

FORM LB-1

NOTICE OF BUDGET AND WATER RATE HEARING

A public meeting of the Rainbow Water and Fire District Board of Commissioners will be held on June 11, 2025 at 5:30 pm at 1550 N. 42nd Street, Springfield, Oregon. See www.rwdonline.net/rainbow-board-meetings for remote meeting options. The purpose of this meeting is to consider a water rate increase and adoption of the budget for the fiscal year beginning July 1, 2025 as approved by the Rainbow Water and Fire District Budget Committee. A summary of the budget is presented below. A paper copy of the budget may be inspected or obtained at 1550 N. 42nd Street, Springfield, Oregon, between the hours of 8:00 a.m. and 5:00 p.m. This budget is for an annual budget period. This budget was prepared on a basis of accounting that is the same as used the preceding year.

Contact: Jamie Porter, Superintendent

Telephone: 541-746-1676

Email: office@RWDonline.net

FINANCIAL SUMMARY - RESOURCES			
TOTAL OF ALL FUNDS	Actual Amount 2023-24	Adopted Budget This Year 2024-25	Approved Budget Next Year 2025-26
Beginning Fund Balance/Net Working Capital	1,653,990	2,261,713	2,545,000
Fees, Licenses, Permits, Fines, Assessments & Other Service Charges	0	0	0
Federal, State & all Other Grants, Gifts, Allocations & Donations	0	2,050,000	3,750,000
Revenue from Bonds and Other Debt	0	0	0
Interfund Transfers / Internal Service Reimbursements	963,538	173,216	523,216
All Other Resources Except Current Year Property Taxes	2,427,012	2,417,071	2,741,784
Current Year Property Taxes Estimated to be Received	1,736,161	1,670,000	1,750,000
Total Resources	6,780,701	8,572,000	11,310,000

FINANCIAL SUMMARY - REQUIREMENTS BY OBJECT CLASSIFICATION			
Personnel Services	1,216,304	1,390,517	1,470,000
Materials and Services	1,992,401	2,984,284	2,566,954
Capital Outlay	21,689	2,435,000	4,297,500
Debt Service	145,762	148,216	148,216
Interfund Transfers	848,216	173,216	523,216
Contingencies	0	469,805	541,602
Special Payments	0	0	0
Unappropriated Ending Balance and Reserved for Future Expenditure	2,556,329	970,962	1,762,512
Total Requirements	6,780,701	8,572,000	11,310,000

FINANCIAL SUMMARY - REQUIREMENTS AND FULL-TIME EQUIVALENT EMPLOYEES (FTE) BY ORGANIZATIONAL UNIT OR PROGRAM *			
Name of Organizational Unit or Program			
FTE for that unit or program			
Water Operations	4,556,953	6,522,000	8,885,000
FTE	6.7	6.7	6.7
Fire Protection (& Emergency Medical Services)	2,223,748	2,050,000	2,425,000
FTE	0	0	0
Not Allocated to Organizational Unit or Program	0	0	0
FTE	0	0	0
Total Requirements	6,780,701	8,572,000	11,310,000
Total FTE	6.7	6.7	6.7

STATEMENT OF CHANGES IN ACTIVITIES and SOURCES OF FINANCING *

This budget reflects continued use of the Capital Reserve Fund to save for and then spend money on capital projects to replace aging infrastructure and maintain our source and storage capacity and fire protection capabilities, and the Resilience Reserve Fund to allow saving to smooth cash flow across fiscal years, to help improve financial resilience and water rate stabilization.

This budget reflects higher interest income due to rising rates, and some larger revenue estimated to come from one-time grants and cash disbursements associated with PFAS-related legal settlements provided to water utilities.

PROPERTY TAX LEVIES			
	Rate or Amount Imposed 2023-24	Rate or Amount Imposed This Year 2024-25	Rate or Amount Approved Next Year 2025-26
Permanent Rate Levy (rate limit 2.0631 per \$1,000)	2.0631	2.0631	2.0631
Local Option Levy	1.71	1.71	1.71
Levy For General Obligation Bonds	None	None	None

STATEMENT OF INDEBTEDNESS		
LONG TERM DEBT	Estimated Debt Outstanding on July 1, 2025	Estimated Debt Authorized, But Not Incurred on July 1, 2025
General Obligation Bonds	None	None
Other Bonds	None	None
Other Borrowings	\$1,831,923	None
Total	\$1,831,923	None

* If more space is needed to complete any section of this form, insert lines (rows) on this sheet. You may delete blank lines.

