

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
APRIL 14, 2026**

1. **CALL TO ORDER** – The Regular Budget and Finance Committee (B&F) Meeting was held in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028, with remote public participation information listed on the Agenda. The meeting was called to order at 1:00 p.m.

Directors Present: Hoffman, Hamilton

Staff Present: Information Technology Manager Khattab, Finance Manager Shilkov, Safety and Risk Management Officer Johnson, District Secretary Quintanar, Administrative Services Manager Harp, Administrative Analyst Montano, Chief Operations Manager Gutierrez, Administrative Analyst Weber

Additional Attendees: Rick Carey

2. **PUBLIC COMMENT**

None.

3. **DISCUSSION ITEMS**

- A. Review Draft Fiscal Year 2026/27 and Fiscal Year 2027/28 Operating Budgets

General Manager Wiley proposed adopting a two-year budget, as MWD and many other agencies do. Finance Manager Shilkov began his review, reporting that sufficient data is available to support a two-year budget cycle. He provided a high-level overview, noting that major cost drivers include: a projected 9.5% increase in purchased water; three new capacity charges proposed by MWD; a 12% increase in CalPERS unfunded liability (UAL); a 3.5% CPI increase; a 17.5% increase in gasoline costs; a 6% increase in SDG&E power costs; and compliance costs related to environmental and state regulations.

Imported water accounts for 35% of Rainbow's annual expenditure, and MWD's proposed fixed charges are estimated at \$1,230,114 in FY 2027. Staff also explained debt obligations, including CalPERS liability actuarial calculations. Operations and maintenance expenditures, projected water sales, and revenue sources were reviewed.

Total Water Fund revenue is expected to be \$53,383,491 for FY 2027 and \$55,112,890 for FY 2028. Cash reserve balances are projected to fall below the 10% target but remain above the minimum threshold and are expected to gradually increase over the next several years. Director Hoffman suggested presenting this information to the public in bullet-point format. Staff will recommend a 5% increase in both variable and fixed rates in January 2027 and again in January 2028.

The City of Oceanside's wastewater processing charges continue to increase, and staff are closely monitoring the current allocation process. Wastewater debt obligations over the next two years include the Thoroughbred Lift Station construction loan and the JW Fowler settlement.

Wastewater expenditures are expected to decrease by 4% in FY 2027 due to the purchase of a CCTV camera, which will save approximately \$50,000 annually. Wastewater revenue is expected to meet projected expenses of \$12,285,315 in FY 2027 and \$13,531,647 in FY 2028, supported by 13% increases in fixed monthly charges approved for July 1, 2026, and July 1, 2027.

A Special Meeting will be held on May 12, 2026, to present this information to the Board.

B. Consider Tyler Technologies as the District's Preferred Enterprise Resource Planning (ERP) Replacement Solution

Information Technology Manager Khattab explained that two software vendors offer solutions that meet the District's needs, with Tyler Technologies providing a more integrated, all-in-one platform. Mr. Khattab and Mr. Shilkov reviewed technical implementation details.

Tyler presents lower implementation risk and offers preferred AI capabilities. Vendor market stability was also reviewed. A cost comparison showed that Tyler's annual cost is lower than that of Sage, SUSI, and Lumin (Continental Utility Solutions, Inc.). The annual subscription cost for either vendor is also lower than the District's current system.

Implementation costs are estimated at \$455,811 for FY 2027 and \$227,906 for FY 2028. Tyler's implementation cost is \$124,000 higher than Sage; however, its annual recurring cost is lower by \$4,350. Additionally, implementing three separate products would significantly increase the burden on IT and Finance staff, resulting in greater internal time commitments and administrative complexity.

Total implementation costs will be amortized over five years, at approximately \$137,000 annually. The platform also offers future scalability should the District expand into additional functional areas, including human resources, permitting, customer-facing services, and payroll/timekeeping.

Given Tyler Technologies' integrated ERP platform, lower annual subscription costs, reduced administrative burden, and strong presence in the public sector, staff will recommend that the Board authorize utilization of Tyler as the District's ERP solution for Finance, Customer Service, and Work Order Management.

The estimated implementation timeline is eighteen months, and temporary staff will be required to support day-to-day operations during implementation.

C. Monthly Finance Packet

There were no questions regarding the information included in the meeting packet.

4. ADJOURNMENT - The meeting was adjourned at 2:32 p.m.