter shall register for only very low rates of flow up to 3 GPM and shall show a registration for all rates of flow.

**"Residential Properties"** is a parcel or lot with at least one residence regardless of the lot size, with a primary purpose of providing a dwelling that serves as living quarters for one or more families; and does not meet the definition of an "Agricultural Property".

**"Title 17"** means California Code of Regulations, Title 17, Public Health Regulations relating to cross-connection.

**"Unlocked"** means any water service previously shut off by the District which has been turned back on by the District.

**"Used Water"** means any water supplied by the District from the District system to a customer system that has passed through the metered water service connection and is no longer under the control of the District.

**"Water System"** The water system is made up of two parts; namely, the District system and the customer systems:

The District system consists of the storage, treatment and distribution facilities under the complete control of the District, up to the point where the customer system begins (immediately after the water meter).

The customer systems consist of all water components beyond the water meter.

#### **8.20.040 Degree of Hazard**

The District's Cross-Connection Control Specialist will evaluate the degree of potential health hazard to the public water supply as a result of conditions existing on a customer/user's premises. The Cross-Connection Control Specialist will consider the following as a non-exclusive basis for determining if a hazard exists or has the potential to exist:

- The existence of an actual cross-connection;
- The nature of material handled on the property;
- The probability of a backflow occurring;
- The degree of piping system complexity and the potential for system modification.

Commercial:

All meters serving commercial properties are required to have District approved backflow devices installed.

**Agricultural:**

All meters serving Agricultural Properties are required to have District approved backflow devices installed.

**Residential:**

A backflow device would not be required unless one or more of the following conditions apply:

- Pressure in the customers system that may exceed the water pressure in the District system (onsite pumps, elevation, etc.)
- Auxiliary water system (well, etc.)
- Storage of chemicals, fertilizers, pesticides or any other substance in sufficient quantities or in a manner that has the potential to contaminate the water system.
- For Residential Properties, the District's Cross-Connection Control Specialist may conduct an inspection of the user's property to determine if potential cross-connections have been mitigated through the use of approved measures, such as the installation of approved anti-siphon hose bibs, air gaps on swimming pool fill lines, anti-siphon backflow preventers on irrigation systems, etc.

**8.20.050**

**Backflow Prevention Device - General Requirements**

The District is responsible for the protection of the potable water system from potential contamination or pollution due to the backflow of contaminants or pollutants through the potable water service connections.

An approved backflow prevention device is required at all potable water service connections except for the following:

- (1) Any water service connection for single or duplex Residential Properties where the connection is one inch (1") or smaller and the degree of hazard does not rise to the level requiring a backflow device as determined by the District's Cross-Connection Control Specialist.
- (2) Any water service connection which is locked off, provided however, that before water service may be unlocked the customer shall comply with all of the backflow prevention provisions of this chapter.

The Cross-Connection Control Specialist shall give notice in writing to all District customers who are required to install an approved backflow prevention device at each potable water service connection. Within the time prescribed by the General Manager or designate, which shall not be less than sixty (60) days, the customer shall install such approved device(s) at the customer's own expense; and failure or refusal or inability on the part of the customer to install said device(s) shall immediately constitute grounds for discontinuing water service to the metered water service connections until the required device(s) have been properly installed.

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The District shall maintain records of all approved backflow devices installed in the water system. The District shall also keep records regarding the certification of all devices. The District shall be responsible for notifying each customer/user when a device is required to be installed or tested. Testing of backflow devices shall be done at least annually or more often as the District deems necessary, depending on the degree of hazard. It is the District's primary responsibility to ensure that all testing and record keeping conforms to State Health regulations relating to cross-connections.

#### **8.20.060 Appeal Procedure**

Any customer wishing to appeal a determination of the requirement for installation of a backflow prevention device may do so, in writing, within forty-five (45) days of the date of the first written notification. There will be an Appeal Hearing scheduled for the customer or customer representative to present ~~their~~his arguments against complying with either the directives or the schedule given in the notification. The Appeal Hearing Panel consists of the ~~Engineering Manager and the~~ General Manager ~~and any other staff deemed appropriate by the General Manager~~. The purpose of the hearing is to confirm, modify or deny the findings of the Cross-Connection Control Specialist. The decision of the Appeal Hearing Panel is final.

#### **8.20.070 Protection Required Before System Connection**

No potable water service connection to any premises shall be placed in service by the District unless the District system is protected as required by this chapter. Service of water to any premises shall be immediately discontinued by the District if a backflow prevention device required by state laws and regulation and by this chapter is not installed, tested and maintained, or if it is found that a backflow prevention device has been removed, by-passed, or if an unprotected cross-connection exists on the premises. Service will not be restored until such conditions or defects are corrected.

#### **8.20.080 Backflow Prevention Device Installation, Replacement, Relocation, and Repair**

- 1. Installation:** All backflow prevention devices shall be installed directly behind and as close to the meter as practical but no more than eight (8) feet away, per Rainbow Standards Drawing ~~Number~~ W-1. The device is to be installed before any branches, trees, valves and strainers in the water line. Two or more backflow prevention devices of the same type may be installed in parallel when approved by the District. All single device installations shall be the size of the meter or greater. Devices must be installed to the District's specifications. When the street pressure exceeds the maximum working pressure of the backflow device (150 PSI), a pressure regulator can be installed on the upstream leg of the backflow assembly. Pressure regulators can be installed on the downstream leg of the backflow assembly. The District will be the final authority in determining the required location of a backflow prevention device.

Backflow prevention devices shall be tested by a certified tester immediately after they are installed and not placed into service unless they are functioning as required.

2. **Replacement:** A device may be removed and replaced provided the water use is discontinued until the replacement device is installed and tested. All Replacement devices must be approved by the District.
3. **Relocation:** A device may be relocated following confirmation by the District that the relocation will continue to provide the required protection and satisfy installation requirements. A retest will be required following the relocation of the device;
4. **Repair:** A device may be removed for repair; provided the water use is either discontinued until repair is completed and the device is returned to service, or the service connection is equipped with other backflow protection approved by the District. A retest will be required following the repair of the device.

#### **8.20.090**

##### **Systems to be Open for Inspection, Installation and Testing**

All customer/user systems shall be available for inspection, installation and testing at all reasonable times to authorized representatives of the District to determine whether cross-connections or other structural or sanitary hazards exist, including violations of this chapter. Refusal of an inspection will result in a mandatory requirement that the water service be locked off until a backflow device is installed, or an inspection reveals that no hazard exist. When such a condition becomes known, the District shall deny or immediately discontinue service to the premises by providing for a physical break in the service line until the customer has corrected the condition(s) in conformance with state laws and District ordinances relating to plumbing and water supplies and with regulations adopted pursuant thereto.

#### **8.20.100**

##### **Backflow Prevention Device Required**

The District will determine which one of the following backflow prevention devices is required: Reduced Pressure Principle Backflow Prevention Device (RP) or Reduced Pressure-Principle-Detector Backflow Assembly (RPDA). Existing nonconforming devices may remain until they need replacement. If a hazard exist an approved device will be required. The District will be the final authority in determining what type of backflow prevention is required.

When required, a reduced pressure backflow preventer shall be installed immediately after the meter at each and every potable water service connection within the District as required by this chapter.

When required, Reduced Pressure Principle Backflow Prevention Device (RP) will be installed as close to the water service connection as possible. Such backflow protection will be required for but not limited to the following conditions:

- Sewage treatment plants;
- Manufacturing, processing or fabricating plants where toxic materials or water are pumped, processed or treated;
- Any location where the District deems the installation of a Reduced Pressure Principle Backflow Prevention Device (RP) is necessary.

#### **8.20.110**

##### **Certification of Backflow Prevention Devices**

Any backflow prevention device required by this chapter shall be of a model and size approved by the District. The term "approved backflow prevention device" means a device that has been established by the American Water Works Association, as set forth in its publication entitled, AWWA C511-89 Standards for Reduce Pressure Principle Backflow Prevention Devices, and meets the most current edition of the Manual of Cross-Connection Control of the Foundation for Cross-Connection Control and Hydraulic Research of the University of Southern California.

Final approval shall be evidenced by a certificate of approval issued by an approved testing laboratory, certifying full compliance with said AWWA Standards and FCC&HR Specifications.

The following testing laboratory is approved by the board to test and certify backflow preventers: Foundation for Cross-Connection Control and Hydraulic Research, University of Southern California, KAP-200 University Park MC-2531, Los Angeles, California 90089-2531.

Backflow preventers which may be subjected to back pressure or backsiphonage that have been fully tested and have been granted a certificate of approval by said approved laboratory and are listed on the laboratory's current list of approved devices may be used.

#### **8.20.120**

##### **Existing Devices**

All presently installed backflow prevention devices previously approved by the District shall be deemed to comply with the requirements of this chapter provided such devices meet current performance and testing requirements. Existing devices which do not meet current performance or testing requirements shall be repaired or replaced by a backflow prevention device meeting the requirements of this chapter. Any such replacement cost will be borne by the customer/user.

Existing nonconforming devices may remain until they need replacement. If a hazard exists an approved device will be required. The District will be the final authority in determining what type of backflow prevention is required.

Any existing Double Check-Detector Backflow Prevention Assembly (DCDA) devices needing to be replaced shall be replaced with a Reduced Pressure Principal Detector Backflow Prevention

Assembly. Any existing Double Check Valve Backflow Prevention Assembly needing to be replaced shall be replaced with a Reduced Pressure Principal Device (RP) if a hazard exists.

Existing devices not required by this ordinance may be:

- Maintained and tested at owner's expense
- Removed at owner's expense if District determines no hazard exist

It is the customer's responsibility to notify the District if they wish to withdraw from the testing program under this provision. An inspection would be required before withdrawing or removing from the program.

### **8.20.130 Inspections and Testing Responsibility**

The customer/user is responsible for ensuring the annual testing and making any necessary repairs to pass the test. The District will maintain a record of testing performed and a calendar indicating when the next test is required. The District has retained the services of a licensed contractor to administer the testing and monitoring program. Customers may elect to be included in this monitoring group and their devices will be tested annually by the contractor. The District shall pass its actual cost for the testing on to the customer in a monthly cross-connection control fee.

All other expenses where backflow prevention devices are installed, replaced, relocated, repaired or overhauled are the responsibility of the customer. All inspections and operational tests will be made by a certified tester. In those instances where the District deems the hazard to be great enough, it may require certified inspections at more frequent intervals. These inspections and tests shall be at the expense of the customer/user, and shall be performed by a District-approved certified tester. It shall be the duty of the District to see that these timely tests are to be undertaken so that District personnel may witness the tests if it is so desired. These devices shall be repaired, overhauled or replaced at the expense of the customer/user whenever said devices are found to be defective. Records of such tests, repairs and overhaul shall be kept on file with the District.

### **8.20.140 Noncompliance, Penalties**

In the event a customer is notified that a backflow device shall be installed or tested on the customer's service connection and a reasonable compliance time has been allowed by the District in which the customer has not complied with the District's request, then the customer's water service shall be locked off. The customer's water service shall remain locked until an approved backflow device is installed and/or tested by a certified backflow tester; and all unlock fees are paid.

If a device is found to be tampered with or any deliberate action to impede the function of the backflow device, the service will be locked immediately, and the customer will be responsible for paying all costs and fines associated with the violation.

*M:\Administration\Confidential\Administrative Code Working Docs\Board Secretary Administrative Code Working File\Drafts Not Approved\Title 8\Cross-Connection Control 8.20.docx\rmwd-b\Store03\BoardFiles\Board Secretary\Administrative Code Working File\Board Admin Code 2005-2006\Water Policy\Cross-Connection Control 8.20.docx\Amended and Updated\Approved 1-23-07 by Ordinance No. 07-03\Amended and Updated\Approved 11-18-14 by Ordinance No. 14-08\Amended and Updated\Approved 6-28-16 by Ordinance No. 16-11\Amended and Updated\Approved 4-25-17 by Ordinance No. 17-03\***DRAFT**

### **8.20.150 Monthly Charges**

Monthly charges will be established by the District as necessary. The purpose of such charges will be to cover the cost incurred by the District for regulation and enforcement of the cross-connection control regulations and annual testing of customer backflow devices and the repair, if necessary, to pass test.

### **8.20.160 Interpretation of Provisions**

This chapter and Title 17 of the California Code of Regulations shall guide the District in the implementing and functioning of its backflow prevention program. In instances where this chapter does not define the application of the backflow prevention program the District shall rely on Title 17 of the California Code of Regulations for definition. In instances where this chapter or said Title 17 does not give definition then the District shall rely on the State Water Resources Control Board.



Chapter 9.02  
DEFINITIONS

Sections:

|                     |  |
|---------------------|--|
| 9.02.010            | Applicant  |
| 9.02.020            | Board of Directors                                 |
| 9.02.030            | BOD  |
| 9.02.040            | Connection Fee                                     |
| 9.02.050            | Customer   |
| 9.02.060            | District   |
| 9.02.070            | District <del>Engineer</del> <u>Representative</u> |
| 9.02.080            | Domestic Sewage                                    |
| 9.02.090            | Equivalent Dwelling Unit or EDU                    |
| <del>9.02.100</del> | <del>Engineering Manager</del>                     |
| 9.02.1010           | Granny Unit/Casita/Guest House                     |
| 9.02.1120           | Improvement District                               |
| 9.02.1230           | Industrial Waste                                   |
| 9.02.1340           | Industrial Waste Treatment Facility                |
| 9.02.1450           | Lateral Connection                                 |
| 9.02.1560           | Lateral Sewer                                      |
| 9.02.1670           | Main Sewer   |
| 9.02.1780           | Manager  |
| 9.02.1890           | Non-reclaimable Sewage                             |
| 9.02.190200         | Permit   |
| 9.02.2010           | Pre-Treatment                                      |
| 9.02.2120           | Property Owner or Owner                            |
| 9.02.2230           | Reclaimable Sewage                                 |
| 9.02.2340           | SS   |
| 9.02.2450           | Security Deposit                                   |
| 9.02.2560           | Sewer Capacity Fee                                 |
| 9.02.2670           | Sewerage Facilities                                |
| 9.02.2780           | Sewer Service Charge                               |
| 9.02.2890           | Surcharge  |
| 9.02.290300         | Trunk Sewers                                       |

**Section 9.02.010  
Applicant**

*Applicant:* Any person, firm, corporation, association or agency that desires to obtain service from the District by means of its sewerage facilities.

**Section 9.02.020  
Board of Directors**

*Board of Directors:* The governing body of the Rainbow Municipal Water District.

**Section 9.02.030  
BOD**

*BOD:* Denotes the unit of measurement of biochemical oxygen demand and means quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedures for five days at twenty degrees Celsius expressed in milligrams per liter.

**Section 9.02.040  
Connection Fee**

*Connection Fee:* That fee paid to the District for capacity in the District's collection, treatment and disposal facilities. It may be referred to as "capacity fee" or "impact fee".

**Section 9.02.050  
Customer**

*Customer:* Any person, firm, corporation, association or agency that uses service from the District by means of its sewerage facilities.

**Section 9.02.060  
District**

*District:* The Rainbow Municipal Water District.

**Section 9.02.070  
District ~~Engineer~~ Representative**

*District ~~Engineer~~ Representative: ~~General Manager or their designee. Position directly responsible for overseeing the engineering department as designated by the General Manager.~~*

**Section 9.02.080  
Domestic Sewage**

*Domestic Sewage:* Water-borne wastes derived from the ordinary living processes which are of such volume and character as to permit satisfactory disposal by the District's facilities, except any such liquid or substances as are hereinafter precluded from being delivered or deposited in any facilities of the District.

**Section 9.02.090**  
**Equivalent Dwelling Unit or EDU**

*Equivalent Dwelling Unit or EDU:* An increment of wastewater flow attributable to the average single-family residence in the District. One EDU is equal to a house discharging no more than 180 gpd of dry weather sewage having concentrations of no more than 200 milligrams per liter (mg/l) biochemical oxygen demand and 200 mg/l suspended solids.

~~**Section 9.02.100**~~  
~~**Engineering Manager**~~

~~*Engineering Manager:* Position directly responsible for overseeing the engineering department as designated by the General Manager.~~

**Section 9.02.1040**  
**Granny Unit/Casita/Guest House**

*Granny Unit/Casita/Guest House:* A separate building located on a residential parcel consisting of no more than one bedroom and one bathroom. The bedroom will be included in the determination of EDU's for the parcel in question. Kitchens are allowed in Granny Units/Casitas/Guest Houses.

**Section 9.02.1120**  
**Improvement District**

*Improvement District:* Any of the improvement Districts of the District heretofore or hereafter formed.

**Section 9.02.1230**  
**Industrial Waste**

*Industrial Waste:* Any liquid or solid waste substance other than domestic sewage, from any producing, manufacturing or processing operation of any nature.

**Section 9.02.1340**  
**Industrial Waste Treatment Facility**

*Industrial Waste Treatment Facility:* Any works or devices for the treatment of industrial waste prior to its discharge into the District's sewerage facilities.

**Section 9.02.1450**  
**Lateral Connection**

*Lateral Connection:* The connection of the District's main sewer to the building or improvements of the applicant, owner or customer.

**Section 9.02.1560**  
**Lateral Sewer**

*Lateral Sewer:* The line from the connection of the District's main sewer to the building or improvements of the applicant, owner or customer.

**Section 9.02.1670**  
**Main Sewer**

*Main Sewer:* The sewer collector line of the District to which lateral sewer lines may be connected.

**Section 9.02.1780**  
**Manager**

*Manager:* The General Manager of the District or the person authorized to act on his behalf.

**Section 9.02.1890**  
**Non-reclaimable Sewage**

*Non-reclaimable Sewage:* Any liquid or solid waste substance other than reclaimable sewage emanating from within the District, including but not limited to industrial waste. It shall not include: any substance which cannot be treated or disposed of by the existing facilities of the District by reason of the design thereof, applicable waste discharge or other requirements; actual or possible increased operation and maintenance costs, or possible damage to District facilities.

**Section 9.02.190200**  
**Permit**

*Permit:* A permit for sewer connection.

**Section 9.02.2040**  
**Pre-Treatment**

*Pre-treatment:* Treatment which the District may require prior to permitting discharge of sewage into the District's sewerage facilities to insure compliance with these rules and regulations and applicable federal or State statutes, regulations, contracts. or all of the foregoing, individually or collectively, or if determined by the District to be necessary to protect the facilities of the District from any possible present or future damage.

**Section 9.02.2120**  
**Property Owner or Owner**

*Property Owner or Owner:* The holder of legal title.

**Section 9.02.2230**  
**Reclaimable Sewage**

*Reclaimable sewage:* Wastewater which can be treated and reclaimed by the District's facilities so as to be usable for some beneficial purpose. Nothing in this Administrative Code is intended to limit or be inconsistent with Division 104, Part 12, Chapter 5, Article 1 of the California Health & Safety Code relating to residential water softening or conditioning appliances.

**Section 9.02.2340**  
**SS**

SS: Suspended Solids.

**Section 9.02.2450**  
**Security Deposit**

*Security Deposit:* Monies required to be deposited with the District for the purpose of guaranteeing payment of District charges.

**Section 9.02.2560**  
**Sewer Capacity Fee**

*Sewer Capacity Fee:* A charge imposed by the District for obtaining sewer service from the District by means of its sewerage facilities. Also see "Connection Fee."

**Section 9.02.2670**  
**Sewerage Facilities**

*Sewerage Facilities:* Any facilities owned or used by the District in the collection, transportation, treatment, disposal and reclamation of sewage and industrial wastes.

**Section 9.02.2780**  
**Sewer Service Charge**

*Sewer Service Charge:* A monthly charge established by the District from time to time for sewer service.

**Section 9.02.2890**  
**Surcharge**

*Surcharge:* A charge imposed by the District for the provision of a special service not normally provided by the District, such as situations involving unusual quantity or quality requirements.

**Section 9.02.290300**  
**Trunk Sewers**

*Trunk Sewers:* The main interceptor sewer line of the District to which there are no connections other than main line sewers to a manhole.

**Section 9.07.010  
Classes of Service**

The District has determined the following EDU's for each of the following classes of service:

|    | <u>Class</u>  | <u>EDU's</u> |
|----|---|--------------|
| 1  | Single Family Residential, Apartment, Condominium, Duplex or Mobile Home, Each Unit   |              |
|    | <u>Square Footage</u>   |              |
|    | ≤1,250  | 0.80         |
|    | 1,251 to 2,000  | 1.00         |
|    | 2,001 to 3,000  | 1.20         |
|    | 3,001 to 4,500  | 1.50         |
|    | 4,501 to 6,000  | 2.00         |
|    | <u>&gt;6,000</u>  | Case by Case |
| 2  | Motel or Hotel  |              |
|    | * <i>Each Living Unit With a Kitchen</i>  | 0.80         |
|    | * <i>Each Living Unit Without a Kitchen</i>   | 0.40         |
| 3  | A Separate Business, Retail Shop, Office or Packing House Equipped with Restroom Facilities or Not So Equipped but Located in a Building or Complex with Common Restroom Facilities |              |
|    | * <i>Up to 1,000 Square Feet of Floor Space</i>   | 1.20         |
|    | * <i>For Each Additional 1,000 Square Feet of Gross Floor Space or Part Thereof</i>   | 0.80         |
| 4  | Automobile Service Station  |              |
|    | * <i>Providing RV Holding Tank Disposal Station</i>   | 2.00         |
|    | * <i>Four or Under Gas Pumps</i>  | 0.80         |
|    | * <i>Over Four Gas Pumps</i>  | 1.00         |
| 5  | Church, Fraternal Lodge or Similar Auditorium; For Each Unit of Seating Capacity for 200 Persons  | 1.00         |
| 6  | Bakery  | 1.00         |
| 7  | Theatre: For Each Unit of Seating Capacity for 200 Persons  | 1.40         |
| 8  | Hospital, Per Bed   | 0.40         |
| 9  | Convalescent or Boarding Home, Per Bed  | 0.40         |
| 10 | Labor Camp, Per Bed   | 0.10         |

|    |  |      |
|----|--|------|
|    | Schools (Public or Private)  |      |
|    | * <i>Elementary Schools, Per Each 60 Students or Part Thereof, Plus Staff</i>  | 1.20 |
|    | * <i>Junior High Schools, Per Each 40 Students or Part Thereof, Plus Staff</i>   | 1.20 |
| 11 | * <i>High Schools, Per Each 30 Students or Part Thereof, Plus Staff</i>  | 1.20 |
|    | <i>(The number of students shall be the rated capacity of planned schools as determined by State of California Department of Education or shall be the average daily attendance of students plus the staff at the school during the preceding fiscal year determined in accordance with the Education Code of the State of California)</i> |      |
| 12 | Mortuary   | 1.20 |
| 13 | Car Wash   | 1.20 |
| 14 | Grocery Store  | 1.20 |
| 15 | Self-Service Laundry, Per Each Washing Machine   | 0.40 |
|    | Restaurants  |      |
|    | * <i>Base (Using Non-Disposable Tableware)</i>   | 2.70 |
| 16 | <i>Add Per Each 7 Seats or Part Thereof</i>  | 1.20 |
|    | * <i>Base (Using Disposable Tableware)</i>   | 1.20 |
|    | <i>Add Per Each 21 Seats or Part Thereof</i>   | 1.20 |
| 17 | Swimming Pool with Restrooms   | 1.20 |
| 18 | Spas with Restrooms  | 1.20 |
| 19 | Country Clubs with Common Restroom Facilities – Each Additional Shower Unit, Wash Closet or Fixture  | 1.20 |

### Section 9.07.020

#### Calculation for Unlisted

For types of sewer use other than those provided in the classes of service set forth above, the District Engineer Representative shall determine the number of EDU's for which a permit may be issued based upon the estimated daily volume of wastewater to be discharged and concentrations of BOD and SS in such wastewater.

### Section 9.07.030

#### Final Determination

The District Engineer Representative may review the EDU determination no earlier than one year after the date of the issuance of the permit or one year after the date of full occupancy of the building or buildings for which the permit is issued. Based upon actual metered water usage, or other method, the District Engineer Representative will determine the actual daily volume of wastewater being discharged into the District's sewer system, and based thereon may re-determine the EDU's for which a permit is required. If based upon such re-determination additional EDU's over those for which the permit was issued are required, the permit holder shall make application to the District for the amendment of the permit to include such additional EDU's and shall pay to the District the required additional fee. If such re-determination indicated that less EDU's are required than the number of EDU's for which the permit was issued, the District may refund, without interest, to the applicant who paid the permit fee the excess amount of the fee which was paid, and may amend the permit by indicating thereon the correct number of EDU's for which it is issued; provided that, the EDU's shall not be reduced to less than one EDU.

This Administrative Code does not alter or affect contractual obligations of the District concerning sewer commitment and EDU purchase or reservations predating the adoption of this Code. All such commitments are grandfathered into this Administration Code as provided in those contracts or other commitments.



**Section 9.08.010**  
**Excluded from Issuing Permit**

No permit shall be issued for, nor shall any person discharge, or cause to be discharged, any of the following-described substances into any District sewerage facility:

**9.08.010.1** \_\_\_—Any gasoline, benzene, naphtha, fuel oils, or other flammable or explosive liquid, solid or gas.

**9.08.010.2** \_\_\_—Any ashes, cinders, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastics, wood, paunch manure or other solid or viscous substance capable of causing obstruction to the flow in sewers or other interference with the proper operation of the sewerage works.

**9.08.010.3** \_\_\_—Any waters or wastes containing toxic or poisonous solids, liquids, or gases, in sufficient quantity, either by singly or by interaction with other wastes, to injure or interfere with any sewage treatment process, constitute a hazard to humans or animals, create a public nuisance, or create any hazard in the receiving waters of the sewage treatment plant.

**9.08.010.4** \_\_\_—Any noxious or malodorous gas or substance capable of creating a public nuisance.

**9.08.010.5** \_\_\_—Any waters or wastes causing a temperature higher than 85 degrees Fahrenheit in any District trunk sewer.

**9.08.010.6** \_\_\_—Any waters of wastes containing more than 0.5 parts per million of dissolved sulfides.

**9.08.010.7** \_\_\_—Any waters or wastes having a pH lower than 6.5 or higher than 9.0, or having any other corrosive property capable of causing damage or hazard to structures, equipment, and personnel of the District.

**9.08.010.8** \_\_\_—Any waters or wastes containing more than 200 parts per million, by weight, of fat, oil or grease.

**9.08.010.9** \_\_\_—Any garbage which is not shredded so that all particles are less than one-half inch in any dimension.

**9.08.010.10** \_\_\_—Any suspended solids of such character and quantity that unusual attention or expense is required to handle such materials in trunk sewers or at the sewage treatment plant.

**9.08.010.11** \_\_\_—Any wastes containing compounds which are not removable by the District's facilities for reclaimable sewage consistent with the requirements established from time to time by the California Regional Water Quality Control Board San Diego Region, or any other state or federal agency which may establish discharge requirement for the District.

**9.08.010.12** \_\_\_—From any restaurant or food preparation establishment unless a District-approved grease trap is provided.

**9.08.010.13** \_\_\_—Any brine waste from an on-site regenerating water-softening unit or reverse osmosis unit.

**9.08.010.14** \_\_\_—Cooling tower blowdown water.

**9.08.010.15** \_\_\_—Stormwater, including discharge from yard, area, or roof drains.

**9.08.010.16** \_\_\_—Swimming pool drain water.

**9.08.010.17** \_\_\_—Septic tank effluent.

**9.08.010.18** \_\_\_—Septic tank pumped materials.

### **Section 9.08.020 Quality or Quantity Agreements**

**9.08.020.1** \_\_\_—The District EngineerRepresentative may require special agreements in those instances where a proposed discharge may have a deleterious effect or cause an additional load upon any works, processes, or equipment of the District or the receiving waters, or if such discharge, either individually or in conjunction with other discharges, either at present or in the future, may either interfere with the accomplishment of the District plan, create a hazard or a public nuisance, increase the cost of meeting applicable discharge requirements, or preclude the District from meeting its discharge requirements or any other sewer collection systems, or other facilities, including, any other applicable state or federal requirement, in the alternative, the District EngineerRepresentative may:

**9.08.020.1.1** \_\_\_—Reject the wastes and shut off water supply 10 days after written notice and hearing by the Board;

**9.08.020.1.2** \_\_\_—Require pretreatment to an acceptable condition for discharge to the public sewers;

**9.08.020.1.3** \_\_\_—Require control over the quantities and rates of discharge; and/or,

**9.08.020.1.4** \_\_\_—Require payment to cover the added cost of handling and treating the wastes not covered by existing sewer charges.

**9.08.020.2** \_\_\_—If the District EngineerRepresentative permits the pretreatment or equalization of waste flows, the design and installation of the plants and equipment shall be reviewed and approved by the District EngineerRepresentative.

**Section 9.08.030**  
**Responsibility for Maintenance**

The applicant, owner or customer is responsible for maintenance of the lateral sewer. Any lateral sewer shall be cleared and cleaned by the applicant, owner or customer at his own expense. Any main or trunk sewer will be repaired or reconstructed by the District at the cost of the District, unless the situation necessitating such repair or reconstruction is the result of abnormal use or damage to such facilities, in which case such repair or reconstruction will be done at the expense of the person responsible for such abnormal use or damage.

**Section 9.12.010**  
**Policy**

**9.12.010.1** Grease, oil and sand interceptors or traps shall be provided at the owner's expense when, in the judgment of the Manager or designee, such devices are necessary for the proper handling of liquid wastes containing grease or oil in excessive amounts or any flammable wastes, sand or other harmful materials which can be trapped. Prior to the installation of any interceptor or trap, drawings and specifications shall be submitted to the District for approval. All interceptors and traps shall be located so as to be readily accessible for cleaning and inspection.

**9.12.010.2** Grease and oil interceptors or traps shall be constructed of impervious materials capable of withstanding sudden and extreme changes in temperature. All such devices shall be of substantial construction, watertight, and equipped with easily removable covers which, when bolted in place, shall be gastight and watertight, unless otherwise authorized by the District Engineer/Representative or designee.

**9.12.010.3** Owners of such grease and oil interceptors or traps are required to maintain records of pumping including site where pumpings are ultimately disposed.

**9.12.010.4** All grease, oil and sand interceptors or traps shall be maintained in effective operation at all times by and at the expense of the user. Waste discharge from fixtures and equipment in establishments which may contain grease, including but not limited to, scullery sinks, pot and pan sinks, dish washing machines, soup kettles and floor drains located in areas where grease-containing materials may exist, may be drained into the sanitary waste through the interceptor when approved by the District.

Toilets, urinals and other similar fixtures shall not waste through the interceptor.

**9.12.010.5** All waste shall enter the interceptor through the inlet pipe only.

**9.12.010.6** Design.

**9.12.010.6.1** Interceptors shall be constructed in accordance with the design approved by the District and shall have a minimum of two compartments with fittings designed for grease retention.

**9.12.010.6.2** There shall be an adequate number of manholes to provide access for cleaning all areas of an interceptor: a minimum of one per ten feet of interceptor length. Manhole covers shall be gastight in construction having a minimum-opening dimension of twenty inches.

**9.12.010.6.3** In areas where traffic may exist the interceptor shall be designed to have adequate reinforcement and cover.

**9.12.010.7** Location.

**9.12.010.7.1** Each grease interceptor shall be so installed and connected so that it shall be at all times easily accessible for inspection, cleaning and removal of the intercepted grease. A grease interceptor may not be installed in any part of a building where food is handled. Location of the grease interceptor shall meet the approval of the District ~~Engineer~~Representative.

**9.12.010.7.2** Interceptors shall be placed as close as practical to the fixtures it serves.

**9.12.010.8** Sizing Grease Interceptors

Each business establishment for which a grease interceptor is required shall have an interceptor, which shall serve only that establishment.

**9.12.010.9** Sizing Criteria.

As referenced in the current Uniform Plumbing Code.

**9.12.010.10** Effluent Sampling.

An effluent sampling box on grease interceptors is required by the District. District personnel may sample and inspect for adequacy at any time.

**9.12.010.11** Abandoned Grease Interceptors.

Abandoned grease interceptors shall be pumped and filled as required for abandoned sewers and sewage disposal facilities in the most current Uniform Plumbing Code.



## **Section 2.06.010 Committees Policy**

The Board shall organize committees that are advisory to the Board with regards to matters within their respective areas of responsibility. Committees may study, advise and make recommendations to the Board on matters within the committee's area of responsibility. Committee recommendations shall be communicated to the Board. The authority of committees is limited to advisory recommendations only. Committees may provide recommendations for the Board to consider, which recommendations may be considered, adopted, amended or rejected by the Board in the Board's sole discretion. The Board may refer a recommendation back to the committee for reevaluation whenever the Board deems additional evaluation is required. Committees shall have no authority to take action or otherwise render decisions that are binding upon the Board or District staff.

Each committee shall have at least four and no more than seven regular members appointed by a simple majority vote of the Board. Each committee may also have up to two alternate committee members appointed by a simple majority of the Board. Committees may be comprised of Directors, staff, and legal ratepayers of the District. Committee members must reside within District boundaries. Committee members must be registered voters within District boundaries and must maintain a primary domicile within District boundaries for the duration of their tenure. The Board in its sole discretion may determine at any time whether a committee member properly resides within the District. Each committee shall designate their own chairperson, but that Chairperson may not also serve as an elected member of the Board of Directors. In order to promote attendance by Directors at Committee meetings without inadvertently creating a violation of the Ralph M. Brown Act, no more than one member of the Board of Directors may sit as a member on a Committee. Directors that are not members of a committee may attend as observers but are allowed to participate at the Committee's request.

Members of the committees serve at the pleasure of the Board. The Board has authority to remove committee members at any time in the Board's sole discretion. Each committee may elect a vice-chairperson, but that vice-chairperson may not also serve as an elected member of the Board of Directors. Members of committees, including the chairperson and vice-chairperson shall serve until their successors are appointed. The chairperson of a committee is its presiding officer. In the absence of the chairperson, the vice-chairperson shall perform the duties of the chairperson. The chairperson and vice-chairperson are not deprived of any of the rights and privileges of a committee member by reason of being the presiding officer.

The chairperson and vice-chairperson will hold their positions for one calendar year. Committee members will serve a term of four years and may be reappointed at the will of the Board.

Committee meetings shall be open to the public and held in accordance with the provisions of the Ralph M. Brown Act. At least 72 hours before a committee meeting, the Secretary shall post an agenda containing a brief, general description of each item of business to be discussed at the committee meeting. The posting shall be freely accessible to the public. No action shall be taken by secret ballot at a committee meeting.

Each lawfully noticed committee meeting will be recorded with summary minutes prepared from these meeting audio recordings. The minutes of each committee meeting and any recommendation of a committee shall include a summary of the information presented. District staff will prepare minutes of each meeting. Draft minutes will be provided to the committee at the next available committee meeting for committee member review, consideration and approval. Once approved, minutes will be made a part of the District's permanent records and audio recordings will be disposed of according to the District's Records Retention policy provided in the District's Administrative Code.

A majority of the members of each committee shall constitute a quorum for the transaction of business.

Only regular members of the committee are entitled to make, second or vote on any motion or other action of the committee. Alternate members present at a meeting, but not seated as a regular member by the committee Chairperson, may participate in discussions but may not participate in motions or voting. Each committee member shall be entitled to one vote on all matters considered by the committee. A simple majority vote of the members of the Committee shall designate approval of a motion.

All committee member absences will be considered by the majority of the committee members to determine whether or not the absence is without cause. Sickness, jury duty, vacation and/or bereavement will be considered excused absences. When three meetings in a row or a total of six meetings in one calendar year are missed the remaining committee members will consider removal of the individual from the committee. The removal must be voted upon and approved by the majority of the committee members with the exception of the committee member in question.

If the roll call of regular members reveals that a quorum of regular members cannot be established, the Chairperson may appoint one or more alternate members who are present to be a temporary regular member in order to establish a quorum. Once a quorum is established, any remaining alternate member who has not been appointed as a temporary regular member shall remain as an alternate member. Once alternates have been seated as a regular committee member, they may immediately participate in any action taken and voted upon by the committee. All alternates must conform to the same rules as regular committee members. The Chairperson shall state for the record which alternate members have been seated as temporary regular members.

Committee Members and alternates shall comply with the obligations and responsibilities of office including the obligation to comply with the disclosure requirements of the Political Reform Act (Form 700). The reporting categories made applicable to the Directors by Rainbow Municipal Water District's local conflict of code shall apply to the members of the committee members.

All committee communications must go through the designated committee chairperson.

#### **2.06.010.01 Budget and Finance Committee**

The Committee shall work in concert with the General Manager, Treasurer, and Finance Manager of the District.



The Committee shall be responsible for the review of District finances including: rates, fees, charges and other sources of revenue; budget; audit; investments; insurance; and other financial matters.

#### **2.06.010.02 Engineering and Operations Committee**

The Committee shall work in concert with the General Manager, Engineering department head, and Operations Manager.

The Committee shall be responsible to review matters of design, construction, replacement, and repair of the District facilities and property, including: the Capital Improvement Program; contractor selection process; contractor management programs; and other engineering-related matters.

The committee shall also be responsible to review matters of operations, preventative maintenance practices, standard operating procedures, technical services, equipment, and other operations-related matters.

#### **2.06.010.03 Communications and Customer Service Committee**

The Committee shall work in concert with the General Manager and Customer Service and Communications Supervisor.

The Committee shall be responsible for providing input or guidance on matters of internal and external communications including: positive public image; community outreach; media relations; water conservation programs; intergovernmental relations; customer service policies; and other public relations programs.

**Section 6.02.010  
Master Plan**

The District has prepared a master plan setting forth the facilities contemplated for construction within the District. The master plan may be modified from time to time. The District may refuse to supply service if the proposal does not comply with the District's master plan. The District may condition approval of service upon the construction, by the owner; applicant or customer, of those facilities needed to serve the property and such other facilities as may be required by District.

**Section 6.02.020  
System Reliability**

The District is to provide water system looping wherever possible and practical. This policy is a direct result of the agricultural history of the District's water system, and the District's need to increase overall system reliability for its growing domestic water supply role. Therefore, each new pipeline in the water system shall be evaluated, and if possible and practical, the new line will be required to be looped with adjacent infrastructure.

It is the policy of the District that developers construct water infrastructure necessary to provide water supply to their proposed developments. Therefore, it will be the responsibility of the developer to consult with the District Representative for an evaluation of each pipeline to determine the need for system looping and other system reliability issues. It will be the responsibility of the developer to construct the looped pipeline, as a condition of the District's acceptance of the facilities for water service by the District.

**Section 6.05.010**  
**General**

The District may accept, maintain and operate pipelines constructed by others in accordance with District requirements. The Applicant, at their sole expense, must construct the necessary facilities required to serve the Applicant's property, subdivision development, or parcel map splits, and all other property which the District will determine should be served by common facilities as specified by the District Representative. Meters will be furnished and installed by the District at rates set by current schedules established by the Board. The Applicant shall obtain all easements required for construction and submit them to the District for approval and recordation.

**Section 6.05.020**  
**Procedure**

For design and construction guidelines of water and sewer line extensions, refer to the most current standard specifications of the District.

**6.05.020.1** The Applicant shall have plans prepared by a registered civil engineer and reviewed for accuracy and constructability by the District.

**6.05.020.2** The Applicant shall submit to the District a complete package of plans and project documents (as stated in the current standard specifications) accompanied with the required deposit in an amount established by the General Manager to cover engineering fees.

**6.05.020.3** On District's acceptance of plans, the Applicant may proceed with construction once all contract requirements are fulfilled (as stated in the standard specifications) and submit the required deposit in an amount established by the General Manager to cover inspection fees plus any additional deposit to cover cost of work or materials to be furnished by the District as part of the project.

**6.05.020.4** Line extensions approved by the District and not completed within a two-year period after date of approval must be resubmitted for reconsideration by the District. Resubmitted plans shall be revised to reflect current District policies at the time of resubmittal. At the time of such resubmittal, additional deposit may be required by the Applicant to cover engineering fees.

**6.05.020.5** After completion of the work, in accordance with District requirements, and prior to acceptance by the Board, the Applicant shall deliver to the District a properly executed Deed of Conveyance transferring all interest and title of such systems, free of liens, to the District.

