

**MINUTES OF THE REGULAR BOARD MEETING  
OF THE BOARD OF DIRECTORS OF THE  
RAINBOW MUNICIPAL WATER DISTRICT  
JANUARY 23, 2024**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on January 23, 2024, was called to order by President Hamilton at 12:32 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. President Hamilton presiding.

2. **ROLL CALL**

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

**Also Present:** General Manager Wiley, Legal Counsel Smith, Administrative Services Manager Harp, Safety and Risk Management Officer Johnson, Information Technology Manager Khattab, Engineering and CIP Manager Williams, Finance Manager/CFO Aragon, District Secretary Quintanar

No members of the public were present in person, via teleconference or video conference before Closed Session.

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

There were no amendments to the agenda.

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

There were no members of the public in attendance via teleconference or video conference; therefore, the instructions were not read aloud.

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 12:32 p.m.*

6. **CLOSED SESSION**

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

*The meeting was reconvened at 1:02 p.m.*

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

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

This item was addressed under Item #11.

Time Certain 1:00 p.m.

- 8. REPEAT CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on January 23, 2024, was called to order by President Hamilton at 1:03 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. President Hamilton presiding.

**9. PLEDGE OF ALLEGIANCE**

**10. REPEAT ROLL CALL**

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

**Also Present:** General Manager Wiley, Legal Counsel Smith, Administrative Services Manager Harp, Information Technology Manager Khattab, Engineering and CIP Manager Williams, Finance Manager/CFO Aragon, District Secretary Quintanar, Crew Leader Nunez, Mr. Nelson, Division 3 Board candidates Sanscartier, Price, Olson, Dale, Herman, Irvine, and O’Leary

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

Operations Manager/CFO Gutierrez, Wastewater Superintendent Zuniga, Senior Project Manager Parra, Safety and Risk Officer Johnson, Senior Project Manager Tamimi, Construction and Meters Supervisor Lagunas, Administrative Assistant Montano, Administrative Analyst II Barrow, Valley Construction associate Paul Mochel

Several members of the public were present for Open Session in person, via teleconference or video conference.

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

Legal Counsel reported that the Board met in Closed Session to discuss two matters listed on the agenda as Conference with Legal Counsel-Anticipated Litigation (Government Code §54956.9(d)(2)). Regarding one case, the District was presented with a claim for damages regarding an alleged water main break from Kendall Farms. The Board directed that that claim be submitted to the District’s insurance provider, the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA).

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

There were no amendments to the agenda.

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

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

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).**

Dorothea Flanagan of 3224 Gopher Canyon Road Vista stated that she and her husband attended the last meeting and have been communicating with Mr. Wiley regarding three items in the Administrative Code but have not heard of the Board addressing this matter. She explained that a pipe runs alongside their driveway, and a 1" pipe goes under the driveway. The Rainbow Municipal Water District (RMWD) believes a lease, or rent can be charged for up to ten years. She stated she has lost \$21,000 stopping progress on their concrete driveway, which has been stripped and will now have to be regraded. She opined that this is unacceptable, and extortion. Mrs. Flanagan provided information on her professional background and recommended transparency to staff. She also asked the Board about consideration to amend the Administrative Code regarding easement and encroachment areas. She continued to state that RMWD is out of compliance with CalFire's code requiring six-inch thick with rebar. She relayed that she was agreeable to installing that to support large trucks. She shared photos of the damaged driveway and described it as 529 feet long, with turnarounds for the fire department. She referenced one of her neighbors who was also disappointed in the RMWD Administrative Code Policy.

Gerald Flanagan spoke of his service in the Air Force and a situation in the 1980s that motivated his evangelistic work. He stated that the pipe under his driveway may be dilapidated and suggested installing a shut-off valve.

Director Townsend-Smith stated that the District is working transparently on this matter. Mrs. Flanagan opined that the Administrative Code is bad and she shouldn't be required to get an encroachment permit.