RESOLUTION 2025-14
RAINBOW WATER DISTRICT
RESOLUTION ADOPTING BUDGET FOR FISCAL YEAR 2025-26

WHEREAS, Rainbow Water District is a domestic water supply district organized under Oregon Revised Statutes (ORS) Chapter 264, and ORS 264.410 provides that “the power and authority given to districts is vested in and shall be exercised by a board of five commissioners, each of whom shall be an elector of the district”, and

WHEREAS, the Rainbow Water District Budget Committee consists of the five commissioners and up to five other District customers, and

WHEREAS, the Rainbow Water District Budget Committee reviewed the proposed Fiscal Year 2025-26 budget at a meeting held on April 9, 2025 where the public was given an opportunity to provide comments on the proposed budget and water rate increase, and

WHEREAS, the Rainbow Water District Budget Committee approved the Fiscal Year 2025-26 budget and water rate increase at a meeting held on May 14, 2025, and

BE IT RESOLVED that the Board of Commissioners of Rainbow Water District hereby adopts the budget approved by the Budget Committee and amended by the Board of Commissioners for Fiscal Year 2025-26 in the sum of \$11,810,595 now on file at the District office.

ADOPTED by a vote of _____ Yes votes and _____ No votes, this 11th day of June, 2025.

President
Board of Commissioners

Attest:

Secretary-Treasurer
Board of Commissioners

RESOLUTION 2025-15
RAINBOW WATER DISTRICT
RESOLUTION MAKING APPROPRIATIONS FOR FISCAL YEAR 2025-26

WHEREAS, Rainbow Water District is a domestic water supply district organized under Oregon Revised Statutes (ORS) Chapter 264, and ORS 264.410 provides that “the power and authority given to districts is vested in and shall be exercised by a board of five commissioners, each of whom shall be an elector of the district”, and

WHEREAS, the Rainbow Water District Budget Committee consists of the five commissioners and up to five other District customers, and

WHEREAS, the Rainbow Water District Budget Committee approved the Fiscal Year 2025-26 budget on May 14, 2025 after reviewing the proposed budget on April 9, 2025 at a meeting where the public was invited to provide testimony on the proposed budget, and

BE IT RESOLVED by the Board of Commissioners of Rainbow Water and Fire District hereby appropriates the following amounts for the fiscal year beginning July 1, 2025 for the purposes shown below:

GENERAL FUND – WATER OPERATIONS

Personnel Services	\$1,370,000
Materials & Services	\$920,000
Capital Outlay	\$292,500
Debt Service	\$148,216
Operating Contingency	<u>\$146,284</u>
	\$2,877,057

FIRE PROTECTION FUND

Materials & Services	\$1,416,954
Transfers Out	\$523,216
Contingency	<u>\$472,318</u>
	\$2,412,488

CAPITAL RESERVE FUND

Water Operating Capital Outlay	<u>\$4,300,000</u>
	\$4,300,000

RESILIENCE FUND

Water Operating Personnel Services	\$100,000
Water Operating Materials & Services	<u>\$230,000</u>
	\$330,000

ADOPTED by a vote of _____ Yes votes and _____ No votes, this 11th day of June, 2025.

Attest:

President
Board of Commissioners

Secretary-Treasurer
Board of Commissioners

**RESOLUTION 2025-16
RAINBOW WATER DISTRICT
RESOLUTION IMPOSING AND CATEGORIZING TAXES
FOR FISCAL YEAR 2025-26**

WHEREAS, Rainbow Water District is a domestic water supply district organized under Oregon Revised Statutes (ORS) Chapter 264, and ORS 264.410 provides that “the power and authority given to districts is vested in and shall be exercised by a board of five commissioners, each of whom shall be an elector of the district”, and the Rainbow Water District Budget Committee consists of the five commissioners and up to five other District customers, and

WHEREAS, the Rainbow Water District Budget Committee approved the Fiscal Year 2025-26 budget on May 14, 2025 after reviewing the proposed budget on April 9, 2025 at a meeting where the public was invited to provide testimony on the proposed budget, and

BE IT RESOLVED that the Board of Commissioners for Rainbow Water and Fire District hereby impose the taxes provided for in the adopted budget at the rate of \$2.0631 per \$1,000 of assessed value and a local option levy in the amount of \$1.71 per \$1,000 for fire protection and emergency medical services and that these taxes are hereby imposed and categorized for the tax year 2025-26 upon the assessed value of all taxable property within the District.