## **Section 6.05.030 Sewer Policy**

The intention of this section is (1) to provide guidelines for staff in approving and reviewing development plans, sewer line extensions, building permits, sewer system connections, etc.; and (2) to provide reasonable, predictable guidelines for property owners.

### **6.05.030.1 Goals**

**6.05.030.1.1** Provide an adequate system for serving all users and potential users within the District in an orderly, efficient and economical manner.

**6.05.030.1.2** Provide a system which allows for efficient and economical maintenance.

**6.05.030.1.3** Provide a system which has easy, efficient access to the District facilities, such as cleanouts and manholes.

**6.05.030.1.4** Provide a reliable, safe and sanitary collection system.

### **6.05.030.2 Provisions**

The District's basic requirement is that no private sewer lateral shall be allowed to cross a property line or (if in a public street) across the extension of a property line. The provisions of this policy apply to any new applicant or property owner who seeks to extend or modify the District facilities or to connect to the District's collection system.

**6.05.030.2.1** A private lateral may be allowed across property lines in private easements to serve a single-family residence, provided no more than one parcel would be served by a public sewer line, either in the present or in the future. The District may require copies of such easements.

**6.05.030.2.2** No more than one property may be served by a single lateral. Multiple connections must be by public sewer line.

**6.05.030.2.3** Sewer laterals between the sewer main and the edge of a public right-of-way or the District easement, if not already existing, shall be installed by the owner, at the owner's sole expense as specified by the District.

**6.05.030.2.4** Maintenance and cleaning of laterals shall be the sole responsibility of the property owner. The District shall be responsible for cleaning the lateral within right of way or district sewer easement.

**6.05.030.2.5** The District has no obligation to provide sewer by other than gravity flow. Private sewer pumps, if required, shall be installed, maintained and operated by the property owner.

**6.05.030.2.6** Multi-Unit projects with a Home Owner's Association may be served with private on-site sewer collection systems with the written approval of the District.

**6.05.030.2.7** The private road easements for public road purposes are considered to be public streets for the purposes of this policy. Private sewer line extensions ("laterals") are not allowed in these easements.

**6.05.030.2.8** Public sewer lines shall be designed to serve off-site property within the District, where practical. Should improvements, excessive pipe sizes, or excessive depths be required which solely benefit off-site property, the District may assume the additional cost. The District may establish a reimbursement agreement to recover its contribution from off-site properties which benefit from improvement or excessive sizes or depths.

**6.05.030.2.9** An applicant or property owner who installs off-site public sewer lines may enter into a reimbursement agreement to recover the costs of the off-site improvements, if approved by the District, in its sole discretion. The District shall establish the form and conditions of this agreement from time to time.

**6.05.030.2.10** The District recognized the covenant of improvements placed on minor land divisions by the County of San Diego. The District will agree to remove covenants when the terms of the covenant are met.

**6.05.030.2.11** The District normally requires only those easements, which are necessary for the immediate construction and long-term maintenance of pipelines. The District may require additional easements for future use.

## **Section 6.05.040 Easements**

Applicant shall provide all sites and rights-of-way for required water and sewer system facilities acceptable to the District and necessary to protect the District against the possible future cost of relocating or reconstructing such facilities due to future public or private improvements, including grading and the alteration of drainage or discharge of surface, ground or flood waters.

Applicants shall grant the District an easement which will allow to the District to install, maintain, operate, repair, enlarge and remove any service connection or facilities of the District if the service connections are not located upon an existing District easement or within the public right of way.

**Section 6.09.010**  
**Inspection**

The Applicant shall notify the Engineering Department to schedule timely inspection as per the District's current Standards and Specifications. The District Representative shall inspect the water and sewer facility construction to ensure compliance with current standard specifications and District policies.

**Chapter 6.10  
RIGHTS-OF-WAY**

**Sections:**

- 6.10.010 Purpose**
- 6.10.020 General Authorization**
- 6.10.030 Definitions**
- 6.10.040 Prohibited Uses**
- 6.10.050 Uses Allowed Without A Permit – Notification to Rainbow Municipal Water District**
- 6.10.060 Encroachment Permits – Required**
- 6.10.070 District Representative**
- 6.10.080 Assignment of Encroachment Permit**
- 6.10.090 Encroachment Permits – Revocation – Penalty for Violation of Terms**
- 6.10.100 Nonexclusive Use of Right-Of-Way**
- 6.10.110 Joint Use Agreements**
- 6.10.120 Pothole Procedure – U.S.A. DigAlert**
- 6.10.130 Guidelines for Parallel Encroachments**
- 6.10.140 Violations and Enforcement**
- 6.10.150 Leases for Right-Of-Way Management**

## **Section 6.10.030**

### **Definitions**

The following words and phrases whenever used in this chapter shall have the meaning defined in this section.

“Abatement” means action as may be necessary to remove, terminate or alleviate a nuisance, including but not limited to demolition or removal of property.

“Abatement notice” means a notice issued by the General Manager which requires a responsible person to abate a public nuisance.

“Applicant” means the person that has submitted an application to the District for any permit, license, or other authorization to use the District’s right-of-way.

“Board” means the elected Board of the Rainbow Municipal Water District, Fallbrook, California.

“Detrimental use” means any use of right-of-way or property which interferes with, impedes, hinders, delays or obstructs the District’s ability to immediately construct, reconstruct, install, repair, maintain, inspect, remove, replace, relocate, and operate its works and facilities.

“District Representative” means General Manager or their designee.

“Encroachment” means a physical occupation in, on, over, across, under or upon District right-of-way or property. Encroachment also means any radio or similar telecommunication transmissions that interfere with the operation of District works.

“Facility” means all assets and any other structure necessary or convenient to the full exercise of the District’s rights and purposes.

“Joint Use Agreement” means an agreement between the District and one or more public or governmental agencies or public utilities to use District’s right-of-way or property to install facilities for streets, sewer, water, cable, communications, electric or gas subject to District’s superior rights.

“Owner” means a person having an estate in land encumbered by a District easement or other interest in property. Owner also means a person entitled to exercise a reserved right pursuant to Sections 6.10.050 or 6.10.060.

“Permittee” means a person who holds or has received, pursuant to this chapter, a permit, license or other authorization to use a District right-of-way or property, and includes any agent, contractor or employee of the permittee.



“Person” means any natural person, firm, association, business, trust, organization, corporation, partnership, company, or any other entity, which is recognized by law as the subject of rights or duties. Person includes a public utility or a public or governmental agency.

“Parallel encroachment” means an encroachment by a surface or subsurface pipeline, conduit, channel, aqueduct or similar structure, overhead electrical or telecommunication wires and surface street improvements, which has an alignment parallel to a District pipeline.

“Public nuisance” means any encroachment caused, maintained or allowed to exist in violation of this Chapter. A public nuisance also has the same meaning as defined in California Civil Code Section 3479.

“Public owned utility (POU)” means a utility subject to local public control and regulation. POU's are organized in various forms including municipal districts, city departments, irrigation districts, or rural cooperatives.

“Reserved right” means a property right owned by others to make joint use of a District right-of-way, existing by virtue of a limitation or condition of the deed, order of condemnation or other instrument by which the District acquired title to a specific right-of-way.

“Responsible person” means the person committing a violation. Responsible person also means an owner or manager of a business or property who directs or permits a violation of this Chapter to be done by any other person in the course or apparent course of business of the owner or manager or on the property of the owner.

“Right-of-way” means and includes any land, easement, franchise, or other interest in real property held, owned, leased or otherwise belonging to the District.

“RMWD” means the Rainbow Municipal Water District of Fallbrook, California.

“Structure” means anything constructed or put together and includes, without limitation, a building, or building part, manufactured or mobile home, fence, gate or chain, post, wall, pipe, foundation, concrete or asphalt foundation, driveway or pad, and other similar physical constructions.

“Use” includes any use of property and placing, causing or permitting an encroachment. Use also includes any structure or thing constructed, placed, or maintained in furtherance of a use. Use includes, without limitation, excavation, grading, filling and similar earth movement activity.

“Works” means any facility or improvement to real property necessary or convenient to the full exercise of the District's statutory purpose. Works includes, without limitation, improved or unimproved access roads, wetlands, uplands and other lands set aside for habitat or natural resource preservation.

**Section 6.10.040  
Prohibited Uses**

(a) Use of a District right-of-way by any person except the District or the District's officers, employees, agents or contractors for District purposes is prohibited except as otherwise authorized by this chapter. Whenever an exemption or exception from the provisions or requirements of this chapter is claimed by any person under the terms of a franchise, agreement, deed, statute, governmental regulation or legal ground the burden shall be on the person claiming the exemption to establish the authority, scope and extent of the exemption to the reasonable satisfaction of the District. No person shall install, construct, or maintain, or cause to be installed, constructed or maintained any parallel utility in the District's right-of-way except as otherwise specifically authorized pursuant to this chapter.

(b) No person shall trespass on the District's right-of-way or property in violation of any sign prohibiting trespass.

(c) No person shall damage, deface, destroy, modify, alter or mark any District facility or work except as otherwise specifically authorized pursuant to this chapter.

(d) No person shall grade, dig, excavate, fill, or trench any District right-of-way except as otherwise specifically authorized pursuant to this chapter.

(e) Any encroachment or use done, constructed, installed, or maintained in violation of any subdivision of this section is a public nuisance and may be abated pursuant to this chapter or other law. The General Counsel is authorized to enforce this section by civil action to enjoin or abate a public nuisance.

(f) No person shall blast within 400 feet of a District facility, except as specifically permitted by the District and subject to all applicable State and local laws, and Authorities Having Jurisdiction (AHJ's).

(g) The following detrimental uses are prohibited in District's rights of way:

1. Telecommunication antennas or towers, or satellite dishes on permanent foundations;
2. Any use or structure that blocks or restricts free District access to a right-of-way, work or facility;
3. Encroachment by a building, any portion of a building, a building foundation, or any part of a foundation or anything supported by a slab or a footing;
4. Concrete paving of any kind including decorative paving, driveways and walkways;
5. Mobile homes, tractor equipment and greenhouses (except as outlined in Section 6.10.050);

6. Fences constructed of wood, plastic or metal, and pre-fabricated corrals, are not permitted. Fences of concrete, stone, or similar materials, are considered walls and not permitted under this subdivision.
  - i. The District Representative may permit a fence that crosses a pipeline if the fence
    - (i) meets the requirements of paragraph (a) of this subdivision, and
    - (ii) has posts that are constructed to minimize interference with the District's works and have a minimum of eighteen inches (18") of vertical separation from bottom of the post hole to the top of pipe. Fences include, without limitation, prefabricated portable corrals.
  - ii. Any fence that crosses the District's right-of-way shall include a gate within the right-of-way as specified by the District Representative. Gateposts shall be installed in accordance with the provisions of this chapter governing fence posts. Gates must not swing to the open or closed position uncontrollably, unless constructed with a latching mechanism to control undesired movement of the gate. Gates shall have reflective caution signs or markings easily visible from a distance of one hundred (100) yards. Gate attachment/locking device shall provide space for a District lock that works independently of any lock installed by the permittee. If the gate is an electrically controlled gate with a key pad, the key code shall be provided to the District. Chains may be used as a locking mechanism for gates. If a gate is located adjacent to a public or private roadway that crosses the right-of-way, then the gate shall be set back, whenever feasible, as follows: (i) if the gate opens towards the roadway, the setback shall be a minimum of forty feet (40') from the closest edge of the roadway, (ii) if the gate opens away from the roadway, the setback shall be a minimum of thirty (30') feet from the closest edge of the roadway. Subject to the provisions of this chapter, fencing or other material to deter access around the gate may be placed in the right-of-way as specified by the District Representative. The District maintains the right to forcible access through any gates or destroy any gates or fencing in District rights-of-way for which the District does not have access. The District will not be responsible for any damage to fencing, walls, gates or any structures which block access to District assets.
7. Fence posts;
8. Electric fencing;
9. Gates or access barriers made of any material including cable, rope, chain, barbed or ribbon wire, metal or wood;
10. Swimming pools, ponds, spas or hot tubs, and other similar structures;
11. Retaining walls, structural walls or walls containing mortar or reinforcement bar;

12. Private sewage treatment systems including septic tank and leach field systems;
13. Dumping, depositing, casting, placing, or stockpiling any waste, rock, wood, dirt or other materials, including without limitation, abandoned vehicles;
14. Dumping, depositing, casting, placing, handling, stockpiling or storing of hazardous, toxic or explosive materials;
15. Corrals or pens for animals;
16. Permanent agriculture such as vineyards and orchards;
17. Trees of any kind;
18. Water wells;
19. Water tanks of any capacity;
20. Water pipeline valves, thrust blocks, backflow preventers, and flow sensors, except as specifically authorized by the District when no alternate location outside of the District's right-of-way is feasible;
21. Fertilizer injection systems;
22. Apiaries, whether permanent or temporary;
23. Utility pole anchors;
24. Columns made of concrete, concrete block, rock or any combination of these;
25. Solar electrical generation or water heating systems, including solar panels.

## **Section 6.10.050**

### **Uses Allowed Without a Permit – Notice to Rainbow Municipal Water District**

(a) The Board finds and declares that underlying owners of land may have reserved rights to use District rights-of-way under the deed or final order of condemnation pursuant to which the District holds title to its rights-of-way. The purpose of this section is to provide owners having reserved rights with guidelines, terms, and conditions for the exercise of reserved rights in a manner that will not be incompatible with or detrimental to the District's property or property rights. Subject to the provisions of this section, an underlying owner may exercise a reserved right for a use without obtaining a permit from the District, except that owner shall give District a minimum of 10 calendar days' notice before exercising any reserved right. The notice shall be in writing and filed with the District Representative.

(b) The following is a list of uses and structures generally allowed as an exercise of a reserved right subject to the provisions of this section:

1. Vegetable and flower gardens, lawns and ground cover (such as low growing vegetation, mulch, bark or crushed rock).
2. Bushes and shrubs, but not trees. Bushes and shrubs must be maintained so as not to obstruct visual inspection of the right of way. Hedges shall be trimmed to a height of thirty-six inches (36") or less.
3. Low voltage/decorative lighting (12 volt / 75 watt maximum).
4. Storage or parking of operational vehicles, trailers, or mobile equipment authorized for travel on public streets subject to the following weight and spacing limits. Single vehicles not exceeding sixteen thousand pounds or a combination of adjacent vehicles within a thirty-foot square having a combined weight that does not exceed sixteen thousand pounds. Vehicles weighing more than fourteen thousand pounds shall be spaced not less than sixty feet (60') apart.
5. Water lines to provide potable or non-potable water service (except reclaimed sewage or sewer water) to the property to which the reserved right is attached provided the lines are two inches (2") or less in diameter, have a minimum depth of twenty-four inches (24") at crossings under patrol or access roads, are installed above the District's pipeline and have a minimum vertical separation of twelve inches (12") from bottom of line to top of the District's pipeline, and are installed such that crossings of the District's pipelines are at right angles or as close to a right angle as possible. If pipelines will be installed below ground, the notice required by subdivision (a) shall be accompanied by a plan showing the proposed location of all subsurface facilities. The notice required by subdivision (a) shall be accompanied by a plan showing the location of all shut-off valves. The owner shall file a written update plan showing any changes in location of subsurface facilities or shut-off valves. Shut-off valves shall be located at the edge of the District's right-of-way.

6. Pipes, conduit, wires and cables to provide electric, gas, sewer, and communications service (“utility facilities”) to the property to which the reserved right is attached. Subsurface utility facilities shall be installed above the District’s pipelines and shall have a minimum vertical separation of twelve inches (12”) from bottom of utility to top of the District’s pipeline and be installed such that crossings of the District’s pipelines are at right angles or as close to a right angle as possible. Conductor clearances for overhead electrical and telephone lines shall conform to California Public Utilities Commission General Order 95 for Overhead Electrical Line Construction or at a greater clearance if required by the District. The clearance shall not be less than thirty-five feet (35’). Overhead lines shall be located a minimum of thirty feet (30’), measured laterally, away from all aboveground facilities on the pipelines. When underground electric lines provide service at 120 volts or greater, conduits shall be encased in a minimum of three inches (3”) of red concrete. Aboveground warning signs shall be placed at the right-of-way lines where subsurface utility facilities enter and exit the right-of-way. Non-metallic gas lines shall be placed with a twelve-gauge (12 gauge) tracer wire a minimum of six inches (6”) above the buried utility, terminating in a District- approved junction box. If utility facilities will be installed below ground, the notice required by subdivision (a) shall be accompanied by a plan showing the proposed location of all subsurface facilities. The notice required by subdivision (a) shall be accompanied by a plan showing the location of all shut-off switches or valves. The owner shall file a written update plan showing any changes in location of subsurface facilities or shut-off switches or valves. Shut-off switches or valves shall be located to provide easy access by District personnel using the District’s right-of-way. Septic systems and leach fields are not permitted. Utility poles are not permitted except pursuant to an encroachment permit or joint use agreement.
7. Storage of boxed landscape trees may be allowed under the following conditions: (a) the boxes must be no larger than 24 inches on each side, (b) the box must have a bottom, (c) the tree, including the box, must not exceed 15 feet in height, and (d) the trees can be stored no closer than 8 feet apart measured from the edges of the boxes. Boxed trees shall be set back at least 10 feet from the closest edge of a District pipeline.
8. Any other use or structure not otherwise prohibited by Section 6.10.040 that the District Representative determines in writing not to be incompatible with or detrimental to the District’s property or property rights. The District Representative shall keep a log of written determinations made pursuant to this paragraph on file in the Engineering Department. The log shall be a public record per the District’s record retention schedule.

(c) The exercise of any reserved right within a District right-of-way as authorized by this section is subject to the following:

1. Any structure or use shall be set back a minimum of twenty (20') feet from the edge of any District surface facility, unless otherwise provided in subdivisions (b) or (c).

The setback from rights of way used for access or patrol road purposes shall be 10 feet away from the centerline of the road.

2. The District shall not be liable for any damage or injury caused by or attributable to the exercise of a reserved right.
3. Any exercise of a reserved right shall at all times be subject to the paramount right of the District to use its property and property rights as necessary or convenient to the full exercise of the District's powers according to the terms of the District's document of title.
4. No person shall exercise a reserved right in a manner that creates a nuisance or causes a dangerous condition of property.
5. Any structures or uses placed or maintained pursuant to this section are subject to immediate removal by the District as may be necessary or convenient for the District's purposes. The District shall not be liable for costs of damage to or replacement of structures or uses it removes. The District may require the owner to remove or relocate a structure or use at the owner's expense.
6. Excavation over the District's pipelines shall be done with hand tools only.
7. The owner shall be responsible for compliance with all applicable zoning, building, grading and other laws relating to the use of property.

Before performing any excavation in the District's right-of-way the owner or their contractor shall contact the District Representative and provide the Dig Alert reference number.

**Section 6.10.060**  
**Encroachment Permits – Required – Encroachments**

(a) The Board finds and declares that underlying owners of land may have reserved rights to use the District's right-of-way under the deed or final order of condemnation pursuant to which the District holds title to its right-of-way. The purpose of this section is to provide owners with an expedited process for obtaining a permit from the District when a proposed use or structure, appropriately located and conditioned, is or may be compatible with the District's property rights or interests. This section is intended to apply to uses proposed by owners that are accessory to or necessary for the owner's primary use of the parcel subject to the District's right-of-way. Except as specifically authorized pursuant to Section 6.10.050 uses of the District's rights of way by persons other than the District are generally incompatible with or detrimental to the District's property or property rights, but, unless otherwise prohibited by Section 6.10.040, such uses may be made compatible and authorized upon compliance with certain requirements and conditions set forth in this section and in the encroachment permit issued by the District Representative after an evaluation of the facts and circumstances of the use. Subject to the provisions of this section an underlying owner may exercise a reserved right upon obtaining an encroachment permit from the District.

(b) The following requirements apply to uses authorized pursuant to this section:

1. Addition, alteration, modification or demolition of a permitted use is itself a use subject to permit.
2. The District Representative may establish conditions limiting the time, duration and method of construction. In addition to any other condition authorized by this section, the District Representative may establish conditions for use that are consistent with the requirements for use established by Section 6.10.050.
3. Any use or structure shall be set back a minimum of twenty feet (20') from the edge of any District surface facility unless otherwise provided in this section. The District Representative may reduce or eliminate the setback requirement for a use if the District Representative finds that the reduction will not be detrimental to the District. The reasons for and conditions of the reduction or elimination shall be stated in the permit issued for the use.
4. No use shall be permitted that would create an unacceptable load on a pipeline or subsurface structure as determined by the District Representative.
5. Grading, including both excavation and fill, shall be permitted only if the District Representative determines that the proposed grading will not pose a hazard to the integrity of the pipeline, cause an impediment to its maintenance, result in an unacceptable increase or reduction in cover, or cause ponding or erosion within the easement. Grading requiring a permit from another government agency is not allowed unless both the permit of the other agency and the permit of the District are obtained.



6. Conductor clearances for overhead electrical and telephone lines shall conform to the California State Public Utilities Commission, General Order 95, for Overhead Electrical Line Construction or at a greater clearance if required by the District. Clearance shall not be less than thirty-five feet (35'). Overhead lines shall be located at least thirty feet (30'), measured laterally, away from all aboveground structures on the pipelines. Utility poles are not permitted except pursuant to a major encroachment permit or joint use agreement.
7. When underground electric lines provide service at one hundred twenty (120) volts or greater, conduits shall be encased in a minimum of three inches (3") of red concrete. Above-ground warning signs shall be placed at the right-of-way lines where the conduits enter and exit the right-of-way.
8. Hard-surface, sports courts shall be of asphalt or unreinforced concrete, six inches (6") or less in thickness. Setback from centerline of pipeline shall be at least 10- feet.
9. Unreinforced, paved driveways, walkways and parking lots may be approved subject to conditions controlling loading to pipelines, landscaping, type of light standards, depth and location of light standard foundations, drainage, access and other aspects of design and improvement. Grandfather conditions may apply.
10. The District shall not approve a permit for a reclaimed or recycled water line unless the applicant has obtained Department of Health approval.

(c) Encroachment permits issued under this section shall be processed as provided in this subdivision.

1. An owner may file an application for an encroachment permit with the District Representative. The District Representative may establish and make available guidelines for submission of applications.
2. The application shall contain such information as the District Representative deems appropriate for complete review of the application and shall include the address to which correspondence regarding the application shall be mailed.
3. Within thirty calendar days following submission of an application, the District Representative shall notify the applicant that the application is complete or the nature and extent of additional information that is required to make the application complete.
4. If the applicant submits additional information, the District Representative shall have thirty calendar working days to notify the applicant that the application is complete or whether further additional information is required.
5. Within thirty calendar days after the District Representative has determined and notified the applicant that the application is complete, the District

Representative shall approve, conditionally approve or deny a permit. In addition to the information contained in the application, the District Representative may consider any of the following: topography, soils, drainage, access or other characteristics of the property and adjacent property; community characteristics; location, condition, or nature of existing or reasonably foreseeable future works of District. The District Representative's determination shall be in writing delivered to the applicant by personal delivery or first-class mail.

6. An applicant may appeal the denial of a permit or any condition imposed on a permit to the Board by filing a written notice of appeal with the District Representative within thirty calendar days after the date of mailing or of personal service. The notice shall specify the particular reasons for the appeal. The Engineering and Operations Committee may play an advisory role to the Board based on the application, the written determination of the District Representative, the notice of appeal and any written response to the notice of appeal submitted by the District Representative. The decision of the Board shall be made in writing and delivered to the applicant by personal delivery or first- class mail. The decision of the Board is final, except for judicial review.
7. Applications, correspondence, decisions and other permit records are public records and shall be kept in the Engineering Department.

(d) The following provisions apply to all uses and structures authorized by an encroachment permit issued pursuant to this section:

1. Any use shall be located, constructed and maintained according to the terms and conditions of the use permit issued pursuant to this section. The District may (i) charge a processing fee, (ii) require a security deposit, and (iii) charge market value rent for the encroachment. The Owner shall indemnify, defend and hold the District harmless from any claims arising out of or related to the encroachment. The Owner shall add the District as additionally insured for claims related to the encroachment.
2. The District shall not be liable for any damage or injury caused by or attributable to the use or structure. The Owner will be responsible for all taxes assessed as a result of the encroachment and the Owner shall be responsible for all maintenance and repairs of the encroaching structure.
3. Any use shall at all times be subject to the paramount right of the District to use its property and property rights as necessary or convenient to the full exercise of the District's rights according to the terms of the District's document of title.
4. The Owner shall not allow the use or structure to create a nuisance or cause a dangerous condition of property. The Owner shall comply with all hazardous materials and environmental laws, and indemnify, defend and hold the District harmless from any such claims arising out of or related to the encroachment.

5. Any structures or uses placed or maintained pursuant to this section are subject to immediate removal by the District as may be necessary or convenient for the District's purposes. The District shall not be liable for costs of damage to or replacement of structures or uses it removes. District may require the owner to remove or relocate a structure or use at the Owner's expense. The Owner waives any rights to compensation or relocation benefits in the event of a termination by the District of the encroachment permit or request to remove or relocate the encroachment.
6. The District may, at the Owner's expense, cause the encroachment permit to be recorded in the Office of the County Recorder. The Owner shall not use the encroachment area to satisfy the requirements of any governmental agency or authority, including, but not limited to, zoning and/or building or other code requirements.
7. The owner shall be responsible for compliance with all applicable zoning, building, grading and other laws relating to the use of property.

The District and its officers and employees shall not be liable for any damages resulting from the issuance, denial, revocation or enforcement of an encroachment permit. The owner shall be responsible for the accuracy and completeness of the permit application and any plans, specifications or other information required by the Director pursuant to this Chapter.

**Section 6.10.070**  
**District Representative**

(a) The Board, on an appeal, shall deny an application for an encroachment permit unless the District Representative finds that the encroachment as proposed or subject to terms and requirements imposed as a condition of approval meets all the following:

1. The proposed encroachment will not be detrimental to the District's facilities or works, or to the general public;
2. The proposed encroachment will not materially interfere with the District's use of right-of-way;
3. The applicant has complied with the requirements of this chapter and all applicable local, state and federal laws;
4. The applicant has agreed to abide by all requirements, terms and conditions of the permit, including without limitation the provision requirement that the permittee indemnify, defend and hold harmless the District, its officers, agents, and employees from all liability occasioned from or caused by the issuance of the encroachment permit or by the construction, installation, maintenance or operation of the encroachment.

(b) In addition to other requirements, the District Representative may impose conditions for approval of encroachment permit as follows:

1. Traffic and pedestrian safety measures;
2. Environmental impact mitigation measures;
3. Full Topographic survey including field staking of existing and proposed easements and any encroachments in easement;
4. Limits on construction times, noise, duration and method;
5. Limits on duration and requirements for removal of an encroachment; and
6. Other requirements deemed necessary by the District Representative.

Coordination of construction with other existing encroachments or reasonably anticipated encroachments, other existing or reasonably anticipated construction pursuant to encroachment permits issued to others, and existing or reasonably anticipated District projects.

## **Section 6.10.090**

### **Encroachment Permits – Revocation – Penalty for Violation of Terms**

(a) The District Representative is authorized to revoke an encroachment permit upon determining that the permittee has failed to comply with one or more of the material terms, conditions or restrictions incorporated in the permit or has provided materially false or misleading information regarding the encroachment or its installation. Upon the revocation of an encroachment permit, the permittee shall immediately discontinue any work and cease and desist from further encroaching upon the District's right-of-way or property. The permittee shall restore the site to an as-near original condition as shall be feasible under the supervision and direction of the District in accordance with code and legal requirements in effect at the time of restoration. Installed encroachments shall be removed, unless authorized to be disabled and abandoned in place when determined to be feasible by the District. Except in cases where immediate revocation is necessary to protect District works or facilities, the District Representative shall not revoke a permit except upon fifteen-calendar days written notice to the permittee. Such notice may be given by first class mail to the permittee at the address stated in the permit application or such other more recent address as provided by the permittee and on file with the District Representative. The notice shall advise the permittee of the permittee's right to file a written statement of good cause why the permit should not be revoked within ten days following the date of the notice. A determination of revocation shall be in writing and shall state the grounds for the revocation. The determination shall be delivered to the permittee by personal delivery or mailed to the permittee by first-class mail.

(b) Any permittee who violates any of the terms, conditions or restrictions of an encroachment permit and thereby materially and adversely affects the public health and safety shall be ineligible to receive another encroachment permit from the District for a period of one year following the date of such determination, unless this restriction is waived by the Board.

(c) Any person who has received a determination of revocation of an encroachment permit may appeal the revocation to the Board. The appeal shall be in writing and filed within ten days following the date of the determination of revocation. The appeal shall state grounds upon which the appeal is based. Within twenty working days after filing, the Board of Directors shall decide the appeal. The Engineering and Operations Committee may play an advisory role to the Board based on the application, the written determination of the District Representative, the notice of appeal and any written response to the notice of appeal submitted by the District Representative. The decision of Board shall be made in writing and delivered to the applicant by personal delivery or first-class mail. The decision of the Board is final, except for judicial review.

**Section 6.10.110**  
**Joint Use Agreements**

(a) In lieu of an encroachment permit, public agencies and public utilities desiring to use District's rights of way and property for construction, operation and maintenance of compatible public facilities may apply to the District for a Joint Use Agreement. The District Representative is authorized to execute Joint Use Agreements on behalf of the District.

(b) Application for Joint Use Agreements shall be submitted to the District Representative and shall be evaluated on a case-by-case basis to determine whether such joint use is compatible with the work of the District. The applicant shall be advised of the type of joint use, if any, which will be authorized. If it is determined that joint use will not be authorized, a notice of denial shall be mailed to the applicant which explains the reason for the denial.

(c) The Joint Use Agreement shall specify the requirements, terms and conditions of construction, operation and maintenance of the compatible public facilities. Except as otherwise specifically authorized by the Board, a Joint Use Agreement shall include the following requirements:

1. The public agency or public utility shall defend, indemnify and hold the District harmless from any damage or injury to District works or facilities. The public agency or public utility shall defend, indemnify and hold the District harmless from any claim, cause of action, suit, proceeding, or liability of or to any person resulting from the construction, reconstruction, repair, maintenance, operation, condition or existence of any work or facility of the public agency or public utility, or from the acts or omissions of the public agency or public utility or its officers, employees, agents or contractors, except for liabilities resulting from the sole negligence of the District or the District's officers, employees or agents.
2. Any compatible public agency or public utility use shall at all times be subject to the paramount right of the District to use its property and property rights as necessary or convenient to the full exercise of the District's statutory purposes and rights according to the terms of the District's documents of title.
3. Any structures or uses placed or maintained pursuant to a Joint Use Agreement are subject to removal or relocation by the permittee upon reasonable demand by the District, or by the District at the permittee's cost, as may be necessary or convenient for District purposes. The District shall not be liable for costs of damage to or replacement of structures or uses it removes. The District may require the permittee to remove or relocate a structure or use at the permittee's expense. A permittee shall also be required to pay for the cost of relocating other previously permitted encroachments when necessary to accommodate the work of the District.
4. Performance of the requirements, terms or conditions of a Joint Use Agreement by a contractor shall be secured by one or more of the following, at the discretion of the permittee, subject to approval of the District:

- (A) A bond or bonds by one or more duly authorized corporate sureties authorized to do business in the State of California;
- (B) A deposit with the District of money or negotiable bonds of the kind approved for securing deposits of public moneys;
- (C) An irrevocable letter of credit from one or more financial institutions subject to regulation by the State of California or federal government and authorized to do business in the State.

5. A Joint Use Agreement shall not constitute a representation by the District that subsurface conditions are accurately reflected in the records of the District. The party requesting the agreement assumes the risk and responsibility for damage to previously installed permitted encroachments and facilities.

(d) Plans for installation of joint user's facilities including protection of District's facilities shall be approved by the District in advance of construction. Notice of construction of such facilities shall be provided to District at least two weeks in advance.

(e) An applicant denied an agreement may, within 60 days after a notice of denial is mailed, appeal in writing to the Board of Directors. The Board shall consider the information presented in the appeal, comments from the General Manager, and other such data considered appropriate. The denial will be upheld unless it is determined by the Board of Directors that it was arbitrary, or inconsistent with this Chapter.

**Section 6.10.130**  
**Guidelines for Parallel Encroachments**

(a) Public agencies and public utilities may request authorization to place a parallel encroachment in the District's right-of-way. A permit or approval for a parallel encroachment shall be issued only if the applicant has demonstrated good cause for the parallel encroachment to the satisfaction of the District official authorized to permit or approve the encroachment.

(b) An applicant for a parallel encroachment may demonstrate good cause based on any of the following grounds:

1. Other possible alignments would have a severe economic impact on the applicant which impact would be substantially reduced or avoided by the parallel encroachment.
2. Other feasible alignments would result in significant environmental impacts which cannot be feasibly mitigated to a level of insignificance and which would be avoided by the parallel encroachment.
3. Other feasible alignments would require the relocation of a substantial number of businesses or residences or have a severe and extended negative impact on business operations or residents.
4. Other feasible alignments would have severe economic or operational impact, or both, on the applicant which impact or impacts would be substantially reduced or avoided by the parallel encroachment.
5. The parallel encroachment will provide a direct and substantial benefit to the District that outweighs the adverse impact of the encroachment.

(c) The following facilities are prohibited as parallel encroachments:

1. Sewer, storm water or non-potable water pipelines except that on a case-by-case basis the following facilities may be authorized:
  - (A) Pipelines which transport recycled water meeting at a minimum Title 22 of the California Code of Regulations tertiary standards and which satisfy the pipeline separation requirements set forth in the American Water Works Association Guidelines for the Distribution of Non-Potable Water, and is approved by the California Department of Health Services;
  - (B) Pipelines which transport brine from a water treatment plant;
  - (C) Storm drain pipes 18 inches in diameter or less.
2. Electric transmission lines.
3. Gas transmission pipelines.



4. Petroleum transmission pipelines.
- (d) Parallel encroachments shall be subject to the following requirements:
1. Except street pavement, they shall not be located within an area designated by the District Representative as the probable trench zone in event of an emergency. The probable trench zone is generally an area along the path of the pipeline determined using a slope ratio of two feet horizontal to one foot vertical (2:1 slope), starting at point five feet from the outside edge and at the bottom of the District pipeline and ending at a point on the surface of the right-of-way. Parallel encroachments, except street pavement, shall be installed in a location as close to the edge of the right-of-way as possible, and it must be demonstrated that the District can excavate its pipelines without disruption to the encroachment;
  2. They shall not be located between or over District pipelines;
  3. Isolation or other shut-off valves or switches shall be located at the entry and exit points of the District's right-of-way and at such other locations as may be determined appropriate by the District. Valves or switches shall be readily accessible to the District;
  4. All the requirements applicable to encroachment permits or joint use agreements;
  5. A property use payment shall be made to the District in an amount to be determined by the District for use or injury to property or property rights, increased maintenance and repair costs, and all other costs or expense associated with the parallel use;
  6. The District reserves the right, but not the obligation, to repair, restore service and backfill prior to the encroaching utility undertaking similar efforts for the interrupted parallel encroachment in the event of a simultaneous interruption to the operation of a District work and a parallel encroachment;
  7. The applicant is to be responsible for obtaining, providing and authenticating all necessary plans, profile, and other drawings from the District's Engineering Department and shall be responsible to make all the necessary calculations prior to submittal for review by the District;

Such other terms and conditions as may be imposed on issuance of the encroachment permit or joint use agreement for the parallel encroachment.

**Section 6.10.150**  
**Leases for Right-Of-Way Management**

The Board may execute a lease for right-of-way management purposes when all the following circumstances exist:

1. The lessee is the record owner of land that adjoins the District property;
2. The lease establishes terms and conditions for use of the leased property consistent with the provisions of this chapter;
3. The rent is not less than the fair market rent as determined by the District Representative;
4. The lease term does not exceed ten years.

**Chapter 8.02  
DEFINITIONS**

**Sections:**

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|          |  |
|----------|--|
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The definitions in this sub-section shall be used to interpret this Section, unless otherwise apparent from the context.

**Section 8.02.010**  
**Abut District Line**

*Abut District Line:* Parcels abut a District line where they are crossed by a District line, or where a line runs along the boundary of a parcel in an easement or other right of way.

**Section 8.02.020**  
**Active Park and School Ground Areas**

*Active Park and School Ground Areas:* Areas designated by public agencies and private schools for specific sporting and recreational activities and areas traditionally used for active play or recreation where turf is an integral part of the activity.

**Section 8.02.030**  
**Agricultural Purposes**

*Agricultural Purposes:* The growing or raising, in conformity with recognized practices of farming, for the purposes of commerce, trade, or industry, or for use by public educational or correctional institutions, of agricultural, horticultural, or floricultural products. Such products shall be for human consumption, for the market, or for the feeding of fowl or livestock. Products are to be grown or raised on a parcel of land having an area of not less than one acre utilized exclusively for such purposes.

**Section 8.02.040**  
**Air-Gap**

*Air-Gap:* A means of backflow prevention utilizing the unobstructed vertical distance through the free atmosphere between the lowest opening from any pipe or faucet supplying water to a tank, plumbing fixture or other device and the flood level rim of said vessel.

**Section 8.02.050**  
**Applicant**

*Applicant:* Any person, firm, corporation, association or agency that applies for water service from the District.

**Section 8.02.060**  
**Approved**

*Approved:* Accepted by the District as meeting an applicable specification stated or cited in this chapter or as suitable for the proposed use except as otherwise provided in this Article 8.

**Section 8.02.070**  
**Auxiliary Water Supply**

*Auxiliary Water Supply:* Any water supply available to a Customer, other than the District's system. These auxiliary source of supply may include water from other purveyor's public potable water supply or any natural source(s) such as a well, spring, river, stream, harbor, etc., or used waters or industrial fluids. These supplies constitute a water source over which the District does not have control. There is a risk that they may be polluted, contaminated, or objectionable.

**Section 8.02.080**  
**Backflow**

*Backflow:* The undesirable reversal of water flow or mixtures of water and other liquids, gases or other substances into the Districts distribution pipes of water from any source or sources other than its intended source.

**Section 8.02.090**  
**Backflow Preventer**

*Backflow Preventer:* A device or means designed to prevent backflow or backsiphonage.

**Section 8.02.100**  
**Backpressure**

*Backpressure:* Any elevation of pressure in the downstream piping system (by pump, elevation of piping, or steam and/or air pressure) above the supply pressure at the point of consideration, which would cause, or tend to cause, a reversal of the normal direction of flow.

**Section 8.02.110**  
**Backsiphonage**

*Backsiphonage:* The flow of water (or other liquids, mixtures or substances) into the District system from any source other than its intended source, caused by the sudden reduction of pressure in the District system.

**Section 8.02.120**  
**Blow-Off**

*Blow-Off:* A District facility which is used to drain water mains for purposes of repair and maintenance.

**Section 8.02.130**  
**Board of Directors**

*Board or Board of Directors:* The governing board of the District, consisting of five (5) elected representatives.

**Section 8.02.140**  
**Certified Backflow Tester**

*Certified Backflow Tester:* A person who has proven their ability to test backflow prevention assemblies to the satisfaction of the District and the San Diego County Department of Environmental Health.

**Section 8.02.150**  
**Conservation Offset**

*Conservation Offset:* The implementation of proven conservation techniques which, when installed, will result in a reduction equal to demand of the proposed use. Calculation of demand and saving shall be performed or verified by the District Representative based upon non-drought conditions.

**Section 8.02.160**  
**Construction Meter**

*Construction Meter:* A meter attached to a fire hydrant or other appurtenance and used for construction purposes in incremental periods of six months or less.

**Section 8.02.170**  
**Construction Purposes**

*Construction Purposes:* A temporary service that is facilitated through a fire hydrant or a blow-off for construction purposes; such as construction of a dwelling, or grading of land or other purpose where water is not needed permanently. Construction meters may not be used for agricultural purposes.

**Section 8.02.180**  
**Contamination**

*Contamination:* the impairment of the quality of the potable water by sewage, industrial fluids or waste liquids, compounds or other materials to a degree which creates a potential hazard to public health.

**Section 8.02.190**  
**Control**

*Control:* The right and power over the sanitary quality of water.