**15. EMPLOYEE RECOGNITIONS**

Staff joined the Board Room, and Mr. Wiley recognized Sr. Project Manager Malik Tamimi for completing PEIR Training by Helix Environmental; NPDES Stormwater Training-DMAX Engineering; American Water Works Association (AWWA) Training - Water and Wastewater Operations. He recognized several staff members continuing their education and obtaining treatment and distribution certifications. Bernardo Nunez acquired his D4 and D5 certifications for treatment and distribution. Brian Ortriz acquired his D4, Dennis Mendez and Alex Dagondon obtained their D3, Francisco Fernandez and David Patten also obtained their D3, and Emanuel Olivas earned his D3 and T2 certifications. Mr. Wiley

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

explained the process of earning treatment and distribution certifications, the time, field service, and the efforts needed to achieve these certifications.

Director Johnson commended staff for this achievement, reflecting commitment and professionalism.

Mr. Wiley recognized Ahmed Khattab for earning his Master of Science in Cybersecurity and Certifications from Texas A&M in Demystifying Cyber Attacks and Cybersecurity Resiliency in Industrial Control Systems. He also recognized Freddy Espino, who received his Certification from Texas A&M in Demystifying Cyber Attacks and Cybersecurity Resiliency in Industrial Control Systems. Renee Poole completed the Leadership Essentials program through ACWA JPIA. All of these accomplishments add tremendous value to the District.

**\*16. APPROVAL OF MINUTES**

- A. December 5, 2023 - Regular Board Meeting
- B. December 19, 2023 – Special Board Meeting

Director Townsend-Smith noted a correction needed to the minutes of December 5, 2023, to reflect that she was in attendance at that meeting.

***Motion:***

***To approve the minutes as amended.***

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

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

***Ayes: Director Hamilton, Director Johnson, Director Mack, Director Townsend-Smith.***

**\*17. BOARD OF DIRECTORS' COMMENTS/REPORTS**

- A. President's Report (Director Hamilton)

There was no report.

- B. Representative Report (Appointed Representative)
  - 1. SDCWA

Mr. Wiley reported that there was no meeting in December but a special meeting was held on January 11, 2024, to discuss two items. One was a policy on legislative priorities. They removed the item related to the Regional Conveyance System from their list of priorities. The second discussion point was the voting structure, which was collaborative, and expected to continue.

- 2. CSDA

Director Mack that a quarterly meeting will be held in February.

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

**3. LAFCO**

Mr. Wiley reported that there was no meeting in December, and they meet again on February 5, 2024.

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

President Hamilton reported that efforts continue regarding settlement agreements and conjunctive use projects.

**5. ACWA**

Director Mack reported attending the ACWA Region 10 Board Meeting at the Rancho Santa Fe Irrigation District instead of Director Gasga. They reported that lower water sales spurred discussions of lost revenue and cutting costs. They have partnered with the Fire Department to purchase fuel at a reduced rate. They are also discussing utilizing solar. The next meeting will be held July 11, 2024, at 9:30 a.m. Additional discussion focused on increasing participation on committees, and Director Mack reported that he volunteered for the Agriculture Committee and will be the alternate to the Speaker of that Committee.

**C. Meeting, Workshop, Committee, Seminar, Etc. Reports by Directors (AB1234)**

**1. Board Seminar/Conference/Workshop Training Attendance Reports**

Director Johnson announced that she is on the Board of the Finance Corporation for the California Special Districts Association, which will meet in Sacramento on February 8, 2024, to discuss funding available for Special Districts.

**D. Directors Comments**

There were no comments.

**E. Legal Counsel Comments**

**1. Attorney Report: Attorney Report: CEQA Notice Requirements**

Legal Counsel summarized the information contained in the written report.

**18. COMMITTEE REPORTS**

**A. Budget and Finance Committee**

Mr. Nelson reported on items the Budget and Finance Committee discussed on January 9, 2024. The Mid-Year Budget update and information on the zero usage meter issue were provided. The Committee was supportive of the position of staff. Briefings were also provided on two contracts approved by the Board, one with Softchoice and another with Kyocera.

**B. Engineering and Operations Committee**

Mr. Nelson reported the committee did not meet in January. However, due to a time constraint with the construction management item on today's agenda, he attended a

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

meeting with staff to review proposals and agreed with the staff's recommendation for Board action.

