

**MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
RAINBOW MUNICIPAL WATER DISTRICT
FEBRUARY 27, 2024**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on February 27, 2024, was called to order by President Hamilton at 1:02 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028.

2. **ROLL CALL:**

Present: Directors Hamilton, Johnson, Mack, and Townsend-Smith

Also Present: General Manager Wiley, Legal Counsel Smith, District Secretary Quintanar, Engineering and CIP Program Manager Williams, Administrative Services Manager Harp, Senior Project Manager Tamimi, Construction and Meters Supervisor Lagunas, Administrative Assistant Montano, Administrative Analyst II Barrow, and Information Technology Manager Khattab, Chief Financial Officer Aragon

Lisa Herman and Cari Dale, along with three members of the public were present in person, video teleconference or video conference.

3. **PLEDGE OF ALLEGIANCE**

4. **ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA**

5. **APPROVAL OF THE AGENDA**

To approve the Agenda as presented.

Action: Approve, Moved by Director Johnson, Seconded by Director Mack.

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

Ayes: Directors Hamilton, Johnson, Mack, and Townsend-Smith

6. **PUBLIC COMMENT**

Instructions for virtual public comments were read aloud. There were no requests to speak.

7. **EMPLOYEE RECOGNITIONS**

A. Claudia Ramirez – Five years

Mr. Wiley was pleased to recognize Claudia Ramirez, who joined the District in 2019, and has since improved the evaluation process, and has brought tremendous fun and camaraderie to the District through interaction and engagement with staff, offering assistance and information. She was awarded a plaque and congratulated.

8. COMMITTEE MEETING SUMMARIES

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

Mr. Nelson complimented the new agenda format and reported on the discussions and actions of the February 13, 2024, Budget and Finance Committee meeting. He stated that the Committee was supportive of the Board's approval of Items 9.B, 10.F, 10.G, 10.H, of today's Board Meeting Agenda, and that the Committee appointed him to continue as Chairman, which he enjoys.

Mr. Nelson reported on the discussion and actions of the February 7, 2024, Engineering and Operations Committee meeting. The Committee was provided with a comprehensive summary of all of the current Capital Improvement projects, appointed Steve McKesson to continue as the Committee's Vice Chairman, and concurred in support of the Board's approval of Item 10.K of today's Board Meeting Agenda.

Ms. Harp reported on the discussion and actions of the February 1, 2024, Community and Customer Service Committee meeting, which included discussion of the CropSWAP Program, Customer Service Survey, Strategic Communications Plan and February 15, 2024 workshop, and upcoming community events, including the April 21, 2024, Avocado Festival, the Bonsall High School Field Trip, the 4th Grade Poster Contest, and contents of the quarterly newsletter.

9. CONSENT CALENDAR

- A. Approval of January 23, 2024 Meeting Minutes
- B. Fiscal Year 2023-24 Mid-Year Operating and Capital Budget Review and Adjustments
- C. Adoption of Resolution No. 2024-02 Fixing the Time and Place of Public Hearing on Proposed Water Availability Charges for Improvement District No. 1

Motion:

To approve the Consent Calendar as presented.

Action: Approve, Moved by Director Mack, Seconded by Director Johnson.

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

Ayes: Directors Hamilton, Johnson, Mack, and Townsend-Smith

10. ACTION ITEMS

- A. Discussion and Possible Selection of Division Three Director and Adoption of Resolution No. 2024-01, a Resolution Appointing a Director of Division Three of the Rainbow Municipal Water District

At President Hamilton's suggestion to continue the interview process in alphabetical order, Ms. Lisa Herman stepped out into the lobby.

Ms. Cari Dale addressed the Board, and relayed that she has been a ratepayer for 23 years, and relayed appreciation for staff, particularly in emergency situations. She ran for the RMWD board in 2005 and has since retired from the City of Oceanside; and desires to stay engaged with the water industry. She also shared that she works part-time with a consulting firm, has three decades of experience, and could contribute expertise and a unique perspective.

Responding to Director Johnson's request for relevant and beneficial experience, Ms. Dale relayed that she has long-standing relationships with neighboring agencies' Boards and staff, as well as agencies outside of San Diego County, has been engaged with the community, is aware of collaboration opportunities, and has been the District's champion. She recalled prior turbulent times for RMWD, acknowledged the District's progress, and complimented District staff. She spoke of her understanding of the role and procedures of the Board of Directors and relayed the desire to serve with the Board, to collaborate, and to continue the District's forward advancement.