**Section 8.02.200**  
**Cross-Connection**

*Cross-Connection:* Any physical connection, or arrangement of piping or fixtures, between two otherwise separate piping systems, one of which contains potable water and the other of which contains nonpotable water, industrial fluids, or fluids of questionable safety, through which, or because of which, backflow may occur into the District's system.

**Section 8.02.210**  
**Cross-Connection Control by Containment**

*Cross-Connection Control by Containment:* The installation of an approved backflow prevention device in any Customer system at the water service connection.

**Section 8.02.220**  
**Customer**

*Customer:* The person in whose name water service is furnished, as evidenced by the signature on the application or request for water service. In the absence of a signed application, the receipt and payment of bills regularly issued in that person's name shall suffice, regardless of the identity of the actual user of the service. The water bill shall be the responsibility of the person in whose name the meter service is held. In the event the water service is in the name of a renter or lessee, the ultimate responsibility for the bill shall be in the legal Owner or Owners of the property, as shown on the County Assessor's Tax Roll. The District requires a signed application by both Tenant and Owner when property is a rental.

**Section 8.02.230**  
**Customer System**

*Customer System:* The Customer systems consist of all water components beyond the metered water service connections owned by the Customer.

**Section 8.02.240**  
**Degree of Hazard**

*Degree of Hazard:* The term derived from an evaluation of the potential risk to public health and the adverse effect of the hazard upon the District system.

**Section 8.02.250**  
**Distribution Main**

*Distribution Main:* A pipeline with the primary intent to distribute water to Customers through laterals installed on the pipeline.

**Section 8.02.260**  
**Distribution System**

*Distribution System:* The distribution system shall include the water delivery system from the source to the Customer systems.

**Section 8.02.270**  
**District**

*District:* The Rainbow Municipal Water District.



**Section 8.02.280**  
**District Representative**

*District Representative:* General Manager or their designee.

**Section 8.02.290**  
**Domestic and Municipal Purposes**

*Domestic and Municipal Purposes:* The use of water for residential, public, commercial, industrial, and recreational purposes served by the District, but not including water used for agricultural purposes.

**Section 8.02.300**  
**Fire Protection**

*Fire Protection:* Actions or facilities for prevention or suppression of fires as directed by the fire Marshal or Fire Prevention officer with jurisdiction over the local area involved.

**Section 8.02.310**  
**General Manager**

*General Manager:* The General Manager of the District or designee authorized by the Board or the General Manager to act in their behalf.

**Section 8.02.320**  
**Greywater**

*Greywater:* Household wastewater other than toilet water, i.e., water from the laundry, shower, tub, bathroom and kitchen sinks.

**Section 8.02.330**  
**Health Hazard**

*Health Hazard:* Any condition, device or practice in the District system, or its operation, which in the judgment of the District may create a danger to the health and well-being of any water Customer.

**Section 8.02.340**  
**Industrial Fluids System**

*Industrial Fluids System:* Any system containing a fluid or solution which may be chemically, biologically or otherwise contaminated or polluted in a form or concentration such as would constitute a health, system, pollution or plumbing hazard if introduced into the District system.

**Section 8.02.350**  
**Industrial Waste**

*Industrial Waste:* Any liquid or solid waste substance, other than domestic sewage, from any producing, manufacturing, or processing operation of any nature.

*M:\Administration\Confidential\Administrative Code Working Docs\Board Secretary Administrative Code Working File\Drafts\_Not Approved\Title 8\Definitions 8.02.docx\Approved 8-3-05 by Ordinance No. 05-07\Amended and Updated 10-28-14 by Ordinance No. 14-07\Amended and Updated 3-28-17 by Ordinance No. 17-02\Amended and Updated 4-24-18 by Ordinance No. 18-09\DRAFT*

**Section 8.02.360**  
**Industrial Waste Treatment Plant or Facility**

*Industrial Waste Treatment Plant or Facility:* Any works or devices for the treatment of industrial waste prior to its discharge into the District sewer facilities.

**Section 8.02.370**  
**Meter**

*Meter:* Any device registering the flow or the amount of water passing through a service connection.

**Section 8.02.380**  
**Micro Irrigation Systems/Equipment**

*Micro Irrigation Systems/Equipment:* Low pressure, low volume methods of water application. These devices include drip emitters, T-tape, micro sprayers, minisprinklers, twirlers, and spaghetti tubing. Pop-up sprinklers are not considered low volume, low pressure irrigation systems/equipment.

**Section 8.02.390**  
**Nonpotable Water**

*Nonpotable Water:* Water which does not meet state and federal standards for safe drinking water and is not safe for human consumption.

**Section 8.02.400**  
**Payment Date**

*Payment Date:* The date on which payment is received in the District offices or approved payment location, from a Customer in funds which can be deposited into a normal bank. The postmark date of a payment mailed to the District is not considered the payment date. Payments received after the close of business at the offices of the District will be considered to have been received on the next business day.

**Section 8.02.410**  
**Persons**

*Persons:* Any individual, firm, association, organization, business trust or company.

**Section 8.02.420**  
**Plan Check & Inspection**

*Plan Check & Inspection Deposit:* Monies provided to the District by the Applicant at the time of submission of improvement plans for the District's approval. The amount of deposit shall be determined by the General Manager and shall cover all costs related to the project.

**Section 8.02.430  
Plumbing Hazard**

*Plumbing Hazard:* Any cross connection in a Customer plumbing system that has not been properly protected by an air-gap separation or backflow prevention.

**Section 8.02.440  
Pollution**

*Pollution:* The presence of any foreign substance (organic, inorganic or biological) in water which tends to degrade its quality so as to constitute a hazard or impair the usefulness or quality of the water.

**Section 8.02.450  
Pollution Hazard**

*Pollution Hazard:* An actual or potential threat to the physical properties of the District system, including water quality, which would constitute a nuisance or be aesthetically objectionable or could cause damage to the District system.

**Section 8.02.460  
Potable Water**

*Potable Water:* Water which meets state and federal safe drinking water standards.

**Section 8.02.470  
Potable Water Service Connection**

*Potable Water Service Connection:* The terminal end of a service connection from the District water system (that is where the District relinquishes control over the water at its point of delivery to the Customer system), being the downstream end of the meter. Service connections shall also include water service connections from a fire hydrant and all other temporary or emergency water service connections.

**Section 8.02.480  
Premises**

*Premises:* The integral property or area, including the improvements to which water service is (or will be) provided. Premises shall be limited to a single parcel.

**Section 8.02.490  
Presentation or Date of Presentation**

*Presentation or "Date of Presentation":* The date on which bills for water service to any Customer are deposited in the United States mail, postage prepaid, to their address as it appears upon the records of the District or delivered personally to a Customer.

**Section 8.02.500**  
**Property Owner or Owner**

*Property Owner or Owner:* The holder of legal title to property receiving water service, contract purchaser, or lessee under a lease with any unexpired term of more than one (1) year, to be held jointly with the lessee and the holder of the title.

**Section 8.02.510**  
**Public Health Agency**

*Public Health Agency:* The State of California Water Resources Control Board.

**Section 8.02.520**  
**Reclaimed Water**

*Reclaimed Water:* Water which, as a result of treatment of wastewater, is suitable for a direct beneficial use or controlled use that would not otherwise occur. Reclaimed water shall comply with Title 22 of the California Code of Regulations as well as regulations from the County of San Diego Department of Environmental Health.

**Section 8.02.530**  
**Recreational and Ornamental Lakes and Ponds**

*Recreational and Ornamental Lakes and Ponds:* Bodies of water which are not swimming pools, water storage reservoirs for potable water or irrigation purposes, or pools which maintain rare plant or animal species.

**Section 8.02.540**  
**Reduced Pressure Principle Device (RP)**

*Reduced Pressure Principle Device (RP):* A backflow prevention device consisting of an assembly of two independently operating approved check valves with an automatically operating differential relief valve between the two check valves, tightly closing shut-off valves on either side of the check valves, plus properly located test cocks for the testing of the check and relief valves. The entire assembly shall meet the design and performance specifications and approval of a recognized and approved testing agency for backflow prevention assemblies. The device shall operate to maintain the pressure in the zone between the two check valves at a level less than the pressure of the inlet device. At cessation of normal flow the pressure between the two check valves shall be less than the pressure at the inlet of the device. In case of leakage of either of the check valves, the differential relief valve shall operate to maintain the reduced pressure in the zone between the check valves by discharging to the atmosphere. When the inlet pressure is two pounds per square inch or less, the relief valve shall open to the atmosphere. To be approved, these devices must be readily accessible for inline maintenance and testing and be installed in a location where no part of the device will be submerged.

**Section 8.02.550**  
**Reduced Pressure Principle-Detector Backflow Assembly (RPDA)**

*Reduced Pressure Principle-Detector Backflow Assembly (RPDA):* A specially designed assembly composed of a line-size approved reduced pressure principle backflow prevention assembly with a bypass containing a specific water meter and an approved reduced pressure principle backflow prevention assembly. The meter shall register for only very low rates of flow up to 3 GPM and shall show a registration for all rates of flow.

**Section 8.02.560**  
**Remote Meters**

*Remote Meters:* Service connections which may be provided to parcels which do not abut a District water main.

**Section 8.02.570**  
**Rules and Regulations**

*Rules and Regulations:* The entire body of effective rates, tolls, rentals, charges, ordinances, rules and regulations, collectively of the District.

**Section 8.02.580**  
**Schedules, Tariffs or Lists**

*Schedules, Tariffs or Lists:* Water rates, service connection charges, capacity fees or other charges for water service, materials, equipment and labor furnished by the District, as approved by the Board of Directors.

**Section 8.02.590**  
**Sealed Meter**

*Sealed Meter:* Any meter in which the District has closed and sealed the service connection valve on the District side of the meter.

**Section 8.02.600**  
**Secondary Water Main**

*Secondary Water Main:* Extensions of primary distribution mains constructed and dedicated to the District by a developer or property Owner.

**Section 8.02.610**  
**Security Deposit**

*Security Deposit:* Monies required to be deposited with the District for the purpose of guaranteeing payment of utility bills rendered for water or sewer service.

**Section 8.02.620**  
**Surcharge**

*Surcharge:* A charge imposed by the District for the provision of a special service not normally provided by the District, such as situations involving unusual quantity or quality requirements.

**Section 8.02.630**  
**System Hazard**

*System Hazard:* An actual or potential threat of severe damage to the physical properties of the water system or of pollution or contamination which would have an adverse effect on the quality of the potable water in the District system.

**Section 8.02.640**  
**Temporary Customer**

*Temporary Customer:* Any Customer for whom a temporary service connection has been approved by the District.

**Section 8.02.650**  
**Termination of Service**

*Termination of Service:* Discontinuance of water service either by the District or as requested by the Customer.

**Section 8.02.660**  
**Title 17**

*Title 17:* California Code of Regulations, Title 17, Public Health Regulations relating to cross-connection.

**Section 8.02.670**  
**Transmission**

*Transmission Main:* A pipeline with the primary intent to transport water from the source to distribution mains. The installation of service laterals is restricted on transmission mains.

**Section 8.02.680**  
**Units of Measurement**

*Units of Measurement:* A unit of 100 cubic feet, equivalent to 748 gallons, is the volume by which water is metered and billed by the District.

**Section 8.02.690**  
**Used Water**

*Used Water:* Any water supplied by the District from the District system to a Customer after it has passed through the metered water service connection and is no longer under the control of the District.

*M:\Administration\Confidential\Administrative Code Working Docs\Board Secretary Administrative Code Working File\Drafts\_Not Approved\Title 8\Definitions 8.02.docx\Approved 8-3-05 by Ordinance No. 05-07\Amended and Updated 10-28-14 by Ordinance No. 14-07\Amended and Updated 3-28-17 by Ordinance No. 17-02\Amended and Updated 4-24-18 by Ordinance No. 18-09\DRAFT*

**Section 8.02.700**  
**Water Capacity Fee**

*Water Capacity Fee:* A charge imposed by the District for obtaining water service or service capacity.

**Section 8.02.710**  
**Water Distribution System**

*Water Distribution System:* Individually or collectively any water facilities financed, constructed and dedicated to the District by an Applicant, Owner or Customer or which are the result of local initiative and financing in tracts and subdivisions, as well as non-commercial or industrial developments, which have been accepted by the District.

**Section 8.02.720**  
**Water Source**

*Water Source:* The water source shall include all components of the facilities utilized in the production, treatment, storage and delivery of water to the distribution system.

**Section 8.02.730**  
**Water Supervisor**

*Water Supervisor:* In industrial or commercial application, a water supervisor will be designated by the District. An individual designated as water supervisor will be responsible for keeping abreast of cross-connection regulations and maintenance of commercial and industrial water systems to prevent cross-connection or other sanitary effects from occurring on these types of water systems.

**Section 8.02.740**  
**Water System**

*Water System:* The water system consists of the source and the distribution system under the control of the District, including the water meter, which is owned by the District.

**Section 8.04.010**  
**Board of Director's Approval**

Any Request for installation or acceptance of water facilities to serve four (4) or more parcels shall be subject to Board approval.

**Section 8.04.020**  
**Application for Regular Water Service**

Effective November 1, 2014, all new water service accounts shall be established and held in the legal (record) Owner's name as shown on the San Diego County Assessor's Tax Roll.

Each Applicant for water service must sign and file in the District's Office, on a form provided by the District, an application for New Water Service Request (NWSR) which will set forth:

- 8.04.020.1** Proof of Ownership of the parcel to be served
- 8.04.020.2** The name, address and telephone number of the Applicant.
- 8.04.020.3** A description of the parcel to be served by said application (the description of which shall be satisfactory to the District's General Manager.)
- 8.04.020.4** An Agreement on the part of the Applicant to abide by the Rules and Regulations of the District, as amended from time to time, signed by the property Owner
- 8.04.020.5** An agreement on the part of the Applicant that water delivered through the connection will be used only on the property described in the application.
- 8.04.020.6** The date on which Applicant desires service.
- 8.04.020.7** If the Applicant's property does not adjoin the District right-of-way, the Applicant must provide proof of an easement that may be utilized by the Applicant to bring his/her water line to the District's right of way.
- 8.04.020.8** If a meter is being purchased on behalf of the legal Owner by another individual, written authorization to do so shall be provided.
- 8.04.020.9** Before the District commits to provide new water service to a property, or to provide increased water service to a property receiving water service from the District's municipal water system, and as a condition of such new or increased water service, the landowner requesting such water service shall enter into an agreement with the District providing for the landowner's assignment of any rights to divert or extract local groundwater supplies for the benefit of the property to receive new or increased water service ("Property"), in return for water service from the District, upon such terms as may be provided by the District Representative.

This section does not apply to any other property that is not the Property. As an additional condition of District water service, the District may require the landowner to grant to the District any water production facilities located on the Property, together with an easement



providing the District with the right to access, operate, maintain and replace such water production facilities.

The Board may waive the requirements set forth in this Section when it is in the public interest to do so. Following the landowner's and the water utility director's execution of the agreement, the District shall cause the agreement to be recorded against the Property. The agreement shall run with the land and bind all successors in interest of the Property.

Nothing in this ordinance shall grant, or be deemed to grant, a right to District water service and nothing in this ordinance shall require, or be deemed to require, the District to provide water service to any party.

#### **8.04.021**

Notwithstanding the forgoing, at the District's discretion, a tenant or lessee of property may request water service for a property, provided a completed and signed application for water service is submitted to the District by the Owner of the identified property in accordance with Section 8.04.020. The application shall also include: (i) a statement by the Owner that he or she authorizes water service for the identified property; (ii) the signature of the tenant or lessee stating that he or she will be the party responsible for making monthly payments to the District for water services delivered to the identified property; and (iii) an acknowledgement by the Owner that he or she accepts liability for any delinquent or unpaid water charges associated with the identified property, including any penalties and interest related thereto. Such acknowledgment shall be renewed in writing by the Owner or Customer at any change in tenancy at the subject property; however, a failure by the Owner or Customer to renew this acknowledgment in writing shall not excuse the Owner or Customer from any liability associated with delinquent or unpaid water charges, including any penalties or interest related thereto, associated with the District's water service to the property.

#### **8.04.022**

If account holder is the legal (record) Owner of service property as shown on the San Diego County Assessor's Tax Roll and has become delinquent on account where service is scheduled to be terminated, the non-owner residential occupant(s) may establish water service directly. The non-owner residential occupant(s) will not be required to pay the delinquent bill maintained under the legal Owner. In order to establish service in the non-owner residential occupant(s) name, security deposit equal to twice the estimated average periodic bill will be required. The security deposit will be returned to the depositor two (2) years after the last lock-off for non-payment, if the depositor has maintained a timely paid, delinquent free account record during the two-year period, or when the account is paid in full on termination of service, whichever occurs first. Acceptable methods of the security deposit are cash, check, money order, cashier's check, and District accepted payment cards only. No interest shall be paid on any deposit.

#### **8.04.023**

During the transfer of residential property ownership from one owner to another, the current owner of a property may request that the District discontinue service and transfer the service to the proposed subsequent owner in a limited term temporary service agreement. In order to establish residential service in the proposed owner's name, the account for the current owner must be

current. In addition, the proposed owner must provide a security deposit equal to twice the estimated average periodic bill.

The proposed owner will enter into a written agreement with the District related to the temporary service of water and the term of this temporary service will be 45 days. The proposed owner shall submit information to the District at the close of escrow that conforms to the requirements of Section 8.04.020 of this Administrative Code. Failure to provide this information within the given time limit will result in the termination of water service to the property. Applicants may request one additional extension to this agreement in extraordinary circumstances, but the approval of any extension will be at the sole discretion of the General Manager.

The security deposit will be returned to the depositor or credited to their account after proof of ownership is provided to the District as long as the depositor has maintained a timely paid, delinquent free account record during the temporary service period. The security deposit can be cash or cashier's check. No interest shall be paid on any deposit.

### **Section 8.04.030 Application for a Remote Meter**

The District may approve applications for water service to parcels which do not abut a District water main. As a condition of service, if the parcel abuts a future line extension as identified in the District's Master Plan, the remote meter Applicant may be required to contribute an estimated prorated cost for a future line extension or meet other terms and conditions established by the Board.

**8.04.030.1** Remote meters shall be granted only when the District determines that:

- A line extension for fire flow or looping is not required, and
- Under no circumstances shall more than three (3) parcels receive remote service within an area requiring a future line extension, and
- Approval from the fire department with jurisdiction in the area for the remote meter, and
- Proof of private easement for the private lateral is provided.

**8.04.030.2** At the time of application Applicant shall execute a Remote Water Service Agreement and shall furnish a copy of all recorded easements granting the right to the property Owner of the parcel to be served to install and maintain a private water line from the District main to the Applicant's parcel. Before installation of the remote meter, easements must be staked by a licensed land surveyor.

### **Section 8.04.040 Application for Construction Water Service**

**8.04.040.1** Each Applicant for temporary water service (construction meter) shall sign and file in the District's Office an application setting forth information which the District may reasonably require and pay the following:

- The application shall be accompanied by an established refundable deposit against unpaid water use.

- A monthly service charge will be applied for the period of time the meter is available for Applicant's use.
- Once all fees and deposits have been provided the District will install a construction meter at a location of the District's choosing within two business days of the date of the deposit.

**8.04.040.2** The Applicant may request relocation of a construction meter to another location for an established charge.

**8.04.040.3** Billing will be monthly and include an operation and maintenance fixed fee, plus the charge for the water used during the billing period.

**8.04.040.4** Installation or Relocation of a construction meter shall be done by District employees only. There is a fee and at least a two business day notice to request this service.

**8.04.040.5** Applicant shall not use water service in a manner which causes sudden pressure surges that may cause damage to the District's water system.

**8.04.040.6** Construction meters are available for a maximum period of 6 months. Extensions may be granted for additional six month periods at the discretion of the District Representative.

**8.04.040.7** Applicants shall comply with all rules and regulations of the District. Applicants agree to pay for any damage or loss of District facilities resulting from such use.

**Section 8.04.050  
Changes in Premises Served**

Customers making any material change in the size, character of service or extent of their water systems or their operations, shall immediately give the District written notice of the extent and nature of such change.

**Section 8.08**  
**Automatic Shut-Off Valves**

Approved automatic shut-off valves may be installed by Customers. Such valves shall be designed to provide a uniform shut off of flow over a period of not less than thirty (30) seconds for meter sizes two-inches and under. Automatic shut-off valves larger than two-inches in size shall be submitted to the District Representative for approval prior to installation in the system.

**Section 8.09**  
**Water Service Line**

District shall prescribe the size and location of the water service line, the water service connection, the water meter and any and all other appurtenances needed to provide water service. Applicant shall install the water service line to a curb line or property line of Customer's property abutting upon a public right-of-way, such as a street, highway, alley, easement, lane or road (other than a freeway) in which is installed a water main of the District. In the event it is impractical to install a meter abutting a public right-of-way or within a District easement, the District Representative may approve a different location if the property Owner provides the District, at no cost to the District, a recorded easement granting the right to install and maintain water service facilities at such location. All water service lines shall be constructed to the requirements of the District's Standards and Specifications in effect at the time of installation. All construction within the District shall comply with applicable state and federal safety standards.

## **Section 8.20.010**

### **Purpose**

The purpose of this chapter is:

- A.** To protect the District system from the possibility of contamination or pollution, by isolating within customer systems such contaminants or pollutants that have the potential to backflow into the District's potable water system; and
- B.** To provide for an ongoing program of cross-connection control which will systematically and effectively prevent the contamination or pollution of the District's potable water system; and
- C.** To meet or exceed Federal and State regulations pertaining to cross-connection control issues.

## **8.20.020**

### **Legal Basis for Program**

All legal authorities and references shall be current versions and revisions.

### **Authority**

1. Code of Federal Regulations, Safe drinking Water Act - most current
2. Code of California Regulations, Titles 17 and 22
3. State of California Water Code, Chapter 1, Section 110. Chapter 8, Section 500 and Chapter 723, Sections 13553, 13554.2, and 13554.3
4. American Water Works Association Manual of Water Supply Practices M14
5. University of Southern California (USC Manual) – latest or current edition
6. California Plumbing Code (CPC)
7. Rainbow Municipal Water District Administrative Code

## **8.20.030**

### **Definitions**

Whenever in this chapter or in any document where they govern, the following terms are used, they shall be defined as follows:

**"Air-Gap"** is a means of backflow prevention utilizing the unobstructed vertical distance through the free atmosphere between the lowest opening from any pipe or faucet supplying water to a tank, plumbing fixture or other device and the flood level rim of said vessel. An approved air-gap shall be at least double the diameter of the supply pipe,

measured vertically, above the top of the rim of the vessel; provided however, that in no case shall the air-gap be less than one inch.

**"Approved"** means accepted by the District as meeting an applicable specification stated or cited in this chapter suitable for the proposed use.

**"Auxiliary Water Supply"** means any water supply, other than the District's system available to a customer system. These auxiliary supplies may include water from other purveyor's public potable water supply or any natural source(s) such as a well, spring, river, stream, harbor, etc., or used waters or industrial fluids. These waters may be polluted or contaminated, or they may be objectionable, and constitute an unacceptable water source over which the District does not have control.

**"Agricultural Properties"** is a parcel, lot, grove or residence of any size which is used for an agrarian nature, whether for commercial purposes or not. Typical uses would include, but not be limited to, the practice of cultivating crops, the breeding and raising of livestock, aquaculture and any other form of husbandry.

**"Backflow"** means the reversal of flow of water or mixtures of water and other liquids, gases or other substances into the District's distribution pipes of water from any source or sources.

**"Backflow Preventer"** means a device or means designed to prevent backflow or backsiphonage.

**"Backpressure"** means any elevation of pressure in the downstream piping system (by pump, elevation of piping, or steam and/or air pressure) above the supply pressure at the point of consideration, which would cause, or tend to cause, a reversal of the normal direction of flow.

**"Backsiphonage"** means the flow of water (or other liquids, mixtures or substances) into the District system from any source caused by the reduction of pressure in the District system.

**"Board"** means Board of Directors of the Rainbow Municipal Water District.

**"Certified Backflow Tester"** means a person who has proven their ability to test backflow prevention assemblies to the satisfaction of the District and the San Diego County Department of Environmental Health.

**"Contamination"** means the impairment of the quality of the potable water by sewage, industrial fluids, waste liquids or any other compounds or other materials to a degree which creates an actual hazard to the public health through poisoning or the spreading of disease.

**"Control"** means the right and power over the quality of water.

**"Cross-Connection"** means any physical connection, or arrangement of piping or fixtures, between two otherwise separate piping systems, one of which contains potable water and the other of which contains nonpotable water, industrial fluids, or fluids of questionable safety, through which, or because of which, backflow may occur into the District's system. A water service connection between the District system and a customer system which is cross-connected to a contaminated fixture, industrial fluid system or with a potentially contaminated supply or auxiliary water system, constitutes one type of cross-connection. Other types of cross-connections include connectors such as swing connections, removable sections, four-way plug valves, spools, dummy sections of pipe, swivel or change-over devices, sliding multiport tubes, solid connections, garden hoses, etc.

**"Cross-Connection Control by Containment"** means the installation of an approved backflow prevention device in any customer system chosen as practical for the water service connection.

**"District"** means Rainbow Municipal Water District.

**"Double Check-Detector Backflow Prevention Assembly" (DCDA)** means a specially Designed assembly composed of a line-size approved double check valve assembly with a bypass containing a specific water meter and an approved double check valve assembly. The meter shall register accuracy for only very low rates of flow up to 3 GPM.

**"Double Check Valve Backflow Prevention Assembly"** an assembly composed of two (2) independently acting, approved check valves, including tightly closing resilient seated shut-off valves attached at each end of the assembly and fitted with properly located resilient seated test cocks.

**"Health Hazard"** means any condition, device or practice in the customer system, or its operation, which endangers, or in the judgment of the District, has the potential to endanger the health and well-being of any water customer.

**"Industrial Fluids System"** means any system containing a fluid or solution which may be chemically, biologically or otherwise contaminated or polluted in a form or concentration such as would constitute a health, system, pollution or plumbing hazard if introduced into the District system.

**"Locked-off"** means any water service which has been shut off at the meter by the District.

**"Manager"** means General Manager of the Rainbow Municipal Water District or their authorized representative.

**"Nonpotable Water"** means water which is not safe for human consumption or which is of questionable potability.

**"Plumbing Hazard"** means an internal or plumbing type cross-connection in a customer/user's potable water system that may be either a pollution or a contamination-type hazard.



**"Pollution"** means the presence of any foreign substance (organic, inorganic or biological) in water which tends to degrade its quality so as to constitute a hazard or impair the usefulness or quality of the water to a degree which does not create an actual hazard to the public health but which does adversely and unreasonably affect such waters for domestic use.

**"Pollution Hazard"** means an actual or potential threat to the physical properties, or to the potability, of the District system, which would constitute a nuisance or be aesthetically objectionable or could cause damage to the District system, but would not be dangerous to health.

**"Potable water"** means any water which, according to recognized standards is safe for human consumption.

**"Potable water service connection"** means the terminal end of a service connection from the District system (where the District loses control over the water at its point of delivery to the customer system), being the downstream end of the meter. There should be no unprotected tees/take-offs from the service line upstream of any backflow prevention device. Service connections shall also include temporary connections from a fire hydrant and all other temporary or emergency water service connections from the District system.

**"Public Health Agency"** means the State Water Resources Control Board or other relevant authority having jurisdiction.

**"Reduced Pressure Principle Device"** (RP) means a backflow prevention device consisting of an assembly of two independently operating approved check valves with an automatically operating differential relief valve between the two check valves, tightly closing shut-off valves on either side of the check valves, plus properly located test cocks for the testing of the check and relief valves. The entire assembly shall meet the design and performance specifications and approval of a recognized and approved testing agency for backflow prevention assemblies. The device shall operate to maintain the pressure in the zone between the two check valves at a level less than the pressure of the inlet device. At cessation of normal flow, the pressure between the two check valves shall be less than the pressure at the inlet of the device. In case of leakage of either of the check valves, the differential relief valve shall operate to maintain the reduced pressure in the zone between the check valves by discharging to the atmosphere. When the inlet pressure is two pounds per square inch or less, the relief valve shall open to the atmosphere. To be approved, these devices must be readily accessible for inline maintenance and testing and be installed in a location where no part of the device will be submerged.

**"Reduced Pressure Principle-Detector Backflow Assembly (RPDA)"** means a specially designed assembly composed of a line-size approved reduced pressure principle backflow prevention assembly with a bypass containing a specific water meter and an approved reduced pressure principle backflow prevention assembly. The meter shall register for only very low rates of flow up to 3 GPM and shall show a registration for all rates of flow.

**"Residential Properties"** is a parcel or lot with at least one residence regardless of the lot size, with a primary purpose of providing a dwelling that serves as living quarters for one or more families and does not meet the definition of an "Agricultural Property".

**"Title 17"** means California Code of Regulations, Title 17, Public Health Regulations relating to cross-connection.

**"Unlocked"** means any water service previously shut off by the District which has been turned back on by the District.

**"Used Water"** means any water supplied by the District from the District system to a customer system that has passed through the metered water service connection and is no longer under the control of the District.

**"Water System"** The water system is made up of two parts; namely, the District system and the customer systems:

The District system consists of the storage, treatment and distribution facilities under the complete control of the District, up to the point where the customer system begins (immediately after the water meter).

The customer systems consist of all water components beyond the water meter.

#### **8.20.040 Degree of Hazard**

The District's Cross-Connection Control Specialist will evaluate the degree of potential health hazard to the public water supply as a result of conditions existing on a customer/user's premises. The Cross-Connection Control Specialist will consider the following as a non-exclusive basis for determining if a hazard exists or has the potential to exist:

- The existence of an actual cross-connection;
- The nature of material handled on the property;
- The probability of a backflow occurring;
- The degree of piping system complexity and the potential for system modification.

Commercial:

- All meters serving commercial properties are required to have District approved backflow devices installed.

**Agricultural:**

All meters serving Agricultural Properties are required to have District approved backflow devices installed.

**Residential:**

A backflow device would not be required unless one or more of the following conditions apply:

- Pressure in the customers system that may exceed the water pressure in the District system (onsite pumps, elevation, etc.)
- Auxiliary water system (well, etc.)
- Storage of chemicals, fertilizers, pesticides or any other substance in sufficient quantities or in a manner that has the potential to contaminate the water system.
- For Residential Properties, the District's Cross-Connection Control Specialist may conduct an inspection of the user's property to determine if potential cross-connections have been mitigated through the use of approved measures, such as the installation of approved anti-siphon hose bibs, air gaps on swimming pool fill lines, anti-siphon backflow preventers on irrigation systems, etc.

**8.20.050**

**Backflow Prevention Device - General Requirements**

The District is responsible for the protection of the potable water system from potential contamination or pollution due to the backflow of contaminants or pollutants through the potable water service connections.

An approved backflow prevention device is required at all potable water service connections except for the following:

- (1) Any water service connection for single or duplex Residential Properties where the connection is one inch (1") or smaller and the degree of hazard does not rise to the level requiring a backflow device as determined by the District's Cross-Connection Control Specialist.
- (2) Any water service connection which is locked off, provided however, that before water service may be unlocked the customer shall comply with all of the backflow prevention provisions of this chapter.

The Cross-Connection Control Specialist shall give notice in writing to all District customers who are required to install an approved backflow prevention device at each potable water service connection. Within the time prescribed by the General Manager or designate, which shall not be less than sixty (60) days, the customer shall install such approved device(s) at the customer's own expense; and failure or refusal or inability on the part of the customer to install said device(s) shall immediately constitute grounds for discontinuing water service to the metered water service connections until the required device(s) have been properly installed.

The District shall maintain records of all approved backflow devices installed in the water system. The District shall also keep records regarding the certification of all devices. The District shall be responsible for notifying each customer/user when a device is required to be installed or tested. Testing of backflow devices shall be done at least annually or more often as the District deems necessary, depending on the degree of hazard. It is the District's primary responsibility to ensure that all testing and record keeping conforms to State Health regulations relating to cross-connections.

#### **8.20.060 Appeal Procedure**

Any customer wishing to appeal a determination of the requirement for installation of a backflow prevention device may do so, in writing, within forty-five (45) days of the date of the first written notification. There will be an Appeal Hearing scheduled for the customer or customer representative to present their arguments against complying with either the directives or the schedule given in the notification. The Appeal Hearing Panel consists of the General Manager and any other staff deemed appropriate by the General Manager. The purpose of the hearing is to confirm, modify or deny the findings of the Cross-Connection Control Specialist. The decision of the Appeal Hearing Panel is final.

#### **8.20.070 Protection Required Before System Connection**

No potable water service connection to any premises shall be placed in service by the District unless the District system is protected as required by this chapter. Service of water to any premises shall be immediately discontinued by the District if a backflow prevention device required by state laws and regulation and by this chapter is not installed, tested and maintained, or if it is found that a backflow prevention device has been removed, by-passed, or if an unprotected cross-connection exists on the premises. Service will not be restored until such conditions or defects are corrected.

#### **8.20.080 Backflow Prevention Device Installation, Replacement, Relocation, and Repair**

- 1. Installation:** All backflow prevention devices shall be installed directly behind and as close to the meter as practical but no more than eight (8) feet away, per Rainbow Standards Drawing Number W-1. The device is to be installed before any branches, trees, valves and strainers in the water line. Two or more backflow prevention devices of the same type may be installed in parallel when approved by the District. All single device installations shall be the size of the meter or greater. Devices must be installed to the District's specifications. When the street pressure exceeds the maximum working pressure of the backflow device (150 PSI), a pressure regulator can be installed on the upstream leg of the backflow assembly. Pressure regulators can be installed on the downstream leg of the backflow assembly. The District will be the final authority in determining the required location of a backflow prevention device.

Backflow prevention devices shall be tested by a certified tester immediately after they are installed and not placed into service unless they are functioning as required.

2. **Replacement:** A device may be removed and replaced provided the water use is discontinued until the replacement device is installed and tested. All Replacement devices must be approved by the District.
3. **Relocation:** A device may be relocated following confirmation by the District that the relocation will continue to provide the required protection and satisfy installation requirements. A retest will be required following the relocation of the device;
4. **Repair:** A device may be removed for repair; provided the water use is either discontinued until repair is completed and the device is returned to service, or the service connection is equipped with other backflow protection approved by the District. A retest will be required following the repair of the device.

#### **8.20.090**

##### **Systems to be Open for Inspection, Installation and Testing**

All customer/user systems shall be available for inspection, installation and testing at all reasonable times to authorized representatives of the District to determine whether cross-connections or other structural or sanitary hazards exist, including violations of this chapter. Refusal of an inspection will result in a mandatory requirement that the water service be locked off until a backflow device is installed, or an inspection reveals that no hazard exist. When such a condition becomes known, the District shall deny or immediately discontinue service to the premises by providing for a physical break in the service line until the customer has corrected the condition(s) in conformance with state laws and District ordinances relating to plumbing and water supplies and with regulations adopted pursuant thereto.

#### **8.20.100**

##### **Backflow Prevention Device Required**

The District will determine which one of the following backflow prevention devices is required: Reduced Pressure Principle Backflow Prevention Device (RP) or Reduced Pressure-Principle-Detector Backflow Assembly (RPDA). Existing nonconforming devices may remain until they need replacement. If a hazard exist an approved device will be required. The District will be the final authority in determining what type of backflow prevention is required.

When required, a reduced pressure backflow preventer shall be installed immediately after the meter at each and every potable water service connection within the District as required by this chapter.

When required, Reduced Pressure Principle Backflow Prevention Device (RP) will be installed as close to the water service connection as possible. Such backflow protection will be required for but not limited to the following conditions:

- Sewage treatment plants;
- Manufacturing, processing or fabricating plants where toxic materials or water are pumped, processed or treated;
- Any location where the District deems the installation of a Reduced Pressure Principle Backflow Prevention Device (RP) is necessary.

#### **8.20.110**

##### **Certification of Backflow Prevention Devices**

Any backflow prevention device required by this chapter shall be of a model and size approved by the District. The term "approved backflow prevention device" means a device that has been established by the American Water Works Association, as set forth in its publication entitled, AWWA C511-89 Standards for Reduce Pressure Principle Backflow Prevention Devices, and meets the most current edition of the Manual of Cross-Connection Control of the Foundation for Cross-Connection Control and Hydraulic Research of the University of Southern California.

Final approval shall be evidenced by a certificate of approval issued by an approved testing laboratory, certifying full compliance with said AWWA Standards and FCC&HR Specifications.

The following testing laboratory is approved by the board to test and certify backflow preventers: Foundation for Cross-Connection Control and Hydraulic Research, University of Southern California, KAP-200 University Park MC-2531, Los Angeles, California 90089-2531.

Backflow preventers which may be subjected to back pressure or backsiphonage that have been fully tested and have been granted a certificate of approval by said approved laboratory and are listed on the laboratory's current list of approved devices may be used.

#### **8.20.120**

##### **Existing Devices**

All presently installed backflow prevention devices previously approved by the District shall be deemed to comply with the requirements of this chapter provided such devices meet current performance and testing requirements. Existing devices which do not meet current performance or testing requirements shall be repaired or replaced by a backflow prevention device meeting the requirements of this chapter. Any such replacement cost will be borne by the customer/user.

Existing nonconforming devices may remain until they need replacement. If a hazard exists an approved device will be required. The District will be the final authority in determining what type of backflow prevention is required.

Any existing Double Check-Detector Backflow Prevention Assembly (DCDA) devices needing to be replaced shall be replaced with a Reduced Pressure Principal Detector Backflow Prevention Assembly. Any existing Double Check Valve Backflow Prevention Assembly needing to be replaced shall be replaced with a Reduced Pressure Principal Device (RP) if a hazard exists.

Existing devices not required by this ordinance may be:

- Maintained and tested at owner's expense
- Removed at owner's expense if District determines no hazard exist

It is the customer's responsibility to notify the District if they wish to withdraw from the testing program under this provision. An inspection would be required before withdrawing or removing from the program.

### **8.20.130 Inspections and Testing Responsibility**

The customer/user is responsible for ensuring the annual testing and making any necessary repairs to pass the test. The District will maintain a record of testing performed and a calendar indicating when the next test is required. The District has retained the services of a licensed contractor to administer the testing and monitoring program. Customers may elect to be included in this monitoring group and their devices will be tested annually by the contractor. The District shall pass its actual cost for the testing on to the customer in a monthly cross-connection control fee.

All other expenses where backflow prevention devices are installed, replaced, relocated, repaired or overhauled are the responsibility of the customer. All inspections and operational tests will be made by a certified tester. In those instances where the District deems the hazard to be great enough, it may require certified inspections at more frequent intervals. These inspections and tests shall be at the expense of the customer/user and shall be performed by a District-approved certified tester. It shall be the duty of the District to see that these timely tests are to be undertaken so that District personnel may witness the tests if it is so desired. These devices shall be repaired, overhauled or replaced at the expense of the customer/user whenever said devices are found to be defective. Records of such tests, repairs and overhaul shall be kept on file with the District.

### **8.20.140 Noncompliance, Penalties**

In the event a customer is notified that a backflow device shall be installed or tested on the customer's service connection and a reasonable compliance time has been allowed by the District in which the customer has not complied with the District's request, then the customer's water service shall be locked off. The customer's water service shall remain locked until an approved backflow device is installed and/or tested by a certified backflow tester; and all unlock fees are paid.

If a device is found to be tampered with or any deliberate action to impede the function of the backflow device, the service will be locked immediately, and the customer will be responsible for paying all costs and fines associated with the violation.

**8.20.150**  
**Monthly Charges**

Monthly charges will be established by the District as necessary. The purpose of such charges will be to cover the cost incurred by the District for regulation and enforcement of the cross-connection control regulations and annual testing of customer backflow devices and the repair, if necessary, to pass test.

**8.20.160**  
**Interpretation of Provisions**

This chapter and Title 17 of the California Code of Regulations shall guide the District in the implementing and functioning of its backflow prevention program. In instances where this chapter does not define the application of the backflow prevention program the District shall rely on Title 17 of the California Code of Regulations for definition. In instances where this chapter or said Title 17 does not give definition then the District shall rely on the State Water Resources Control Board.