	<u>Subject to the General Government Limitation</u>	<u>Excluded from the Limitation</u>
Permanent Rate	\$2.0631/\$1,000	-0-
Local Option Levy	\$1.71/\$1,000	-0-

ADOPTED by a vote of _____ Yes votes and _____ No votes, this 11th day of June, 2025.

President,
Board of Commissioners

Attest:

Secretary-Treasurer
Board of Commissioners

RESOLUTION 2025-17
RAINBOW WATER DISTRICT
AUTHORIZING TRANSFER FROM FIRE PROTECTION FUND TO
THE WATER OPERATING GENERAL FUND

WHEREAS, Rainbow Water District is a domestic water supply district organized under Oregon Revised Statutes (ORS) Chapter 264, and ORS 264.410 provides that “the power and authority given to districts is vested in and shall be exercised by a board of five commissioners, each of whom shall be an elector of the district”, and

BE IT RESOLVED that the Board of Commissioners of Rainbow Water District, in adopting the fiscal year 2025-26 budget and making appropriations to fund the budget, did approve transferring funds from the Fire Protection Fund to the Water Operating General Fund in the amount of \$148,216. The funds shall be transferred on the first available business day after July 1, 2025, and will be expended for water source, piping or storage capital improvement projects that maintain or enhance water system fire protection capabilities.

ADOPTED by a vote of _____ Yes votes and _____ No votes, this 11th day of June, 2025.

President
Board of Commissioners

Attest:

Secretary-Treasurer
Board of Commissioners

RESOLUTION 2025-18
RAINBOW WATER DISTRICT AUTHORIZING TRANSFER FROM
THE FIRE PROTECTION FUND TO THE CAPITAL RESERVE FUND

BE IT RESOLVED that the Board of Commissioners of Rainbow Water and Fire District, in adopting the fiscal year 2025-26 budget and making appropriations to fund the budget, did approve transferring funds from the Fire Protection Fund to the Capital Reserve Fund in the amount of \$375,000. The funds shall be transferred on the first available business day on or after December 1, 2025, or earlier if sufficient funds are available, and will be saved for future water source, piping or storage capital improvement projects that maintain or enhance water system fire protection capabilities.

ADOPTED by a vote of _____ Yes votes and _____ No votes, this 11th day of June, 2025.

President
Board of Commissioners

Attest:

Secretary-Treasurer
Board of Commissioners

**RESOLUTION 2025-19
RAINBOW WATER DISTRICT
RESOLUTION REGARDING WATER RATES**

WHEREAS, Rainbow Water District is a domestic water supply district organized under Oregon Revised Statutes (ORS) Chapter 264, and ORS 264.410 provides that “the power and authority given to districts is vested in and shall be exercised by a board of five commissioners, each of whom shall be an elector of the district”, and the Rainbow Water District Budget Committee consists of the five commissioners and up to five other District customers, and

WHEREAS, the Rainbow Water District established retail water customer rates by Resolution No. 95-02 adopted on June 14, 1995 with adjustments made periodically, and the District’s costs have increased and the Rainbow Water District’s Budget Committee and Board of Commissioners deems it to be in the District’s best interest to increase water rates; and

WHEREAS, notice of the proposed rate increase was duly given to all customers as required by Oregon law.

NOW THEREFORE BE IT RESOLVED by the Rainbow Water District Board of Commissioners that the base rate of a ¾” water meter shall increase to \$30.00 per month and the usage rate (commodity cost) shall increase to \$2.10 per 100 cubic feet (tier 1), \$3.00 per 100 cubic feet (tier 2), and \$3.90 per 100 cubic feet (tier 3), and an additional 33% surcharge shall apply to both base and usage rates for out-of-district retail customers, and the attached Water Rate Schedule supersedes all previous Water Rate Schedules and is effective on all bills mailed on or after June 25, 2025.

ADOPTED by a vote of _____ Yes votes and _____ No votes this 11th day of June 2025.