### C. Communications and Customer Service Committee

Ms. Harp reported the committee met on January 4, 2024, during which time the members discussed the long-range plan, and plans to update the Strategic Plan, master plans, and the headquarters building plan. Our rate model will also be updated to include the wholesale rate, considering our competing priorities for rebuilding capital reserve targets and capital improvements. A report on the Flume Program was provided. Only 49 percent of those sold are installed and only 26 percent are operating, so staff is working with the vendor to reach out to customers to provide resources and assistance. The Customer Service Survey was also discussed, and an updated survey will be proposed next month. We also discussed updating our Strategic Communications Plan and the half-day workshop on February 15, 2024, for which she extended an invitation for the participation of an additional board member. She invited the Board for a Director's participation in the half-day workshop. At that meeting, staff also provided an update on events, a grant from MWD for facilities tours, and newsletter content.

## **BOARD ACTION ITEMS**

### **\*19. DISCUSSION AND POSSIBLE SELECTION OF DIVISION THREE DIRECTOR AND ADOPTION OF RESOLUTION NO. 24-03, A RESOLUTION APPOINTING A DIRECTOR OF DIVISION THREE OF THE RAINBOW MUNICIPAL WATER DISTRICT**

Mr. Wiley explained the planned process for candidates to join the meeting one at a time, utilizing five minutes to answer the questions previously provided to each candidate. If an appointment is not done today, we can make the appointment on February 27, 2024, instead.

Mr. Gregory Irvine was the first to address the Board to relay his qualifications. He relayed his interest in serving on the Board to make good use of his retirement time, and that he has a lot of experience and would be a good addition to the Board. He provided information on his qualifications, education, and previous public service. He stated that he ran for the last election and had a chance to talk to many residents of Division 3 about their issues of concern. He concluded that he was skeptical about the detachment from the San Diego County Water Authority but respected that the community voted favorably. He opined that he is uniquely qualified for the position, as shown by the time dedicated and the level of interest.

Ms. Lisa Herman was next to address the Board. She shared her experience in the water industry, spanning over thirty years, and her understanding of the various complex operations, legal responsibilities, rapport with neighboring agencies, and knowledge about agencies such as the Local Agency Formation Commission (LAFCO) and the San Diego Water Authority (SDCWA). She expressed the importance of completing the detachment from the SDCWA efficiently. She expressed the desire to get involved and her readiness to make difficult decisions to balance the community's and the organization's needs.

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



Mr. Tim O'Leary next addressed the Board to share that he is experienced, knowledgeable, and capable. He opined he would bring a wealth of institutional knowledge about water, business, and agriculture, due to his many decades of writing professionally. He shared that he participated on the Fallbrook Historical Society and Senior Center Boards and two terms with RMWD's Communications & Customer Service Committee. He shared topics he's written about and, tours of facilities he'd attended, and what he knows of RCWD, and familiarity with the Brown Act, and Conflict of Interest forms.

Ms. Cari Dale addressed the Board to provide information on her background, including technical experience and management of various water-related systems and services. Her education includes a Public Administration degree, with an emphasis on water resources management, which enables her to understand public policy and the management of public agencies. She also shared about rapport with local and state representatives. She pointed out that her experience with things such as developing rates and managing budgets is important, especially with the detachment from SDCWA, rates, and the cost of water. She added that investment in infrastructure is important. She added that she participated on RMWD Committees and has dedicated her career to the water and wastewater industry. In response to an inquiry from Director Mack on potential conflicts of interest with the consulting firm in which she is employed, Ms. Dale deferred to legal counsel. Mr. Smith responded that existing contracts are not an issue and that future contracts to be awarded by the Board should be analyzed case-by-case for potential conflicts of interest. In cases where potential conflict exists, she would recuse herself when those instances apply.

Mr. J. Mark Price expressed appreciation for meeting members of the board and staff. He relayed his past interest in running for the Board and his ability to serve now, to make a difference. He shared his broad experience and education and that he worked for a utility for 35 years. He relayed that although he has no water district experience, he has experience in board rooms and his observation of RCWD is a family atmosphere. He continued to describe his ability to help people exceed will help the District work through current and future challenges. He applauded the work and time expended to detach from the SDCWA to save customers money and appreciated the Board's recognition of staff for their achievements.