**Chapter 9.02  
DEFINITIONS**

**Sections:**

|                 |  |
|-----------------|--|
| <b>9.02.010</b> | <b>Applicant</b>                           |
| <b>9.02.020</b> | <b>Board of Directors</b>                  |
| <b>9.02.030</b> | <b>BOD</b>                                 |
| <b>9.02.040</b> | <b>Connection Fee</b>                      |
| <b>9.02.050</b> | <b>Customer</b>                            |
| <b>9.02.060</b> | <b>District</b>                            |
| <b>9.02.070</b> | <b>District Representative</b>             |
| <b>9.02.080</b> | <b>Domestic Sewage</b>                     |
| <b>9.02.090</b> | <b>Equivalent Dwelling Unit or EDU</b>     |
| <b>9.02.100</b> | <b>Granny Unit/Casita/Guest House</b>      |
| <b>9.02.110</b> | <b>Improvement District</b>                |
| <b>9.02.120</b> | <b>Industrial Waste</b>                    |
| <b>9.02.130</b> | <b>Industrial Waste Treatment Facility</b> |
| <b>9.02.140</b> | <b>Lateral Connection</b>                  |
| <b>9.02.150</b> | <b>Lateral Sewer</b>                       |
| <b>9.02.160</b> | <b>Main Sewer</b>                          |
| <b>9.02.170</b> | <b>Manager</b>                             |
| <b>9.02.180</b> | <b>Non-reclaimable Sewage</b>              |
| <b>9.02.190</b> | <b>Permit</b>                              |
| <b>9.02.200</b> | <b>Pre-Treatment</b>                       |
| <b>9.02.210</b> | <b>Property Owner or Owner</b>             |
| <b>9.02.220</b> | <b>Reclaimable Sewage</b>                  |
| <b>9.02.230</b> | <b>SS</b>                                  |
| <b>9.02.240</b> | <b>Security Deposit</b>                    |
| <b>9.02.250</b> | <b>Sewer Capacity Fee</b>                  |
| <b>9.02.260</b> | <b>Sewerage Facilities</b>                 |
| <b>9.02.270</b> | <b>Sewer Service Charge</b>                |
| <b>9.02.280</b> | <b>Surcharge</b>                           |
| <b>9.02.290</b> | <b>Trunk Sewers</b>                        |

**Section 9.02.010**  
**Applicant**

*Applicant:* Any person, firm, corporation, association or agency that desires to obtain service from the District by means of its sewerage facilities.

**Section 9.02.020**  
**Board of Directors**

*Board of Directors:* The governing body of the Rainbow Municipal Water District.

**Section 9.02.030**  
**BOD**

*BOD:* Denotes the unit of measurement of biochemical oxygen demand and means quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedures for five days at twenty degrees Celsius expressed in milligrams per liter.

**Section 9.02.040**  
**Connection Fee**

*Connection Fee:* That fee paid to the District for capacity in the District's collection, treatment and disposal facilities. It may be referred to as "capacity fee" or "impact fee".

**Section 9.02.050**  
**Customer**

*Customer:* Any person, firm, corporation, association or agency that uses service from the District by means of its sewerage facilities.

**Section 9.02.060**  
**District**

*District:* The Rainbow Municipal Water District.

**Section 9.02.070**  
**District Representative**

*District Representative:* General Manager or their designee.

**Section 9.02.080**  
**Domestic Sewage**

*Domestic Sewage:* Water-borne wastes derived from the ordinary living processes which are of such volume and character as to permit satisfactory disposal by the District's facilities, except any such liquid or substances as are hereinafter precluded from being delivered or deposited in any facilities of the District.

**Section 9.02.090**  
**Equivalent Dwelling Unit or EDU**

*Equivalent Dwelling Unit or EDU:* An increment of wastewater flow attributable to the average single-family residence in the District. One EDU is equal to a house discharging no more than 180 gpd of dry weather sewage having concentrations of no more than 200 milligrams per liter (mg/l) biochemical oxygen demand and 200 mg/l suspended solids.

**Section 9.02.100**  
**Granny Unit/Casita/Guest House**

*Granny Unit/Casita/Guest House:* A separate building located on a residential parcel consisting of no more than one bedroom and one bathroom. The bedroom will be included in the determination of EDU's for the parcel in question. Kitchens are allowed in Granny Units/Casitas/Guest Houses.

**Section 9.02.110**  
**Improvement District**

*Improvement District:* Any of the improvement Districts of the District heretofore or hereafter formed.

**Section 9.02.120**  
**Industrial Waste**

*Industrial Waste:* Any liquid or solid waste substance other than domestic sewage, from any producing, manufacturing or processing operation of any nature.

**Section 9.02.130**  
**Industrial Waste Treatment Facility**

*Industrial Waste Treatment Facility:* Any works or devices for the treatment of industrial waste prior to its discharge into the District's sewerage facilities.

**Section 9.02.140**  
**Lateral Connection**

*Lateral Connection:* The connection of the District's main sewer to the building or improvements of the applicant, owner or customer.

**Section 9.02.150**  
**Lateral Sewer**

*Lateral Sewer:* The line from the connection of the District's main sewer to the building or improvements of the applicant, owner or customer.

**Section 9.02.160**  
**Main Sewer**

*Main Sewer:* The sewer collector line of the District to which lateral sewer lines may be connected.

**Section 9.02.170**  
**Manager**

*Manager:* The General Manager of the District or the person authorized to act on his behalf.

**Section 9.02.180**  
**Non-reclaimable Sewage**

*Non-reclaimable Sewage:* Any liquid or solid waste substance other than reclaimable sewage emanating from within the District, including but not limited to industrial waste. It shall not include: any substance which cannot be treated or disposed of by the existing facilities of the District by reason of the design thereof, applicable waste discharge or other requirements; actual or possible increased operation and maintenance costs, or possible damage to District facilities.

**Section 9.02.190**  
**Permit**

*Permit:* A permit for sewer connection.

**Section 9.02.200**  
**Pre-Treatment**

*Pre-treatment:* Treatment which the District may require prior to permitting discharge of sewage into the District's sewerage facilities to insure compliance with these rules and regulations and applicable federal or State statutes, regulations, contracts, or all of the foregoing, individually or collectively, or if determined by the District to be necessary to protect the facilities of the District from any possible present or future damage.

**Section 9.02.210**  
**Property Owner or Owner**

*Property Owner or Owner:* The holder of legal title.

**Section 9.02.220**  
**Reclaimable Sewage**

*Reclaimable sewage:* Wastewater which can be treated and reclaimed by the District's facilities so as to be usable for some beneficial purpose. Nothing in this Administrative Code is intended to limit or be inconsistent with Division 104, Part 12, Chapter 5, Article 1 of the California Health & Safety Code relating to residential water softening or conditioning appliances.

**Section 9.02.230**  
**SS**

SS: Suspended Solids.

**Section 9.02.240**  
**Security Deposit**

*Security Deposit:* Monies required to be deposited with the District for the purpose of guaranteeing payment of District charges.

**Section 9.02.250**  
**Sewer Capacity Fee**

*Sewer Capacity Fee:* A charge imposed by the District for obtaining sewer service from the District by means of its sewerage facilities. Also see "Connection Fee."

**Section 9.02.260**  
**Sewerage Facilities**

*Sewerage Facilities:* Any facilities owned or used by the District in the collection, transportation, treatment, disposal and reclamation of sewage and industrial wastes.

**Section 9.02.270**  
**Sewer Service Charge**

*Sewer Service Charge:* A monthly charge established by the District from time to time for sewer service.

**Section 9.02.280**  
**Surcharge**

*Surcharge:* A charge imposed by the District for the provision of a special service not normally provided by the District, such as situations involving unusual quantity or quality requirements.

**Section 9.02.290**  
**Trunk Sewers**

*Trunk Sewers:* The main interceptor sewer line of the District to which there are no connections other than main line sewers to a manhole.

**Section 9.07.010**  
**Classes of Service**

The District has determined the following EDU's for each of the following classes of service:

|    | <u><b>Class</b></u>   | <u><b>EDU's</b></u> |
|----|---|---------------------|
| 1  | Single Family Residential, Apartment, Condominium, Duplex or Mobile Home, Each Unit   |                     |
|    | <u>Square Footage</u>   |                     |
|    | ≤1,250  | 0.80                |
|    | 1,251 to 2,000  | 1.00                |
|    | 2,001 to 3,000  | 1.20                |
|    | 3,001 to 4,500  | 1.50                |
|    | 4,501 to 6,000  | 2.00                |
|    | <u>&gt;6,000</u>  | Case by Case        |
| 2  | Motel or Hotel  |                     |
|    | * <i>Each Living Unit With a Kitchen</i>  | 0.80                |
|    | * <i>Each Living Unit Without a Kitchen</i>   | 0.40                |
| 3  | A Separate Business, Retail Shop, Office or Packing House Equipped with Restroom Facilities or Not So Equipped but Located in a Building or Complex with Common Restroom Facilities |                     |
|    | * <i>Up to 1,000 Square Feet of Floor Space</i>   | 1.20                |
|    | * <i>For Each Additional 1,000 Square Feet of Gross Floor Space or Part Thereof</i>   | 0.80                |
| 4  | Automobile Service Station  |                     |
|    | * <i>Providing RV Holding Tank Disposal Station</i>   | 2.00                |
|    | * <i>Four or Under Gas Pumps</i>  | 0.80                |
|    | * <i>Over Four Gas Pumps</i>  | 1.00                |
| 5  | Church, Fraternal Lodge or Similar Auditorium; For Each Unit of Seating Capacity for 200 Persons  | 1.00                |
| 6  | Bakery  | 1.00                |
| 7  | Theatre: For Each Unit of Seating Capacity for 200 Persons  | 1.40                |
| 8  | Hospital, Per Bed   | 0.40                |
| 9  | Convalescent or Boarding Home, Per Bed  | 0.40                |
| 10 | Labor Camp, Per Bed   | 0.10                |

|    |  |      |
|----|--|------|
|    | Schools (Public or Private)  |      |
| 11 | * <i>Elementary Schools, Per Each 60 Students or Part Thereof, Plus Staff</i>  | 1.20 |
|    | * <i>Junior High Schools, Per Each 40 Students or Part Thereof, Plus Staff</i>   | 1.20 |
|    | * <i>High Schools, Per Each 30 Students or Part Thereof, Plus Staff</i>  | 1.20 |
|    | <i>(The number of students shall be the rated capacity of planned schools as determined by State of California Department of Education or shall be the average daily attendance of students plus the staff at the school during the preceding fiscal year determined in accordance with the Education Code of the State of California)</i> |      |
| 12 | Mortuary   | 1.20 |
| 13 | Car Wash   | 1.20 |
| 14 | Grocery Store  | 1.20 |
| 15 | Self-Service Laundry, Per Each Washing Machine   | 0.40 |
| 16 | Restaurants  |      |
|    | * <i>Base (Using Non-Disposable Tableware)</i>   | 2.70 |
|    | <i>Add Per Each 7 Seats or Part Thereof</i>  | 1.20 |
|    | * <i>Base (Using Disposable Tableware)</i>   | 1.20 |
|    | <i>Add Per Each 21 Seats or Part Thereof</i>   | 1.20 |
| 17 | Swimming Pool with Restrooms   | 1.20 |
| 18 | Spas with Restrooms  | 1.20 |
| 19 | Country Clubs with Common Restroom Facilities – Each Additional Shower Unit, Wash Closet or Fixture  | 1.20 |

**Section 9.07.020**

**Calculation for Unlisted**

For types of sewer use other than those provided in the classes of service set forth above, the District Representative shall determine the number of EDU's for which a permit may be issued based upon the estimated daily volume of wastewater to be discharged and concentrations of BOD and SS in such wastewater.

**Section 9.07.030**

**Final Determination**

The District Representative may review the EDU determination no earlier than one year after the date of the issuance of the permit or one year after the date of full occupancy of the building or buildings for which the permit is issued. Based upon actual metered water usage, or other method, the District Representative will determine the actual daily volume of wastewater being discharged into the District's sewer system and based thereon may re-determine the EDU's for which a permit is required. If based upon such re-determination additional EDU's over those for which the permit was issued are required, the permit holder shall make application to the District for the amendment of the permit to include such additional EDU's and shall pay to the District the required additional fee. If such re-determination indicated that less EDU's are required than the number of EDU's for which the permit was issued, the District may refund, without interest, to the applicant who paid the permit fee the excess amount of the fee which was paid, and may amend the permit by indicating thereon the correct number of EDU's for which it is issued; provided that, the EDU's shall not be reduced to less than one EDU.

This Administrative Code does not alter or affect contractual obligations of the District concerning sewer commitment and EDU purchase or reservations predating the adoption of this Code. All such commitments are grandfathered into this Administration Code as provided in those contracts or other commitments.



**Section 9.08.010**  
**Excluded from Issuing Permit**

No permit shall be issued for, nor shall any person discharge, or cause to be discharged, any of the following-described substances into any District sewerage facility:

**9.08.010.1** Any gasoline, benzene, naphtha, fuel oils, or other flammable or explosive liquid, solid or gas.

**9.08.010.2** Any ashes, cinders, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastics, wood, paunch manure or other solid or viscous substance capable of causing obstruction to the flow in sewers or other interference with the proper operation of the sewerage works.

**9.08.010.3** Any waters or wastes containing toxic or poisonous solids, liquids, or gases, in sufficient quantity, either by singly or by interaction with other wastes, to injure or interfere with any sewage treatment process, constitute a hazard to humans or animals, create a public nuisance, or create any hazard in the receiving waters of the sewage treatment plant.

**9.08.010.4** Any noxious or malodorous gas or substance capable of creating a public nuisance.

**9.08.010.5** Any waters or wastes causing a temperature higher than 85 degrees Fahrenheit in any District trunk sewer.

**9.08.010.6** Any waters of wastes containing more than 0.5 parts per million of dissolved sulfides.

**9.08.010.7** Any waters or wastes having a pH lower than 6.5 or higher than 9.0, or having any other corrosive property capable of causing damage or hazard to structures, equipment, and personnel of the District.

**9.08.010.8** Any waters or wastes containing more than 200 parts per million, by weight, of fat, oil or grease.

**9.08.010.9** Any garbage which is not shredded so that all particles are less than one-half inch in any dimension.

**9.08.010.10** Any suspended solids of such character and quantity that unusual attention or expense is required to handle such materials in trunk sewers or at the sewage treatment plant.

**9.08.010.11** Any wastes containing compounds which are not removable by the District's facilities for reclaimable sewage consistent with the requirements established from time to time by the California Regional Water Quality Control Board San Diego Region, or any other state or federal agency which may establish discharge requirement for the District.

**9.08.010.12** From any restaurant or food preparation establishment unless a District-approved grease trap is provided.

**9.08.010.13** Any brine waste from an on-site regenerating water-softening unit or reverse osmosis unit.

**9.08.010.14** Cooling tower blowdown water.

**9.08.010.15** Stormwater, including discharge from yard, area, or roof drains.

**9.08.010.16** Swimming pool drain water.

**9.08.010.17** Septic tank effluent.

**9.08.010.18** Septic tank pumped materials.

### **Section 9.08.020**

#### **Quality or Quantity Agreements**

**9.08.020.1** The District Representative may require special agreements in those instances where a proposed discharge may have a deleterious effect or cause an additional load upon any works, processes, or equipment of the District or the receiving waters, or if such discharge, either individually or in conjunction with other discharges, either at present or in the future, may either interfere with the accomplishment of the District plan, create a hazard or a public nuisance, increase the cost of meeting applicable discharge requirements, or preclude the District from meeting its discharge requirements or any other sewer collection systems, or other facilities, including, any other applicable state or federal requirement, in the alternative, the District Representative may:

**9.08.020.1.1** Reject the wastes and shut off water supply 10 days after written notice and hearing by the Board;

**9.08.020.1.2** Require pretreatment to an acceptable condition for discharge to the public sewers;

**9.08.020.1.3** Require control over the quantities and rates of discharge; and/or,

**9.08.020.1.4** Require payment to cover the added cost of handling and treating the wastes not covered by existing sewer charges.

**9.08.020.2** If the District Representative permits the pretreatment or equalization of waste flows, the design and installation of the plants and equipment shall be reviewed and approved by the District Representative.

**Section 9.08.030**  
**Responsibility for Maintenance**

The applicant, owner or customer is responsible for maintenance of the lateral sewer. Any lateral sewer shall be cleared and cleaned by the applicant, owner or customer at his own expense. Any main or trunk sewer will be repaired or reconstructed by the District at the cost of the District, unless the situation necessitating such repair or reconstruction is the result of abnormal use or damage to such facilities, in which case such repair or reconstruction will be done at the expense of the person responsible for such abnormal use or damage.

**Section 9.12.010**  
**Policy**

**9.12.010.1** Grease, oil and sand interceptors or traps shall be provided at the owner's expense when, in the judgment of the Manager or designee, such devices are necessary for the proper handling of liquid wastes containing grease or oil in excessive amounts or any flammable wastes, sand or other harmful materials which can be trapped. Prior to the installation of any interceptor or trap, drawings and specifications shall be submitted to the District for approval. All interceptors and traps shall be located so as to be readily accessible for cleaning and inspection.

**9.12.010.2** Grease and oil interceptors or traps shall be constructed of impervious materials capable of withstanding sudden and extreme changes in temperature. All such devices shall be of substantial construction, watertight, and equipped with easily removable covers which, when bolted in place, shall be gastight and watertight, unless otherwise authorized by the District Representative or designee.

**9.12.010.3** Owners of such grease and oil interceptors or traps are required to maintain records of pumping including site where pumpings are ultimately disposed.

**9.12.010.4** All grease, oil and sand interceptors or traps shall be maintained in effective operation at all times by and at the expense of the user. Waste discharge from fixtures and equipment in establishments which may contain grease, including but not limited to, scullery sinks, pot and pan sinks, dish washing machines, soup kettles and floor drains located in areas where grease-containing materials may exist, may be drained into the sanitary waste through the interceptor when approved by the District.

Toilets, urinals and other similar fixtures shall not waste through the interceptor.

**9.12.010.5** All waste shall enter the interceptor through the inlet pipe only.

**9.12.010.6** Design.

**9.12.010.6.1** Interceptors shall be constructed in accordance with the design approved by the District and shall have a minimum of two compartments with fittings designed for grease retention.

**9.12.010.6.2** There shall be an adequate number of manholes to provide access for cleaning all areas of an interceptor: a minimum of one per ten feet of interceptor length. Manhole covers shall be gastight in construction having a minimum-opening dimension of twenty inches.

**9.12.010.6.3** In areas where traffic may exist the interceptor shall be designed to have adequate reinforcement and cover.

**9.12.010.7** Location.

**9.12.010.7.1** Each grease interceptor shall be so installed and connected so that it shall be at all times easily accessible for inspection, cleaning and removal of the intercepted grease. A grease interceptor may not be installed in any part of a building where food is handled. Location of the grease interceptor shall meet the approval of the District Representative.

**9.12.010.7.2** Interceptors shall be placed as close as practical to the fixtures it serves.

**9.12.010.8** Sizing Grease Interceptors

Each business establishment for which a grease interceptor is required shall have an interceptor, which shall serve only that establishment.

**9.12.010.9** Sizing Criteria.

As referenced in the current Uniform Plumbing Code.

**9.12.010.10** Effluent Sampling.

An effluent sampling box on grease interceptors is required by the District. District personnel may sample and inspect for adequacy at any time.

**9.12.010.11** Abandoned Grease Interceptors.

Abandoned grease interceptors shall be pumped and filled as required for abandoned sewers and sewage disposal facilities in the most current Uniform Plumbing Code.



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## BOARD OF DIRECTORS

December 8, 2020

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### SUBJECT

DISCUSSION AND POSSIBLE ACTION TO ADOPT ORDINANCE NO. 20-10 AMENDING AND UPDATING ADMINISTRATIVE CODE SECTION 5.05.050.01 – RECORDS RETENTION – DISTRICT RECORDS

### BACKGROUND

The Board adopted an updated version of the District's Record Retention Policy on December 4, 2018. As part of the ongoing records management program, there may be occurrences when specific items were not included in the updated policy.

### DESCRIPTION

According to information provided at the CSDA 2020 Board Secretary/Clerk Conference related to retention of video recordings of public meetings, it was recommended all video recordings be retained for thirty days. Upon review of the District's Administrative Code Section 5.05.050.01 and since RMWD has never videoed meetings until the pandemic outbreak, video recordings were not included in the updated policy and needs to be added.

### POLICY/STRATEGIC PLAN KEY FOCUS AREA

Strategic Focus Area Four: Fiscal Responsibility  
Strategic Focus Area Six: Communication

### 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.

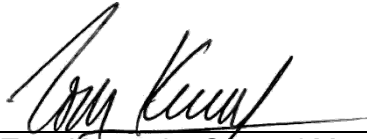
### BOARD OPTIONS/FISCAL IMPACTS

There are no known fiscal impacts associated with retaining or disposing of meeting video recordings.

- 1) Adopt Ordinance No. 20-10 amending and updating Administrative Code Section 5.05.050.01 as presented.
- 2) Adopt Ordinance No. 20-10 amending and updating Administrative Code Section 5.05.050.01 with revisions.
- 3) Deny adoption of Ordinance No. 20-10 and provide staff with direction.

**STAFF RECOMMENDATION**

Staff recommends the Board approve Ordinance No. 20-10 amending and updating Administrative Code Section 5.05.050.01.



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Tom Kennedy, General Manager

December 8, 2020



**Ordinance No. 20-10**

**Ordinance of the Board of Directors of the Rainbow Municipal Water District  
Amending and Updating Administrative Code  
Section 5.05.050.01 – Records Retention – District Records**

WHEREAS, the Rainbow Municipal Water District has, from time to time, adopted various rules and regulations for the operation of the District; and

WHEREAS, certain of those rules and regulations require updating to reflect best practices, as well as changes in applicable laws; and

WHEREAS, the Board of Directors has determined that changes in the rules or regulations of the District shall occur solely by amendment to the Administrative Code;

NOW, THEREFORE,

BE IT ORDAINED by the Board of Directors of Rainbow Municipal Water District as follows:

1. The following rules and regulations of the District, collected are hereby adopted and shall be incorporated into the Administrative Code, consisting of:

Section 5.05.050.01: Records Retention – District Records

2. The General Manager is hereby directed to update the Administrative Code to reflect the approval of these rules and regulations, and to assign or reassign the numbering of the Administrative Code as necessary to codify these rules and regulations as amended.

3. This ordinance shall take effect immediately upon its adoption on this 8th day of December 2020.

**AYES:**  
**NOES:**  
**ABSTAIN:**  
**ABSENT:**

\_\_\_\_\_  
Hayden Hamilton, Board Vice President

**ATTEST:**

\_\_\_\_\_  
Dawn Washburn, Board Secretary



**Section 5.05.050.01  
Records Retention - District Records**

District records must be retained and destroyed according to the schedule provided herein. The Administration department is responsible for the record retention and destruction of records covered in this section.

**5.05.050.01.1 District Records Retention Management Reference Guide**

| <b>RECORD</b>                     | <b>RETENTION PERIOD</b> | <b>REGULATORY INFO.</b>   | <b>POSITION RESPONSIBLE</b> | <b>MEDIA TYPE</b> |
|-----------------------------------|-------------------------|---------------------------|-----------------------------|-------------------|
| <b><u>FORMATION DOCUMENTS</u></b> |                         |                           |                             |                   |
| Annexation Documents              | PERM                    | Govt. Code 34090/60201    |                             | P,E               |
| Deannexation Documents            | PERM                    | Govt. Code 34090/60201    |                             | P,E               |
| Incorporation Documents           | PERM                    | Govt. Code 60201(d)       |                             | P,E               |
| <b><u>MEETING RECORDS</u></b>     |                         |                           |                             |                   |
| Agenda Packets                    | PERM                    | Govt. Code 34090          |                             | P,E               |
| Agendas                           | PERM                    | Govt. Code 34090          |                             | P,E               |
| Audio Recordings                  | A                       | Govt. Code 54953.5        |                             | DB                |
| <u>Video Recordings</u>           | <u>30 Days</u>          | <u>Govt. Code 54953.5</u> |                             | <u>DB</u>         |
| Minutes                           | PERM                    | Govt. Code 60201 (d)      |                             | P,E               |
| <b><u>POLICIES</u></b>            |                         |                           |                             |                   |
| Administrative Code               | PERM                    | Govt. Code 60201          |                             | P,E               |
| District Policies                 | PERM                    | Govt. Code 60201          |                             | P,E               |
| Ordinances                        | PERM                    | Govt. Code 60201(d)       |                             | P,E               |
| Resolutions                       | PERM                    | Govt. Code 60201(d)       |                             | P,E               |

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T=Termination or Term of Document V=Videos*

| <b><u>PUBLIC-RELATED DOCUMENTS</u></b>                                       |  |   |                 |     |
|--|--|---|-----------------|-----|
| Conflict of Interest Code Documents (Not Including Admin. Code C.O.I.)       | CU + 7   | Govt. Code 81009                                    | Board Secretary | P,E |
| Ethics Training Records (Unless Kept in Personnel Files for Board and Staff) | 5  | Govt. Code 53235.2                                  | Board Secretary | P,E |
| Form 700's   | CU + 7   | Govt. Code 81009                                    | Board Secretary | P,E |
| Form 801   | CU + 7<br>(On Website for 4 Yrs.)              | Regulation 18944;<br>18944.1; 18950                 | Board Secretary | P,E |
| Form 802   | CU + 7   | Regulation 18944.1                                  | Board Secretary | P,E |
| Form 803   | CU + 7   | Govt. Code 82015                                    | Board Secretary | P,E |
| Form 804   | CU + 7 (Same as Conflict of Interest Code)     | Regulation 18734                                    | Board Secretary | P,E |
| Form 805   | CU + 7<br>(Same as Conflict of Interest Code)  | Regulation 18734                                    | Board Secretary | P,E |
| Form 806   | CU + 2<br>(On Website 2 Years)                 | FPPC<br>18702.5(b)(3)<br>Govt. Code<br>60201(d)(10) | Board Secretary | P,E |
| Legal Notices for Public Hearings/Publication of Ordinances                  | 2  | Govt. Code 34090                                    | Board Secretary | P,E |
| Public Hearing Protest Letters   | 2<br>From Date of Hearing to Consider Protests | Govt. Code 53755                                    | Board Secretary | P,E |
| Newsletter   | CU + 2<br>Unless Kept for Historical Data      |   | Administration  | P,E |
| Press Releases   | CU + 2<br>Unless Kept for Historical Data      |   | Administration  | P,E |
| Public Records Act Requests (CPRA's)   | CL + 2   | Govt. Code 60201(d)(5)                              | Board Secretary | P,E |
| <b><u>MISCELLANEOUS</u></b>  |  |   |                 |     |

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|   |   |  |  |      |
|---|---|--|--|------|
| Contracts – Non-Construction  | L + 7   | State Department   | All  |      |
| General Correspondence (emails, memos, letters, facsimiles)           | AU + 7  |  | All  | P,E  |
| Internal Committee/Group Records (ESG, ROC, etc.)                     | CU + 10   |  |  |      |
| Litigation (Pending Claim/Litigation or Any Settlement of Litigation) | S + 5   | Gov. Code 6254   | All  | P,E  |
| Other Records   | Per GM Consistent with Record Retention Program |  |  | P,E  |
| Outside Organization Documents (RSVP's, Agendas)                      | CU + 1  |  | Board Secretary                            | P,E  |
| Strategic Plans   | CU + 25   | Govt. Code 60201   |  | P,E  |
| Unaccepted Bids   | CL + 2  | Govt. Code 34090   | All  | P,E  |
| <b><u>BOARD-RELATED DOCUMENTS</u></b>                                 |   |  |  |      |
| Board Appointment Lists   | CU + 7  |  | Board Secretary                            | P,E  |
| Campaign Statements (Original and Copies)                             | 7   | FPPC   | Board Secretary                            | P,E  |
| Campaign Statements and Reports                                       | C + 7   | Political Reform Act Retention Policy (Gov. Code 81009(f)) | Board Secretary                            | P,E  |
| Compensation Forms  | AU + 7  |  | Paper – Board Sec.<br>Electronic - Finance | P,E  |
| Expense Reports (Traveling)   | AU + 7  |  | Finance                                    | P,E  |
| North County Joint Powers Authority (FPUD/LAFCO Matter)               | PERM  |  |  | P, E |
| Personnel Files   | CU _ 7  | Govt. Code 81009   | Board Secretary                            | P, E |

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Records Retention - District Records**

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**BOARD OF DIRECTORS**

December 8, 2020

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**SUBJECT**

Presentation of the 2021 Rate Increase to Pass Through San Diego County Water Authority (SDCWA) Rate Increases

**DESCRIPTION**

During the Annual Budget process in April - June 2020, it was determined that the upcoming calendar year 2021 SDCWA rate increases would need to be passed through to the district customers. This increase was included as part of the board action when adopting the Annual Budget for FY 20/21 and is included in Ordinance 20-10, "The proposed amount of the San Diego County Water Authority Rate pass-through, as allowed shall be increased effective 01/01/2021." In addition, at the last rate increase hearing in March 2019, the board's approval of Ordinance 19-04, also gave the district authority to continue to pass through the SDCWA increases. As such, this increase is in full compliance with Prop 218 requirements.

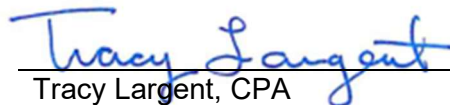
These increases from SDCWA will likely result in bill increases of about \$5.53-\$7.13 per month for single family residential, between \$21.10 and \$61.10 for agriculture for medium usage and high usage, respectively.

As presented in the FY 20/21 Annual Budget, the District will be passing through the SDCWA increases but will not be increasing any of the rates charged by the District. As required, the district will be sending out the attached Rate Increase (Attachment A) notice 30 days prior to the rate increase effective date of January 8, 2021.

**ATTACHMENTS**

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- Rate Increase Letter



Tracy Largent, CPA  
Finance Manager

December 8, 2020





«OWNNAME»  
«Street\_Address»  
«City»,«State»«ZIP»

**30-DAY NOTICE OF WATER RATE INCREASES**

**EFFECTIVE JANUARY 8, 2021**

**This is strictly a pass through of rate increases from the San Diego County Water Authority. Rainbow Municipal Water District will not keep any of these increases.**

**DETAILS:**

**NOTICE IS HEREBY GIVEN THAT** the Board of Directors of Rainbow Municipal Water District (the “District”) will pass through the San Diego County Water Authority (“SDCWA”) rate increases for Purchased Wholesale Water effective January 1, 2021.

**REASONS FOR THE PROPOSED RATE INCREASES**

The District purchases all of its water from the San Diego County Water Authority (“SDCWA”). On Average, nearly 70 cents of each dollar in your water bill goes straight to SDCWA for water purchases. Starting January 1, 2020 SDCWA increased the rates for wholesale water that it delivers to the District and will do so again starting January 1, 2021. For calendar year 2020, the Rainbow MWD Board of Directors decided to hold the line on rate increases to our customers and did not pass through the rate increase from SDCWA. This created a financial loss of approximately \$950,000 for the District for CY2020.

Rainbow MWD operates as efficiently as possible in order to keep rates as low as possible. Absorbing the 2021 increase from SDCWA in addition to the 2020 increase would mean require a cut back on the vital services that we provide here in our community. Given this situation, the Rainbow MWD Board of Directors, in consultation with its ratepayer led Budget and Finance Committee, has determined that absorbing an additional loss of \$750,000 from the new rate increase from SDCWA will not be possible.

Therefore, beginning with your January 2021 water bill, the District will pass through these SDCWA rate increases to our customers. These increases from SDCWA will likely result in average bill increases of about \$5.53 to \$7.13 per month for single family residential, between \$21.10 to \$61.10 for agriculture for medium usage and high usage respectively. Every penny of this rate increase will be sent to SDCWA – RMWD will not keep any of this rate increase locally. Even though we have certain increased costs for supplies, energy, etc., we are doing everything we can to make cuts where possible to keep rates as low as possible.

As noted above, imported water costs represent nearly 70% of our total expenses. With almost 350 miles of now very old, high pressure pipelines, the rest of your bill goes to the work our staff does to operate and maintain these systems and keep the water flowing to your homes, businesses, and groves. Since there are no viable local supplies in our area, we are 100% dependent on imported water to serve our customers and have been obtaining this water through the SDCWA since 1954.

Over the last 20 years, the cost of imported water has risen dramatically, so we evaluated other options to obtain water to serve you. As many of you are aware, the District has filed an application with the San Diego Local Agency Formation Commission (LAFCO) to change our wholesale water supplier to the Eastern Municipal Water District (EMWD). We believe EMWD can deliver us the same water, through the same pipelines, with the same quality and reliability as SDCWA, but at a significantly lower cost.

While we had hoped to bring the detachment matter to the ratepayers for a decision in the fall 2020 election, that has not yet been possible. Had we been buying our water from EMWD this rate increase would not be needed at all. In fact, depending on what sort of conditions LAFCO places on our detachment, if we succeed, we will likely be able to both fund the much-needed replacement of failing pipelines AND provide rate relief. If we are unsuccessful, we will be unable to source our water at the lower rate and the fact is the old pipelines will still need replacement. To highlight the required investment, we forecast the need to spend \$3 to \$4 Million per year in a pipe replacement program. However, we pay SDCWA about \$6 Million per year above and beyond what EMWD charges for the same water, from the same treatment plant using the same pipelines. You can easily see how those savings could be put to use in our district. We will be holding a series of public meetings over the next few months to discuss the impact of higher SDCWA water costs and to prioritize the most efficient and effective allocation of funds for the district capital project plan.

During the Annual Budget process in April - June 2020, following multiple roadblocks put up by the SDCWA on the detachment effort, it was determined that the upcoming calendar year 2021 SDCWA rate increases would need to be passed through to the district customers. Approval for this increase was included as part of the board action when adopting the Annual Budget for FY 20/21 and is included in Ordinance 20-10, "The proposed amount of the San Diego County Water Authority Rate pass-through, as allowed shall be increased effective 01/01/2021." In addition, at the last rate increase hearing in March 2019, the board's approval of Ordinance 19-04, also gave the district authority to continue to pass through the SDCWA increases.

#### **HOW THE WATER RATES ARE CALCULATED**

The District's rate structure for monthly water service fees is comprised of four components:

- (1) a SDCWA Fixed Charge ("**SDCWA Fixed**"), which is a fixed monthly charge established by SDCWA on the basis of the meter size and the size of the parcel of property receiving water service;
- (2) a Rainbow Municipal Water District Operations and Maintenance Charge ("**RMWD O&M Charge**"), which also is a fixed monthly charge established on the basis of the meter size of the parcel of property receiving water service;
- (3) a **pumping charge** that consists of both a fixed monthly charge and variable charges based on the pump zone of the property; and
- (4) a **Water Consumption** charge determined by amount of water served to a parcel of property in units of water (one unit of water is equivalent to approximately 748 gallons of water). For the purpose of rate calculations, the meter counts are updated to reflect the most recent connections.

The SDCWA Fixed Charge is imposed by SDCWA on the District for the purpose of recovering certain SDCWA infrastructure costs. The Infrastructure Access Charge is a fixed charge that is established on the basis of the size of the customer's meter and is imposed on the District by SDCWA and passed through to our customers.

The RMWD O&MC is calculated on the basis of recovering certain fixed costs of the District to operate, maintain, and deliver water to its customers. These costs include, among others, meter reading, billings and collections, customer service, water facilities repairs and maintenance, meter reading, and certain other costs imposed on the District by SDCWA.

The Commodity Charge is a variable charge and generally consists of tiers which impose different rates per unit of water as the level of consumption increases. The rates for the variable Commodity Charge are based on the number of units of water delivered to a property and the water customer classification. These rates are calculated on the basis of the cost of providing water and infrastructure, purchasing water from SDCWA, and managing the District's water resources.

The rates for all four components of the District's water service fees are structured in such a way as to proportionately allocate the costs of providing water to each customer class and to manage the District's water resources.

The current and proposed rate increases are described in the tables below. The rate increases will be effective on and after January 8, 2021. In addition to the water service charges described here, the District also imposes a fixed monthly fire standby charge on certain properties as a condition of extending or initiating water service by (1) the installation of a private fire suppression system,

and (2) upon the request of the consumer or property owner for the delivery of water to the property for the purpose of fire service protection.

Fixed Rates Effective January 1, 2021

| RMWD + SDCW                | Current     | January 2021 | (\$)     | (%)   |
|----------------------------|-------------|--------------|----------|-------|
| <b>SFR, MFR, COM, INST</b> |             |              |          |       |
| 5/8"                       | \$ 65.56    | \$ 67.09     | \$ 1.53  | 2.33% |
| 3/4"                       | \$ 65.56    | \$ 67.09     | \$ 1.53  | 2.33% |
| 1"                         | \$ 105.59   | \$ 108.14    | \$ 2.55  | 2.42% |
| 1 1/2"                     | \$ 205.62   | \$ 210.72    | \$ 5.10  | 2.48% |
| 2"                         | \$ 325.67   | \$ 333.83    | \$ 8.16  | 2.51% |
| 3"                         | \$ 705.81   | \$ 723.66    | \$ 17.85 | 2.53% |
| 4"                         | \$ 1,266.04 | \$ 1,298.17  | \$ 32.13 | 2.54% |
| 6"                         | \$ 2,606.55 | \$ 2,672.85  | \$ 66.30 | 2.54% |
| <b>AG</b>                  |             |              |          |       |
| 5/8"                       | \$ 94.25    | \$ 95.78     | \$ 1.53  | 1.62% |
| 3/4"                       | \$ 94.25    | \$ 95.78     | \$ 1.53  | 1.62% |
| 1"                         | \$ 153.36   | \$ 155.91    | \$ 2.55  | 1.66% |
| 1 1/2"                     | \$ 301.20   | \$ 306.30    | \$ 5.10  | 1.69% |
| 2"                         | \$ 478.61   | \$ 486.77    | \$ 8.16  | 1.70% |
| 3"                         | \$ 1,040.37 | \$ 1,058.22  | \$ 17.85 | 1.72% |
| 4"                         | \$ 1,868.25 | \$ 1,900.38  | \$ 32.13 | 1.72% |
| 6"                         | \$ 3,849.18 | \$ 3,915.48  | \$ 66.30 | 1.72% |
| <b>TSAWR/PSAWR</b>         |             |              |          |       |
| 5/8"                       | \$ 77.36    | \$ 78.41     | \$ 1.05  | 1.36% |
| 3/4"                       | \$ 77.36    | \$ 78.41     | \$ 1.05  | 1.36% |
| 1"                         | \$ 125.21   | \$ 126.96    | \$ 1.75  | 1.40% |
| 1 1/2"                     | \$ 244.89   | \$ 248.40    | \$ 3.51  | 1.43% |
| 2"                         | \$ 388.52   | \$ 394.13    | \$ 5.61  | 1.44% |
| 3"                         | \$ 843.30   | \$ 855.57    | \$ 12.27 | 1.45% |
| 4"                         | \$ 1,513.53 | \$ 1,535.61  | \$ 22.08 | 1.46% |
| 6"                         | \$ 3,117.21 | \$ 3,162.78  | \$ 45.57 | 1.46% |

Variable Rates Effective January 1, 2021

| RMWD + SDCW                      | Current | January 2021 | (\$)    | (%)   |
|----------------------------------|---------|--------------|---------|-------|
| <b>Single Family Residential</b> |         |              |         |       |
| Tier 1                           | \$ 3.73 | \$ 3.89      | \$ 0.16 | 4.29% |
| Tier 2                           | \$ 3.99 | \$ 4.15      | \$ 0.16 | 4.01% |
| Tier 3                           | \$ 4.48 | \$ 4.64      | \$ 0.16 | 3.57% |
| <b>Multi-Family Residential</b>  |         |              |         |       |
| Commercial                       | \$ 4.03 | \$ 4.19      | \$ 0.16 | 4.13% |
| Institutional                    | \$ 4.14 | \$ 4.30      | \$ 0.16 | 3.86% |
| Construction                     | \$ 5.20 | \$ 5.36      | \$ 0.16 | 3.08% |
| <b>Agriculture w/Residence</b>   |         |              |         |       |
| Tier 1                           | \$ 3.73 | \$ 3.89      | \$ 0.16 | 4.29% |
| Tier 2                           | \$ 3.99 | \$ 4.15      | \$ 0.16 | 4.01% |
| Tier 3                           | \$ 3.63 | \$ 3.79      | \$ 0.16 | 4.41% |
| <b>Agriculture w/o Residence</b> |         |              |         |       |
| TSAWR/PSAWR - Domestic           | \$ 3.63 | \$ 3.79      | \$ 0.16 | 4.41% |
| <b>TSAWR/PSAWR - Domestic</b>    |         |              |         |       |
| Tier 1                           | \$ 3.94 | \$ 4.14      | \$ 0.20 | 5.08% |
| Tier 2                           | \$ 4.21 | \$ 4.41      | \$ 0.20 | 4.75% |
| Tier 3                           | \$ 3.15 | \$ 3.35      | \$ 0.20 | 6.35% |
| <b>TSAWR/PSAWR Commercial</b>    |         |              |         |       |
|                                  | \$ 3.15 | \$ 3.35      | \$ 0.20 | 6.35% |

If you have any questions regarding the information provided in this notice, or the rates applicable to your property, please contact Rainbow Municipal Water District at 760-728-1178 or visit <https://www.rainbowmwd.com/water-rates>.