President Hamilton asked Ms. Dale her opinion of the District's most pressing issues. She responded that infrastructure, and the liability and responsibility to make sure it's maintained and functioning properly, the challenges of setting rates, and having a desirable culture, salary, and benefits that attract talented staff, and staff recognition are important. She added that she'd attended RMWD committee meetings virtually, has been very impressed with everyone participating, and was happy for the opportunity to contribute her expertise. Ms. Dale stepped out into the lobby.

Ms. Lisa Herman joined the meeting and addressed the Board. She relayed that she has been a ratepayer for close to four years. Director Johnson asked Ms. Herman to share her thoughts on the District's most pressing issues. Ms. Herman said that everything is a challenge to a small district, but aging and needed infrastructure, climate change, rate structure, and lots of daily issues can become very pressing, depending on finances. She relayed her confidence in Mr. Aragon's abilities as the District's Chief Financial Officer. She mentioned the focus of the detachment and surmised that the District will have many decisions to make and encouraged the establishment of a good rapport with Eastern Municipal Water District (EMWD) as soon as possible. She spoke of her association with Steve Corona, who will keep RMWD apprised of matters being addressed by the Metropolitan Water District, and represent RMWD's interests. She relayed that Mr. Corona would visit RMWD to share information but urged staff to take the incentive to reach out to him. She also suggested the creation of a committee comprised of Board Members and staff to regularly communicate with Mr. Corona and EMWD staff. She continued that aspects of the detachment from the SDCWA will result in a cultural change and a new way to operate, which is larger than the detachment itself. This is a subtle, but important issue.

Inviting Ms. Dale back into the Board Room, a discussion was opened. Director Townsend-Smith expressed concerns about Ms. Dale's work with a consulting firm and that she would not be able to vote for her for that reason. Director Johnson addressed

both candidates, relaying that she believed both had a genuine interest in serving RMWD's ratepayers, and she thanked them for their willingness.

Director Mack complimented both candidates and relayed that either would bring tremendous benefit to the Board of Directors.

President Hamilton commented that the decision between the two greatly qualified candidates was difficult and that he had no hesitation regarding either candidate.

Director Mack nominated Cari Dale, due to her length of time as a ratepayer of the District.

Motion:

To Adopt Resolution No. 2024-01, a Resolution Appointing Cari Dale as a Director of Division Three of the Rainbow Municipal Water District

Action: Approve, Moved by Director Mack, Seconded by Director Johnson

Vote: Motion carried by majority vote, with Director Townsend-Smith opposed (summary: Ayes = 3).

Ayes: Directors Hamilton, Johnson, and Mack

President Hamilton relayed to Lisa Herman that the formation of an ad hoc committee to revitalize the District's headquarters would be under consideration at today's meeting, and he welcomed her to participate on that committee if she desired.

Cari Dale was congratulated, was issued her Oath of Office, and joined the Board at the dais.

B. Discussion and Possible Appointment of Board Officers and Representatives and Adoption of Ordinance No. 24-05 Amending Administrative Code Section 2.03.010.02, Compensation

Director Mack expressed his desire to step down as the California Special Districts Association (CSDA), in light of Director Johnson's appointment to CSDA Financial Corporation Board, and his desire to remain as the representative for the Association of California Water Agencies (ACWA), and ACWA/JPIA. Director Johnson expressed interest in serving as the Board's Vice President and as the alternate representative to ACWA.

Directors Johnson and Dale discussed representation on the CSDA, and Director Dale requested participation as the alternate. In consideration of our wastewater services, Director Dale requested future consideration to join the California Association of Sanitary Agencies (CASA) and the California Water Environment Association (CWEA).

Mr. Wiley commented that it would be good to consider those agencies, as well as the Southern California Water Coalition.