Mr. Paul Sanscartier relayed life events leading up to what brought him to Fallbrook and expressed his love for the community and desire to get involved. He added that his background is in information technology and his experience includes outsourcing solutions, financial analysis, and working with partners and consultants. President Hamilton asked Mr. Sanscartier what he believed to be the most significant challenges for the District. Mr. Sanscartier responded that water is most important and that he was encouraged by the vote to detach from the SDCWA. Moving forward, it's important for the District to manage the costs, help customers conserve, and remain cost-conscious and fiscally responsible.

Mr. Olson provided background on his family. He explained his background, including experience as a Bonsall School District and Fire Protection Board member. He explained the importance of hiring the right people, that he has a legal and corporate background,

and that a board member has much to learn. He also explained that he has the time to dedicate, is a team player, and lives nearby. President Hamilton asked for Mr. Olson's thoughts on the most significant challenges to RMWD. Mr. Olson responded that the public should know more about our actions and why. Communication with the community is extremely important. He concluded that he is familiar with being a board member and appreciates being part of a committee, listening, and coming to a consensus.

***President Hamilton called for a break at 2:40 p.m.***

***The meeting was reconvened at 2:52 p.m.***

***The candidates were asked to rejoin the meeting.***

President Hamilton thanked the candidates for their time and interest in serving with the District. He offered and encouraged participation on our three Standing Committees for those candidates not selected to fill the vacancy. He then asked each Board member to convey their nomination for the top two candidates to be asked to attend the February 27, 2024, meeting for follow-up interviews.

Lisa Herman and Cari Dale received nominations from Directors Hamilton, Johnson, and Mack. Gregory Irvine and Lisa Herman received the nomination from Director Townsend-Smith. Lisa Herman and Cari Hale had the highest instances of favor and were asked to return to the February 27<sup>th</sup> Board Meeting for a second interview.

Director Johnson addressed the candidates to relay that she had gone through this same process several months ago and opined that this decision was difficult due to the candidates' phenomenal qualifications and experience to share with the District and community. She also encouraged participation on the Communication and Customer Service Committee, the Engineering and Operations Committee, and the Budget and Finance Committee, as the District constantly seeks feedback and guidance from ratepayers.

Director Mack shared that he also interviewed to fill a vacancy eight years ago. He wasn't chosen, but ran in the next election and was elected. He encouraged the candidates to run for the Board and expressed gratitude for the time and effort in attending today's meeting.

**\*20. DISCUSSION AND POSSIBLE APPOINTMENT OF BOARD OFFICERS AND REPRESENTATIVES**

President Hamilton requested postponement of action on this item and appointment to the Standing Committees until the appointment is made to fill the vacancy in Division 3.

Mr. Wiley referenced the Administrative Code policy establishing the need to appoint at the staff level, to fill the Board Secretary and Treasurer roles.

***Motion:***

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



*To appoint Richard Aragon as Treasurer and Terese Quintanar as Board Secretary.*

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

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

*Ayes: Director Hamilton, Director Mack, Director Townsend-Smith, Director Johnson*

**\*21. CONSIDER AWARD OF A PROFESSIONAL SERVICES AGREEMENT WITH VALLEY CONSTRUCTION MANAGEMENT FOR CONSTRUCTION MANAGEMENT SERVICES ON THE WEST LILAC, RANCHO AMIGOS, AND DENTRO DE LOMAS PUMP STATIONS PROJECT (DIVISION 1)**

Mr. Williams displayed a map of the three pump station locations and an example of what the pump stations will resemble. The Rancho Amigos pump station will twice as long than the others, to house an emergency generator. The Board previously approved \$6M for this project in the budget for Fiscal Year 2023/24; mid-year budget updates will be brought for future fiscal years. Seven firms submitted proposals and were ranked and reviewed by staff and Mr. Nelson. One proposer, the Engineer of Record for the Project, was found to have a conflict of interest. Bids varied quite a bit. Mr. Wiley explained that the proposals vary based on the firm's perspective. For instance, Arcadis included their inspectors or other resources, increasing the price. Based on the quality of the proposals and the fee, the reviewing team had a unanimous consensus for the recommended vendor. Staff utilized an established ranking system, and Valley Construction Management has experience with these types of projects and the decision came down to the attention to detail that the District is seeking. Responding to Director Johnson, the not-to-exceed amount approved cannot be increased without a Board-approved change order. The preconstruction meeting has been scheduled, and the contractor is ambitious and eager to start. The contract calls for 180 working days to complete, which would be October 2024. However, with an incentive to complete the Project ahead of schedule, it could be completed sooner.