## BOARD INFORMATION

### BOARD OF DIRECTORS

December 8, 2020

#### SUBJECT

Cash Reserve Policy 5.03.220 Compliance Report

#### DESCRIPTION

At the end of each fiscal year, compliance with the Reserve Policy will be reported to the District's Board of Directors.

The Budget and Finance Committee has reviewed the balances of these funds.

Reserve balances have been adjusted to comply with the Board Cash Reserve Policy 5.03.220. Balances for each are listed below.

#### Cash and Available Fund Balance by Fund

| Fund # | Fund Description                              | Cash                 | Available Fund Balance |
|--------|---|----------------------|------------------------|
| 1      | Water Operating Reserve (w/o purchased water) | \$ 2,182,869         | \$ 227,791             |
| 2      | Wastewater Operating                          | 1,185,608            | 1,489,894              |
| 3      | General Fund Operating                        | 1,359,904            | 1,122,838              |
| 5      | Water Rate Stabilization Reserve              | -                    | -                      |
| 10     | Grant Fund (not used)                         | 59,048               | 59,048                 |
| 26     | New Water Sources Reserve                     | 392,761              | 392,761                |
| 38     | Debt Service-Morro                            | 638,377              | 347,100                |
| 39     | Debt Service-Beck                             | 491,385              | 317,539                |
| 52     | Wastewater Capital Replacement Reserve        | 1,921,485            | 1,921,801              |
| 53     | Wastewater Capital Expansion Reserve          | 11,565,433           | 11,774,583             |
| 60     | Water Capital Projects Reserve                | 5,459,226            | 4,616,062              |
| 60     | Water Meter Replacement & Service Upgrade     | 7,261,642            | 7,261,642              |
|        | <b>Total</b>                                  | <b>\$ 32,517,738</b> | <b>\$ 29,531,058</b>   |
|        | Liability Insurance Reserve                   | \$ 100,000           |                        |

#### Pooled Cash

When analyzing Fund Cash balances, it is important to remember that the District utilizes pooled cash. This means funds do not have separate bank accounts, so any movement of cash between funds is strictly an accounting journal entry and does not require a transfer between bank cash accounts. The total cash in all district cash bank accounts is **\$32,517,738** as of the start of FY 20/21.

**Available Fund Balance**

Available fund balances are equal to the Fund Cash plus Other Current Assets less Current Liabilities.

**Operating Reserves**

Water and General Fund Operating Reserve cash balances have been adjusted to the minimum required level equal to two months of operating expenses, excluding purchased water.

Wastewater Operating Reserve cash balances exceeded the minimum required 2 months of operating expenses with a cash balance of \$1,185,608 and did not require an adjustment.

**Capital Reserves**

The Capital Reserve policy does not state a minimum reserve level. Industry standard is to set a minimum reserve level equal to 1 times the five-year average capital budget and an ideal target of 2 times the five-year average capital budget.

The Water Capital Reserve Fund required a transfer of the \$3,603,760 Rate Stabilization fund balance to bring the balance closer to the minimum target of \$7,188,210. This transfer brought the Water Capital Project Fund cash balance to 5,459,226 which is \$1,728,944 below the minimum reserve. Management is in the process of implementing a strategic capital improvement plan to facilitate prioritization within key focus areas. This reprioritization will likely result in a strategic shift in the current allocation of the capital project budgets, with an emphasis of return on investment by focusing on cathodic protection and pressure management in conjunction with pipeline rehabilitation and replacement. The need for financing will then be assessed for any capital projects that will provide immediate impact on breaks, reliability, and risk of loss due to property damages which will help mitigate future rate increases.

The Wastewater Capital Replacement and Expansion Reserve Funds have a combined cash balance of \$13,486,918 which exceeds the minimum reserve level of \$4,706,250 as well as the ideal reserve level of \$9,412,500. The District has \$10M in Capital projects expected to go out to bid in mid 2021.

**Liability Self Insurance Reserve**

Liability Self Insurance reserve is set at \$100,000.

**Debt Service**

Debt Service reserves are held in each fund in restricted cash accounts and are equal to the debt due within the current year.

**Water Rate Stabilization Reserve**

The Water Rate Stabilization reserve has been used to fund the Water capital fund.

**Attachments:**

Cash Reserve Policy 5.03.220

  
Tracy Largent, CPA  
Finance Manager

December 8, 2020

## **Section 5.03.220 Cash Reserves Policy**

### **5.03.220.01 - Purpose**

The purpose of the RMWD Reserve Policy is to ensure that the District will, at all times, have sufficient funding available to meet the operating, capital and debt service cost obligations. Reserves will be managed in a manner that allows the District to fund costs consistent with its Capital Improvement Program and Water and Wastewater Master Plans while avoiding significant rate fluctuations due to changes in cash flow requirements. Adequate reserves and sound financial policies promote RMWD's bond ratings in the capital markets, provide financing flexibility, avoid potentially restrictive debt covenants, and ensure the District's customers of stable rates. The reserve policy shall cover all reserve funds of the District. The Budget and Finance Committee will review the balances of these funds annually to recommend any change in priorities for excess funds. At the end of each fiscal year, compliance with the Reserve Policy will be reported to the District's Board of Directors. In the event of a deficit situation, funds will be used from the rate stabilization first, followed by capital replacement.

### **5.03.220.02 - Operating Reserves**

Rainbow Municipal Water District shall maintain one Operating Reserve fund in cash and cash equivalents for both the Water and Wastewater operations. The reserve balance shall be limited to two months of budgeted operating expenses as determined by the monthly average of budgeted operating expenses (does not include the cost of water or depreciation). The reserve balance limits shall be determined during the annual budget process.

Operating reserve deficiencies will be funded predominantly by water and sewer user rates and charges. Amounts which exceed operating reserve limits shall be transferred to Capital reserve funds.

### **5.03.220.03 - Capital Reserves**

The District maintains five Capital Reserve Funds: New Water Sources Reserve (Fund 26), Water Capital Projects (Fund 60), Wastewater Replacement (Fund 52), and Wastewater Expansion (Fund 53). The Board took action on 9/7/2005 to discontinue the funding of the Water Replacement and Water Expansion funds and combine those funds into the Water Capital Projects Fund. Capital Reserves will be used to fund infrastructure projects and will be an integral part of the District's capital plan documented in its Capital Budget as well as the Water and Wastewater Master Plans.

Capital Reserves are funded by cash collected from water and sewer capacity charges (new connections). The Capital Reserves receive additional funding from surpluses generated by water and wastewater operations (excess of revenues over expenses before depreciation).

Anticipated Capital reserve deficiencies will be funded by transfers of budgeted surplus which may result from increased rates.

Amounts accumulated in excess of both the Operating Reserve limits and Capital Reserve needs may be used, subject to Board approval and public hearing, to lower rates to curtail increasing trends in the reserve funds.

\\rmwd-b\Main\Administration\Confidential\Administrative Code Working Docs\Board Secretary Administrative Code Working File\Board Admin Code 2005-2006\Cash Reserves Policy 5.03.220.docx\\Amended and Approved 11-19-13 by Ordinance No. 13-08\\Amended and Approved 12-15-15 by Ordinance No. 15-09\\Amended and Approved 4-23-19 by Ordinance No. 19-05

#### **5.03.220.04 - Water Capital Projects Reserve (Fund 60)**

This reserve was created by Board action of 9/7/2005 to combine the Water Replacement and Water Expansion Reserves. Water Capital Projects Reserve is funded by the cash collected for water capacity charges (connections) and by surpluses generated by water operations (excess of revenue over expenses before depreciation). Reserves will be used to fund infrastructure expansion, repairs, rehabilitations, and replacement projects.

#### **5.03.220.05 - Wastewater Replacement Reserve (Fund 52)**

Wastewater Replacement Reserves are funded partially by the cash collected for sewer capacity charges (connections) and partially by excess revenues over expenses before depreciation. The Sewer Allocation Plan determines the portion of the capacity fee that will be used for infrastructure repair, rehabilitations, and replacement projects.

#### **5.03.220.06 - Wastewater Expansion Reserve (Fund 53)**

Wastewater Expansion Reserves are funded by the cash collected for sewer capacity charges (connections). The Sewer Allocation Plan determines the portion of the capacity charge that will be used for infrastructure expansion projects to accommodate new customers.

#### **5.03.220.07 - Liability Self Insurance Reserve (03-00-13104)**

The Liability Self Insurance Reserve is established to pay the self insurance (deductibles) portion of large or excessive liability claims. Board action has set this fund at \$100,000.00. Use of these funds requires approval by the RMWD Board. Reserve deficiencies are determined and replenished annually during the budget process.

#### **5.03.220.08 - Debt Service Reserve**

Debt Service Reserves are established by the Trust Agreement for long-term borrowings. The reserve generally represents one year of principal and interest payments of the debt. The Debt Service Reserve is held and controlled by the Trustee as named in the bond Trust Agreement.

#### **5.03.220.09 - New Water Sources Reserve (Fund 26)**

The New Water Sources Reserve, established by the RMWD Board, sets aside funds to study and acquire alternate water sources for the purpose of reducing the District's reliance on imported water. The reserve is funded by the Water Services portion of the Standby Charge collected by the San Diego County Tax Collector from all parcels within the District.

#### **5.03.220.10 - Water Rate Stabilization Reserve (Fund 05)**

Rainbow Municipal Water District shall maintain one Water Rate Stabilization Reserve equal to 10% of annual water revenues. This reserve shall be established on January 1, 2016 and will be brought to its target balance over a five year period. Funds for this reserve will come from water rates and charges and will be used to mitigate rate impacts from changes in water demand.

\\rmwd-b\Main\Administration\Confidential\Administrative Code Working Docs\Board Secretary Administrative Code Working File\Board Admin Code 2005-2006\Cash Reserves Policy 5.03.220.docx\Amended and Approved 11-19-13 by Ordinance No. 13-08\Amended and Approved 12-15-15 by Ordinance No. 15-09\Amended and Approved 4-23-19 by Ordinance No. 19-05

## MEETINGS/SEMINARS/CONFERENCES/WORKSHOPS

| <b>VARIABLE</b> |             |   |   |                    |             |
|-----------------|-------------|---|---|--------------------|-------------|
| <b>DATE</b>     | <b>2021</b> | <b>MEETING</b>  | <b>LOCATION</b>   | <b>ATTENDEES</b>   | <b>POST</b> |
| January         | 14          | SDCWA Special Board Meeting                                       | SDCWA   | GM                 | N/A         |
| January         | *           | CSDA – San Diego Chapter  | The Butcher Shop – 6:00 p.m.<br>5255 Kearny Villa Road<br>San Diego, CA 92123 | Mack               | N/A         |
| January         | *           | LAFCO Special Meeting   | County Admin Center, Room 302 – 9:30am  | (As Advised by GM) | N/A         |
| January         | *           | Santa Margarita River Watershed<br>Watermaster Steering Committee | Rancho California Water District  | Hamilton           | N/A         |

\* To Be Announced

## MEETINGS/SEMINARS/CONFERENCES/WORKSHOPS

| <b>RECURRING</b> |             |  |   |                                     |             |
|------------------|-------------|--|---|-------------------------------------|-------------|
| <b>DATE</b>      | <b>2021</b> | <b>MEETING</b>                                   | <b>LOCATION</b>   | <b>ATTENDEES</b>                    | <b>POST</b> |
| January          | 1           | Communications & Customer Service Committee Mtg. | RMWD Board Room 3:30 p.m.   | Appointed Director, General Manager | 12/28       |
| January          | 5           | LAFCO  | County Admin. Center Room 302 9:00 am   | As Advised by GM                    | N/A         |
| January          | 6           | Engineering & Operations Committee Meeting       | RMWD Board Room 3:00 p.m.   | Appointed Director, General Manager | 12/28       |
| January          | 7           | Budget & Finance Committee Mtg.                  | RMWD Board Room 1:00 p.m.   | Appointed Director, General Manager | 12/28       |
| January          | 15          | NC Managers                                      | Golden Egg 7:45 a.m.  | General Manager                     | N/A         |
| January          | 19          | SDCWA GM's Meeting                               | SDCWA, San Diego 9:00 a.m.  | General Manager                     | N/A         |
| January          | 19          | Council of Water Utilities                       | The Butcher Shop – 8:00 a.m.<br>5255 Kearny Villa Road<br>San Diego, CA 92123 | All Directors, General Manager      | N/A         |
| January          | 26          | RMWD General Board                               | RMWD Board Room (Start Time to Be Determined)                                 | All Directors                       | 1/19        |
| January          | 27          | North County Work Group (NCWG)                   | Rincon Del Diablo, Escondido 7:30 a.m.  | General Manager                     | N/A         |
| January          | 27          | San Luis Rey Watershed Council                   | Pala Administration Building 1:00 p.m.  | Appointed Director                  | N/A         |
| January          | 28          | SDCWA Full Board Meeting                         | SDCWA Board Room, 3-5 p.m.  | General Manager                     | N/A         |

## MEETINGS/SEMINARS/CONFERENCES/WORKSHOPS

- **CHANGES – ADDITIONS - DELETIONS:**

~NOTE~ Some or all the meetings listed may be held via teleconference or cancelled due to the current COVID-19 situation. Please contact the District with any inquiries.







## STAFF TRAINING REPORT

|   |  |
|---|--|
| <b>ATTENDEES NAME(S):</b>   | Dawn Washburn                              |
| <b>TITLE OF TRAINING/CONFERENCE/WORKSHOP/CLASS:</b>   | 2020 CSDA Board Secretary/Clerk Conference |
| <b>DATE(S) ATTENDED:</b>  | October 26-28, 2020                        |
| <b>AGENCY HOSTING TRAINING/CONFERENCE/WORKSHOP/CLASS:</b>   | CSDA                                       |
| <b>LOCATION:</b>  | Virtual                                    |
| <b>BRIEF DESCRIPTION:</b>   |  |
| <p>All return attendees such as myself were provided with great tips for eliminating distractions and focusing on tasks, holding public meeting during COVID-19, how to listen to be heard, and project leadership. We were also provided an opportunity to ask a legal team questions.</p> <p>While listening to the COVID-19 related discussions, I made a mental checklist to see if there was anything we may need to be doing different at RMWD. The only thing I discovered was the need to include meeting video recordings to the RMWD records retention policy. Other than that, I am proud to report we are doing everything according to the current Brown Act stipulations!!</p> <p>There were continuous discussion forums to which I was provided an opportunity to share how we do things at RMWD.</p> <p>Attending this conference provided for an excellent opportunity to learn what is happening in the midst of the pandemic in regards to meeting the needs of the public while remaining in compliance with the current Executive Orders.</p> |  |





## STAFF TRAINING REPORT

|   |  |
|---|--|
| <b>ATTENDEES NAME(S):</b>   | Amanda Holtz                             |
| <b>TITLE OF TRAINING/CONFERENCE/WORKSHOP/CLASS:</b>   | Board Secretary Conference               |
| <b>DATE(S) ATTENDED:</b>  | 10/26/20-10/28/20                        |
| <b>AGENCY HOSTING TRAINING/CONFERENCE/WORKSHOP/CLASS:</b>   | California Special Districts Association |
| <b>LOCATION:</b>  | Online/Remote                            |
| <p><b>BRIEF DESCRIPTION:</b><br/>         The first day we started with listening to Beth Ziesenis the author of the bigger book of apps. She discussed how to manage our time better and how to reduce distractions. She gave us a list of app's that we can use on our computers and phones to aid us in being the most productive as possible. Then we listened to Dennis Timoney discuss Board Member Liability issues. What I found was the most interesting was that a board of directors must hold a regular meeting at least once every three months. At the end of the day, we listened to Richard D. Pio Roda and Alex Mog as they discussed how to stay in compliance while the times are everchanging. They discussed what new executive orders have come out and how they effect teleconferences and meetings. One of the changes is that a physical meeting location for members of the public and offering for public comment is not required. Also, there is no requirement for members of the legislative body members to be within the jurisdiction for a legal teleconference meeting. The second day we learned about how to be a better listener- the best takeaway I had was that if you paraphrase what you've been told, it makes the other person feel heard. Next we learned about website accessibility and how we can test our website to make sure it is easily accessible. We also went over advanced training in the public records act and how people request copies of records. Our day ended with learning on how to take better meeting notes and what you should and shouldn't include in your minutes. On the last day we discussed the role and all the components that go into the board secretary/clerk position.</p> |  |



**BOARD OF DIRECTORS**

December 8, 2020

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**SUBJECT**

Operations Report for October 2020

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**DESCRIPTION**

Activities for Operations & Maintenance Division

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**CONSTRUCTION & MAINTENANCE DEPARTMENT:**

|           | Repairs | Installations | Leaks |
|-----------|---------|---------------|-------|
| Mainline  | 1       |               | 1     |
| Service   | 5       | 2             | 5     |
| Hydrants  |         |               |       |
| Valves    | 2       |               |       |
| Meters    |         | 2             |       |
| Blow-Offs | 2       |               | 2     |
| Air Vacs  | 3       |               |       |

**WATER OPERATIONS AND VALVE MAINTENANCE DEPARTMENT:**

**Water Operations:**

- Collected a set of two Bac-T sample for 8" RMWD pipeline job on Nella Ln.
- New pump motor installed at Vallecitos pump station.
- Collected THM/HAA5 3<sup>rd</sup> quarter samples.
- Collected all tank/reservoirs nitrification samples.
- Removed (1) damaged 6" Pressure station CLA VAL and replaced with new one.
- Installed four new District warning/no trespassing signs at district facilities.

- Performed routine maintenance/rebuilding on nine pressure station CLA VAL's.
- Performed inspection and Calibrated south tank TDS meters.

**Valve Maintenance:**

| <b>Monthly Totals</b> | <b>Valves (Distribution)</b> | <b>Appurtenance Valves</b> | <b>Appurtenances</b> |
|-----------------------|------------------------------|----------------------------|----------------------|
| <b>Exercised</b>      | 34                           | 30                         | N/A                  |
| <b>Inoperable</b>     | 6                            | 3                          | 0                    |
| <b>Repaired</b>       | 0                            | 0                          | 0                    |
| <b>Replaced</b>       | 0                            | 0                          | 0                    |
| <b>Installed</b>      | 0                            | 0                          | 0                    |

**Valve Maintenance completed and/or oversaw the following:**

- 164 utility locates completed
- Assisted with (14) shutdowns
- Raised (1) fire hydrants (installed breakaway spools)
- Replaced (3) air/vacs (0) wharf heads (5) Fire hydrants (1) gate valve
- Painted 45 appurtenances
- Worked with Construction crew on needed jobs throughout the month.

**METERS DEPARTMENT:**

Current Projects:

- Water Service Upgrade Project
- Concord in route 14 and continue in 16,26,
- 2498 (28%) meters have been replaced by Concord on track to reach 2750 by the new year.

Backflows:

- 454 tested last month and 4092 backflow inspections completed this year. 908 remaining.

Customer Service Requests:

- 828 total resolved requests for the month of October

## **WASTEWATER:**

### **Monthly, Semi Annual and Annual Reports:**

California Integrated Water Quality System (CIWQS): Confirmation # 2583030 Reported "No Spill Report" for Month: October 2020

### **Lift Stations:**

October 28,2020 – Work Order # 182570 B - Plant generator radiator leak.

### **Projects:**

October,6 2020 Work Order # 181812 – Located and raised buried manhole P2\_20 on North River Road per CIP improvements.

October 7,2020 Work Order # 181132 – Sewer easement repairs added asphalt chips to previous rain event road damage.

Work Order # 181687 sewer bypass set up on Old River Road lift station

October 19,2020 – October 23,2020 Set up (2) 20,000 Rain for Rent storage tanks and 2 Atlas septic trucks transfer sewage from Old River Road to Stallion Road.

October 23,2020 job continued ran (3) Atlas septic trucks and (2) Rain for Rent 20,000 storage tanks.

October 27,2020 Work Order # 181524 Horsecreek sewer easement Slurry 12" abandoned sewer line.

### **Customer service:**

N/A for October 2020

### **Mutual Aid:**

October 13,2020 – October 14,2020 – CCTV inspections Houston and Harris

USP Technologies – Rancho Viejo and Horsecreek sewer odor assessment

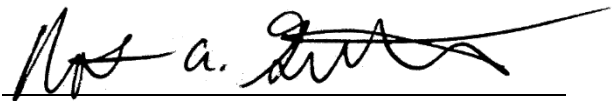
## FLEET/GARAGE:

### Projects:

- Shop work bench upgrade and heavy-duty vise installation
- Purchase and store chemicals in flammable cabinets

### Future Projects:

- Prepare new dump truck # 72 and welder truck # 21 for service (pending delivery)
- Spec and order DEF (Diesel Exhaust Fluid) portable tank with pump & meter (waiting on quotes)
- Upfit # 3 with maximum tool storage and install center console with additional emergency radio's and safety lighting.
- Shop work bench upgrade (Pending delivery)
- Fleet emissions testing and reporting by December 31, 2020
- Rehab Portable restrooms (pending quotes)
- Up-fit Trailer # 109 Wastewater Trailer
- Up-fit # 155 Ditch Witch Hose Carrier and Step



Robert Gutierrez  
Operations Manager

12/8/2020



### BOARD OF DIRECTORS

December 8, 2020

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### SUBJECT

Engineering Report for October and November 2020

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### DESCRIPTION

#### **CAPITAL PROJECTS:**

Quiet Title: District staff is working with Legal Counsel on this project. The attorneys have served all known decedents of the original property owners. Next step is to have an order for service by publication. After that, assuming no responses, we can provide a default judgment to the court. KDM Meridian is performing the Record of Survey. The record of survey was submitted to the county but placed on hold. After the District Counsel completes Quiet Title action and resolves boundary issues, the record of survey will be finalized. Due to the COVID-19 restrictions, the Quiet Title action is delayed. A legal description document to be included in the record of survey was prepared and sent to counsel. The publication and posting time requirements have been met and interested parties have 30-days to respond. The deadline for responses was November 16, 2020. The next step is request a Court Judgement.

North River Road Sewer Points Repair (SCW Contracting): Phase I Sewer Point Repair project was completed in September 2020. The Board accepted the project and authorized staff to file the Notice of Completion at the October 27, 2020 Board Meeting. Staff is working on closing out the project.

North River Road Sewer Pipe Lining (Southwest Corporation): The contract was executed on September 4, 2020. A pre-construction meeting was scheduled on September 23, 2020. The notice to proceed was issued on October 5, 2020. The CCTV has been completed. The contractor is scheduled start the pipe lining on November 17, 2020.

Olive Hill Estates Transmission Line Reconnection Project (T.E. Roberts, Inc.): Project includes the construction of 2,550 lineal feet of 14-inch ductile iron pipe and 30 lineal feet of 12-inch ductile iron pipe in the Olive Hill Estates community. Punchlist items were completed in October 2020. District staff will recommend project acceptance and authorization to prepare the Notice of Completion at the December 8, 2020 Board Meeting. The last item on the punch list is scheduled to be completed on November 12, 2020.

Phase I PRS Project (M-Rae): The contract was cancelled. District received the reimbursement request from the contractor and District staff are currently reviewing the packet. Materials for the project were purchased directly from Pacific Pipeline Supply and the materials were delivered to the District yard in September 2020; however, several items were missing at the time of delivery and will be corrected by the vendor. District staff will be performing the installation of the pressure reducing stations starting at Almendra Court upon the completion of the pressure reducing station replacement on Via De La Reina.

Pipeline Upgrade Project (PUP) No. 1 (Omnis Consulting): The project has been divided into multiple bid packages. District staff to issue the notice to proceed for the Sagewood Road Water Improvements in December 2020. The CEQA documents for Gopher Canyon Water Pipeline Improvements are under review. The Bid documents for the Gird Road Water Pipeline Improvements and Eagles Perch Water

Pipeline Improvements are complete and ready for bid. The final bid documents for the Via Vera Water Pipeline Improvements were received and ready for bid. These projects have been placed on the CIP schedule to be bid out accordingly.

Pipeline Upgrade Project (PUP) No. 2 (Harris & Assoc.): The award of a construction contract for the Nella Lane Water Main Replacement Project was expedited due to a County of San Diego project starting in the same area. The contractor excavated and installed all of the new CLM&C and PVC water main. The new main was pressure tested, chlorinated and bacteria tested. All the tests passed. The tie in of the new main and the abandonment of the old main were performed on November 10, 2020. The Water meters on Nella Lane were also upgraded as part of the WSUP project. The construction in Nella Lane is scheduled to be completed by the end of November 2020. The Consultant submitted 60% design drawings on September 18, 2020 for the Via Monserate Water Main Replacement Project. Consultant is working on design and CEQA documentation for the remaining pipe segments.

Rainbow Heights Pump Station Replacement (Orion Construction Corp): The contractor is in the submittal phase of this project.

Rice Canyon Tank Transmission Line (Dexter Wilson Eng.): The Consultant continues to work on the design. Staff completed the review of the 60% construction drawings in November and 90% construction drawings are scheduled to be received in late December or early January.

Sewer Pipe Lining (Nu-Line Tech.): Contractor did not respond to the District's request for replacement or a credit for the defective lining. District staff will recommend project acceptance of the improvements with a change order to the contract amount reflecting the credit for defective lining, in addition to authorizing staff to prepare the Notice of Completion at the December 8, 2020 Board Meeting.

Thoroughbred and Schoolhouse Lift Stations (Kennedy Jenks Assoc.): Consultant is moving forward with design of the facilities required for serving the Meadowood Development. District staff will recommend a change order be issued at the December 8, 2020 Board meeting in the amount \$239,623 to complete the design of the following: 1. Thoroughbred Lift Station, 2. Force Main from Thoroughbred Lift Station to Old River Road, 3. Olive Hill Road Gravity Main Improvements (appurtenant to Lift Station), and 4. Upsize of existing Sewer Lines Along Highway 76.

Vista Valley Country Club Villas HOA PRS Project (SCW Contracting): Project includes rock excavation into existing slope, construction of a retaining wall, installation of one EFI PRS, removing an existing pipe cross and connecting the two piping runs, and installation of two plug valves in the Vista Valley Country Club Villas HOA. Installation of the EFI PRS was completed in October 2020.

Weese Filtration Plant Interconnect: District coordinated meeting with City of Oceanside staff to discuss project design plans for installation of future pump station.

## **MAJOR DEVELOPER PROJECTS:**

Bonsall Oaks (formally Polo Club): 165 SFR / 59.9 EDUs – A second amendment to and assignment and assumption of joint agreement to improve major subdivision Tract No. 4736-1 was made and entered on December 3, 2019 between the Developer, County of San Diego and RMWD. Mylar plans were submitted to the District and are currently under review by District Staff.

Fairview-Lilac Del Cielo (Bonsall LLC): 73 Units / 77.8 Sewer EDUs - The developer paid 50% of the sewer connection fees and the agreement is effective for five years from the date of execution (12/31/24). The construction contract was executed on October 30, 2020.

Golf Green Estates (Development Solutions): 94 SFR / 120.3 Sewer EDUs – Across from Bonsall

Elementary School on Old River Road. Staff working with the developer on easement issues. Onsite punch list was prepared by staff. Contractor to complete items on the punch list. All water meters have been purchased - 97.

Horse Creek Ridge (D.R. Horton): 627 SFR/MF, 430 WMs (Reduced by 124 WMs) / 723.9 Sewer EDUs – On Highway 76 and Horse Ranch Creek Road. Currently inspecting meter installs, meter releases and sewer connections. All water meters have been purchased - 430.

Horse Creek Ridge Unit 6R5 Promontory (Richmond American Homes): 116 Units, 124 WMs (includes irrigation plus 3 SF meters purchased by DRH) / 169.5 Sewer EDUs - On Highway 76 and Horse Ranch Creek Road. D.R. Horton, master developer of HCR sold Unit 6-R5, 124 lots, Promontory Subdivision to Richmond American Homes. Currently the sewer EDUs are covered under an agreement with D.R. Horton. Staff inspecting meter installs, meter releases and sewer connections. All water meters have been purchased - 116.

Malabar Ranch (Davidson Communities): 31 SFR / 29 EDUs - On Via Monserate / La Canada. There are 17 out of 31 homes built. Developer needs to complete the waterline relocation and punch list items.

Meadowood (Pardee Homes): Approximately 850 Units / 501 SFR - On Pala Road/Horse Ranch Creek Road. The developer is grading the project now. The Board has entered an Out of Agency Service Agreement with the Developer. A formal Annexation by LAFCO is expected to be heard by the Commission at the January 2021 LAFCO meeting.

Ocean Breeze Ranch: The District completed the review of the water and sewer system analysis reports in November.

Pala Mesa Highlands (Beazer Homes): 124 SFR / 160.2 Sewer EDUs – On Old Highway 395. The PRS needs to be installed. Currently inspecting meter installs, meter releases and sewer connections. All water meters have been purchased - 129.

#### **MINOR DEVELOPER PROJECTS:**

Cal-A-Vie (Spa Havens) Water Main Extension on Spa Havens Way: District staff has completed three plan checks.

Carefield Senior Living: District staff has completed one plan check. Waiting on developer response.

VNUIT Sewer Main Extension on Highway 76: District staff has completed five plan checks.

Wiestling 198' Water Main Extension on West Lilac Road: A 20' easement has been dedicated to the District along the westerly boundary of the property. District staff will recommend project acceptance of the improvements and to pay the Developer the difference of \$15,793.43 per Section 7a of the contract agreement for upsizing the pipe size. In addition to authorizing District staff to prepare the Notice of Completion at the December 3, 2020 Board Meeting.

**OTHER:**

| <b>ITEMS</b>               | <b>NO#</b> | <b>ITEMS</b>                          | <b>NO#</b> |
|----------------------------|------------|---------------------------------------|------------|
| Water Availability Letters | 0          | Water Meters Purchased                | 29         |
| Sewer Availability Letters | 0          | Sewer EDUs Purchased                  | 0          |
| Water Commitment Letters   | 0          | Jobs Closed:<br>Malek Water Main Ext. |            |
| Sewer Commitment Letters   | 0          |                                       |            |



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Chad Williams  
Acting District Engineer

12/8/2020

**AS-NEEDED CONTRACT EXPENDITURES REPORT  
OCTOBER - NOVEMBER 2020**

| CONT # | EXP DATE  | TITLE  | CONSULTANT                       | FUND SOURCE | ASSIGNMENT LETTERS | STATUS        | ASSIGNMENT DATES | DESCRIPTION   | AUTHORIZED AMOUNT | NOT TO EXCEED AMOUNT | INVOICED TO DATE | CURRENT BALANCE |
|--------|-----------|--|----------------------------------|-------------|--------------------|---------------|------------------|---|-------------------|----------------------|------------------|-----------------|
| 18-16  | 8/29/2021 | As-Needed Land Surveying Services                                  | Johnson-Frank & Associates, Inc. | NON-CIP     | 2019-01            | Closed        | 5/14/2019        | Topography - Dentro De Lomas Road repair.   |                   | \$ 5,115.40          | \$ 5,115.40      |                 |
|        |           |  |                                  | NON-CIP     | 2019-02            | Closed        | 8/6/2019         | Easement review - McDowell / Mead   |                   | \$ 4,100.00          | \$ 1,404.25      |                 |
|        |           |  |                                  |             | 2020-03            | Open          | 9/19/2020        | Survey & Reset Monument Los Alisos Lane   |                   | \$ 6,079.00          | \$ -             |                 |
|        |           |  |                                  |             |                    |               |                  |   |                   | \$ 50,000.00         | \$ 9,215.40      | \$ 6,519.65     |
| 18-14  | 8/29/2021 | As-Needed Land Surveying Services<br>Change Order 01 for \$50K     | KDM Meridian, Inc.               | NON-CIP     | 2018-01            | Closed        | 9/11/2018        | Stake easement on Morro Hills due to 20" watermain failure.   |                   | \$ 7,280.00          | \$ 7,278.75      |                 |
|        |           |  |                                  | CIP         | 2019-02            | Closed        | 1/9/2019         | RMWD "Base Map" to perform in-house design of proposed water facilities on Via Ararat.                    |                   | \$ 5,800.00          | \$ 5,800.00      |                 |
|        |           |  |                                  | CIP         | 2019-03            | Cancelled     | ---              | Assignment Cancelled - 4 PTR Plottable Easements  |                   | \$ -                 | \$ -             |                 |
|        |           |  |                                  | CIP         | 2019-04            | Closed        | 4/24/2019        | Stake easement on Gird Road for construction project.   |                   | \$ 5,400.00          | \$ 5,400.00      |                 |
|        |           |  |                                  | CIP         | 2019-05            | Closed        | 6/18/2019        | Legal and Plat for Campbell - Via Ararat  |                   | \$ 1,195.00          | \$ 1,195.00      |                 |
|        |           |  |                                  | NON-CIP     | 2019-06            | Closed        | 10/24/2019       | Stake easement on Via Oeste Drive and Laketree Drive  |                   | \$ 10,900.00         | \$ 7,725.00      |                 |
|        |           |  |                                  | CIP         | 2019-07            | Open          | 11/8/2019        | Easements for new PS on W. Lilac/Via Ararat   |                   | \$ 4,100.00          | \$ 1,100.00      |                 |
|        |           |  |                                  | NON-CIP     | 2020-08            | Closed        | 4/6/2020         | Linda Vista Drive - Mainline Break  |                   | \$ 5,563.00          | \$ 5,562.50      |                 |
|        |           |  |                                  | CIP         | 2020-09            | Open          | 4/6/2020         | Gird Road - Winery easement anlysis and exhibit   |                   | \$ 7,680.00          | \$ 6,900.00      |                 |
|        |           |  |                                  | CIP         | 2020-10            | Open          | 9/1/2020         | Additional Gird Road - Winery easement analysis and new exhibit   |                   | \$ 5,320.00          | \$ -             |                 |
|        |           |  |                                  | CIP         | 2020-11            | Open          | 11/6/2020        | Easement for Hialeah PRS - Via De La Reina  |                   | \$ 3,990.00          | \$ -             |                 |
|        |           |  |                                  |             |                    |               |                  |   |                   | \$ 100,000.00        | \$ 57,228.00     | \$ 40,961.25    |
| 18-15  | 8/29/2021 | As-Needed Land Surveying Services<br>Change Order 01 for \$50K     | Right-of-Way Engineering, Inc.   | NON-CIP     | 2019-00A           | Closed        | 5/15/2019        | Title Reports, Legals & Plats - Los Sicomoros   |                   | \$ 7,705.00          | \$ 7,705.00      |                 |
|        |           |  |                                  | NON-CIP     | 2019-00B           | Closed        | 6/18/2019        | Adams Property Easement - Ranger Road   |                   | \$ 1,885.00          | \$ 1,885.00      |                 |
|        |           |  |                                  | CIP         | 2019-00C           | Closed        | 6/30/2019        | Pardee Easement - North River   |                   | \$ 2,875.00          | \$ 2,875.00      |                 |
|        |           |  |                                  | NON-CIP     | 2019-01            | Closed        | 6/19/2019        | Easement Survey - Grove View Road   |                   | \$ 4,220.00          | \$ 3,285.00      |                 |
|        |           |  |                                  | CIP         | 2019-02            | Closed        | 10/3/2019        | Easement Survey - Pala Mesa/Tecalote/Fire Rd/Pala Lake  |                   | \$ 15,640.00         | \$ 15,451.30     |                 |
|        |           |  |                                  | CIP         | 2019-03            | Closed        | 11/6/2019        | Easement Survey - Moosa Creek Pump Station. Restake and reconfigure easement authorized additional \$525. |                   | \$ 5,410.00          | \$ 5,675.20      |                 |
|        |           |  |                                  | CIP         | 2020-04            | Open          | 2/19/2020        | Lemonwood Easement Location   |                   | \$ 5,370.00          | \$ 4,390.00      |                 |
|        |           |  |                                  | CIP         | 2020-05            | Open          | 6/9/2020         | Easement Survey - Hutton Pump Station   |                   | \$ 5,687.50          | \$ 3,790.00      |                 |
|        |           |  |                                  | CIP         | 2020-06            | Open          | 7/30/2020        | Easement Survey - Rainbow Heights Rd - Calfire Camp Site  |                   | \$ 5,756.00          | \$ -             |                 |
|        |           |  |                                  | CIP         | 2020-07            | Open          | 8/26/2020        | Easement Survey - RHR - Calfire Camp Site Additional Services   |                   | \$ 2,276.00          | \$ -             |                 |
|        |           |  |                                  | CIP         | 2020-08            | Open          | 10/19/2020       | Easement Survey - Rancho Del Caballo  |                   | \$ 1,620.00          | \$ 1,445.00      |                 |
|        |           |  |                                  | CIP         | 2020-09            | Pending       | 11/3/2020        | Easement Survey - Rainbow Heights Rd. Westside - Calfire Camp Site  |                   | \$ 11,521.00         | \$ -             |                 |
|        |           |  |                                  |             |                    |               |                  |   |                   | \$ 100,000.00        | \$ 69,965.50     | \$ 46,501.50    |
| 19-16  | 6/25/2022 | As-Needed Civil Engineering Services                               | Dudek                            | Both        | 2019-01            | Open          | 12/18/2019       | PRS and other Schematic Design/Drafting Services  |                   | \$ 10,000.00         | \$ 7,527.50      |                 |
|        |           |  |                                  | CIP         | 2020-02            | Closed        | 8/5/2020         | Design of Hutton Pump Station Site - Assignment Cancelled   |                   | \$ 1,787.50          | \$ 1,787.50      |                 |
|        |           |  |                                  |             |                    |               |                  | \$ 150,000.00   | \$ 11,787.50      | \$ 9,315.00          | \$ 140,685.00    |                 |
| 19-17  | 7/01/2022 | As-Needed Civil Engineering Services<br>Change Order 01 for \$150K | Omnis Consulting, Inc.           | NON-CIP     | 2019-01            | Closed        | 7/16/2019        | PS&E Pavement Repair - Dentro De Lomas  |                   | \$ 8,890.00          | \$ 8,890.00      |                 |
|        |           |  |                                  | CIP         | 2019-02            | Closed        | 8/1/2019         | Olive Hill Estates Transmission Water Main  |                   | \$ 73,700.00         | \$ 73,700.00     |                 |
|        |           |  |                                  | CIP         | 2019-03            | Closed        | 10/14/2019       | Vista Valley Retaining Wall Design  |                   | \$ 23,495.00         | \$ 23,040.67     |                 |
|        |           |  |                                  | CIP         | 2019-04            | Closed        | 12/3/2019        | Sarah Ann to Gird Road Force Main Replacement   |                   | \$ 22,790.00         | \$ 22,790.00     |                 |
|        |           |  |                                  | CIP         | 2020-05            | Closed        | 3/24/2020        | Gird Road Water Main Upsize   |                   | \$ 21,120.00         | \$ 21,120.00     |                 |
|        |           |  |                                  | CIP         | 2020-06            | Open          | 8/5/2020         | Caltrans Encroachment Permit Renewal  |                   | \$ 6,410.00          | \$ -             |                 |
|        |           |  |                                  | NON-CIP     | 2020-07            | Open          | 10/14/2020       | Standard Drawing - CAD Updates  |                   | \$ 4,400.00          | \$ -             |                 |
|        |           |  |                                  | NON-CIP     | 2020-08            | Open          | 10/29/2020       | PEIR Pipe Alignment Analysis  |                   | \$ 19,920.00         | \$ -             |                 |
|        |           |  |                                  |             |                    | \$ 300,000.00 | \$ 180,725.00    | \$ 149,540.67   | \$ 150,459.33     |                      |                  |                 |
| 19-18  | 6/25/2022 | As-Needed Civil Engineering Services                               | HydroScience Engineers, Inc.     | CIP         | 2019-01            | Open          | 12/18/2019       | Live Oak Park Road Bridge Crossing  |                   | \$ 42,020.00         | \$ 27,145.00     |                 |
|        |           |  |                                  |             |                    |               |                  | \$ 150,000.00   | \$ 42,020.00      | \$ 27,145.00         | \$ 122,855.00    |                 |