President
Board of Commissioners

Attest:

Secretary-Treasurer
Board of Commissioners

**PROPOSED Water Rate Schedules Effective for Bills Sent On or After 6/25/25
Rainbow Water District**

Monthly Base Service Charge (excludes all water usage)~

(")	Monthly Service Charge	
	Rate Schedules R-1, R-M & C-1	Rate Schedule FPS-1 (standby fire)
3/4"	\$ 30.00	---
1"	\$ 60.00	---
1 1/2"	\$ 114.30	---
2"	\$ 138.00	---
3"	\$ 206.70	\$34.20
4"	\$ 251.40	\$39.00
6"	\$ 339.00	\$50.40
8"	\$ 431.70	\$61.80
10"	\$ 561.00	\$73.50
12"	\$ 755.10	\$98.40

Rainbow has no 3" or larger meters, and any meters that size would likely be temporarily served by Rainbow while the development annexed and transferred to SUB.

Rainbow charges the same amount that SUB charges for 1.5" and larger Residential, Commercial, Industrial and Fire Protection meters.

Rainbow independently determines charges for 3/4" to 1" meters.

2024 Average Bill (assuming 12 units of usage) = \$26.00 + (12 x \$1.85) = \$48.20

2025 Average Bill (assuming 12 units of usage) = \$30.00 + (12 x \$2.10) = \$55.20

(This is a 14.5% or \$7.00 per month increase.)

Rate Schedule	R-1 Single Family 1 mtr / 1 living unit	R-M Multi- Family 1 mtr / 2+ living units	C-1 Commercial (Businesses, Churches)	PP-1 Parks & Other Public (non res. only)	FPS-1 Fire Protection
Rate Title	Water Usage Rate \$/100 cf				
1st Tier	\$2.10 up to 2,500 cf	Up to 2,000 cf/living unit	Up to 2x avg winter flow	All usage	up to 300 cf
2nd Tier	\$3.00 2,500 - 5,000 cf	2,000-4,000 cf/living unit	2x to 4x avg winter flow	NA	300-500 cf
3rd Tier	\$3.90 Over 5,000 cf	Over 4,000 cf/living unit	Over 4x avg winter flow	NA	Over 500 cf

RESOLUTION 2025-20
RAINBOW WATER DISTRICT
RESOLUTION AUTHORIZING INTERGOVERNMENTAL AGREEMENT BETWEEN
RAINBOW WATER DISTRICT AND SHANGRI-LA WATER DISTRICT

WHEREAS, Rainbow Water District and Shangri-La Water District are both domestic water supply districts organized under Oregon Revised Statutes (ORS) Chapter 264, and ORS 264.410 provides that “the power and authority given to districts is vested in and shall be exercised by a board of five commissioners, each of whom shall be an elector of the district”, and

WHEREAS, an Intergovernmental Agreement (IGA) between Rainbow Water District and Shangri-La Water District was originally executed in November 2015 whereby Shangri-La contracted with Rainbow for on call consultation and field services, and

WHEREAS, the parties adopted amendments adopted in December 2017 to expand the scope of work so that Rainbow Water District would also provide customer call response and after hours answering service, active daily technical operation to include water system management and supplying the required licensed operator to serve as Direct Responsible Charge (DRC), and alarm monitoring and response, and

WHEREAS, the parties now desire to amend the IGA again to reflect that Rainbow will provide customer billing and accounting services for Shangri-La, and

NOW THEREFORE BE IT RESOLVED that the Rainbow Water District Board of Commissioners authorizes the President of the Board of Commissioners to sign the amended Intergovernmental Agreement between Rainbow Water District and Shangri-La Water District, to take effect immediately upon execution by both parties.

ADOPTED by a vote of _____ Yes votes and _____ No votes this 11th day of June 2025.

Attest:

President
Board of Commissioners

Secretary-Treasurer
Board of Commissioners

INTERGOVERNMENTAL AGREEMENT BETWEEN RAINBOW WATER DISTRICT AND SHANGRI -LA WATER DISTRICT

This agreement is entered into, by and among the Rainbow Water District (Rainbow) and the Shangri-La Water District (Shangri-La). Both districts are units of local government organized in accordance with Oregon Revised Statutes Chapter 264.

The parties under the authority of Oregon Revised Statutes Chapter 190, desire to enter into an agreement wherein Rainbow will provide various water utility services to Shangri-La. Now, in consideration of each party's performance of the covenants, terms and conditions herein as they apply to the benefits of the other, the parties mutually agree:

Section I. Services.

Rainbow will provide Shangri-La with the following services.