Director Mack recalled a question that arose at the Rainbow Community meeting regarding the comfort level with running the pumps in August. Mr. Wiley shared that the working days take the completion date to October. We incentivized the contract for early completion of forty days, and if they can meet that, the project would be completed in August. The staff is anticipating completion in mid-to-late 2024. Mr. Williams reported that the website information has been updated, showing all active Capital Improvement Projects and their estimated completion dates.

***Motion:***

***To Approve Award Of A Professional Services Agreement With Valley Construction Management***

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

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

***Ayes: Director Hamilton, Director Mack, Director Townsend-Smith, Director Johnson***

**\*22. DISCUSSION AND POSSIBLE ACTION TO ADOPT ORDINANCE NO. 24-01 AMENDING AND UPDATING ADMINISTRATIVE CODE CHAPTER 2.06 – COMMITTEES AND SECTION 2.06.010 – COMMITTEES POLICY**

Mr. Wiley reported that to enhance the opportunity for all ratepayers to participate on Standing Committees, staff is proposing an amendment to the Administrative Code. Being a resident and ratepayer is a requirement for the Board but it is not a requirement for participation on a Standing Committee. He recommended removing that requirement in the policy to allow all ratepayers within the District to participate on the committees. In addition, the wording has been added to establish that the board has oversight in deciding participation.

***Motion:***

**To Adopt Ordinance No. 24-01 Amending And Updating Administrative Code Chapter 2.06 – Committees And Section 2.06.010 – Committees Policy**

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

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

***Ayes: Director Hamilton, Director Mack, Director Townsend-Smith, Director Johnson***

**\*23. DISCUSSION AND POSSIBLE FORMATION OF AN AD HOC COMMITTEE FOR REVITALIZATION OF DISTRICT HEADQUARTERS FACILITIES**

Mr. Wiley reported that the Board and District staff have been evaluating options for this for a while. The building was completed in 1976 and is fifty years old. The District owns 32.24 acres and 12-14 of those are developable. Constraints are critical habitat, protected species, flood boundaries, wetlands, and setbacks. Land zoning could also be a setback and requirements of the County on proposed developments could also be hurdles.

Recent rainstorms caused significant damage to a couple of our buildings. One building is a significant electrical room, and the warehouse, where our server room and supplies are stored, sustained damage. To protect critical buildings, we expended \$102,000 to seal the roof. Over the past years, we've spent nearly \$500,000 for repairs and are still experiencing continued damage. In 2016, an architect was hired to look at needs and options and two options were developed. One was a complete rebuild on the lower yard, and the other was rehabilitation of the existing building, adding some capacity. Estimated costs for those conceptual options were \$16M for option 1 and \$7.2M for the rehabilitation option.

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

In 2020-2021, a market study showed the highest value of the site would be to develop it as residential, single-family housing. A condominium project or single-family development would increase the value of the property. At one point, we considered partnering with the Sheriff's Department safety center across the street, and North County Fire was also involved. The idea was to utilize shared facilities. The Sheriff's Department later decided to utilize the entire site for its needs.

In regard to rezoning, staff discovered it posed too many challenges. Development planned in the area was stalled, but there are multiple options with this site and existing facilities. Several options can be considered for this site, such as relocating staff to temporary modular trailers or a build-in-place rehabilitation. The lower yard could be utilized and a solution on-site would avoid having to wait for another agency. We could offset some of the costs by utilizing the existing property.

Director Mack recalled a large developer interested in this property, in years past. The estimate was \$15.9M for this property, with the intent to obtain an alternate site at almost no cost to ratepayers. The thought was that the facilities on this site would be demolished at the same time, and the outlook for that was promising.

President Hamilton recommended reconstituting the ad hoc committee to continue discussions and revisit the options. Mr. Wiley acknowledged it is one of the challenges we know we have to address and will need to have a good plan. Discussion ensued regarding committee membership. Mr. Wiley suggested adding this matter to the February Board agenda, to select the committee membership at that time.

Mr. Nelson clarified that Mig Gasga will continue as a member of the Engineering and Operations Committee, and Mick Ratican has now resigned from all committees.