**AS-NEEDED CONTRACT EXPENDITURES REPORT  
OCTOBER - NOVEMBER 2020**

| CONT # | EXP DATE   | TITLE  | CONSULTANT                       | FUND SOURCE | ASSIGNMENT LETTERS | STATUS | ASSIGNMENT DATES | DESCRIPTION  | AUTHORIZED AMOUNT       | NOT TO EXCEED AMOUNT     | INVOICED TO DATE      | CURRENT BALANCE |
|--------|------------|--|----------------------------------|-------------|--------------------|--------|------------------|--|-------------------------|--------------------------|-----------------------|-----------------|
| 19-19  | 6/25/2022  | As-Needed Real Estate Appraisal Services           | Anderson & Brabant, Inc.         | CIP         | 2019-01            | Closed | 9/19/2019        | North River Rd Easement Appraisal  |                         | \$ 3,500.00              | \$ 3,500.00           |                 |
|        |            |  |                                  | CIP         | 2020-02            | Closed | 2/19/2020        | PRS Fire Road Appraisal  |                         | \$ 7,500.00              | \$ 7,500.00           |                 |
|        |            |  |                                  |             |                    |        |                  |  | \$ 20,000.00            | \$ 11,000.00             | \$ 3,500.00           | \$ 16,500.00    |
| 19-20  | 6/11/2022  | As-Needed Real Estate Appraisal Services           | ARENS Group, Inc.                | NON-CIP     | 2019-01            | Closed | 7/15/2019        | Bonsall Reservoir Appraisal (to include rent value)                        |                         | \$ 3,050.00              | \$ 3,050.00           |                 |
|        |            |  |                                  | CIP         | 2020-02            | Closed | 1/7/2020         | Moosa Creek Pump Station Easement Appraisal                                |                         | \$ 5,350.00              | \$ 6,542.50           |                 |
|        |            |  |                                  | CIP         | 2020-03            | Closed | 1/7/2020         | Hutton Pump Station Easement Appraisal                                     |                         | \$ 3,400.00              | \$ 3,400.00           |                 |
|        |            |  |                                  |             |                    |        |                  |  | \$ 20,000.00            | \$ 11,800.00             | \$ 12,992.50          | \$ 7,007.50     |
| 19-39  | 11/13/2022 | As-Needed Geotechnical Services                    | Leighton Consulting, Inc.        | CIP         | 2020-01            | Open   | 6/25/2020        | Rainbow Heights Pump Station geotechnical exploration                      |                         | \$ 8,630.00              | \$ 3,797.20           |                 |
|        |            |  |                                  |             |                    |        |                  |  |                         | \$ -                     | \$ -                  |                 |
|        |            |  |                                  |             |                    |        |                  |  | \$ 100,000.00           | \$ 8,630.00              | \$ 3,797.20           | \$ 96,202.80    |
| 19-40  | 11/1/2022  | As-Needed Geotechnical Services                    | Ninyo & Moore G.E.S. Consultants | NON-CIP     | 2020-01            | Open   | 3/26/2020        | Dentro De Lomas geotech observation and material testing                   |                         | \$ 6,518.00              | \$ 1,369.00           |                 |
|        |            |  |                                  |             | 2020-02            | Open   | 8/6/2020         | Vista Valley Villas PRS geotech observation and material testing.          |                         | \$ 10,235.00             | \$ -                  |                 |
|        |            |  |                                  |             |                    |        |                  |  | \$ 100,000.00           | \$ 16,753.00             | \$ 1,369.00           | \$ 98,631.00    |
| 19-41  | 11/20/2022 | As-Needed Geotechnical Services                    | ATLAS (SCST, LLC)                | CIP         | 2020-01            | Open   | 7/7/2020         | Olive Hills Estates Trans. Main geotech observation/field test             |                         | \$ 36,619.00             | \$ 17,535.00          |                 |
|        |            |  |                                  |             |                    |        |                  |  |                         |                          |                       |                 |
|        |            |  |                                  |             |                    |        |                  |  | \$ 100,000.00           | \$ 36,619.00             | \$ 17,535.00          | \$ 82,465.00    |
| 20-01  | 1/28/2023  | As-Needed Construction Management & Insp. Services | Harris & Associates              | CIP         | 2020-01            | Open   | 3/13/2020        | CM Support Services for the WSUP Project                                   |                         | \$ 100,000.00            | \$ 99,972.50          |                 |
|        |            |  |                                  | CIP         | 2020-02            | Open   | 4/7/2020         | Constructability design review of PUP-1                                    |                         | \$ 6,270.00              | \$ 5,280.00           |                 |
|        |            |  |                                  | NON-CIP     | 2020-03            | Open   | 4/21/2020        | Sewer North River Road - Emergency Repair                                  |                         | \$ 11,000.00             | \$ 4,389.33           |                 |
|        |            |  |                                  | CIP         | 2020-04            | Open   | 9/21/2020        | District Wide Inspection Services  |                         | \$ 20,000.00             | \$ 330.00             |                 |
|        |            |  |                                  |             |                    |        |                  |  | \$ 150,000.00           | \$ 137,270.00            | \$ 109,971.83         | \$ 40,028.17    |
| 20-02  | 1/28/2023  | As-Needed Construction Management & Insp. Services | Reilly Construction Mnmt.        |             |                    |        |                  |  |                         | \$ -                     | \$ -                  |                 |
|        |            |  |                                  |             |                    |        |                  |  |                         | \$ -                     | \$ -                  |                 |
|        |            |  |                                  |             |                    |        |                  |  | \$ 150,000.00           | \$ -                     | \$ -                  | \$ 150,000.00   |
| 20-03  | 2/25/2023  | As-Needed Environmental Services                   | Helix Environmental              | CIP         | 2020-01            | Open   | 5/13/2020        | Pipeline Upgrade Project - Disney Lane - Cultural/Biological Evals         |                         | \$ 9,148.00              | \$ 5,804.56           |                 |
|        |            |  |                                  | CIP         | 2020-02            | Open   | 5/13/2020        | Pipeline Upgrade Project - Via Vera - Cultural/Biological Evals            |                         | \$ 9,155.00              | \$ 4,446.37           |                 |
|        |            |  |                                  | CIP         | 2020-03            | Open   | 5/14/2020        | Pipeline Upgrade Project - Hutton Pump Station - Cultural/Biological Evals |                         | \$ 13,209.00             | \$ 6,793.54           |                 |
|        |            |  |                                  | CIP         | 2020-04            | Open   | 5/14/2020        | Pipeline Upgrade Project - Turner Pump Station - Cultural/Biological Evals |                         | \$ 13,029.00             | \$ 7,683.26           |                 |
|        |            |  |                                  | CIP         | 2020-05            | Open   | 7/16/2020        | North River Road Sewer Points Repair - Biological Survey                   |                         | \$ 3,900.00              | \$ 3,136.05           |                 |
|        |            |  |                                  | CIP         | 2020-06            | Open   | 9/10/2020        | Gopher Canyon Water Pipeline Impv. Project - CEQA IS/MND                   |                         | \$ 34,695.00             | \$ 19,960.50          |                 |
|        |            |  |                                  |             |                    |        |                  |  | \$ 100,000.00           | \$ 83,136.00             | \$ 47,824.28          | \$ 52,175.72    |
| 20-04  | 2/25/2023  | As-Needed Environmental Services                   | Rincon Consultants               | CIP         | 20-01              | Open   | 11/6/2020        | Bio-Survey for Rainbow Heights Road Transmission Main                      |                         | \$ 3,240.00              | \$ -                  |                 |
|        |            |  |                                  |             |                    |        |                  |  |                         | \$ -                     | \$ -                  |                 |
|        |            |  |                                  |             |                    |        |                  |  | \$ 100,000.00           | \$ 3,240.00              | \$ -                  | \$ 100,000.00   |
| 20-05  | 3/24/2023  | As-Needed Environmental Services                   | Michael Baker International      |             |                    |        |                  |  |                         | \$ -                     | \$ -                  |                 |
|        |            |  |                                  |             |                    |        |                  |  |                         | \$ -                     | \$ -                  |                 |
|        |            |  |                                  |             |                    |        |                  |  | \$ 100,000.00           | \$ -                     | \$ -                  | \$ 100,000.00   |
|        |            |  |                                  |             |                    |        |                  |  | <b>Total Authorized</b> | <b>Total Encumbrance</b> | <b>Total Expended</b> |                 |
|        |            |  |                                  |             |                    |        |                  |  | \$ 1,790,000            | \$ 679,389               | \$ 476,973            |                 |



**SEWER EQUIVALENT DWELLING UNITS (EDUs) STATUS REPORT  
OCTOBER-NOVEMBER 2020**

| <b>STATUS SUMMARY</b>                             | <b>EDUs</b>     |
|---|-----------------|
| Total Treatment Capacity Purchased from Oceanside | 8,333.33        |
| Less 5% Contractual Allowance                     | 416.67          |
| EDUs Set Aside by Board for Emergencies           | 60.00           |
| EDUs Connected                                    | 5,111.02 *      |
| EDUs Unconnected/Committed                        | 208.72          |
| <b>Total EDUs Available for Purchase:</b>         | <b>2,536.93</b> |

| <b>DEVELOPMENTS WITH UNCONNECTED/COMMITTED EDUs</b> | <b>EDUs</b>   | <b>CAPACITY FEES PAID</b> |
|---|---------------|---------------------------|
| Bonsall Oaks (Polo Club) - 165 Lots                 | 59.85         | \$ 1,038,336              |
| Fairview-Lilac Del Cielo (Bonsall Group) - 77.8**   | 38.90         | \$ 549,499                |
| Passarelle (HRC Commercial) - 96.57                 | 96.57         | \$ -                      |
| Others (5 or less)                                  | 13.40         | \$ 225,449                |
| <b>TOTAL UNCONNECTED:</b>                           | <b>208.72</b> | <b>\$ 1,813,284</b>       |

\*There is a delay between connections and new account activations.

\*\*Paid initial 50% of Sewer Capacity Fee.





**BOARD OF DIRECTORS**

December 8, 2020

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**SUBJECT**

HUMAN RESOURCES REPORT FOR NOVEMBER/DECEMBER 2020

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**DESCRIPTION**

Personnel changes, human resources activities, and safety report for NOVEMBER/DECEMBER 2020

**RECRUITMENT:**

- **Engineering and CIP Manager** - The District is now recruiting for the position of Engineering and CIP Program Manager.

**BENEFITS:**

Open enrollment was completed in October for the 2021 benefit health plans. Nine employees changed plans during open enrollment, resulting in an anticipated increase in aggregate premiums in 2020 of \$48,627, which is a 5% aggregate increase.

**EMPLOYEE EVENTS:**

- **“Drive-In to Fall” Harvest Event.** Our Drive-In Event was a success. We had 10 families attend. Each family unit remained in their vehicle. All Safety Guidelines were enforced, and families enjoyed the Disney film “COCO” from their vehicles.

**EMPLOYEE RECOGNITION:**

Excellence Coin Awards

Teamwork/ Responsibility

**Alex Dagondon, Bernardo Nunez, Bryan Ortiz, Bryan Rose, Chris Heincy, Chuck Faust, Chris Hoelscher, Dennis Mendez, Esaud Lagunas, Justin Demary, Luis Martinez, Michael Gonzalez, Ricardo Zaragoza, Robert Gutierrez, Steve Coffey**

Team members responded to a Main Break at 1734 Rainbow Valley. Approximately 200-400 customers were out of water. Employees who responded to the call worked 18 hours under unusual and extreme weather conditions. A record-breaking heat wave of 110 degrees and no water, led to very upset customers who approached our team members to vent their frustrations. After working 18 hours, a second group of staff members were called in at midnight to continue the repairs. Once the job was finished, we received emails from multiple customers thanking our staff for the speedy service when they thought it would take days!

## Teamwork

### **Katherine Kilmer**

Katherine goes out of her way to assist her team consistently and always does it with a great attitude. For example, despite how busy she is, she's very approachable and always makes herself available when anyone has any questions. She takes the initiative to take a coworker's call when she's working from home. Moreover, she consistently asks if anyone needs help with a certain task and often volunteers to complete a task when it's given to the entire team.

## **SAFETY:**

### **Incidents**

There were no lost time or modified duty due to a work-related incident.

### **Safety Training**

Target Solutions online training: 25 completions for October 2020

Future planning to increase safety awareness throughout the district to include:

Hazardous Communication  
Hearing Protection Program Review

### **Claims in Progress**

- Monday 4441 La Canada (Claimant has not replied to settlement)

### **Tailgate/ Office Safety Trainings**

Respirator Fit Testing  
Hazard Communication



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Karleen Harp, COSM  
Human Resources Manager

12/08/2020

### BOARD OF DIRECTORS

December 8, 2020

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#### SUBJECT

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FINANCE REPORT FOR DECEMBER 2020

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#### DESCRIPTION

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Summary:

##### **FY 2020/2021 Water Sales:**

Budgeted 13,500 AF

Actual SEPT FYTD 20/21 5,317 AF

Actual SEPT FYTD 19/20 5,130 AF

Actual SEPT FYTD 18/19 6,292 AF

##### **September FYTD 2020/2021 Budget vs Actual:**

For FY 20/21, the board followed the recommendation of staff and committee to budget future sales lower and more in line with the most recent years' trends at 13,500 AF for FY 20/21, with operating expenses being budgeted within this lower operating revenue level as well.

##### **Treasury Report:**

Interest Revenue for September 2020 was \$29,108 compared to \$25,424 for the prior month. Gains from assets sales were \$30,330 for September 2020. Investment valuation was down \$68,903 from the prior month and \$210,546 over the prior year.

##### **Water Purchases & Water Sales:**

The Five-Year Water Purchases Demand Chart (Attachment D) reports purchases; this data is available in real time. The Water Sales Summary Report (Attachment E) represents water that was billed to customers, so the data is time delayed in comparison to the Five-Year Water Purchases Demand Chart. Water Loss from meter inaccuracy and breaks is also not included in the Five-Year Demand Chart since this data is from purchases. These two reports will not correlate unless they are both presented for the same date; we provide the purchases report in real time to provide the board with the most current demand information available.

##### **Attachments:**

- A. Budget vs Actuals (SEPT FYTD 20/21)
- B. Fund Balance Projections
- C. Treasury Report (SEPT FY 20/21)
- D. Five-Year Water Purchases Demand Chart (through 11/1/2020)
- E. Water Sales Summary (SEPT FY 20/21)
- F. Check Register (SEPT FY 20/21)
- G. Directors' Expense Report (SEPT FY 20/21)
- H. Credit Card Breakdown (SEPT FY 20/21)

- I. Developer Projections
- J. RMWD Properties



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Tracy Largent, CPA  
Finance Manager

December 8, 2020

# Statement of Revenues & Expenses Budget vs. Actual

Operating Funds (Water, Wastewater, & General Funds)

September 30, 2020



Positive = Over Budget

Negative = Under Budget

|   | FY 20/21 YTD<br>Revenues/Expenditures | FY 20/21 YTD<br>Operating Budget | YTD Variance \$  | YTD Variance % | FY 20/21 Annual<br>Operating Budget | Notes |
|---|---------------------------------------|----------------------------------|------------------|----------------|-------------------------------------|-------|
| <b>Operating :</b>                            |                                       |                                  |                  |                |                                     |       |
| 41110-Water Sales-Sf Mf Cm Is                 | 3,145,383                             | 1,884,591                        | 1,260,792        | 67%            | 7,538,364                           |       |
| 41112-Sewer Charges-Established Acct          | 768,006                               | 798,664                          | -30,657          | -4%            | 3,194,655                           |       |
| 42120-Monthly O & M Charges                   | 2,044,891                             | 2,097,084                        | -52,193          | -2%            | 8,388,335                           |       |
| 42121-Monthly O&M Charges - CWA               | 1,223,810                             | 1,289,425                        | -65,614          | -5%            | 5,157,699                           |       |
| 43101-Operating Inc Turn On/Off Fees          | 0                                     | 1,250                            | -1,250           | -100%          | 5,000                               |       |
| 43106-Operating Inc-Sewer Letter Fee          | 450                                   | 250                              | 200              | 80%            | 1,000                               |       |
| 41120-Water Sales-Ag-Dom Non Cert             | 462,781                               | 267,638                          | 195,143          | 73%            | 1,070,554                           |       |
| 41160-Water Sales-Ag. Non Discount            | 1,384,399                             | 1,007,868                        | 376,531          | 37%            | 4,031,470                           |       |
| 41170-Water Sales-Construction                | 150,977                               | 24,360                           | 126,616          | 520%           | 97,442                              |       |
| 41180-Water Sales - Tsawr Com                 | 2,022,603                             | 957,088                          | 1,065,514        | 111%           | 3,828,353                           |       |
| 41190-Water Sales-Sawr Ag/Dom                 | 1,375,668                             | 1,297,431                        | 78,237           | 6%             | 5,189,723                           |       |
| 42130-Readiness-To-Serve Rev Id#1             | 8                                     | 62,500                           | -62,492          | -100%          | 250,000                             |       |
| 42140-Pumping Charges                         | 222,051                               | 152,078                          | 69,973           | 46%            | 608,312                             |       |
| -Water Sales                                  | 12,801,025                            | 9,840,226                        | 2,960,799        | 30%            | 39,360,905                          |       |
| 43100-Operating Inc Oak Crest Service Charges | 5,850                                 | 5,850                            | 0                | 0%             | 23,400                              |       |
| 43102-Operating Inc Penalty/Int Chgs          | 81,304                                | 12,500                           | 68,804           | 550%           | 50,000                              |       |
| 43104-Operating Inc. R.P. Charges             | 61,582                                | 61,416                           | 166              | 0%             | 245,665                             |       |
| 43108-Operating Inc Plan Check Rev.           | 47,339                                | 13,750                           | 33,589           | 244%           | 55,000                              |       |
| 43110-Operating Inc Inspections               | 3,232                                 | 5,000                            | -1,768           | -35%           | 20,000                              |       |
| 43111-Operating Inc Install Fees Hyd          | 1,035                                 | 500                              | 535              | 107%           | 2,000                               |       |
| 43114-Operating Inc-Miscellaneous             | 0                                     | 1,750                            | -1,750           | -100%          | 7,000                               |       |
| 43116-New Meter Sales/Install Parts           | 12,510                                | 10,000                           | 2,510            | 25%            | 40,000                              |       |
| 43117-Notice Delivery Revenue                 | 0                                     | 1,250                            | -1,250           | -100%          | 5,000                               |       |
| -Other Operating Revenue                      | 212,852                               | 112,016                          | 100,836          | 90%            | 448,065                             |       |
| 42200-Overhead Trs From Water Sewer           | 2,006,106                             | 2,006,106                        | 0                | 0%             | 8,024,423                           |       |
| -Transfers from Water & Waste Water           | 2,006,106                             | 2,006,106                        | 0                | 0%             | 8,024,423                           |       |
| <b>REVENUE-Operating Revenue</b>              | <b>15,019,984</b>                     | <b>11,958,348</b>                | <b>3,061,636</b> | <b>26%</b>     | <b>47,833,393</b>                   |       |

Positive = Over Budget  
 Negative = Under Budget

|                                      | FY 20/21 YTD Revenues/Expenditures | FY 20/21 YTD Operating Budget | YTD Variance \$  | YTD Variance % | FY 20/21 Annual Operating Budget | Notes                    |
|--------------------------------------|------------------------------------|-------------------------------|------------------|----------------|----------------------------------|--------------------------|
| 50001-Water Purchases                | 7,958,234                          | 4,257,741                     | 3,700,494        | 87%            | 17,030,963                       | Seasonal                 |
| 50003-Water In Storage               | -397,492                           | 0                             | -397,492         |                | 0                                |                          |
| 50005-Ready To Serve Charge          | 123,452                            | 124,695                       | -1,244           | -1%            | 498,780                          |                          |
| 50006-Infrastructure Access Charge   | 161,022                            | 173,736                       | -12,714          | -7%            | 694,944                          |                          |
| 50008-Ag Credit-Sawr                 | -515,933                           | -252,430                      | -263,503         | 104%           | -1,009,721                       |                          |
| 50010-Customer Service Charge        | 277,280                            | 277,281                       | -1               | 0%             | 1,109,124                        |                          |
| 50011-Capacity Reservation Charge    | 98,973                             | 104,984                       | -6,010           | -6%            | 419,934                          |                          |
| 50012-Emergency Storage Charge       | 419,027                            | 400,845                       | 18,182           | 5%             | 1,603,380                        |                          |
| 50013-Supply Reliability Charge      | 232,507                            | 244,230                       | -11,723          | -5%            | 976,920                          |                          |
| <b>-Cost of Purchased Water Sold</b> | <b>8,357,070</b>                   | <b>5,331,081</b>              | <b>3,025,988</b> | <b>57%</b>     | <b>21,324,324</b>                |                          |
| 56101-Regular Salaries               | 1,091,824                          | 1,315,749                     | -223,925         | -17%           | 5,262,995                        |                          |
| 56103-Overtime Paid Comptime Earn.   | 113,589                            | 88,750                        | 24,839           | 28%            | 355,000                          |                          |
| 56202-Director's Compensation        | 1,500                              | 3,500                         | -2,000           | -57%           | 14,000                           |                          |
| 56518-Duty Pay                       | 8,450                              | 11,150                        | -2,700           | -24%           | 44,600                           |                          |
| 56520-Deferred Comp-Employer Contrib | 36,067                             | 35,121                        | 946              | 3%             | 140,485                          |                          |
| <b>-Salary &amp; Labor Expenses</b>  | <b>1,251,430</b>                   | <b>1,454,270</b>              | <b>-202,840</b>  | <b>-14%</b>    | <b>5,817,080</b>                 |                          |
| 56501-Employer's Share FICA SSI      | 56,097                             | 75,441                        | -19,344          | -26%           | 301,763                          |                          |
| 56502-Employer's Share Medicare      | 17,301                             | 19,129                        | -1,829           | -10%           | 76,516                           |                          |
| 56515-Worker's Compensation Ins      | 158,510                            | 36,160                        | 122,350          | 338%           | 144,640                          | Entire Year Paid in July |
| 56516-State Unemployment Ins E.T.T.  | 138                                | 3,304                         | -3,166           | -96%           | 13,217                           |                          |
| <b>-Taxes</b>                        | <b>232,047</b>                     | <b>134,034</b>                | <b>98,012</b>    | <b>73%</b>     | <b>536,136</b>                   |                          |
| 56503-Medical Ins ACWA Health Ben    | 225,697                            | 231,262                       | -5,565           | -2%            | 925,046                          |                          |
| 56504-Dental Insurance               | 21,355                             | 21,813                        | -458             | -2%            | 87,252                           |                          |
| 56505-Vision Ins ACWA                | 3,062                              | 2,908                         | 155              | 5%             | 11,631                           |                          |
| 56506-Life S/T L/T Disability Ins    | 16,682                             | 13,708                        | 2,974            | 22%            | 54,832                           |                          |
| 56507-Retirement-CalPERS             | 115,324                            | 139,797                       | -24,473          | -18%           | 559,186                          |                          |
| 56511-Employee Uniform Allowance     | 4,973                              | 6,250                         | -1,277           | -20%           | 25,000                           |                          |
| 56512-Employee Training/Tuition Reim | 2,988                              | 5,400                         | -2,412           | -45%           | 21,600                           |                          |
| 56513-Employee Relations             | 554                                | 3,650                         | -3,096           | -85%           | 14,600                           |                          |
| 56524-Other Post Employment Benefits | 4,146                              | 0                             | 4,146            |                | 0                                |                          |
| 56530-Gasb 68 Pension                | 552,048                            | 107,500                       | 444,548          | 414%           | 430,000                          | Entire Year Paid in July |
| <b>-Fringe Benefits</b>              | <b>946,830</b>                     | <b>532,287</b>                | <b>414,543</b>   | <b>78%</b>     | <b>2,129,147</b>                 |                          |
| 52176-Overhead Transfer To Gen Fund  | 2,006,106                          | 2,006,106                     | 0                | 0%             | 8,024,423                        |                          |
| <b>-Transfers</b>                    | <b>2,006,106</b>                   | <b>2,006,106</b>              | <b>0</b>         | <b>0%</b>      | <b>8,024,423</b>                 |                          |
| 60000-Equipment                      | 12,748                             | 23,500                        | -10,752          | -46%           | 94,000                           |                          |

Positive = Over Budget

Negative = Under Budget

|                                      | FY 20/21 YTD<br>Revenues/Expenditures | FY 20/21 YTD<br>Operating Budget | YTD Variance \$ | YTD Variance % | FY 20/21 Annual<br>Operating Budget | Notes                    |
|--------------------------------------|---------------------------------------|----------------------------------|-----------------|----------------|-------------------------------------|--------------------------|
| 60100-Computers                      | 34,141                                | 25,510                           | 8,631           | 34%            | 102,040                             |                          |
| 63100-Equipment Maintenance          | 47,642                                | 43,650                           | 3,992           | 9%             | 174,600                             |                          |
| 63102-Equipment Maintenance Contract | 10,771                                | 14,556                           | -3,785          | -26%           | 58,225                              |                          |
| 63200-Equipment Rental               | 19,352                                | 29,250                           | -9,898          | -34%           | 117,000                             |                          |
| 63400-Kitchen Supplies               | 2,515                                 | 3,500                            | -985            | -28%           | 14,000                              |                          |
| 63401-Building Maintenance           | 23,818                                | 34,050                           | -10,232         | -30%           | 136,200                             |                          |
| 63404-Backflow Expenses              | 19,077                                | 37,625                           | -18,548         | -49%           | 150,500                             |                          |
| 63421-Fuel And Oil                   | 32,195                                | 35,000                           | -2,805          | -8%            | 140,000                             |                          |
| 63422-Repair Supplies Auto           | 14,880                                | 17,500                           | -2,620          | -15%           | 70,000                              |                          |
| 65000-Property/Liability Insurance   | 401,242                               | 100,000                          | 301,242         | 301%           | 400,000                             | Entire Year Paid in July |
| 65100-District Paid Insurance Claims | 25,075                                | 72,500                           | -47,425         | -65%           | 290,000                             |                          |
| 65200-Miscellaneous Expense          | -700                                  | 0                                | -700            |                | 0                                   |                          |
| 66000-Bad Debt Exp/Billing Adjust'S  | 0                                     | 1,250                            | -1,250          | -100%          | 5,000                               |                          |
| 69000-Postage                        | 8,753                                 | 11,625                           | -2,872          | -25%           | 46,500                              |                          |
| 70000-Professional Services          | 212,648                               | 232,800                          | -20,152         | -9%            | 931,200                             |                          |
| 70100-Annual Audit Services          | 0                                     | 8,750                            | -8,750          | -100%          | 35,000                              |                          |
| 70300-Legal Services                 | 46,564                                | 112,500                          | -65,936         | -59%           | 450,000                             |                          |
| 70400-Bank Service Charges           | 14,182                                | 12,500                           | 1,682           | 13%            | 50,000                              |                          |
| 72000-Supplies & Services            | 236,432                               | 309,700                          | -73,268         | -24%           | 1,238,800                           |                          |
| 72001-Right Of Way Expenses          | 113,207                               | 50,000                           | 63,207          | 126%           | 200,000                             |                          |
| 72010-Tank Maintenance               | 198,276                               | 216,125                          | -17,849         | -8%            | 864,500                             |                          |
| 72150-Regulatory Permits             | 4,103                                 | 19,400                           | -15,297         | -79%           | 77,600                              |                          |
| 72200-Books & Resources              | 0                                     | 575                              | -575            | -100%          | 2,300                               |                          |
| 72400-Dues & Subscriptions           | 58,886                                | 153,693                          | -94,807         | -62%           | 614,773                             |                          |
| 72500-Safety Supplies                | 25,057                                | 10,375                           | 14,682          | 142%           | 41,500                              |                          |
| 72600-Sewer Line Cleaning            | 0                                     | 14,500                           | -14,500         | -100%          | 58,000                              |                          |
| 72700-Printing & Reproductions       | 1,536                                 | 3,500                            | -1,964          | -56%           | 14,000                              |                          |
| 72702-Public Notices & Advertising   | 150                                   | 550                              | -400            | -73%           | 2,200                               |                          |
| 72900-Stationary & Office Supplies   | 623                                   | 1,250                            | -627            | -50%           | 5,000                               |                          |
| 73000-Small Tools & Equipment        | 10,673                                | 12,200                           | -1,527          | -13%           | 48,800                              |                          |
| 74000-Communicatons & Phone Bills    | 837                                   | 2,125                            | -1,288          | -61%           | 8,500                               |                          |
| 74100-Phone Bill                     | 24,276                                | 23,250                           | 1,026           | 4%             | 93,000                              |                          |
| 75300-Travel, Conferences & Training | -87                                   | 10,498                           | -10,585         | -101%          | 41,990                              |                          |
| 75400-Workforce Development          | 4,779                                 | 825                              | 3,954           | 479%           | 3,300                               |                          |
| 75500-Recruitment                    | 2,186                                 | 4,700                            | -2,514          | -53%           | 18,800                              |                          |

Positive = Over Budget

Negative = Under Budget

|   | FY 20/21 YTD<br>Revenues/Expenditures | FY 20/21 YTD<br>Operating Budget | YTD Variance \$  | YTD Variance % | FY 20/21 Annual<br>Operating Budget | Notes |
|---|---------------------------------------|----------------------------------|------------------|----------------|-------------------------------------|-------|
| 77000-Sewage Treat.-Oceanside Plant           | 0                                     | 262,500                          | -262,500         | -100%          | 1,050,000                           |       |
| 78000-Utilities - Electricity                 | 67,497                                | 145,625                          | -78,128          | -54%           | 582,500                             |       |
| 78300-Hazardous Waster Material Disposal      | 4,380                                 | 3,000                            | 1,380            | 46%            | 12,000                              |       |
| 78700-Utilities - Propane                     | 504                                   | 3,875                            | -3,371           | -87%           | 15,500                              |       |
| 78900-Trash Pick-Up                           | 1,439                                 | 2,688                            | -1,248           | -46%           | 10,750                              |       |
| -Other Operating Expenses                     | 1,679,660                             | 2,067,020                        | -387,360         | -19%           | 8,268,078                           |       |
| <b>EXPENSE-Operating Expense</b>              | <b>14,473,141</b>                     | <b>11,524,797</b>                | <b>2,948,344</b> | <b>26%</b>     | <b>46,099,188</b>                   |       |
| <b>Operating Revenue (Expenses)</b>           | <b>546,843</b>                        | <b>433,551</b>                   | <b>113,291</b>   | <b>26%</b>     | <b>1,734,205</b>                    |       |
| <b>Non Operating :</b>                        |                                       |                                  |                  |                |                                     |       |
| 49301-Property Tax Rev. - Ad Valorem          | 13,218                                | 113,750                          | -100,532         | -88%           | 455,000                             |       |
| -Property Tax Revenue                         | 13,218                                | 113,750                          | -100,532         | -88%           | 455,000                             |       |
| 49200-Interest Revenues                       | -5                                    | 0                                | -5               |                |                                     |       |
| -Investment Income                            | -5                                    | 0                                | -5               |                |                                     |       |
| 49050-Revenue Billing Adjustments             | 20,792                                | 0                                | 20,792           |                | 0                                   |       |
| 49106-Other Intergovernmental - State         | 0                                     | 750                              | -750             | -100%          | 3,000                               |       |
| 49107-Recycling Revenue                       | 0                                     | 2,000                            | -2,000           | -100%          | 8,000                               |       |
| 49109-Miscellaneous Revenue                   | 18,319                                | 9,000                            | 9,319            | 104%           | 36,000                              |       |
| 49114-Misc Revenue - Eng. Services            | 1,800                                 | 1,250                            | 550              | 44%            | 5,000                               |       |
| 57050-Expense Billing Adjustments             | 20,877                                | 0                                | 20,877           |                | 0                                   |       |
| 57525-Loan Costs                              | 0                                     | 0                                | 0                |                |                                     |       |
| -Other Nonoperating Revenue/Expense           | 20,034                                | 13,000                           | 7,034            | 54%            | 52,000                              |       |
| <b>-Non Operating Revenue (Expenses)</b>      | <b>33,247</b>                         | <b>126,750</b>                   | <b>-93,503</b>   | <b>-74%</b>    | <b>507,000</b>                      |       |
| Debt Service                                  |                                       | 593,707                          | -593,707         | -100%          | 2,374,827                           |       |
| <b>Current Year Net Revenue Less Expense*</b> | <b>\$ 580,089</b>                     |                                  |                  |                | <b>\$ (133,622)</b>                 |       |

\*Does not Include: Depreciation Expense



**Operating & Debt Service Fund Balance**

Current Year                      FY21 Beginning Cash  
     \$5,917,191

|   | Water Operating  | Wastewater Operating | General Operating  | Rate Stabilization | Debt Service     | TOTAL              |
|---|------------------|----------------------|--------------------|--------------------|------------------|--------------------|
|   | FY 20/21         | FY 20/21             | FY 20/21           | FY 20/21           | FY 20/21         | FY 20/21           |
| <b>Fund Balances:</b>                     |                  |                      |                    |                    |                  |                    |
| Beginning Available Balance               | <b>\$286,838</b> | <b>\$1,489,894</b>   | <b>\$1,122,838</b> | <b>\$3,603,760</b> | <b>\$664,639</b> | <b>\$7,167,969</b> |
| Transfer to Water Capital                 |                  |                      |                    | (3,603,760)        |                  | (3,603,760)        |
| Transfer to/from Rate Stabilization       |                  |                      |                    |                    |                  | 0                  |
| Budgeted Operating Surplus (Loss)         | 100,547          | (234,170)            | 8,159,423          |                    | (2,447,793)      | 5,578,007          |
| Transfers In/(Out)                        |                  |                      | (8,159,423)        |                    | 2,447,793        | (5,711,630)        |
| <b>Projected Ending Available Balance</b> | <b>\$387,385</b> | <b>\$1,255,724</b>   | <b>\$1,122,838</b> | <b>(\$0)</b>       | <b>\$664,639</b> | <b>\$3,430,586</b> |

**Water Capital Fund Balance**

Fund 26 & 60                      FY21 Beginning Cash  
\$2,340,919

| <b>Fund Balances:</b>                                | FY 20/21             | FY 21/22             | FY 22/23             | FY 23/24             |
|--|----------------------|----------------------|----------------------|----------------------|
| Beginning Available Balance                          | <b>\$1,497,755</b>   | <b>(\$3,312,104)</b> | <b>(\$5,765,151)</b> | <b>(\$3,880,905)</b> |
| Transfer From Rate Stabilization                     | 3,603,760            |                      |                      |                      |
| Financing  |                      | <b>5,000,000</b>     |                      |                      |
| Transfer from Operating Reserves                     |                      | 3,349,172            | 4,809,246            | 4,018,854            |
| Capacity Fees Current Year                           |                      |                      |                      |                      |
| Less: Capital Labor                                  | (300,000)            | (300,000)            | (300,000)            | (300,000)            |
| Less: Capital Project Budgets                        | (8,113,619)          | (10,502,219)         | (2,625,000)          | (7,512,000)          |
| <b>Projected Worst Case Ending Available Balance</b> | <b>(\$3,312,104)</b> | <b>(\$5,765,151)</b> | <b>(\$3,880,905)</b> | <b>(\$7,674,050)</b> |
| <b>Forecasted Capacity Fees</b>                      | <b>2,069,801</b>     | <b>3,265,916</b>     | <b>1,653,761</b>     | <b>7,031,084</b>     |
| <b>Potential Ending Available Balance</b>            | <b>(\$1,242,303)</b> | <b>(\$429,434)</b>   | <b>\$3,108,573</b>   | <b>\$6,346,512</b>   |

## Capital Project Budgets (Water):

| GL Project |   | Project Budgets |           |           |           |           |
|------------|---|-----------------|-----------|-----------|-----------|-----------|
|            |   | Actuals         | Budget    | Budget    | Budget    | Budget    |
|            |   | FY 19/20        | FY 20/21  | FY 21/22  | FY 22/23  | FY 23/24  |
| #          | Project Name  |                 |           |           |           |           |
| 300007     | Programatic EIR for Existing Easements  | \$36,236        | \$450,000 |           |           |           |
| 300008     | New District Headquarters   | 25,457          | 200,000   | 300,000   | 300,000   | 2,000,000 |
| 600001     | Rainbow Heights PS (#1) Upgrades/Recon.   | 85,390          | 1,303,698 | 1,303,699 |           |           |
| 600002     | Gird to Monserate Hill Water Line   |                 |           |           |           | 1,400,000 |
| 600003     | San Luis Rey Imported Return Flow Recovery  | 15,586          |           |           |           | 600,000   |
| 600007     | Pressure Reducing Stations  | 919,844         | 750,000   | 800,000   | 250,000   | 800,000   |
| 600008     | Weese WTP Permanent Emergency Interconnect and Pressure Station                         | 156             | 500,000   | 1,250,000 |           |           |
| 600009     | Isolation Valve Installation Program  | 28,433          | 150,000   |           |           |           |
| 600013     | SDCWA Shutdown Pump Stations  | 27,314          |           |           |           |           |
|            | Hutton Pump Station   |                 | 580,000   | 800,000   |           |           |
|            | Turner Pump Station   |                 | 580,000   | 800,000   |           |           |
| 600014     | Morro Tank Zone Permanent FPUD Interconnection  |                 |           |           | 150,000   |           |
| 600015     | Water Condition Assessment  | 72,983          |           |           |           |           |
| 600017     | Pressure Reducing Station Replacement Program (Rehabilitation)                          | 578             | 300,000   |           |           |           |
| 600019     | Water System Monitoring Program   | 60,981          |           |           | 1,000,000 |           |
| 600021     | Pipeline Upgrade Project 1 (PUP 1)  | 125,324         | 3,250,000 | 1,000,000 |           |           |
| 600026     | Camino Del Rey Waterline Reloaction   | 8,925           |           | 2,100,000 |           |           |
| 600029     | Via Ararat Drive Waterline Project  | 280,121         |           |           |           |           |
| 600030     | Corrosion Prevention Program Development and Implementation                             | 196,774         | 250,000   | 250,000   | 250,000   | 250,000   |
| 600031     | Olive Hill Estates Transmission Line Reconnection                                       | 103,295         | 1,500,000 |           |           |           |
| 600034     | Rice Canyon Tank Transmission PL to I-15/SR76 Corridor                                  |                 | 1,000,000 | 3,000,000 |           |           |
| 600035     | Tank and Reservoir Mixing Upgrades  |                 | 250,000   | 1,500,000 |           |           |
| 600036     | Pipeline Upgrade Project 2 (PUP 2)  | 12,277          |           |           |           | 3,000,000 |
| 600037     | Live Oak Park Road Bridge Replacement   | 18,891          |           | 600,000   |           |           |
| 600038     | Blue Breton Water System Looping Project  |                 | 370,000   | 400,000   |           |           |
| 600039     | Sarah Ann Gird SS Forcemain   | 11,583          |           |           |           |           |
| 600040     | Vallecitos PS Relocation  |                 | 530,000   | 500,000   |           |           |
| 600046     | Sampling Ports for testing  |                 | 25,000    |           |           |           |
| 600047     | Generator at Sumac  |                 |           |           | 250,000   |           |
| 600048     | Northside Zone Supply Redundancy  |                 |           |           |           | 500,000   |
| 600049     | Gomez PS Building   |                 | 250,000   | 750,000   |           |           |
| 600050     | Lookout Mountain Electrical Upgrade. The Complete electrical upgrade w/emerg. generator |                 |           |           | 250,000   | 750,000   |
| 600051     | North Feeder and Rainbow Hills Water Line Replacements                                  |                 |           | 150,000   | 1,850,000 |           |
| 600052     | 76 & Gird Permanent Emergency Pump Station  |                 |           |           | 75,000    | 725,000   |
| 610032     | Beck Dam Inundation Map   | 27,959          |           |           |           |           |
| 610036     | Dentro de Lomas Repair  | 84,665          |           |           |           |           |
| 600055     | Pipe Lining   |                 |           |           |           |           |
|            | Electrical Panel Switches   |                 |           |           |           |           |
| N/A        | Department Level Capital Expenses   |                 | 559,000   |           |           |           |
|            | Mission Road / FPUD Interconnect  |                 |           |           |           | 70,000    |
|            | Northside Permanent FPUD Emergency Interconnection                                      |                 |           |           |           | 150,000   |

Capital Project Budgets Water (Continued):

| GL Project<br>#      Project Description |   | Project Budgets     |                     |                     |                    |                     |
|--|---|---------------------|---------------------|---------------------|--------------------|---------------------|
|  |   | Actuals<br>FY 19/20 | Budget<br>FY 20/21  | Budget<br>FY 21/22  | Budget<br>FY 22/23 | Budget<br>FY 23/24  |
|  | Pala Mesa Fairways 383 A and C                    |                     | 250,000             |                     |                    |                     |
|  | Sarah Ann Drive Line 400 A                        |                     | 375,000             |                     |                    |                     |
|  | Wilt Road (1331)                                  |                     |                     | 500,000             |                    |                     |
|  | Katie Lendre Drive Line                           |                     |                     | 250,000             |                    |                     |
|  | Gird Road 1,600' upsize from 12" to 18" or larger |                     | 100,000             | 1,000,000           |                    |                     |
|  | Katie Lendre Drive Line                           |                     |                     | 250,000             |                    |                     |
|  | Del Rio Estates Line Ext 503                      |                     |                     |                     |                    | 250,000             |
|  | East Heights Line 147L                            |                     |                     |                     |                    | 500,000             |
|  | Los Alisos South 243                              |                     |                     |                     |                    | 500,000             |
|  | East Heights Line 147A                            |                     |                     |                     |                    | 250,000             |
|  | Via Zara  |                     |                     |                     |                    | 125,000             |
|  | Roy Line Ext                                      |                     |                     |                     |                    | 250,000             |
|  | Spanish Oaks                                      |                     |                     |                     |                    | 400,000             |
| <b>Total</b>                             |   | <b>\$2,142,773</b>  | <b>\$13,522,698</b> | <b>\$17,503,699</b> | <b>\$4,375,000</b> | <b>\$12,520,000</b> |
|  |   | @60%                | \$8,113,619         | \$10,502,219        | \$2,625,000        | \$7,512,000         |

**Water Service Upgrade Project Fund Balance**

FY21 Beginning Cash  
 \$ 7,168,951

**Fund Balances:**

|   | FY 20/21           | FY 21/22            | FY 22/23            | FY 23/24            |
|---|--------------------|---------------------|---------------------|---------------------|
| Beginning Available Balance             | \$7,168,951        | \$3,068,951         | \$ (131,049)        | \$ (131,049)        |
| Less: Meter Replacement/Upgrade Project | (4,100,000)        | (3,200,000)         | 0                   | 0                   |
| <b>Projected Fund Balance</b>           | <b>\$3,068,951</b> | <b>\$ (131,049)</b> | <b>\$ (131,049)</b> | <b>\$ (131,049)</b> |

**Capital Project Budgets:**

|              |                           | Project Budgets     |                    |                    |                    |                    |
|--------------|---------------------------|---------------------|--------------------|--------------------|--------------------|--------------------|
| GL Project # | Project Name              | Actuals<br>FY 19/20 | Budget<br>FY 20/21 | Budget<br>FY 21/22 | Budget<br>FY 22/23 | Budget<br>FY 23/24 |
| 600027       | Service Meter Replacement | \$3,403,236         | \$1,300,000        | \$1,400,000        |                    |                    |
| 600028       | Water Service Upgrade     | 497,891             | 2,800,000          | 1,800,000          |                    |                    |
| <b>Total</b> |                           | <b>\$3,901,128</b>  | <b>\$4,100,000</b> | <b>\$3,200,000</b> | <b>\$ -</b>        | <b>\$ -</b>        |

**Wastewater Capital Fund Balance**  
 Fund 52 & 53 FY21 Beginning Cash  
\$13,486,918

| Fund Balances:                                       | FY 20/21            | FY 21/22             | FY 22/23             | FY 23/24             |
|--|---------------------|----------------------|----------------------|----------------------|
| Beginning Available Balance                          | 13,696,383.91       | \$8,196,384          | (\$1,103,616)        | (\$1,528,616)        |
| Restricted CFD Funds*                                | 2,750,000           |                      |                      |                      |
| Financing  |                     |                      |                      |                      |
| Sewer Connections Current Year                       |                     |                      |                      |                      |
| Less: Capital Project Budgets                        | (8,250,000)         | (9,300,000)          | (425,000)            | (850,000)            |
| <b>Projected Worst Case Ending Available Balance</b> | <b>\$8,196,384</b>  | <b>(\$1,103,616)</b> | <b>(\$1,528,616)</b> | <b>(\$2,378,616)</b> |
| Forecasted Sewer Connections                         | 7,421,800           | 6,003,550            | 42,378               | 8,958,709            |
| <b>Potential Ending Available Balance</b>            | <b>\$15,618,184</b> | <b>\$12,321,734</b>  | <b>\$11,939,112</b>  | <b>\$20,047,822</b>  |

\*Restricted Cash amounts are available for drawdown throughout the specified Capital Project process.