A. Office Services.

1. Water Bill Preparation and Mailing – Meter readings provided by Shangri-La are entered into Rainbow's computer system. A billing register is created which shows the account number, name, consumption, number of days in billing period, and amount due. Totals are run for each billing category, checked for errors, and bills are printed. Bills will be mailed (or emailed) in letter format on approximately the 5th of each month.
2. Accounts Receivable Bookkeeping – Rainbow will provide a Post Office box to receive and open daily mail. Customer water bill payments will be mailed directly to Rainbow or submitted electronically via payment methods offered by Rainbow. Rainbow will prepare bank deposits, post payments to customer accounts, answer customer calls, record customers moving in and out, and make a monthly disconnect list for non-paying customers. Rainbow will provide file cabinet space and electronic archives of Shangri-La's customer and accounts receivable records.
3. Accounts Payable Bookkeeping – Rainbow will perform accounts payable functions including monthly maintenance of a Quickbooks file storing General Ledger, Cash Receipts and Disbursement Journal entries. This data will be the basis for recording and reporting the Shangri-La Water District's financial condition. Rainbow will be given bank account access and will reconcile bank statements and provide standard financial reports to the board each month. Vendor invoices will be reviewed by Shangri-La and forwarded to Rainbow along with authorization to pay the invoices. Rainbow will create a bill list that is presented monthly for approval by the Shangri-La Board. Rainbow will write checks and present them to Shangri-La board members for signature unless Rainbow staff have been authorized to sign particular checks.

Rainbow may make bill payments by electronic payments or mailing checks, as needed.

4. Other Financial Services – Rainbow will support Shangri-La Water District’s annual audit or financial review and assist in self-reporting or coordinating with auditors. Rainbow will support the Board of Commissioners in developing an annual budget and publishing required meeting notices. Shangri-La will retain final responsibility for budgeting and financial operations. Shangri-La retains full responsibility for compliance with all applicable annual auditing and budgeting requirements under Oregon law and any applicable federal laws.
5. Payroll –Rainbow will calculate and process payroll for any Shangri-La employees, making proper adjustments and required withholdings. Rainbow will compile and submit required federal and state reports and payments and prepare annual W-2 and 1099 forms. Rainbow may provide advice and consultation on personnel matters but Shangri-La retains full responsibility for contractual arrangements and management (including, but not limited to, hiring, discipline, and discharge) of its own employees.

B. Customer Call Response.

1. Customers will be instructed to contact Rainbow for billing and office questions.
2. Customers will be instructed to contact Shangri-La’s water operator for water quality or maintenance concerns. If emergency calls for Shangri-La are directed to Rainbow after hours, the following steps will occur:
 - a. Rainbow’s telephone answering service will ask the caller to explain the nature of the problem. If it is a question about their bill, shut off date or other administrative matter, the answering service will suggest that the caller contact Rainbow during office hours on the next regular business day.
 - b. If the problem refers to a leak, broken pipe, loss of water or other operational problem, the answering service will obtain the customer’s name, address, phone number and the nature of the problem, and inform the customer that they will notify Shangri-La’s On Call Water Operator who will contact the customer.
 - c. The answering service will first attempt to contact the Shangri-La employee on duty. The Shangri-La employee will then contact the customer to determine the nature and magnitude of the problem and further contact Rainbow for support if additional help is needed. If the answering service is unable to contact the Shangri-La employee, they will notify the Rainbow On Call Water Operator who will continue trying to reach the Shangri-La employee.

- d. The Rainbow On Call Utility Worker will call the affected customer and try to determine the nature and magnitude of the problem. If the problem can wait until the next business day, the Rainbow Utility Worker will reassure the customer and explain that Rainbow will contact Shangri-La's employee and the water districts will respond during business hours to address the problem.
- e. If the problem is significant and requires immediate response, the Rainbow On Call Utility Worker will travel to Shangri-La and handle the problem as if it were a Rainbow customer, making repairs or delaying until business hours if possible. If the customer is out of water, a temporary connection will be provided from a neighbor, or additional equipment and personnel will be brought in to make the necessary repair as soon as possible.
- f. Rainbow staff will inform the Shangri-La employee(s) of any emergency work at the first available opportunity, as well as any follow-up work still needed.