#### **\*24 MID-YEAR BUDGET REPORT**

Ms. Poole reported that this item is being provided as an informational item rather than an action item. The key change for the Operating Budget is the recommended reduction in projected water sales, from 12,700 acre feet (AF) to 10,000 AF. Due to lower sales, our Operating Revenue decreased by \$1.5M, Purchased Water costs declined, and we overestimated the fixed fees. Department Operating Expenses were cut by \$300,000, and a majority of that was the travel and conference budget. Information Technology also cut some items and a vacant engineering position will be left unfilled. Regarding the Capital Budget, for water capital, the increase is \$741,000 and the Wholesale Water Efficiency Project results in a \$3.5M increase, and the pump stations costs increased by \$3.5M and a majority of the invoices were paid this fiscal year, totaling \$6.3M will be paid in this fiscal year. In addition, the construction costs came in higher than the Engineer's Estimate. The Wastewater rollover amount from \$3.6M in Fiscal Year 2023, which was budgeted last year but not expensed. This rollover changes the previous line item from \$5M to \$8.6M. The decrease in water revenue of \$1.5M and the decreased expenses of \$3.2M have resulted in a savings of \$1.6M. However, with Capital Improvements increasing by \$4.3, the water net increase is \$2.7M, and Wastewater Capital is expected to increase to \$3.6M.

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

Mr. Wiley reported that we overbudgeted on some items. However, the Pump Station Project came in \$1.2M over the estimate and we are also starting construction Sooner er than we thought, so we are pulling funds from the 2024-25 budget into this fiscal year because the project is starting now. By getting that project done ahead of schedule, we'll realize significant savings. The numbers will be finalized and presented for consideration of approval in February. Rick Aragon and Lauren Warrem will be working on that. Mr. Wiley stated that we have about eight months to establish the funding plan and Rick Aragon will be taking a look at our options.

**25. REVIEW OF METER REPLACEMENTS WITH UNDER REGISTERING ACCOUNTS**

Mr. Wiley reported that this information had been discussed by the Budget and Finance Committee. The Meter Replacement Program was done in 2019-2021, and in late 2022, we noticed issues with higher-use meters decoupling due to high flow rates. A program was started to fix the issues and experienced supply chain delays. As repairs are being made, normal use patterns start to register. Per policy, when we have a malfunctioning meter, we back bill for three months. Staff will start back-billing in February, and will offer payment plans to customers.

Director Mack recalled findings of undersized meters and staff was working to address the issue. Mr. Wiley acknowledged that and reported that the matter had been discussed at the Budget and Finance Committee meeting. Staff will work with legal counsel to review the meter policy, as we've been accommodating, but might need to amend the policy to ensure revenue recovery.

**26. CONSIDER APPROVAL OF NOTICE OF COMPLETION AND ACCEPTANCE OF MINOR FACILITIES CONSTRUCTED BY CUSTOMERS (DISTRICTWIDE)**

Mr. Williams explained that any time a facility or water service is complete, the District needs to record the project as complete and the one-year warranty begins. Staff recommended approval.

***Motion:***

***Action: Approve Option 1, Moved by Director Mack, Seconded by Director Hamilton.***

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

***Ayes: Director Hamilton, Director Mack, Director Townsend-Smith, Director Johnson***

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

Directors Mack, Johnson, and Townsend-Smith relayed that they are planning to attend the ACWA Spring Conference, in Sacramento.

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

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

Ms. Harp notified the Board of invitations for the annual Awards Banquet on February 24, 2024. Director Johnson relayed satisfaction with the report presented.

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

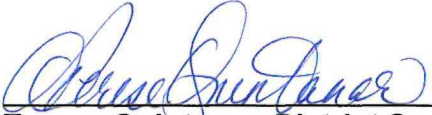
Items 19, 20, and 23 of this agenda will be addressed again in February. Mr. Wiley added that staff is reviewing the Administrative Code Policy to ensure that it meets all of the requirements of the Construction Cost Accounting Act, and that item will be presented in February.

**30. ADJOURNMENT**

*The meeting was adjourned at 3:54 p.m., by President Hamilton to a regular meeting on February 27, 2024, at 1:00 p.m.*

  
Hayden Hamilton, Board President

**Attest:**

  
Terese Quintanar, District Secretary