Motion:

To Adopt Ordinance No. 24-05 Amending Administrative Code Section 2.03.010.02, and to appoint Director Johnson as the Board Vice President, CSDA representative, and alternate representative to ACWA, to appoint Michael Mack as the District's ACWA Representative, and to appoint Director Dale as the Engineering and Operations Committee member and CSDA alternate

Action: Approve, Moved by Director Mack, Seconded by Director Johnson

Vote: Motion carried by unanimous vote (summary: Ayes = 5)

Ayes: Directors Hamilton, Johnson, Mack, Townsend-Smith, and Dale

- C. Consider Authorizing the General Manager to Execute a Memorandum of Understanding Between Rancho California Water District, Rainbow Municipal Water District, Fallbrook Public Utilities District, City of Oceanside, and Valley Center Municipal Water District for Participation in the Regional CropSWAP Program

Mr. Wiley provided information on the purpose and goal of the CropSWAP program. The framework is defined in the Memorandum of Understanding (MOU), and the key terms include: Eligibility and allocation amounts completion date of eligible work by September 2026, initial \$2.25M available for partner agencies, \$25,000 participant contribution for program start-up, marketing materials, and administration. Fifteen percent of the contribution of funding is utilized for administration, which includes site inspections, compliance reporting, etc. RCWD will hire an interim employee to administer the program. Answering an inquiry about marketing the program, Mr. Wiley explained that a website is being developed to streamline and start the process. Consistent materials are also being developed for distribution. Director Johnson recommended the materials be made available in Spanish. Mr. Wiley explained that this will help agriculture customers increase profitability and efficiency, and will help the District maintain our agricultural presence and stabilize water rates and demands. Director Dale expressed support and asked if the program applies to live trees or a particular time period having live trees. Mr. Wiley explained that each agency can determine flexibility of timeframe, as long as grant requirements are met.

Motion:

To authorize the General Manager to Execute a Memorandum of Understanding Between Rancho California Water District, Rainbow Municipal Water District, Fallbrook Public Utilities District, City of Oceanside, and Valley Center Municipal Water District for Participation in the Regional CropSWAP Program

Action: Approve, Moved by Director Johnson, Seconded by Director Townsend-Smith

Vote: Motion carried by unanimous vote (summary: Ayes = 5)

Ayes: Directors Hamilton, Johnson, Mack, Townsend-Smith, and Dale

- D. Consider Approval of an Out of Agency Service Agreement to Transfer Water and Wastewater Services for APNS: 124-201-65, 124-201-68, 124-201-69, and 124-201-70 from Rainbow Municipal Water District to Fallbrook Public Utilities District

Mr. Wiley explained that in order to serve water to the parcels, the existing District waterline would need to be extended across private properties owned by other parties and would be prohibitively expensive. The District has no plans to extend the service in this area (Division 3). FPUD operates an existing waterline adjacent to the parcel's northern and eastern lines of the parcels, which is closer to the APNs in question and does not require crossing private property.

The property owner has requested to be served by FPUD. An agreement for Out-of-Agency service to allow FPUD to provide water services to the parcels instead of the District is authorized pursuant to Government Code section 56133. Staff from both agencies have coordinated to finalize an agreement for Out-of-Agency service and FPUD's Board of Directors approved the Agreement on February 26, 2024, contingent upon RMWD's approval. This matter does not require the action of LAFCO due to similar services being provided and respective agencies being in agreement. Mr. Wiley relayed appreciation for the cooperative working relationship with FPUD and the ability to find an efficient solution for the customer.

Motion:

To approve an Out of Agency Service Agreement to Transfer Water and Wastewater Services for APNS: 124-201-65, 124-201-68, 124-201-69, and 124-201-70 from Rainbow Municipal Water District to Fallbrook Public Utilities District

Action: Approve, Moved by Director Hamilton, Seconded by Director Townsend-Smith

Vote: Motion carried by unanimous vote (summary: Ayes = 5)

Ayes: Directors Hamilton, Johnson, Mack, Townsend-Smith, and Dale

E. Discussion and Possible Formation of an Ad Hoc Committee for Revitalization of District Headquarters Facilities

Mr. Wiley provided background on past efforts and current building conditions requiring short-term and long-term solutions. President Hamilton added that the building is 50 years old and the goal of the Board when the initial ad hoc was formed was to leverage existing assets to result in a zero-cost impact to customers. Mr. Nelson and Ms. Herman were asked to participate on the committee. Ms. Herman expressed concern about the previous messaging to the community related to zero-cost impacts. President Hamilton responded that circumstances have changed, and the goal now is to minimize impacts on ratepayers, employee morale, and additional costly repairs. Discussion followed regarding appointees, and additional staff will be invited as necessary.