C. Active Daily Technical Operation.

- 1. Oregon Administrative Rules (OAR) Section 331-061-0225 requires the services of an appropriately certified water operator to serve in direct responsible charge (DRC) of the community water system, with certification at a level of Distribution Level 1 and Treatment Level 1 or above, and
- 2. Rainbow Water District agrees to provide Active Daily Technical Operation with DRC supervision of the operation of the Shangri-La Water District which shall meet the following requirements:
 - a. A professional engineer registered in the state of Oregon will manage the District, and
 - b. A state-certified Water Distribution and Water Treatment Operator employed by the Rainbow Water District shall be available on call 24 hours per day to respond on-site upon request.
 - c. The Rainbow Water District shall recommend corrective action when the results of analyses or measurements indicate maximum contaminant levels have been exceeded or minimum treatment levels are not maintained, and report the results of these analyses as prescribed by OAR 331-061-0040.
 - d. The Rainbow Water District shall recommend that all elements of routine operation and maintenance of the Shangri-La Public Water System are completed in accordance with accepted public health practice.
 - e. The Shangri-La Water District board shall be responsible for adopting an annual budget that provides for appropriate wages, training opportunities, tools and equipment for any Shangri-La employees. The Shangri-La Water

District board shall have final authority for hiring or terminating Shangri-La employees, but Rainbow Water District will provide technical direction, observations regarding job duties and performance, and recommendations regarding appropriate training and equipment.

D. Field and Consulting Services.

1. Rainbow's own water system has first priority for Rainbow personnel and resources.
2. Rainbow will provide water system construction, repair, engineering, operations and maintenance services on an as-needed basis within the limitations of Shangri-La's adopted budget and subject to Rainbow's availability. Rainbow will function as a contractor to Shangri-La in this work and provide "turn-key" services, completing an entire project with its own or contractor personnel, unless agreed otherwise.
3. If Rainbow is unable to promptly provide the necessary services, such as a leak repair, Rainbow will notify Shangri-La of the need to hire an outside consultant or contractor for a repair.
4. Under the supervision of the Rainbow DRC, Shangri-La is responsible for most daily operations including well and reservoir checks, chemical feed, meter reading and sampling, and other related treatment and testing. Rainbow will avoid performing routine work that a Shangri-La employee could do, unless it is necessary to perform this work due to accident, illness, employee leave or position vacancy.
5. Rainbow will provide consultation services to Shangri-La to make recommendations regarding water system planning, scheduled replacements, and use of technology.
6. With approval of Rainbow, Shangri-La employees may participate in Rainbow safety meetings and other in-house training opportunities to further increase their knowledge and develop their skills.
7. Working with the Shangri-La employee(s) as appropriate, Rainbow will automatically respond to emergency situations such as leaks, equipment failures, or safety hazards, and will provide a report to the Shangri-La Board of Commissioners regarding the Rainbow response.
8. For larger projects that allow for (and require) advance planning, Rainbow will present a need for the project and obtain budget and project approval from the Shangri-La Board in advance before proceeding. Rainbow will determine the necessary location, schedule, materials, and permits necessary, and call in utility locates for any work that Rainbow is managing. Rainbow will determine which Rainbow employees or specialty subcontractors will perform the work.

E. Alarm Response.

1. Alarms generated by the Shangri-La control system will be programmed to first contact the Shangri-La employee on duty. If the Shangri-La employee is unable to respond in a timely manner, the alarm dialer will next contact the Rainbow On Call Water Operator. If the Shangri-La employee responds, but is unable to resolve the condition that caused the alarm, the Shangri-La employee will contact the Rainbow On Call Water Operator for assistance.
2. If the problem is significant and requires immediate attention, the Rainbow On Call Water Operator will work with the Shangri-La employee to resolve the problem by telephone. If necessary, the Rainbow On Call Utility Worker will travel to Shangri-La and resolve the problem as if it were a Rainbow alarm, making any necessary adjustments or repairs, calling for additional help, or delaying work until the next business day if delay of the work will not adversely affect the system or quality of service.

F. Employee Management.

1. The Shangri-La Board shall have final authority for hiring or terminating Shangri-La employees, and for setting an annual budget that provides for appropriate wages, training, tools and equipment for any Shangri-La employee.
2. The Shangri-La Board shall provide two board members to serve on a Personnel Subcommittee, meeting with the Rainbow Superintendent as needed. The Rainbow Superintendent or designee shall provide daily technical direction, and shall make recommendations to the Personnel Subcommittee regarding employee recruitment, performance reviews, wages and benefits, discipline or termination. The Personnel Subcommittee shall present recommendations to the full board for final authorization and approval.
3. Rainbow will maintain confidential payroll and personnel records, as well as provide background screening, reference checks and training of new hires.
4. The Shangri-La board will provide reasonable wages and training opportunities to support Rainbow's efforts to recruit and retain quality employees.

