

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING  
OF THE RAINBOW MUNICIPAL WATER DISTRICT  
JANUARY 10, 2013**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order by Chairperson Carlstrom on January 10, 2013 in the Board Room of the District Office at 3707 Old Highway 395, Fallbrook, CA 92028 at 1:01 p.m. Chairperson Carlstrom presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

**Present:** Member Lucy  
Member Carlstrom  
Member Clyde  
Member Stitle

**Absent:** Member Fagan

**Also Present:** Assistant General Manager/District Engineer Lee  
General Manager Seymour  
Executive Assistant Washburn  
Accountant Thomas  
Associate Engineer Plonka  
Customer Service/Water Operations Manager Atilano  
Human Resources/Safety Manager Bush

Two 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**

Mr. Lucy welcomed Mr. Hensley and Mr. Ross as the soon-to-be committee members.

\*6. **APPROVAL OF MINUTES**

A. December 4, 2012

Mr. Stitle pointed out the word "of" should be "and" after "location".

**Action:**

***Moved by Member Clyde to approve the minutes as revised. Seconded by Member Stitle.***

***After consideration, the motion CARRIED by the following vote:***

**AYES:** Member Lucy, Member Carlstrom, Member Clyde and Member Stittle.  
**NOES:** None.  
**ABSTAINED:** None.  
**ABSENT:** Member Fagan.

**7. DISCUSSION AND POSSIBLE ACTION REGARDING COMMITTEE MEMBERSHIP APPOINTMENTS**

It was noted this was on the agenda should the other member of the public that expressed interest volunteered came to this meeting; however, since she did not there was no discussion.

**8. UPDATE AND DISCUSSION OF RECENT RMWD BOARD MEETING**

It was noted there was not another regular Board meeting since the last committee meeting; therefore, there were no updates.

**9. INFORMATIONAL UPDATE REGARDING POTENTIAL ANNEXATION AND PROGRESS WITH DEVELOPERS (BRIAN LEE)**

Brian Lee reported that the builder D.R. Horton purchased the residential construction portion of the Passerelle project. Passerelle will retain the business construction portion of the project. The Passerelle/Horton project has acquired 850 sewer EDU's to service 600 homes plus business use units. Kirsten Plonka added that they will begin with the construction of 250 homes. Brian Lee stated that Horton expects to break ground in spring 2013. He added that RMWD may have need for contract inspector services to meet the escalating demand of development projects. Larry Carlstrom asked about the startup process for a developer. Mr. Lee said that the developer needs to have water and sewer infrastructure plans approved and then they can begin grading the sites. Mr. Lee continued with the Warner Ranch project. He said that Warner Ranch has a builder on board, but is three to four years behind the Passerelle/Horton development. He had no new information on the San Luis Rey project which has been purchased by RanCon. Mr. Carlstrom requested a list of the development projects, displaying the number of units, water and sewer EDU requirements, connection fee revenues anticipated, a map of the project locations, and a timeline for expected startup. Kirsten Plonka said that she would provide that information.

**10. UPDATE REGARDING STATUS OF CONSTRUCTION PROJECTS (BRIAN LEE)**

Mr. Lee reported that the Hwy 76 project is still in process involving both water and sewer relocations. The Pala Mesa Tank project is complete and in service which means that Beck Reservoir is shutdown. He stated that there is no water remaining in the reservoir and that RMWD has fully complied with all aspects of the DSHS reservoir mandate. Discussion ensued regarding potential solutions and uses for the Beck Reservoir. Mr. Lee reported that the most likely fix for Beck would be a liner to prevent leakage and an ultra violet water treatment system. Mr. Lee added that one option would be to enter into an agreement with FPUD to utilize water from their Red Mountain Reservoir. The timing for any upgrade to Beck Reservoir is likely three to five years out.

**11. UPDATE AND DISCUSSION REGARDING POTENTIAL JPA/CONSOLIDATION OF WATER DISTRICTS (DAVE SEYMOUR, BRIAN LEE)**

Mr. Seymour noted this matter was on the Board agenda for discussion. He recalled the Board approved staff to move forward with forming a JPA and discussions have already begun with the legal firm Best, Best, & Krieger. He stated that Best, Best, & Krieger are experienced in consolidations. He explained the only responsibility the JPA would have would be to manage both agencies. He pointed out there was another obstacle encountered in the JPA process involving whether or not there can be one general manager for both agencies; however, they were still looking into this further.

Mr. Carlstrom asked for clarification as to whether or not there would be a significant savings associated with forming a JPA. Mr. Seymour stated the savings would be approximately \$800,000 with a JPA as opposed to the millions that would be saved by completely consolidating. It was noted the total amount of savings was still in question as well.

**12. REVIEW AND POSSIBLE ACTION OF UPDATED 5-YEAR FINANCIAL FORECAST OF SEWER OPERATIONS**

Larry Carlstrom distributed the updated 5-year Sewer Forecast to all members and audience. Mr. Carlstrom stated that the sewer forecast was first developed two years ago. He summarized the purpose and objective of the spreadsheet. Mr. Carlstrom explained that the sewer connections for new development were inserted to coincide with the same timing as new water connections. He added that the forecast contains no rate increases and no connection fees until we receive information from engineering regarding potential connection revenue. Mr. Carlstrom said that the City of Oceanside has reduced its sewer treatment fee which could negate the need for sewer rate increases to RMWD customers.

**Motion by member Clyde that the committee recommend to the RMWD Board to defer any sewer rate increases at this time. The sewer rates will be reviewed every six months to determine the need to raise them again. Seconded by Member Lucy. After consideration the motion CARRIED by the following vote:**

**AYES:** Member Lucy, Member Carlstrom, Member Clyde and Member Stille.  
**NOES:** None.  
**ABSTAINED:** None.  
**ABSENT:** Member Fagan.

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

Committee appointments

**14. ADJOURNMENT**

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**Larry Carlstrom, Committee Chairperson**

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**Dawn M. Washburn, Board Secretary**