Motion:

To re-establish the Ad Hoc Committee for Revitalization of District Headquarters Facilities, consisting of Directors Townsend-Smith and Mack, Flint Nelson, Lisa Herman, Chad Williams, Jake Wiley, and Rick Aragon

Action: Approve, Moved by Director Hamilton, Seconded by Director Townsend-Smith

Vote: Motion carried by unanimous vote (summary: Ayes = 5)

Ayes: Directors Hamilton, Johnson, Mack, Townsend-Smith, and Dale

- F. Consider Adoption of Ordinance No. 24-04 for Revision to Administrative Code Chapter 5.03, Investment Policy, Sections 5.03.010 Through 5.03.210

Mr. Aragon explained that this item and the next are intended to update the Administrative Code to align it with the Government Code and clean up language. It also enables use of local government investment pools. The difference between this program and the Local Agency Investment Fund (LAIF) is that the California Asset Management Program (CAMP) option would enable us to invest in a joint powers authority for things like short-term treasuries and securities. It is a highly rated option for local governments. CAMP would be used when interest rates are highest for short-term maturities. When rates rise quickly, funds are moved to CAMP. When the interest rates start to decline, funds can be moved to LAIF. In both cases, funds are available immediately, if needed. The goal is to leverage both options and not invest in individual security. In response to concern for risk, Mr. Aragon relayed that there state statutes passed to protect the funds, and also, we can move the funds at the hint of any risk. Mr. Nelson confirmed that the Budget and Finance Committee supports the approval of this item.

Motion:

To adopt Ordinance No. 24-04 for Revision to Administrative Code Chapter 5.03, Investment Policy, Sections 5.03.010 Through 5.03.210

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

Vote: Motion carried by majority vote, with Director Johnson abstaining (summary: Ayes = 4)

Ayes: Directors Hamilton, Mack, Townsend-Smith, and Dale

- G. Consider Adoption of Resolution No. 2024-04 Adding Access to the California Asset Management Program (CAMP) as an Authorized Investment

Motion:

To adopt Resolution No. 2024-04 Adding Access to the California Asset Management Program (CAMP) as an Authorized Investment

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

Vote: Motion carried by unanimously (summary: Ayes = 5)

Ayes: Directors Hamilton, Johnson, Mack, Townsend-Smith, and Dale

- H. Consider Adoption of Ordinance No. 24-06 Revision to Administrative Code Section 5.01.020, Accounts Payable Signers

Mr. Aragon explained that the Administrative Code requires the physical signature of a Board Member on any check exceeding \$50,000, despite several controls in place for transparency and accountability. All expenditures over \$50,000 are approved by the Board, and a monthly report of all expenditures is provided to the Board each month.

Mr. Wiley added that there have been no timing issues. However, should a Board Member not be available to sign or is not comfortable signing, it could cause a delay with the

required and preapproved payment. The practice has been in place for quite a while, and removing the requirement for physical signatures would increase efficiency. Furthermore, existing checks and balances stay in place. Directors Mack and Johnson both expressed agreement with the suggested change. Mr. Nelson commented that the staff explained very well that by the time the check had been printed, it had been validated, and opined that this requirement may have come about in a more mistrusting environment, long ago. He relayed confidence in staff that appropriate processes are in place.

Motion:

To adopt Ordinance No. 24-06, Revision to Administrative Code Section 5.01.020, Accounts Payable Signers

Action: Approve, Moved by Director Dale, Seconded by Director Johnson

Vote: Motion carried by unanimously (summary: Ayes = 5)

Ayes: Directors Hamilton, Johnson, Mack, Townsend-Smith, and Dale

- I. Consider Adoption of Resolution No. 2024-03 Establishing Individuals with Check Signing Authority

Mr. Aragon explained that this is an administrative item to add himself and the newly elected Board Member to the check-signing list.

Motion:

To Approve Option 1, adoption of Resolution No. 2024-03 Establishing Individuals with Check Signing Authority

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

Vote: Motion carried by unanimously (summary: Ayes = 5)

Ayes: Directors Hamilton, Johnson, Mack, Townsend-Smith, and Dale

- J. Discussion and Possible Action Regarding CSDA Board of Directors Call for Nominations, Seat A

Director Johnson relayed that Jo MacKenzie feels strongly she will be nominated. No action was taken.