**Capital Project Budgets (Wastewater):**

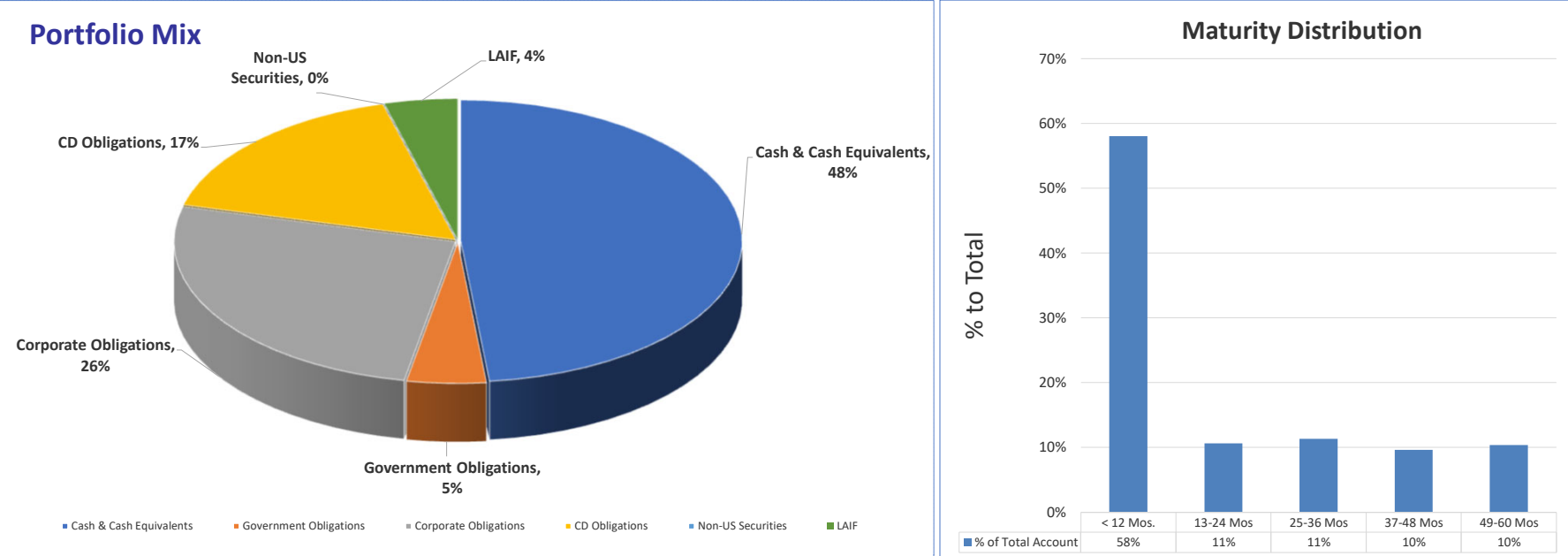
| GL Project # | Project Name  | Project Budgets   |                     |                     |                   |                   |
|--------------|---|-------------------|---------------------|---------------------|-------------------|-------------------|
|              |   | Actuals           | Budget              | Budget              | Budget            | Budget            |
|              |   | FY 19/20          | FY 20/21            | FY 21/22            | FY 22/23          | FY 23/24          |
| 530001       | School House Lift Station (#1) Replacement, San Luis Rey Interceptor from Mission to Thoroughbred LSEQ, and San Luis Rey Interceptor/Main From School House LS to Old River LS & Thoroughbred LS/EQ | \$ 37,849         | \$ 3,000,000        | \$ 6,000,000        |                   |                   |
| N/A          | Department Level Capital Expenses   |                   | 310,000             |                     |                   |                   |
| 530017       | N River Road Land Outfall Rehabilitation (Operations Project)   |                   | 2,500,000           |                     |                   |                   |
| NA           | City of Oceanside WW Plant  |                   | 200,000             | 200,000             | 200,000           | 200,000           |
| 530018       | Fallbrook Oaks Forcemain and Manhole Replacement  |                   | 300,000             |                     |                   |                   |
| 530016       | 2019 Sewer Lining Project   | 27,925            |                     |                     |                   |                   |
| 530019       | CIPP 500' of line 8" VCP line near Pala Mesa/Palomar  |                   |                     |                     |                   |                   |
| 530006       | Sewer System Rehabilitation Program   |                   | 100,000             | 100,000             | 100,000           | 100,000           |
| 530020       | Rancho Viejo LS Wet Well Expansion  |                   |                     |                     |                   | 150,000           |
| 530021       | Almendra Court, I-15 Crossing Sewer Rehabilitation  |                   | 40,000              |                     |                   |                   |
| 530022       | Fallbrook Oaks LS Rehabilitation  |                   |                     |                     |                   | 400,000           |
| 530023       | Replace Rancho Monserate LS Emergency Generator   |                   |                     |                     | 125,000           |                   |
| 530015       | Sewer System Condition Assessment Program   |                   | 300,000             |                     |                   |                   |
| 530024       | Old River Road LS Equalization Basin  |                   | 1,000,000           | 2,500,000           |                   |                   |
| 530025       | Old River Road LS to Stallion Outfall Repair  |                   | 500,000             | 500,000             |                   |                   |
| 800016       | North River Road Sewer Line Replacement   | 129,709           |                     |                     |                   |                   |
| <b>Total</b> |   | <b>\$ 195,484</b> | <b>\$ 8,250,000</b> | <b>\$ 9,300,000</b> | <b>\$ 425,000</b> | <b>\$ 850,000</b> |

RAINBOW MUNICIPAL WATER DISTRICT  
TREASURER'S MONTHLY REPORT OF INVESTMENTS  
PORTFOLIO SUMMARY  
9/30/2020



## Quarter 1 FY 20/21

| TYPE                                 | ISSUER                                | CUSIP         | Bond Rating | Date of Maturity | Par Value     | Cost Basis    | Market Value* | Interest Rate | Yield to Maturity | Semi-Annual Interest | Days to Maturity | Object |
|--------------------------------------|---------------------------------------|---------------|-------------|------------------|---------------|---------------|---------------|---------------|-------------------|----------------------|------------------|--------|
| Money Market Funds                   | JP MORGAN MONEY MARKET                | 48125C068S    | N/A         |                  |               | \$ 2,139,663  | \$ 2,139,663  |               |                   |                      | 0                | 11508  |
| Trust                                | Willimington Trust                    | CSCDA 2017-01 |             |                  |               | \$ 2,750,000  | \$ 2,750,000  |               |                   |                      | 0                | 10301  |
| Money Market Funds                   | Zions Bank                            | 7326251D      |             |                  |               | \$ 629,100    | \$ 629,100    | 2.090%        |                   |                      | 0                | 10310  |
| Money Market Funds                   | Zions Bank                            | 7326250       |             |                  |               | \$ 5,666,584  | \$ 5,666,584  | 2.060%        |                   |                      | 0                | 10311  |
| Money Market Funds                   | Zions Bank                            | 7326251E      |             |                  |               | \$ 2,012,082  | \$ 2,012,082  | 2.090%        |                   |                      | 0                | 10309  |
| Total Cash & Cash Equivalents        |                                       |               |             |                  | \$ -          | \$ 13,197,429 | \$ 13,197,429 |               |                   |                      |                  |        |
| Non-Callable                         | FEDERAL HOME LOAN BANK BONDS          | 3130AD4X7     | Aaa         | 12/11/20         | \$ 500,000    | \$ 494,905    | \$ 501,845    | 2.000%        | 2.400%            | \$ 4,949             | 72               | 11508  |
| Non-Callable                         | FEDERAL FARM CR BKS                   | 3133EHRU9     | Aaa         | 07/19/22         | \$ 200,000    | \$ 200,938    | \$ 206,234    | 1.900%        | 1.800%            | \$ 1,909             | 657              | 11508  |
| Non-Callable                         | FEDERAL HOME LOAN BANKS               | 3130ADRG9     | Aaa         | 03/10/23         | \$ 500,000    | \$ 501,990    | \$ 530,895    | 2.670%        | 2.660%            | \$ 6,702             | 891              | 11508  |
| Total Government Obligations         |                                       |               |             |                  | \$ 1,200,000  | \$ 1,197,832  | \$ 1,238,974  |               |                   |                      |                  |        |
| Make Whole                           | CITIBANK NA                           | 17325FAQ1     | Aa3         | 07/23/21         | \$ 475,000    | \$ 486,623    | \$ 485,958    | 3.400%        | 2.150%            | \$ 8,075             | 296              | 11508  |
| Callable 3/1/22                      | UNION BK CALIF N A MEDIUM TERM        | 90520EAH4     | A2          | 04/01/22         | \$ 308,000    | \$ 315,377    | \$ 319,886    | 3.150%        | 1.900%            | \$ 13,860            | 548              | 11508  |
| Callable 3/1/22                      | UNION BK CALIF N A MEDIUM TERM        | 90520EAH4     | A2          | 04/01/22         | \$ 290,400    | \$ 297,355    | \$ 301,607    | 3.150%        | 1.900%            | \$ 13,860            | 548              | 11508  |
| Callable 3/1/22                      | UNION BK CALIF N A MEDIUM TERM        | 90520EAH4     | A2          | 04/01/22         | \$ 281,600    | \$ 288,344    | \$ 292,467    | 3.150%        | 1.900%            | \$ 13,860            | 548              | 11508  |
| Non-Callable                         | WELLS FARGO                           | 95000U2B8     | A2          | 07/22/22         | \$ 980,000    | \$ 989,232    | \$ 1,016,064  | 2.610%        | 2.410%            | \$ 12,909            | 660              | 11508  |
| Callable 10/1/22                     | PNC BK N A PITTSBURG PA               | 69349LAG3     | A3          | 11/01/22         | \$ 980,000    | \$ 999,179    | \$ 1,024,345  | 2.700%        | 2.065%            | \$ 13,489            | 762              | 11508  |
| Bullet                               | BANK OF AMERICA CORP                  | 06051GEU9     | A2          | 01/11/23         | \$ 475,000    | \$ 490,794    | \$ 504,208    | 3.300%        | 2.300%            | \$ 7,838             | 833              | 11508  |
| Bullet                               | TOYOTA MOTOR CREDIT CORP              | 89236TDW2     | A1          | 04/17/24         | \$ 500,000    | \$ 532,175    | \$ 538,430    | 2.900%        | 1.200%            | \$ 7,250             | 1295             | 11508  |
| Bullet                               | JP MORGAN CHASE AND CC                | 46625HJX98    | A2          | 05/13/24         | \$ 930,000    | \$ 981,522    | \$ 1,026,553  | 3.625%        | 2.400%            | \$ 16,856            | 1321             | 11508  |
| Stepped/CBLE 2/28/25                 | WELLS FARGO & CC                      | 95001D5X4     | A2          | 02/28/25         | \$ 850,000    | \$ 858,075    | \$ 847,858    | 2.050%        | 2.060%            | \$ 8,713             | 1612             | 11508  |
| Callable 4/12/25                     | US BANCORP                            | 91159HHZ6     | Aae         | 05/12/25         | \$ 250,000    | \$ 251,780    | \$ 258,868    | 1.450%        | 1.300%            | \$ 13,365            | 1685             | 11508  |
| Callable 9/10/25                     | AMERICAN HOND FIN CORP MTN            | 02665WDN8     |             | 09/10/25         | \$ 500,000    | \$ 506,050    | \$ 499,965    | 1.000%        | 1.300%            |                      | 1806             | 11508  |
| Total Corporate Obligations          |                                       |               |             |                  | \$ 6,820,000  | \$ 6,996,505  | \$ 7,116,207  |               |                   |                      |                  |        |
| FDIC Ins. CD                         | DISCOVER BANK                         | 254672F29     | N/A         | 08/10/21         | \$ 248,000    | \$ 248,000    | \$ 251,055    | 1.520%        | 1.500%            | \$ 1,885             | 314              | 11508  |
| FDIC Ins. CD                         | WELLS FARGO BANK NATL ASSN            | 949763AF3     | N/A         | 08/17/21         | \$ 98,000     | \$ 98,000     | \$ 99,266     | 1.570%        | 1.550%            | \$ 769               | 321              | 11508  |
| FDIC Ins. CD                         | WELLS FARGO BANK NATL ASSN            | 949763AF3     | N/A         | 08/17/21         | \$ 150,000    | \$ 150,000    | \$ 151,938    | 1.570%        | 1.550%            | \$ 1,178             | 321              | 11508  |
| FDIC Ins. CD                         | MB FINL BK NA CHIC IL                 | 55266CZJ8     | N/A         | 11/18/21         | \$ 247,000    | \$ 247,000    | \$ 254,711    | 2.810%        | 2.850%            | \$ 3,470             | 414              | 11508  |
| FDIC Ins. CD                         | FLAGSTAR BK FSB TROY MICH             | 33847E2K2     | N/A         | 06/13/22         | \$ 245,000    | \$ 246,749    | \$ 254,692    | 2.440%        | 2.200%            | \$ 3,010             | 621              | 11508  |
| FDIC Ins. CD                         | GOLDMAN SACHS BK USA NY               | 38148PKT3     | N/A         | 06/14/22         | \$ 245,000    | \$ 245,000    | \$ 254,288    | 2.340%        | 2.350%            | \$ 2,867             | 622              | 11508  |
| FDIC Ins. CD                         | CAPITAL ONE NATL ASSN VA              | 14042RKL4     | N/A         | 11/22/22         | \$ 250,000    | \$ 250,000    | \$ 262,043    | 2.400%        | 2.400%            | \$ 3,000             | 783              | 11508  |
| FDIC Ins. CD                         | MORGAN STANLEY                        | 61747MF63     | N/A         | 01/11/23         | \$ 246,000    | \$ 246,000    | \$ 259,980    | 2.630%        | 2.650%            | \$ 3,235             | 833              | 11508  |
| FDIC Ins. CD                         | BMW BANK NORTH AMER                   | 05580AMB7     | N/A         | 03/29/23         | \$ 240,000    | \$ 240,000    | \$ 256,346    | 2.860%        | 2.900%            | \$ 3,432             | 910              | 11508  |
| FDIC Ins. CD                         | SALLIE MAE BK SLT LAKE CITY           | 795450M44     | Aaa         | 04/11/23         | \$ 240,000    | \$ 240,000    | \$ 256,838    | 2.900%        | 2.950%            | \$ 3,480             | 923              | 11508  |
| FDIC Ins. CD                         | CAPITAL ONE BANK (USA) NAT            | 1402TAW7      | N/A         | 06/19/24         | \$ 245,000    | \$ 245,000    | \$ 265,161    | 2.520%        | 2.500%            | \$ 3,087             | 1358             | 11508  |
| FDIC Ins. CD                         | MORGAN STANLEY PVT BK PURCHA          | 61760AL49     | N/A         | 06/24/24         | \$ 245,000    | \$ 245,000    | \$ 262,976    | 2.290%        | 2.250%            | \$ 2,805             | 1363             | 11508  |
| FDIC Ins. CD                         | FIRST NATL BK MCGREGOR TEX            | 32112UDA6     | N/A         | 06/28/24         | \$ 249,000    | \$ 250,743    | \$ 270,257    | 2.300%        | 2.150%            | \$ 2,884             | 1367             | 11508  |
| FDIC Ins. CD                         | MERRICK BK SOUTH JORDAN UTAH          | 59013KBV7     | N/A         | 07/31/24         | \$ 249,000    | \$ 249,000    | \$ 267,145    | 2.200%        | 2.200%            | \$ 2,739             | 1400             | 11508  |
| FDIC Ins. CD                         | HSBC BK USA NATIONAL ASSN             | 44329MBF9     | NA          | 11/04/24         | \$ 247,000    | \$ 247,000    | \$ 247,496    | 2.125%        | 2.125%            | \$ 2,624             | 1496             | 11508  |
| FDIC Ins. CD                         | SYCHRONY BK RETAIL                    | 87165FZD9     | NA          | 04/17/25         | \$ 248,000    | \$ 252,712    | \$ 260,484    | 1.450%        | 1.050%            | \$ 1,832             | 1660             | 11508  |
| FDIC Ins. CD                         | BMO HARRIS BY NATL CHIC               | 05581W7S8     | NA          | 05/28/25         | \$ 210,000    | \$ 210,000    | \$ 210,317    | 0.750%        | 0.750%            | \$ 788               | 1701             | 11508  |
| FDIC Ins. CD                         | STATE BK INDIA CHICAGO ILL            | 856283N69     | NA          | 06/26/25         | \$ 248,000    | \$ 252,166    | \$ 252,025    | 0.950%        | 0.940%            | \$ 1,198             | 1730             | 11508  |
| FDIC Ins. CD                         | JPMORGAN CHASE BK NA COLUMBU          | 48128UHS1     | NA          | 07/31/25         | \$ 249,000    | \$ 249,000    | \$ 249,406    | 0.550%        | 0.550%            | \$ 685               | 1765             | 11508  |
| Total CD Obligations                 |                                       |               |             |                  | \$ 4,399,000  | \$ 4,411,371  | \$ 4,586,426  |               |                   |                      |                  |        |
| Total Non-US Securities              |                                       |               |             |                  | \$ -          | \$ -          | \$ -          |               |                   |                      |                  |        |
| Subtotal Long Term Pooled Investment | Local Agency Investment Fund (LAIF)** | 1.004114534   |             |                  | \$ 12,419,000 | \$ 25,803,137 | \$ 26,139,036 |               |                   |                      |                  |        |
| Portfolio Totals                     |                                       |               |             |                  | \$ 27,895,566 | \$ 27,281,465 | \$ 27,281,465 |               |                   |                      |                  |        |



This monthly report accurately reflects all District pooled investments. It is in conformity with the Investment Administrative code section 5.03.080. The District has sufficient cash flow to meet six months of obligations. This is in effect is in compliance with the current Investment Policy.

*Tracy Largent*

10/5/2020

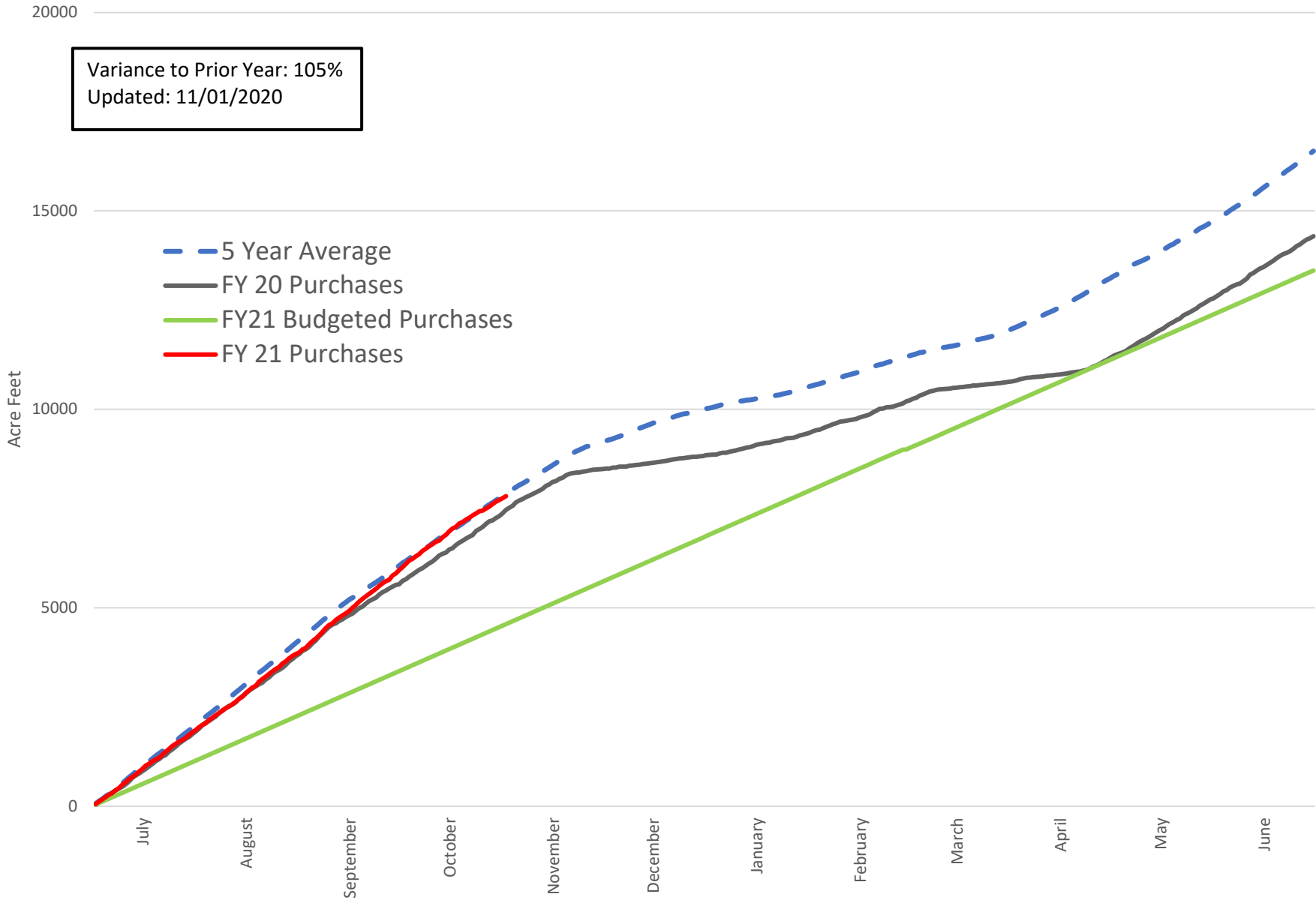
Tracy Largent, Treasurer

\*Source of Market Value - MUFG monthly statements  
 \*\*Source of LAIF FMV - CA State Treasurer Pooled Money Investment Account @ <https://www.treasurer.ca.gov/pmia-laif/reports/valuation.asp>



### System Demands Comparison Chart

Variance to Prior Year: 105%  
Updated: 11/01/2020





## Comparative Water Sales YTD from Prior Years

### FISCAL YEAR 2020-2021

| Quantity of Meters | User Code | JUL     | AUG     | SEP     | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | Acre Feet |
|--------------------|-----------|---------|---------|---------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----------|
| 553                | AD        | 34,763  | 39,406  | 46,230  |     |     |     |     |     |     |     |     |     | 276       |
| 400                | AG        | 109,886 | 131,840 | 137,233 |     |     |     |     |     |     |     |     |     | 870       |
| 267                | CM        | 43,615  | 49,777  | 48,946  |     |     |     |     |     |     |     |     |     | 327       |
| 19                 | CN        | 6,330   | 12,547  | 10,164  |     |     |     |     |     |     |     |     |     | 67        |
| 21                 | IS        | 2,513   | 2,972   | 3,359   |     |     |     |     |     |     |     |     |     | 20        |
| 114                | MF        | 14,151  | 14,484  | 14,090  |     |     |     |     |     |     |     |     |     | 98        |
| 323                | SC        | 137,945 | 133,502 | 160,919 |     |     |     |     |     |     |     |     |     | 993       |
| 1021               | SD        | 186,337 | 204,966 | 223,721 |     |     |     |     |     |     |     |     |     | 1,412     |
| 5536               | SF        | 169,793 | 186,711 | 189,918 |     |     |     |     |     |     |     |     |     | 1,254     |
| 8254               | Total     | 705,333 | 776,205 | 834,580 | -   | -   | -   | -   | -   | -   | -   | -   | -   | 5,317     |

### FISCAL YEAR 2019-2020

| Quantity of Meters | User Code | JUL     | AUG     | SEP     | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | Acre Feet |
|--------------------|-----------|---------|---------|---------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----------|
| 553                | AD        | 28,018  | 36,530  | 36,506  |     |     |     |     |     |     |     |     |     | 232       |
| 400                | AG        | 113,285 | 139,802 | 139,715 |     |     |     |     |     |     |     |     |     | 902       |
| 267                | CM        | 35,561  | 46,750  | 44,883  |     |     |     |     |     |     |     |     |     | 292       |
| 19                 | CN        | 1,484   | 1,549   | 1,183   |     |     |     |     |     |     |     |     |     | 10        |
| 21                 | IS        | 3,060   | 1,799   | 1,946   |     |     |     |     |     |     |     |     |     | 16        |
| 114                | MF        | 11,910  | 11,187  | 11,539  |     |     |     |     |     |     |     |     |     | 80        |
| 323                | SC        | 135,069 | 157,307 | 156,337 |     |     |     |     |     |     |     |     |     | 1,030     |
| 1021               | SD        | 164,817 | 213,262 | 218,596 |     |     |     |     |     |     |     |     |     | 1,370     |
| 5536               | SF        | 150,907 | 188,769 | 182,811 |     |     |     |     |     |     |     |     |     | 1,199     |
| 8254               | Total     | 644,111 | 796,955 | 793,516 | -   | -   | -   | -   | -   | -   | -   | -   | -   | 5,130     |

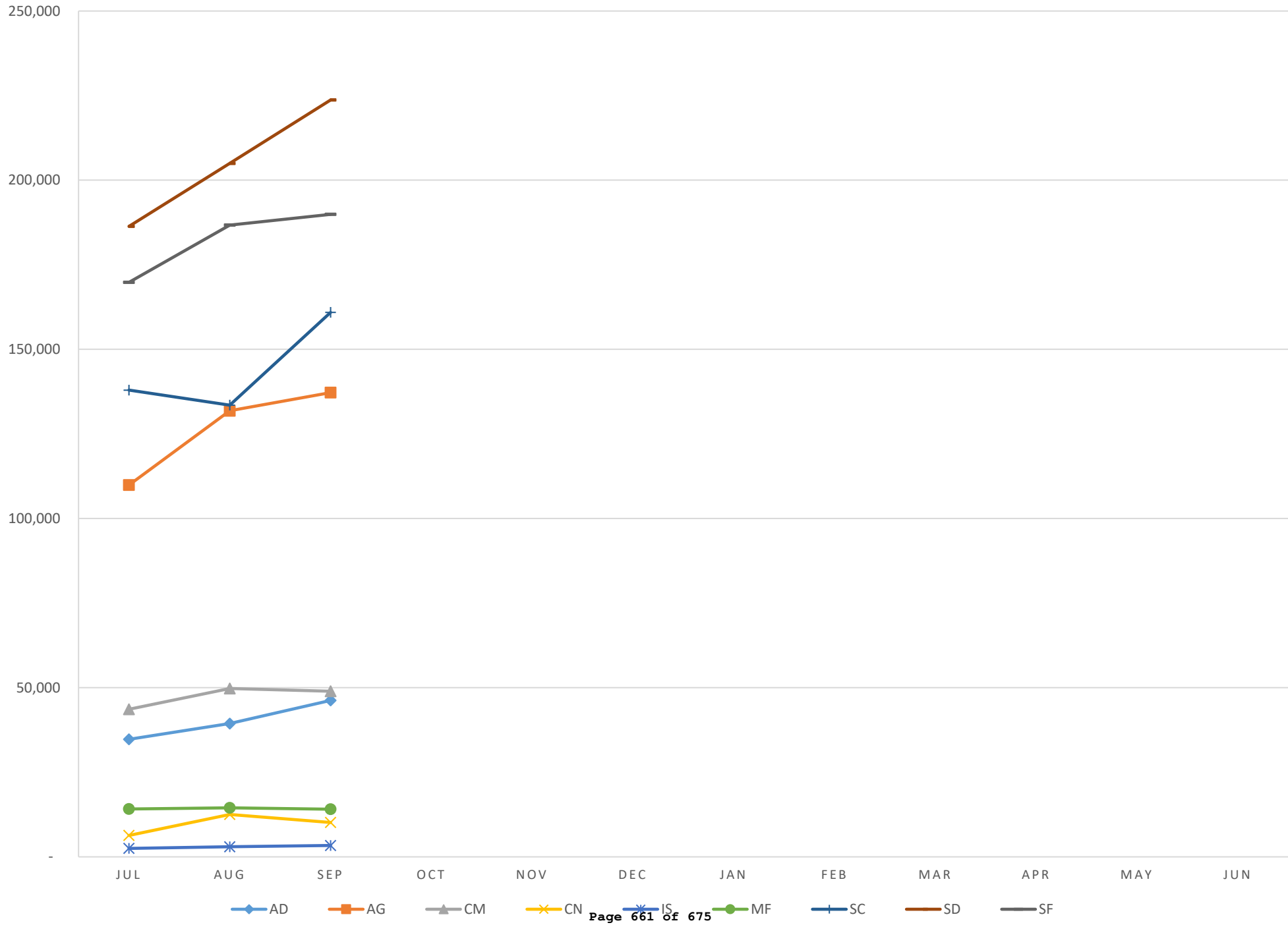
### FISCAL YEAR 2018-2019

| Quantity of Meters | User Code | JUL     | AUG     | SEP     | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | Acre Feet |
|--------------------|-----------|---------|---------|---------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----------|
| 562                | AD        | 34,648  | 47,312  | 45,104  |     |     |     |     |     |     |     |     |     | 292       |
| 402                | AG        | 129,946 | 149,080 | 154,084 |     |     |     |     |     |     |     |     |     | 994       |
| 264                | CM        | 51,483  | 67,254  | 66,114  |     |     |     |     |     |     |     |     |     | 424       |
| 23                 | CN        | 3,982   | 27,189  | 4,915   |     |     |     |     |     |     |     |     |     | 83        |
| 21                 | IS        | 4,964   | 3,824   | 3,852   |     |     |     |     |     |     |     |     |     | 29        |
| 112                | MF        | 11,653  | 12,856  | 13,798  |     |     |     |     |     |     |     |     |     | 88        |
| 323                | SC        | 165,088 | 203,887 | 203,899 |     |     |     |     |     |     |     |     |     | 1,315     |
| 1024               | SD        | 230,264 | 264,247 | 273,401 |     |     |     |     |     |     |     |     |     | 1,763     |
| 5468               | SF        | 168,323 | 192,173 | 207,384 |     |     |     |     |     |     |     |     |     | 1,304     |
| 8199               | Total     | 800,351 | 967,822 | 972,551 | -   | -   | -   | -   | -   | -   | -   | -   | -   | 6,292     |

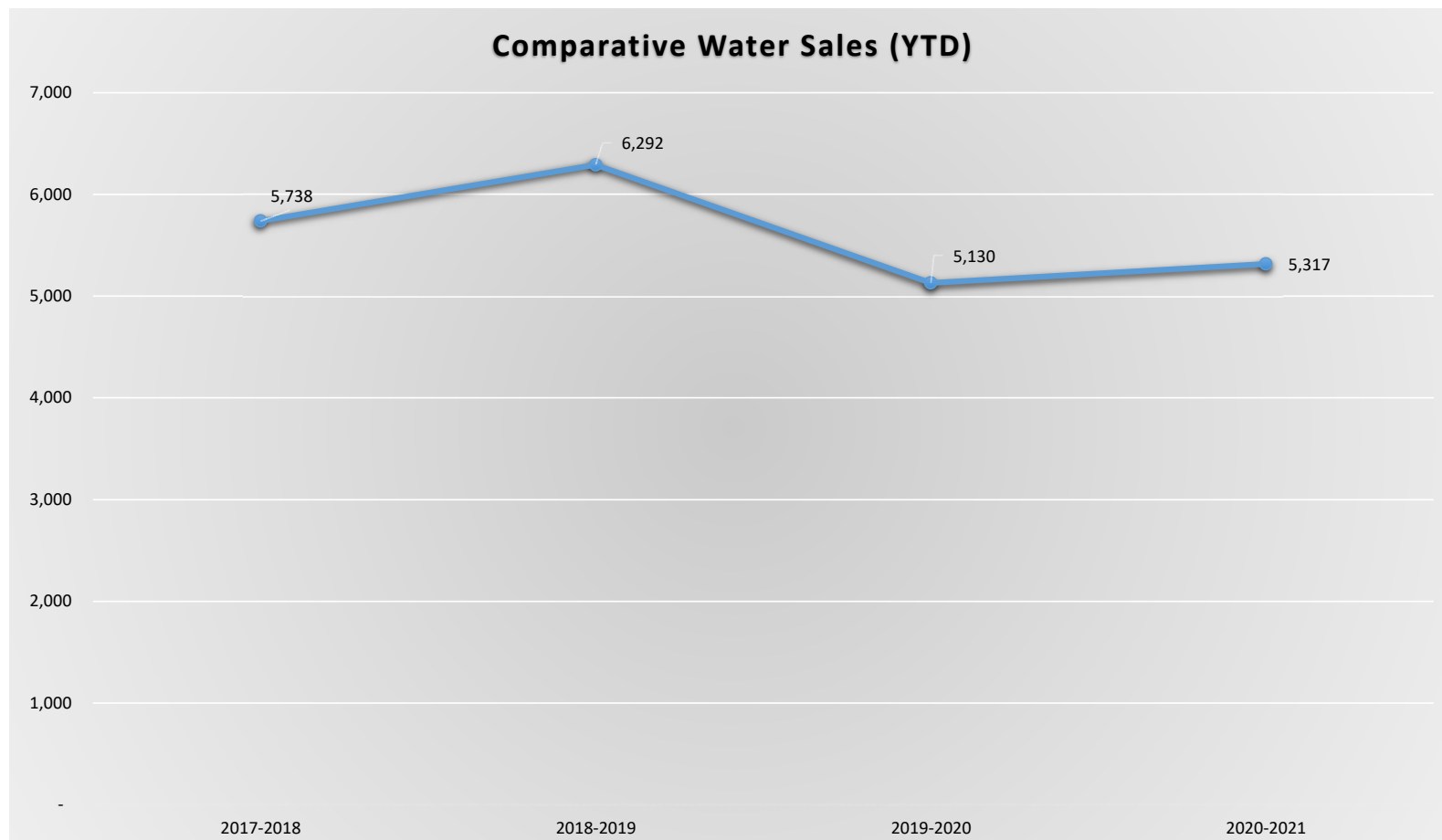
### FISCAL YEAR 2017-2018

| Quantity of Meters | User Code | JUL     | AUG     | SEP     | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | Acre Feet |
|--------------------|-----------|---------|---------|---------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----------|
| 563                | AD        | 33,310  | 29,712  | 36,164  |     |     |     |     |     |     |     |     |     | 228       |
| 395                | AG        | 144,066 | 131,474 | 145,280 |     |     |     |     |     |     |     |     |     | 966       |
| 247                | CM        | 33,715  | 42,488  | 33,812  |     |     |     |     |     |     |     |     |     | 253       |
| 32                 | CN        | 2,447   | 3,983   | 8,073   |     |     |     |     |     |     |     |     |     | 33        |
| 20                 | IS        | 2,320   | 2,440   | 2,793   |     |     |     |     |     |     |     |     |     | 17        |
| 96                 | MF        | 11,472  | 10,002  | 13,072  |     |     |     |     |     |     |     |     |     | 79        |
| 323                | SC        | 179,822 | 156,120 | 202,103 |     |     |     |     |     |     |     |     |     | 1,235     |
| 1024               | SD        | 244,799 | 223,157 | 271,457 |     |     |     |     |     |     |     |     |     | 1,697     |
| 5196               | SF        | 174,946 | 165,760 | 194,809 |     |     |     |     |     |     |     |     |     | 1,229     |
| 7896               | Total     | 826,897 | 765,136 | 907,563 | -   | -   | -   | -   | -   | -   | -   | -   | -   | 5,738     |

