

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
JANUARY 2, 2014**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order by Chairperson Stitle on January 2, 2014 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 Carlstrom
Member Clyde
Member Stitle

Absent: Member Fagan
Member Lucy
Member Ross
Member Hensley

Also Present: General Manager Brady
Executive Assistant/Board Secretary Washburn
Finance Manager Buckley
Senior Accountant Thomas

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. December 10, 2013

Mr. Stitle pointed out the word "there" should be "these" on Page 3 and the word "was" should be "is" in the third paragraph of Page 6.

Ms. Washburn noted the one change made to the minutes by the Board of Directors at their December 30, 2013 special board meeting.

Action:

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

After consideration, the motion CARRIED by the following vote:

AYES: Member Carlstrom, Member Clyde and Member Stitle.
NOES: None.
ABSTAINED: None.
ABSENT: Member Fagan, Member Lucy, Member Ross and Member Hensley.

7. UPDATE AND DISCUSSION OF RECENT RMWD BOARD MEETING

Dr. Brady provided an update of the discussions that took place at the December 30, 2013 Special Board meeting regarding governance for the successor agency including the RMWD Board's vote taking a stand to only consider divisional governance at the successor agency.

8. UPDATE AND DISCUSSION REGARDING JPA/CONSOLIDATION OF WATER DISTRICTS

Dr. Brady pointed out governance, selection of officers for 2014, the name of the successor agency, divisional accounting, and the CalPERS contract will be discussed at the next NCJPA meeting. He explained the issues associated with CalPERS.

Dr. Brady talked about the RMWD concerns with the appearances that it was being taken over when the intent has always been to be a merger of equals.

It was noted the employees do not have a say in the process; however, staff will recommend to the Board whatever would be the safest route for employees.

Dr. Brady noted there was also concern if there was a FPUD centric majority on the Board, costs would be shifted to RMWD's agricultural customers. He stated this was clearly against the law and could not be done.

Mr. Clyde stated as a ratepayer he found the CalPERS new formula to be a savings to the public. Mr. Carlstrom pointed out existing employees already pay for the current formula; therefore, there would not be a savings to the public.

9. DISCUSSION AND POSSIBLE ACTION REGARDING COMMUNITY FACILITIES DISTRICT AND OTHER FINANCING OPTIONS

Dr. Brady briefed the committee on the most recent research conducted on the Caltrans matter noting some of the findings being looked into further by district counsel. Discussion ensued.

Mr. Buckley mentioned the NCJPA meeting was scheduled for Wednesday, January 8, 2014 at the RMWD offices.

Discussion continued regarding the steps being taken in regards to the Caltrans matter by both staff and district legal counsel.

Mr. Buckley pointed out both Community Facilities Districts were still being pursued at this time. He also confirmed funding would be available for the remaining large sewer projects.

10. REVIEW OF YEAR-TO-DATE FINANCIAL STATEMENTS

Mr. Buckley commented on the year-to-date financial statements emailed to the committee members. He expressed concern RMWD was behind in water sales. He mentioned he and Dr. Brady have discussed offering anticipated golden handshakes to employees sooner than originally expected in order to assist RMWD overcome this year’s shortfalls in water sales.

Discussion ensued regarding one-time costs associated with the JPA impacting the budget.

It was noted the systems between FPUD and RMWD were currently running parallel at this time. Dr. Brady also mentioned the Gmail system will be eliminated and Microsoft reinstated.

Dr. Brady gave an update on the Metropolitan vs. San Diego County Water Authority lawsuit. Discussion ensued regarding whether the outcome could benefit member agencies especially RMWD which is charged the most.

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

Mr. Carlstrom noted recurring items on developer reports and the five-year forecast for both sewer and water be placed on all future agendas.

Discussion ensued regarding the future of RMWD’s committees as well as divisional accounting of the proposed successor agency.

Dr. Brady noted an update on Caltrans would be on the next agenda.

12. DISCUSSION AND POSSIBLE ACTION FOR RMWD LOAN STRATEGIES

This item was deferred at this time.

13. ADJOURNMENT

Action:

Moved by Member Clyde to adjourn. Seconded by Member Carlstrom.

After consideration, the motion CARRIED by the following vote:

AYES: Member Carlstrom, Member Clyde and Member Stittle.

NOES: None.

ABSTAINED: None.

ABSENT: Member Fagan, Member Lucy, Member Ross and Member Hensley.

The meeting adjourned at 2:04 p.m.

Harry Stittle, Committee Chairperson

Dawn M. Washburn, Board Secretary