- K. Discussion and Possible Appointment of Miguel Gasca to Serve as a Public Member and Appointment of Rick Aragon as the Alternate Member of the Engineering and Operations Committee

Motion:

To appoint Miguel Gasca to Serve as a Public Member and Rick Aragon as the Alternate Member of the Engineering and Operations Committee

Action: Approve, Moved by Director Hamilton, Seconded by Director Johnson

Vote: Motion carried by unanimously (summary: Ayes = 5)

Ayes: Directors Hamilton, Johnson, Mack, Townsend-Smith, and Dale

- L. Consider the Appointment of Pete Hensley as a Member of the Budget and Finance Committee

Motion:

To appoint Pete Hensley as a Member of the Budget and Finance Committee

Action: Approve, Moved by Director Johnson, Seconded by Director Hamilton

Vote: Motion carried by unanimously (summary: Ayes = 5)

Ayes: Directors Hamilton, Johnson, Mack, Townsend-Smith, and Dale

11. INFORMATION ITEMS

- A. Operations Report
- B. Engineering Report
- C. Administrative Services Report
- D. Finance Report

Director Dale complimented staff for their management of the sewer system during the rain events of January and February. Mr. Wiley mentioned that infrastructure needs will be discussed as part of our CIP planning. He also mentioned that the known deficiencies will be topics of discussion, and he also complimented staff. Discussing followed about the planning process.

12. REPORTS & COMMENTS

- A. Legal Counsel's Report
- B. General Manager's Report
- C. Board Reports
 - 1. SDCWA
 - 2. CSDA
 - 3. LAFCO
 - 4. Santa Margarita River Watershed Watermaster Steering Committee
 - 5. ACWA
 - 6. Committees, Workshops, Seminars, Training

Mr. Smith referenced the report included in the meeting packet, and discussion followed.

Mr. Wiley reported that the District opted out of the two PFAS settlements with Dupont and 3M, as RMWD has had no impacts. Agencies opting out retain the right to litigation if needed in the future. He also reported that staff has submitted a request for \$116,000 from the State Arrearages Program.

In regard to the Metropolitan Water District's previous estimate of a 13 percent increase in January 2025 and another 8 percent increase in January 2026, consideration is being given to increase ad valorem taxes to cover state water project expenses. Doing so would reduce rate increases to member agencies. Staff will have additional information in approximately a month.

Mr. Wiley also announced the joint Board and Committee budget planning workshops, to be held on March 19, April 9, and May 14, 2024, at 1:00 p.m., and he invited all to attend, as well as the public. He also noted a billing mishap relating to our wastewater agreement with the City of Oceanside, resulting in their absence in billing RMWD. The situation has been rectified and

payments will be made each month for costs that we owe. Also, upon further review of the CUPCCA program, staff had determined that the program limits our ability to do work in-house, and has decided not to participate.

Mr. Wiley continued by showing a large leak on Valle Del Sol, one of four leaks being addressed by staff today.

President Hamilton reported that the SDCWA celebrated Tom Kennedy's retirement and re-hired him. Director Mack reported on the CSDA Quarterly Meeting, held two weeks ago, which included an informative speaker from the San Diego County Registrar of Voter's Office. He learned that a law was passed to enable mail-in ballots, and polling locations have decreased. He also noted that ballots are printed in five different languages.

Mr. Wiley reported on the February LAFCO meeting. They will soon begin the Municipal Services Review of the SDCWA, which will be very comprehensive and focused on governance and rate structure. A draft may be completed by June.

President Hamilton reported that the Santa Margarita River Watershed Watermaster Steering Committee will not meet until April.

Director Johnson reported on her attendance at the February 8, 2024, CSDA Finance Corporation Board Meeting. She also relayed compliments to staff for the Strategic Communications Plan workshop held on February 15, 2024.

13. BOARD MEMBER COMMENTS AND REQUESTS TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS

Director Dale expressed that she would like to attend the ACWA Spring Conference. She also expressed appreciation for the Board's support and that she looks forward to working with everyone.

Director Townsend-Smith confirmed that the Regular Board Meetings in March, April and May will be held in addition to the joint Board and Committee budget planning workshops of March 19, April 9, and May 14, 2024.


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

There were no items discussed.

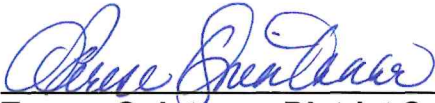
15. ADJOURNMENT

The meeting was adjourned by President Hamilton to a regular meeting on March 26, 2024, at 1:00 p.m.

The meeting was adjourned at 3:13 p.m.



Hayden Hamilton, Board President



Terese Quintanar, District Secretary