

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
APRIL 14, 2015**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order by Chairperson Stitle on April 14, 2015 in the Board Room of the District Office at 3707 Old Highway 395, Fallbrook, CA 92028 at 1:03 p.m. Chairperson Stitle presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

Present: Member Stitle
Member Hensley
Member Carlstrom
Alternate Thomas

Absent: Member Lucy
Member Clyde
Member Ross

Also Present: General Manager Kennedy
Executive Assistant Washburn
Director Brazier
FPUD General Manager Brady

No members of the public were present.

4. **PUBLIC COMMENT RELATING TO ITEMS NOT ON THE AGENDA (Limit 3 Minutes)**

There were no comments.

COMMITTEE ACTION ITEMS

5. **COMMITTEE MEMBER COMMENTS**

There were no comments.

*6. **APPROVAL OF MINUTES**

A. March 3, 2015

Action:

Moved by Member Hensley to approve the minutes. Seconded by Member Carlstrom.

After consideration, the motion CARRIED by the following vote:

AYES: Member Stitle, Member Hensley, Member Carlstrom, and Alternate Thomas
NOES: None
ABSTAINED: None
ABSENT: Member Lucy, Member Clyde, and Member Ross

7. RAFTELIS UPDATE

Mr. Kennedy gave a presentation on the financial position of the District at the end of the fiscal year. Discussion followed regarding the potential drought impacting RMWD's financials.

8. STRATEGIC PLAN UPDATE

Mr. Kennedy stated this will be going before the Board for consideration. He talked about the meeting he and Director Sanford had with Tamoya & Associates. He noted that should the Board approve the contract, workshops will commence after individual Board Members meet with the facilitator.

Discussion ensued regarding Governor Brown's drought declaration.

Mr. Kennedy stated he hoped the Board would approve the contract at the April 28th Board meeting and to get the process started in May. He said his goal was to have the Board go through all the processes in May, June, and July and have some product out by the time the master plan and other studies are complete. He confirmed September would need to be the estimated timeframe for completion.

9. BOARD MEETING REVIEW

Mr. Kennedy reported the Board approved the audit, some housekeeping items related to filling seats at CSDA and SDRMA respectively, and suggested changes to the committee appointments. He noted there was some discussion related to the LAFCO situation.

10. WATER PURCHASES AND SALES REPORT

Ms. Thomas explained each time this report is presented, it may be a little different due to the fact she was trying to figure out the true value of what RMWD is paying and selling. She briefed the committee on the information provided in the report.

Mr. Kennedy added the reports provided previously had some anomalies in them and staff was unable to identify the source; therefore, Ms. Thomas contacted other agencies to take a look at how to prepare these reports without breaks in them.

Discussion ensued.

11. LAFCO UPDATE

Mr. Kennedy mentioned that in the last week LAFCO had asked both RMWD and FPUD to submit information regarding the California Voters Rights Act (CVRA). He pointed out RMWD's Resolution of Objection included information about the at-large component within FPUD's application being a potential violation of the CVRA. He stated RMWD put information together which (contrary to other reports) was developed independently of another action taken by Mexican American Legal Defendant's Education Fund (MALDEF) addressing potential racially polarized voting in the area, particularly in FPUD. He pointed out if LAFCO were to approve FPUD taking over RMWD, it could be a violation of the CVRA. Discussion followed.

Mr. Kennedy and Mr. Brady talked about the anticipated timeframes for LAFCO to take this matter to their commission for consideration. They both agreed they would like the matter resolved.

Discussion continued.

12. MONTHLY FINANCIAL REPORT

Ms. Thomas explained up to this point RMWD was approximately \$20,000 above revenue in spending due mainly to the recent increase in legal services; however, there will be some tax money that will balance this overage out.

Discussion ensued.

13. SPRINGBROOK UPDATE

Ms. Thomas reported Kevin from Springbrook was currently onsite at RMWD working with staff on the process review phase.

Mr. Kennedy noted once this phase is completed, Springbrook will look at RMWD's old software and build the new software to meet the District's needs. He stated the finance part was expected to be up and running in July 2015, but the remaining portions would not be completed until October 2015.

14. WATER RESTRICTION UPDATE AND IMPACT ON WATER METER AND EDU SALES

Mr. Kennedy reviewed the handout regarding water restrictions provided to the Committee.

Discussion ensued regarding notifying and enforcing violators of RMWD's Drought Ordinance as well as the best way to communicate with the public about the Governor's proclamation not matching what SDCWA and its member agencies have set up to have water stored and readily available.

Mr. Kennedy and Mr. Brady agreed the best outcome would be for agriculture to be exempt which would change the whole dynamic on the water reduction structure. Discussion continued.

Mr. Carlstrom suggested encouraging the Board put out something pretty specific clearly explaining the situation to the public. Mr. Kennedy pointed out RMWD will not know anything until the regulations are promulgated in early May if this in fact takes place.

Member Stitle excused himself from the meeting at 2:32 p.m.

Member Carlstrom chaired the meeting in Member Stitle's and Member Ross' respective absences.

15. CIP/LONG TERM PLAN FOR SEWER AND WATER

Mr. Kennedy mentioned the master plan process that was currently underway will take a much more comprehensive look at this; therefore, it may be premature to look at this topic right now. He noted the big item on the water side would be the Beck Reservoir rehabilitation which was still being questioned as to whether to proceed. He reported Director Griffiths asked for this matter to be on the April 28th Board agenda for Board action. Discussion followed.

16. GROUND WATER ISSUE

- A.** West Yost Report
- B.** Ground Water Sustainability Agency Status Review

This item was deferred to the next Committee meeting.

17. LIST OF SUGGESTED AGENDA ITEMS FOR THE NEXT SCHEDULED BUDGET AND FINANCE COMMITTEE MEETING

Mr. Carlstrom requested the next committee agenda basically cover the same items talked about at this meeting.

18. ADJOURNMENT

Action:

Moved by Member Hensley to adjourn the meeting. Seconded by Alternate Thomas.

After consideration, the motion CARRIED by the following vote:

AYES: Member Hensley, Member Carlstrom, and Alternate Thomas
NOES: None
ABSTAINED: None
ABSENT: Member Lucy, Member Clyde, Member Ross, and Member Stitle

The meeting adjourned at 2:42 p.m.

Harry Stitle, Committee Chairperson

Dawn M. Washburn, Board Secretary