Section II. Fees.

A. Labor, Equipment and Material Billing Schedule.

1. Each year as part of the budget approval process, Rainbow will provide an updated fee schedule that lists, in writing, all unit charges for labor, equipment and material. These rates will be in effect for the following fiscal year. The current fee schedule is attached hereto as Schedule A.

2. Work performed shall be billed monthly based on an hourly rate and the number of hours worked on Shangri-La's behalf by each Rainbow employee. Separate charges will be listed for administrative fees such as credit card processing fees, answering service, file storage, billing software, copies and postage, as well as rental fees for any Rainbow equipment or vehicles.
3. Materials procured by Rainbow will be billed as invoice cost + 15%. (Routine supplies and chemicals may be obtained by a Shangri-La employee directly, with no markup.) When necessary, subcontractor work or rental equipment from other providers will be billed at invoice cost + 5%.

Section III. Release of Liability.

- A. Shangri-La hereby releases Rainbow and grants a waiver of subrogation for any damages to facilities or equipment that occur as a result of the work of Rainbow on Shangri-La facilities or equipment. This release does not apply to damages that result from gross negligence or willful misconduct by Rainbow. Additionally, Shangri-La will add Rainbow as a covered party on its insurance policies, including specifically, but without limitation, liability and property damage.

Section IV. Liability and Worker's Compensation Insurance.

- A. Shangri-La and Rainbow each agree to provide liability and Worker's Compensation insurance for all of their respective employees. It is not the intent of this Agreement, nor the parties, that the employees be joint employees of Rainbow and Shangri-La. No employee transfer between the parties is contemplated or intended by this Agreement.

Section V. Term.

- A. This Agreement shall be effective July 1, 2025 to June 30, 2026, and shall continue thereafter on a year-to-year basis in accordance with the same terms and conditions described herein unless either party provides a minimum of ninety (90) days written notice of termination to the other.
- B. In the event that one party provides a written notice to terminate to the other party, both parties agree to meet, prior to termination of the Agreement, to review the Agreement and determine if any changes could be made that would allow the Agreement to continue.

Section VI. Authorization.

- A. The parties, by the signatures of their authorized representatives, signify that each has read this Agreement and understands its terms and conditions and agrees to be bound thereby.

IN WITNESS THEREOF, the undersigned have executed this Agreement as of

_____, 2025.

Rainbow Water District

Shangri-La Water District

By _____
President

By _____
President

By _____
Secretary

By _____
Secretary

Approved by:

Approved by:

The Board of Commissioners

The Board of Commissioners

This ____ day of _____, 2025

This ____ day of _____, 2025.

6. The fees and charges above include one installation and removal of the hydrant meter and other District equipment. Each additional removal or relocation will require a new application and fees for a hydrant/assembly permit.
7. If Applicant changes the hydrant location, moves any equipment without Rainbow's permission, or uses water without authorization, tampering charges will be enforced at a minimum of \$350 for the first occurrence and \$100-500 per day thereafter.
8. The Applicant is responsible for all damages or loss to the hydrant meter or District's backflow assembly or other District equipment which occurs while the equipment is installed for Applicant's use. The Applicant agrees to pay 100% of replacement costs for parts and labor for any damage or loss to equipment or facilities. The Applicant's deposit will be applied to damage costs and to all outstanding fees and charges. Any meter/assembly equipment deposit left after payment of such costs, fees, and charges will be refunded to the Applicant.
9. If the desired location will not adversely impact District customers or operations, and if the proposed usage does not appear to harm the public health, the District will approve the application and install a hydrant meter at the desired location during regular work hours at a time as close as reasonably possible to the time requested for installation. If the desired location or usage appears to adversely affect District interests, the District will suggest another more suitable water service location, or required methods to protect the District's interests, or may decline the request.
10. The District reserves the right to terminate the permit and disconnect service at any time.
11. Application for a permit constitutes acceptance by the Applicant of all District regulations, policies and procedures.

Effective Date: This Resolution and the referenced policy shall be effective upon its approval and adoption.

ADOPTED by a vote of _____ Yes votes and _____ No votes this 11th day of June 2025.

Attest:

 President
 Board of Commissioners

 Secretary-Treasurer
 Board of Commissioners