# USAGE BY CUSTOMER CLASS FY 20-21



## Comparative Water Sales YTD from Prior Years







## Check Register September 2020

| Description                              | Bank Transaction Code | Issue Date | Amount     |
|--|-----------------------|------------|------------|
| ACWA-JPIA                                | ACH                   | 09/04/2020 | 82,616.06  |
| AIRGAS USA, LLC                          | ACH                   | 09/04/2020 | 1,411.95   |
| AIRGAS USA, LLC                          | ACH                   | 09/18/2020 | 7,026.70   |
| ARAMARK UNIFORM SERVICES                 | CHECK                 | 09/18/2020 | 266.35     |
| ARENS GROUP INC.                         | CHECK                 | 09/04/2020 | 375.57     |
| AT&T                                     | CHECK                 | 09/18/2020 | 504.21     |
| AT&T LONG DISTANCE                       | CHECK                 | 09/04/2020 | 90.00      |
| AT&T MOBILITY                            | CHECK                 | 09/18/2020 | 1,369.00   |
| AZUGA, INC.                              | CHECK                 | 09/18/2020 | 40.75      |
| BABCOCK LABORATORIES, INC                | ACH                   | 09/04/2020 | 2,350.00   |
| BOOT BARN INC                            | CHECK                 | 09/04/2020 | 500.00     |
| BOOT BARN INC                            | CHECK                 | 09/18/2020 | 2,469.73   |
| BP BATTERY INC.                          | ACH                   | 09/18/2020 | 363.00     |
| BRYAN ORTIZ                              | CHECK                 | 09/18/2020 | 180.28     |
| CHRIS BROWN                              | ACH                   | 09/04/2020 | 22,854.73  |
| CHRIS WAITE                              | CHECK                 | 09/18/2020 | 521.30     |
| CLAUDIA RAMIREZ                          | CHECK                 | 09/18/2020 | 1,323.18   |
| CLYDE & KAY EWIN                         | CHECK                 | 09/04/2020 | 15,000.00  |
| COLONIAL LIFE & ACCIDENT INS.            | CHECK                 | 09/04/2020 | 172.09     |
| COLONIAL LIFE & ACCIDENT INS.            | CHECK                 | 09/18/2020 | 1,441.63   |
| CONCORD ENVIRONMENTAL ENERGY, INC.       | ACH                   | 09/04/2020 | 366.53     |
| CONCORD ENVIRONMENTAL ENERGY, INC.       | ACH                   | 09/18/2020 | 2,288.00   |
| CORE & MAIN LP                           | CHECK                 | 09/04/2020 | 443,655.77 |
| COUNTY OF SAN DIEGO CLERK                | CHECK                 | 09/04/2020 | 121.42     |
| COUNTY OF SAN DIEGO DEPT OF PUBLIC WORKS | CHECK                 | 09/18/2020 | 3,297.61   |

| Description                            | Bank Transaction Code | Issue Date | Amount    |
|--|-----------------------|------------|-----------|
| CRACKS & CORNERS CLEANING SERVICE      | ACH                   | 09/04/2020 | 1,202.60  |
| CWEA                                   | CHECK                 | 09/18/2020 | 151.37    |
| DAX & DEBORAH KIGER                    | CHECK                 | 09/04/2020 | 42,858.68 |
| DELL MARKETING L.P.                    | CHECK                 | 09/18/2020 | 5,162.96  |
| DESIGN SPACE MODULAR BUILDINGS         | ACH                   | 09/04/2020 | 8,193.90  |
| DIAMOND ENVIRONMENTAL SERVICES         | CHECK                 | 09/04/2020 | 29,447.57 |
| DIAMOND ENVIRONMENTAL SERVICES         | CHECK                 | 09/18/2020 | 6,275.00  |
| DILIGENT CORPORATION                   | CHECK                 | 09/18/2020 | 2,995.00  |
| DITCH WITCH WEST                       | CHECK                 | 09/04/2020 | 4,003.55  |
| DITCH WITCH WEST                       | CHECK                 | 09/18/2020 | 150.00    |
| DON DIVALERIO                          | CHECK                 | 09/18/2020 | 6,891.06  |
| DRAGON PRINTING EXPRESS                | CHECK                 | 09/04/2020 | 100.00    |
| DUDEK                                  | ACH                   | 09/18/2020 | 1,095.00  |
| EDWARD BRADLEY                         | CHECK                 | 09/18/2020 | 69.91     |
| ERNESTO PEREZ                          | CHECK                 | 09/04/2020 | 724.00    |
| ESAUD LAGUNAS                          | CHECK                 | 09/04/2020 | 2,000.00  |
| FALLBROOK AUTO PARTS                   | CHECK                 | 09/04/2020 | 845.00    |
| FALLBROOK AUTO PARTS                   | CHECK                 | 09/18/2020 | 970.37    |
| FALLBROOK EQUIPMENT RENTAL             | ACH                   | 09/04/2020 | 166.28    |
| FALLBROOK EQUIPMENT RENTAL             | ACH                   | 09/18/2020 | 3,350.00  |
| FALLBROOK IRRIGATION SUPPLIES          | CHECK                 | 09/18/2020 | 540.33    |
| FALLBROOK PUBLIC UTILITY DIST          | CHECK                 | 09/04/2020 | 597.08    |
| FALLBROOK WASTE AND RECYCLING          | CHECK                 | 09/04/2020 | 1,089.00  |
| FARAMARZ JAMSHIDI                      | CHECK                 | 09/04/2020 | 4,740.34  |
| FEDEX                                  | CHECK                 | 09/18/2020 | 2,548.52  |
| FERGUSON WATERWORKS #1083              | CHECK                 | 09/04/2020 | 2,864.09  |
| FERGUSON WATERWORKS #1083              | CHECK                 | 09/18/2020 | 602.50    |
| FLEETCREW, INC.                        | ACH                   | 09/18/2020 | 113.05    |
| FLYERS ENERGY LLC                      | ACH                   | 09/04/2020 | 527.69    |
| FLYERS ENERGY LLC                      | ACH                   | 09/18/2020 | 4,373.52  |
| FREEWAY TRAILER SALES                  | CHECK                 | 09/18/2020 | 298.50    |
| GLOBAL POWER GROUP INC.                | CHECK                 | 09/18/2020 | 30.91     |
| GOLDEN STATE INDUSTRIAL COATINGS, INC. | CHECK                 | 09/18/2020 | 465.00    |



| Description                                       | Bank Transaction Code | Issue Date | Amount   |
|---|-----------------------|------------|----------|
| HACH  | CHECK                 | 09/04/2020 | 635.19   |
| HARRIS & ASSOCIATES, INC.                         | ACH                   | 09/04/2020 | 1,685.32 |
| HAWTHORNE EQUIPMENT                               | CHECK                 | 09/04/2020 | 923.71   |
| HAWTHORNE EQUIPMENT                               | CHECK                 | 09/18/2020 | 380.65   |
| HDR ENGINEERING, INC.                             | CHECK                 | 09/18/2020 | 70.98    |
| HELIX ENVIRONMENTAL PLANNING INC                  | CHECK                 | 09/04/2020 | 221.90   |
| HELIX ENVIRONMENTAL PLANNING INC                  | CHECK                 | 09/18/2020 | 4,540.00 |
| HERCULES INDUSTRIES, INC                          | CHECK                 | 09/04/2020 | 2,557.50 |
| HOCH CONSULTING                                   | CHECK                 | 09/18/2020 | 3,790.00 |
| HOME DEPOT CC - ALL (AUGUST STATEMENT)            | EFT                   | 09/03/2020 | 1,424.32 |
| ICONIX WATERWORKS (US) INC                        | ACH                   | 09/04/2020 | 2,273.90 |
| ICONIX WATERWORKS (US) INC                        | ACH                   | 09/18/2020 | 4,373.52 |
| IMPACT DESIGN                                     | CHECK                 | 09/04/2020 | 38.75    |
| INFOR (US), INC.                                  | ACH                   | 09/04/2020 | 990.00   |
| INFOSEND, INC.                                    | CHECK                 | 09/18/2020 | 2,260.15 |
| JAMES SJUNESON                                    | CHECK                 | 09/18/2020 | 420.00   |
| JOEL MARTINEZ                                     | CHECK                 | 09/04/2020 | 2,107.63 |
| KEVIN MILLER                                      | ACH                   | 09/04/2020 | 627.18   |
| KNIGHT SECURITY & FIRE SYSTEMS                    | ACH                   | 09/04/2020 | 200.00   |
| KNIGHT SECURITY & FIRE SYSTEMS                    | ACH                   | 09/18/2020 | 128.53   |
| KNOCKOUT PEST CONTROL& TERMITE, INC.              | CHECK                 | 09/04/2020 | 1,539.17 |
| KNOCKOUT PEST CONTROL& TERMITE, INC.              | CHECK                 | 09/18/2020 | 20.00    |
| LIQUID ENVIRONMENTAL SOLUTIONS OF CA, LLC         | ACH                   | 09/18/2020 | 155.16   |
| MANSOUR MALEK                                     | CHECK                 | 09/16/2020 | 87.49    |
| MICHAEL MACK                                      | CHECK                 | 09/18/2020 | 54.09    |
| MOBILE MINI, INC                                  | CHECK                 | 09/04/2020 | 991.23   |
| MODULAR BUILDING CONCEPTS, INC                    | CHECK                 | 09/04/2020 | 463.43   |
| NBS BENEFITS-ADMINISTRATION FEES                  | EFT                   | 09/17/2020 | 8,190.27 |
| OCCUPATIONAL HEALTH CENTERS OF CA, A MEDICAL CORP | CHECK                 | 09/04/2020 | 446.85   |
| PACIFIC PIPELINE SUPPLY                           | CHECK                 | 09/18/2020 | 5,264.38 |
| PATRIOT PORTABLE RESTROOMS-SD                     | ACH                   | 09/04/2020 | 295.14   |
| PATRIOT PORTABLE RESTROOMS-SD                     | ACH                   | 09/18/2020 | 407.95   |
| PERRAULT CORPORATION                              | CHECK                 | 09/04/2020 | 545.60   |

| Description   | Bank Transaction Code | Issue Date | Amount       |
|---|-----------------------|------------|--------------|
| PERRAULT CORPORATION                                | CHECK                 | 09/18/2020 | 5,700.00     |
| PITNEY BOWES INC.                                   | CHECK                 | 09/18/2020 | 2,215,541.28 |
| POLLUTION CONTROL DISTRICT COUNTY OF SAN DIEGO, AIR | CHECK                 | 09/18/2020 | 81.72        |
| PRINCIPAL LIFE INSURANCE COMPANY                    | ACH                   | 09/18/2020 | 2,790.00     |
| PUBLIC POLICY STRATEGIES, INC.                      | CHECK                 | 09/04/2020 | 398.28       |
| QUALITY CHEVROLET                                   | ACH                   | 09/18/2020 | 52.90        |
| RAMON FRANCISCO COTE                                | CHECK                 | 09/04/2020 | 10,461.77    |
| RAMON FRANCISCO COTE                                | CHECK                 | 09/18/2020 | 7,626.76     |
| RANCHO FORD LINCOLN MERCURY                         | CHECK                 | 09/18/2020 | 822.48       |
| RENE BUSH   | ACH                   | 09/04/2020 | 200.00       |
| RENE BUSH   | ACH                   | 09/18/2020 | 44.50        |
| RHO MONSERATE C.C.H.A.                              | CHECK                 | 09/18/2020 | 18,458.00    |
| RT LAWRENCE CORPORATION                             | ACH                   | 09/18/2020 | 69.50        |
| RYAN HERCO PRODUCTS CORP                            | CHECK                 | 09/04/2020 | 4,200.21     |
| SAN DIEGO COUNTY ASSESSOR/RECORDER/CLERK            | CHECK                 | 09/04/2020 | 6,273.43     |
| SAN DIEGO FRICTION PRODUCTS, INC.                   | CHECK                 | 09/18/2020 | 300.00       |
| SAN DIEGO GAS & ELECTRIC                            | CHECK                 | 09/04/2020 | 4,017.24     |
| SAN DIEGO LAFCO                                     | CHECK                 | 09/04/2020 | 55.87        |
| SDCWA WATER PURCHASE- JUL 2020                      | WIRE                  | 09/10/2020 | 125.01       |
| SOUTHWEST ANSWERING SERVICE, INC.                   | CHECK                 | 09/18/2020 | 300.00       |
| SPARLING INSTRUMENTS, LLC                           | CHECK                 | 09/18/2020 | 645.66       |
| SPECIAL DISTRICT RISK                               | CHECK                 | 09/04/2020 | 3,750.00     |
| SPECIALTY MOWING SERVICES, INC - W9                 | ACH                   | 09/04/2020 | 155.14       |
| STREAMLINE  | ACH                   | 09/18/2020 | 1,025.49     |
| T S INDUSTRIAL SUPPLY                               | CHECK                 | 09/04/2020 | 4,004.04     |
| T S INDUSTRIAL SUPPLY                               | CHECK                 | 09/18/2020 | 1,100.67     |
| T.E. ROBERTS, INC.                                  | CHECK                 | 09/04/2020 | 24,047.15    |
| TCN, INC  | CHECK                 | 09/04/2020 | 23,307.58    |
| TEMECULA VALLEY HYDRO STRAWBERRY                    | CHECK                 | 09/04/2020 | 20,625.00    |
| TEMECULA VALLEY PAINT, INC.                         | CHECK                 | 09/18/2020 | 3,070.10     |
| TIME WARNER CABLE                                   | CHECK                 | 09/04/2020 | 40.00        |
| TOTAL COMPENSATION SYSTEMS, INC.                    | CHECK                 | 09/04/2020 | 3,325.60     |
| TRAFFIC SAFETY SOLUTIONS, LLC                       | ACH                   | 09/04/2020 | 128.29       |

| Description                                  | Bank Transaction Code | Issue Date    | Amount              |
|--|-----------------------|---------------|---------------------|
| TRAFFIC SAFETY SOLUTIONS, LLC                | ACH                   | 09/18/2020    | 1,315.63            |
| ULINE  | CHECK                 | 09/04/2020    | 2,125.41            |
| ULINE  | CHECK                 | 09/18/2020    | 13.51               |
| UNDERGROUND SERVICE ALERT                    | ACH                   | 09/04/2020    | 1,400.00            |
| UNION BANK CC - DAUGHERTY (AUGUST STATEMENT) | EFT                   | 09/14/2020    | 12,916.49           |
| UNION BANK CC - DEL RIO (AUGUST STATEMENT)   | EFT                   | 09/14/2020    | 1,681.03            |
| UNION BANK CC - HARP (AUGUST STATEMENT)      | EFT                   | 09/14/2020    | 4,235.50            |
| UNION BANK CC - LAGUNAS (AUGUST STATEMENT)   | EFT                   | 09/14/2020    | 1,092.50            |
| UNION BANK CC - ROSE (AUGUST STATEMENT)      | EFT                   | 09/14/2020    | 600.00              |
| UNION BANK CC - ZUNIGA (AUGUST STATEMENT)    | EFT                   | 09/14/2020    | 30,064.89           |
| UNITED RENTALS NORTHWEST, INC                | CHECK                 | 09/18/2020    | 345.77              |
| VALLEY CONSTRUCTION MANAGEMENT               | CHECK                 | 09/18/2020    | 1,237.97            |
| VECTOR RESOURCES, INC.                       | CHECK                 | 09/04/2020    | 2,636.51            |
| VERIZON WIRELESS                             | CHECK                 | 09/18/2020    | 3,285.94            |
| WATER QUALITY SPECIALISTS                    | ACH                   | 09/04/2020    | 1,008.15            |
| WATERLINE TECHNOLOGIES INC.                  | CHECK                 | 09/04/2020    | 11,783.59           |
| WESTERN LANDSCAPE MAINTENANCE PLUS, INC.     | ACH                   | 09/04/2020    | 2,248.63            |
| WHITE CAP CONSTRUCTION SUPPLY                | CHECK                 | 09/04/2020    | 6,888.42            |
|  |                       | <b>Total:</b> | <b>3,221,782.24</b> |



**Director's Expenses  
FY 2020-2021**

| Disbursement<br>Date | Description  | Helene<br>Brazier | Miguel<br>Gasca | Claude<br>Hamilton | Michael<br>Mack | Carl<br>Rindfleisch |
|----------------------|--|-------------------|-----------------|--------------------|-----------------|---------------------|
| 07/31/20             | CAL PERS - HEALTH INS.<br>WATER AGENCIES ASSOC OF S.D.<br>CSDA,SAN DIEGO CHAPTER<br>CONFERENCES (CSDA, ACWA, etc.)<br>TRAINING<br>COUNCIL OF WATER UTILITIES<br>DIRECTORS' PER DIEMS | \$ 150.00         | \$ 150.00       | \$ 150.00          | \$ 150.00       | \$ 150.00           |
|                      | TRAVEL EXPENSES  |                   |                 |                    |                 |                     |
|                      | MILEAGE EXPENSE  |                   |                 |                    | \$ 102.35       |                     |
|                      | <b>REIMBURSEMENT FROM DIRECTORS</b>  |                   |                 |                    |                 |                     |
|                      | Monthly Totals   | \$ 150.00         | \$ 150.00       | \$ 150.00          | \$ 252.35       | \$ 150.00           |
| 08/31/20             | CAL PERS - HEALTH INS.<br>WATER AGENCIES ASSOC OF S.D.<br>CSDA,SAN DIEGO CHAPTER<br>CONFERENCES (CSDA, ACWA, etc.)<br>TRAINING<br>COUNCIL OF WATER UTILITIES<br>DIRECTORS' PER DIEMS | \$ 150.00         | \$ 150.00       | \$ 150.00          | \$ 150.00       | \$ 150.00           |
|                      | TRAVEL EXPENSES  |                   |                 |                    |                 |                     |
|                      | MILEAGE EXPENSE  |                   |                 |                    |                 |                     |
|                      | <b>REIMBURSEMENT FROM DIRECTORS</b>  |                   |                 |                    |                 |                     |
|                      | Monthly Totals   | \$ 150.00         | \$ 150.00       | \$ 150.00          | \$ 150.00       | \$ 150.00           |
| 09/30/20             | WATER AGENCIES ASSOC OF S.D.<br>CSDA,SAN DIEGO CHAPTER<br>CONFERENCES (CSDA, ACWA, etc.)<br>TRAINING<br>COUNCIL OF WATER UTILITIES<br>DIRECTORS' PER DIEMS                           |                   | \$ 150.00       | \$ 150.00          | \$ 300.00       | \$ 300.00           |
|                      | TRAVEL EXPENSES  |                   |                 |                    |                 |                     |
|                      | MILEAGE AND EXPENSES   |                   |                 |                    |                 |                     |
|                      | <b>REIMBURSEMENT FROM DIRECTORS</b>  |                   |                 |                    |                 |                     |
|                      | Monthly Totals   | \$ -              | \$ 150.00       | \$ 150.00          | \$ 300.00       | \$ 300.00           |
| <b>REPORT TOTAL:</b> |  | \$ 300.00         | \$ 450.00       | \$ 450.00          | \$ 702.35       | \$ 600.00           |





## AMERICAN EXPRESS

September 2020

| GL Finance Code | GL Transaction Amount | Description                           |
|-----------------|-----------------------|---------------------------------------|
| GL 01 35 63404  | 5,000.00              | 1ST CHOICE BACKFLOW #6110             |
| GL 01 33 73000  | 1,184.17              | AMAZON #112-0319524-1401870/PO #10922 |
| GL 01 31 63401  | 1,389.96              | AMAZON #112-0374624-4876229/PO #10843 |
| GL 03 41 63400  | 161.08                | AMAZON #112-1109675-5757842           |
| GL 03 41 72900  | 65.70                 | AMAZON #112-2680338-1297049           |
| GL 01 32 72000  | 94.52                 | AMAZON #112-3850056-7220269           |
| GL 03 44 60100  | 113.10                | AMAZON #112-4035205-7730644           |
| GL 03 41 72900  | 64.83                 | AMAZON #112-4632142-8674616           |
| GL 01 33 72000  | 31.32                 | AMAZON #112-5497959-4441046           |
| GL 03 41 72900  | 63.91                 | AMAZON #112-9451614-9844210           |
| GL 03 41 72900  | 47.88                 | AMAZON #114-0606181-0935425           |
| GL 03 44 60100  | 237.00                | AMAZON #114-0627190-7212200           |
| GL 03 44 60100  | 61.27                 | AMAZON #114-2122624-0989025           |
| GL 03 44 60100  | 107.64                | AMAZON #114-2743511-5786652           |
| GL 03 44 60100  | (326.12)              | AMAZON #114-3152880-1000245           |
| GL 03 44 60100  | 161.50                | AMAZON #114-3289050-4052242           |
| GL 03 44 60100  | 285.55                | AMAZON #114-5528938-4808264           |
| GL 03 44 60100  | 197.15                | AMAZON #114-5845213-8020255           |
| GL 03 44 60100  | 155.14                | AMAZON #114-5989984-7266648           |
| GL 03 44 60100  | 171.32                | AMAZON #114-6649520-3982657           |
| GL 03 44 60100  | 123.62                | AMAZON #114-9288984-9652214           |
| GL 03 44 60100  | 0.21                  | AMAZON WEB SERVICES                   |
| GL 03 43 72200  | 261.45                | AMERICAN SOCIETY #1001672351          |
| GL 03 43 72200  | 308.45                | AMERICAN SOCIETY #1001673222          |
| GL 03 43 72000  | 2.99                  | APPLE.COM                             |
| GL 03 43 72400  | 210.00                | ASSP #1001673222                      |
| GL 03 44 60100  | 10.00                 | ATLASSIAN #AT-112232165               |

| GL Finance Code        | GL Transaction Amount | Description                        |
|------------------------|-----------------------|------------------------------------|
| GL 03 44 60100         | 255.50                | AUTHORIZE.NET, 9-1-20              |
| GL 03 44 60100         | 242.75                | AZURE #E0300C4YZW                  |
| GL 03 44 72400         | 1,287.00              | BLUEBEAM # / PO #10849             |
| GL 03 44 60100         | 192.50                | CORELOGIC                          |
| GL 03 51 75300         | 425.00                | CSDA BOARD SECRETARY MTG-AHOLTZ    |
| GL 03 41 75300         | 425.00                | CSDA BOARD SECRETARY MTG-DWASHBURN |
| GL 03 41 63401         | 78.79                 | CULLIGAN #093020                   |
| GL 03 44 60100         | 39.99                 | DIRECTV                            |
| GL 03 41 63400         | 38.25                 | FRUIT GUYS #5533717                |
| GL 03 41 63400         | 76.50                 | FRUIT GUYS #5534851                |
| GL 03 41 63400         | 38.25                 | FRUIT GUYS #5535730                |
| GL 03 41 63400         | 76.50                 | FRUIT GUYS #5536661                |
| GL 03 42 56513         | 828.00                | FUNFLICKS #6881491                 |
| GL 03 41 72400         | 345.00                | GFOA #637337                       |
| GL 03 43 72500         | 2,233.68              | GRAINGER #9609748760/PO #10825     |
| GL 03 43 72000         | 114.54                | GRAINGER #9611243354/PO #10825     |
| GL 03 43 72000         | 48.10                 | GRAINGER #9612297920/PO #10825     |
| GL 01 33 73000         | 4,062.18              | GRAINGER #9614617703/PO #10833     |
| GL 60 99 72000 600028  | 1,503.12              | GRAINGER #9623683480/PO #10852     |
| GL 03 43 72500         | 148.61                | GRAINGER #9624386414/PO #10851     |
| GL 03 43 72500         | 39.69                 | GRAINGER #9625733200/PO #10497     |
| GL 03 43 72500         | 755.20                | GRAINGER #9636867278/PO #10879     |
| GL 01 32 72000         | 761.18                | GRAINGER #9637840019/PO #10878     |
| <b>GL 01 32 72000 </b> | 223.70                | GRAINGER #9638213489/PO #10878     |
| GL 03 43 72500         | 194.58                | GRAINGER #9638213497/PO #10879     |
| GL 03 43 72500         | 343.59                | GRAINGER #9641658464/PO #10879     |
| GL 03 43 72000         | 173.43                | GRAINGER #9643228415/PO #10825     |
| GL 60 99 72000 600028  | 151.93                | GRAINGER #9645322356/PO #10891     |
| GL 03 43 72500         | 216.80                | GRAINGER #9655174127/PO #10879     |
| GL 03 43 72000         | 135.92                | GRAINGER #9655174135/PO #10904     |
| GL 03 43 72000         | 697.50                | GRAINGER #9655174143/PO #10904     |
| GL 03 41 74100         | 951.34                | JIVE                               |
| GL 03 41 63400         | 750.00                | NATUREBOX #10813                   |
| GL 60 99 70300 600007  | 5,786.50              | NOSSAMAN INV# 512630               |



| GL Finance Code       | GL Transaction Amount | Description                                      |
|-----------------------|-----------------------|--|
| GL 03 41 70300 300008 | 781.00                | NOSSAMAN INV# 512630                             |
| GL 53 99 70300 530016 | 319.50                | NOSSAMAN INV# 512630                             |
| GL 03 91 70300 300018 | 568.00                | NOSSAMAN INV# 512630                             |
| GL 60 99 70300 600013 | 284.00                | NOSSAMAN INV# 512630                             |
| GL 03 41 70300        | 5,586.00              | NOSSAMAN INV# 512630                             |
| GL 03 41 70300        | 42,654.04             | NOSSAMAN INV# 512632                             |
| GL 03 41 70300        | 752.00                | NOSSAMAN INV# 512634                             |
| GL 03 41 70300        | 630.00                | NOSSAMAN INV# 512635                             |
| GL 60 99 70300 600013 | 2,625.96              | NOSSAMAN INV# 512636                             |
| GL 03 41 70300        | 5,280.54              | NOSSAMAN INV# 512637                             |
| GL 03 41 70300 300008 | 717.50                | NOSSAMAN INV# 512639                             |
| GL 60 99 70300 600042 | 520.00                | NOSSAMAN INV# 512639                             |
| GL 60 99 70300 600036 | 97.50                 | NOSSAMAN INV# 512639                             |
| GL 03 41 70300        | 6,473.55              | NOSSAMAN INV# 512639                             |
| GL 03 43 72500        | 18.08                 | OFFICE DEPOT                                     |
| GL 03 41 72900        | 51.68                 | OFFICE DEPOT #113035425001                       |
| GL 03 41 72900        | 116.13                | OFFICE DEPOT #120391199001                       |
| GL 03 41 72900        | 168.05                | OFFICE DEPOT #120391199002                       |
| GL 03 41 72900        | 16.38                 | OFFICE DEPOT #123003276001                       |
| GL 03 41 72900        | 7.94                  | OFFICE DEPOT #124774639001                       |
| GL 03 41 75300        | 59.72                 | PALA MESA MARKET                                 |
| GL 01 35 63404        | 5,000.00              | PALOMAR BACKFLOW #7168                           |
| GL 03 41 75300        | 17.65                 | PREPASS #0303526M200831                          |
| GL 03 42 56513        | 97.85                 | PROFLOWERS                                       |
| GL 03 44 60100        | 10.00                 | RING   |
| GL 03 20 75300        | 8.25                  | RITE AID STORE                                   |
| GL 01 34 72000        | (9,063.77)            | STAMPEDE DISTRIBUTION - FRAUD CHARGE/AMEX CREDIT |
| GL 01 34 72000        | (9,063.77)            | STAMPEDE DISTRIBUTION - FRAUD CHARGE/AMEX CREDIT |
| GL 03 41 63401        | 58.15                 | SUPER FRAME & ART                                |
| GL 03 41 63401        | 68.45                 | SUPER FRAME & ART                                |
| GL 03 43 72000        | 765.00                | UCSD EXTENSION - ELAGUNAS                        |
| GL 03 44 60100        | 23.65                 | WASABI   |
| GL 03 41 63401        | 472.15                | WAXIE  |
| GL 01 99 15260        | 1,373.82              | WESTERN WATER #536049-00                         |

| GL Finance Code       | GL Transaction Amount | Description                                   |
|-----------------------|-----------------------|---|
| GL 60 99 72000 600028 | 1,373.81              | WESTERN WATER #536049-00                      |
| GL 01 35 72000        | 35.00                 | ZOHO #66302255                                |
| GL 03 44 60100        | 174.91                | ZOOM  |
| GL 03 44 60100        | 0.48                  | ZOOM  |
| GL 03 44 60100        | 8.22                  | ZOOM  |
|                       | <b>92,911.68</b>      | <b>American Express (September Statement)</b> |

Rainbow MWD Developer Projections - Water

Installations

| Development Name<br>(Active)<br>(Inactive) | Purchased | Anticipated Sales (Connections) |          |          |          |          |        |       | Water LF | PRS | Timing          |
|--|-----------|---------------------------------|----------|----------|----------|----------|--------|-------|----------|-----|-----------------|
|  |           | FY 19/20                        | FY 20/21 | FY 21/22 | FY 22/23 | FY 23/24 | FY 24+ | Total |          |     |                 |
| Horse Ridge Creek                          | 274.8     |                                 | 23.8     |          |          |          |        | 23.8  | 34407    | 1   | In Progress     |
| Horse Ridge Creek (RAH)                    | 113       |                                 |          |          |          |          |        | 0     |          |     | In Progress     |
| Campus Park West                           |           |                                 |          |          |          |          |        | 9     |          |     |                 |
| Lilac Del Cielo                            |           |                                 | 20       | 56       |          |          |        | 76    | 2247     | 1   | Recent Activity |
| Golf Green Estates                         | 77        |                                 | 20       |          |          |          |        | 20    | 5475     |     | In Progress     |
| Pala Mesa Highlands                        | 104       |                                 | 27       |          |          |          |        | 27    | 10089    | 1   | In Progress     |
| Bonsall Oaks/Polo                          |           |                                 |          |          |          |          | 154    | 154   | 21531    | 3   |                 |
| Ocean Breeze (Vessels)                     |           |                                 |          |          |          |          | 396    | 396   |          |     |                 |
|  |           |                                 |          |          |          |          |        | 0     |          |     |                 |
| Rancho Viejo Phase 3                       |           |                                 |          |          |          |          | 47     | 47    |          |     |                 |
| Campus Park                                |           |                                 |          |          |          |          | 53     | 53    |          |     |                 |
| Meadowood*                                 |           |                                 | 100      | 250      | 151      |          |        | 501   |          | 1   | In Progress     |
| Single Service Laterals                    |           | 6                               | 5        | 5        | 5        | 5        | 5      | 31    |          |     | See Notes**     |
| <b>TOTAL WATER METERS</b>                  | 568.8     | 6                               | 196      | 311      | 156      | 5        | 664    | 1,338 |          |     |                 |

Revenue Projections

| Meter Size<br>(in)   | Revenue<br>Per Meter<br>(Existing) | Purchased | Anticipated Sales |                    |                    |                    |                 |                    |       |                     |
|----------------------|------------------------------------|-----------|-------------------|--------------------|--------------------|--------------------|-----------------|--------------------|-------|---------------------|
|                      |                                    |           | FY 19/20          | FY 20/21           | FY 21/22           | FY 22/23           | FY 23/24        | FY 24+             | Total |                     |
| 5/8                  | 6,241                              |           |                   |                    |                    |                    |                 |                    |       | -                   |
| 3/4                  | 10,401                             | 531.8     |                   | 191                | 306                | 151                |                 | 644                |       | 1,292               |
| 1                    | 16,642                             | 0         | 5                 | 5                  | 5                  | 5                  | 5               | 20                 |       | 45                  |
| 1 1/2                | 27,043                             | 34        | 1                 |                    |                    |                    |                 |                    |       | 1                   |
| 2                    | 62,406                             | 3         |                   |                    |                    |                    |                 |                    |       | -                   |
| 3                    | 124,812                            |           |                   |                    |                    |                    |                 |                    |       | -                   |
| 4                    | 208,020                            |           |                   |                    |                    |                    |                 |                    |       | -                   |
| <b>Total</b>         |                                    | 568.8     | 6                 | 196                | 311                | 156                | 5               | 664                |       | <b>1,338</b>        |
| <b>Total Revenue</b> |                                    |           | <b>\$110,253</b>  | <b>\$2,069,801</b> | <b>\$3,265,916</b> | <b>\$1,653,761</b> | <b>\$83,210</b> | <b>\$7,031,084</b> |       | <b>\$14,214,025</b> |

Notes:

\*Actual amount will vary depending on final agreements.

\*\*Average from last 10 years.

Rainbow MWD Developer Projections - Sewer

Installations

| Development Name<br>(Active)<br>(Inactive) | Purchased<br>(EDUs) | Anticipated Sales (EDUs) |          |          |          |          |        |       | Sewer LF | LS | Timing      |
|--|---------------------|--------------------------|----------|----------|----------|----------|--------|-------|----------|----|-------------|
|  |                     | FY 19/20                 | FY 20/21 | FY 21/22 | FY 22/23 | FY 23/24 | FY 24+ | Total |          |    |             |
| Horse Ridge Creek                          | 723                 |                          |          |          |          |          |        | 0     | 29916    | 1  | In Progress |
| Horse Ridge Creek (RAH)                    | 169.5               |                          |          |          |          |          |        | 0     |          |    |             |
| Campus Park West                           |                     |                          |          |          |          |          |        | 9     |          |    |             |
| Lilac Del Cielo                            | 38.9                |                          | 38.9     |          |          |          |        | 39    | 1382     |    | Recent      |
| Golf Green Estates                         | 94.5                |                          | 25.8     |          |          |          |        | 26    | 4318     |    | In Progress |
| Pala Mesa Highlands                        | 126.88              |                          | 35.7     |          |          |          |        | 36    | 11501    |    | In Progress |
| Bonsall Oaks/Polo                          | 59.85               |                          |          |          |          |          |        | 96.2  | 21027    |    | Recent      |
| Ocean Breeze (Vessels)                     |                     |                          |          |          |          |          |        | 479   |          |    | Recent      |
| Rancho Viejo Phase 3                       |                     |                          |          |          |          |          |        | 47    |          |    | Recent      |
|  |                     |                          |          |          |          |          |        | 0     | 2251     |    |             |
| Campus Park                                |                     |                          |          |          |          |          |        | 0     |          |    |             |
| Meadowood*                                 |                     |                          | 422      | 422      |          |          |        | 844   |          |    |             |
| Misc. SFR                                  |                     |                          | 3        | 3        | 3        | 3        | 3      | 15    |          |    |             |
| <b>TOTAL EDUs</b>                          |                     | -                        | 525      | 425      | 3        | 3        | 634    | 1591  |          |    |             |

Revenue Projections

|                      |           | Purchased<br>(EDUs) | Anticipated Sales |             |             |          |          |             |                 |
|----------------------|-----------|---------------------|-------------------|-------------|-------------|----------|----------|-------------|-----------------|
|                      |           |                     | FY 19/20          | FY 20/21    | FY 21/22    | FY 22/23 | FY 23/24 | FY 24+      | Total           |
| Existing Fee         | \$ 14,126 | 281.23              |                   | 525         | 425         | 3        | 3        | 634         | 1,591           |
|                      |           |                     |                   |             |             |          |          |             |                 |
|                      |           |                     |                   |             |             |          |          |             |                 |
|                      |           |                     |                   |             |             |          |          |             |                 |
|                      |           |                     |                   |             |             |          |          |             |                 |
| Meadowwood           |           | 883                 |                   |             |             |          |          |             |                 |
| <b>Total</b>         |           |                     | -                 | 525         | 425         | 3        | 3        | 634         | 1,591           |
| <b>Total Revenue</b> |           |                     | \$0               | \$7,421,800 | \$6,003,550 | \$42,378 | \$42,378 | \$8,958,709 | \$22,468,816 ** |

Notes:

\*Actual amount will vary depending on final agreements.

\*\* Actual amounts will vary depending on final exchange agreements.

Rainbow Municipal Water District  
Property spreadsheet

| APN               | Description of Use                                 | Acreage       |
|-------------------|--|---------------|
| 1023000800        | North Reservoir                                    | 4.8           |
| 1023001100        | U-1 Pump Station                                   | 0.14          |
| 1023005000        | Rainbow Creek Crossing near North Reservoir        | 0.89          |
| 1023005300        | Connection 9                                       | 0.01          |
| 1024300900        | Pump Station across PS1 (not in use)               | 0.12          |
| 1025702000        | U-1 Tanks  | 1.08          |
| 1026305400        | Pump Station #1                                    | 0.33          |
| 1026602000        | Booster Pump Station #4                            | 0.03          |
| 1027001600        | Pump Station #3                                    | 0.67          |
| 1071702800        | Connection 7                                       | 1.60          |
| 1071702900        | Pala Mesa Tank                                     | 10.35         |
| 1080206900        | Northside Reservoir                                | 9.23          |
| 1082210600        | Beck Reservoir                                     | 27.25         |
| 1082210900        | Near Beck Reservoir                                | 4.82          |
| 1082211000        | Near Beck Reservoir                                | 6.23          |
| 1082211800        | Near Beck Reservoir - Excess Property (not in use) | 4.68          |
| 1084210600        | Rice Canyon Tank                                   | 1.00          |
| 1084410300        | Canonita Tank                                      | 2.41          |
| 1091410700        | Gomez Creek Tank                                   | 1.00          |
| 1092310900        | Rainbow Heights Tank                               | 0.35          |
| 1092330300        | Rainbow Heights Tank                               | 0.99          |
| 1092341000        | Rainbow Heights Concrete Tank - used for SCADA     | 1.74          |
| 1093101800        | Vallecitos Tank                                    | 0.55          |
| 1093822800        | Magee Tank   | 1.03          |
| 1093912400        | Magee Pump Station                                 | 0.3           |
| 1100721000        | Huntley Road Pump Station                          | 0.52          |
| 1102203700        | Huntley Chlorination Station (not in use)          | 0.2           |
| 1212011000        | Morro Tank   | 0.31          |
| 1212011100        | Morro Tank   | 4.85          |
| 1212011200        | Morro Reservoir                                    | 13.01         |
| 1213300900        | Morro Reservoir                                    | 6.79          |
| 1250703200        | Sumac Reservoir (Not in Use)                       | 1.72          |
| <b>1250902600</b> | <b>Headquarters</b>                                | <b>7.38</b>   |
| <b>1250903400</b> | <b>Headquarters</b>                                | <b>4.43</b>   |
| <b>1250903500</b> | <b>Headquarters</b>                                | <b>3.40</b>   |
| <b>1250903800</b> | <b>Headquarters</b>                                | <b>17.03</b>  |
| 1251002100        | Rancho Viejo Lift Station #5                       | 0.05          |
| 1252311800        | Hutton Tank  | 1.39          |
| 1252312600        | Hutton Tank  | 0.89          |
| 1260803100        | Via de los Cepillos Easement                       | 0.47          |
| 1261708700        | Lift Station #2                                    | 0.08          |
| 1261708900        | Lift Station #2                                    | 0.12          |
| 1263004200        | Lift Station #1                                    | 0.01          |
| 1270710500        | Bonsall Reservoir (Not in Use)                     | 6.19          |
| 1270710600        | Connection 6                                       | 0.28          |
| 1271512300        | Turner Tank  | 15.12         |
| 1721404300        | Gopher Canyon Tank                                 | 1.84          |
|                   | <i>Total</i>                                       | <b>167.68</b> |

