

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING  
OF THE RAINBOW MUNICIPAL WATER DISTRICT  
NOVEMBER 6, 2014**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order by Chairperson Stitle on November 6, 2014 in the Board Room of the District Office at 3707 Old Highway 395, Fallbrook, CA 92028 at 1:05 Chairperson Stitle presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

**Present:** Member Carlstrom  
Member Clyde  
Member Stitle  
Member Hensley (*Arrived at 1:24 p.m.*)

**Absent:** Member Fagan  
Member Lucy  
Member Ross  
Member Hensley

**Also Present:** General Manager Kennedy (*Via Teleconference for Item #5 Herein*)  
Executive Assistant/Board Secretary Washburn  
Finance Manager Thomas  
Acting District Engineer Kirkpatrick  
FPUD General Manager Brady  
Director Brazier

No members of the public were present.

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

There were no comments.

5. **GENERAL MANAGER COMMENTS**

Mr. Kennedy joined the meeting via teleconference. He apologized for not being able to be in attendance due to a mandatory SDCWA meeting. He mentioned the topic of the SDCWA meeting would be important for the Budget and Finance Committee to talk about going forward once a resolution has been reached. He briefly explained some of the topic details.

Mr. Kennedy pointed out the proposal for the software conversion before the committee today has been reviewed by Legal Counsel. He noted the final cost including staff time will be approximately \$250,000; however, the conversion needs to take place to protect RMWD. He offered to have a demonstration or webinar set up for the committee if they like.

Mr. Kennedy mentioned a financial consultant was retained to study RMWD's rate structure and water accounts including usage and consumption details. He stated the consultant will take a

very comprehensive look at what the rates are and provide RMWD with a starting point for going forward in the next fiscal year in terms of determining whether or not rate adjustments are necessary.

Discussion ensued regarding the new software as well as the projected outcome from the SDCWA meeting.

***Member Hensley joined the meeting at 1:24 p.m.***

***Mr. Kennedy disconnected from the conference call at 1:25 p.m.***

## **COMMITTEE ACTION ITEMS**

### **6. COMMITTEE MEMBER COMMENTS**

Mr. Stitle said he hopes that the matter Mr. Kennedy was addressing would have agreements in writing in order to protect the District.

### **\*7. APPROVAL OF MINUTES**

**A.** October 2, 2014

Ms. Washburn mentioned the audio recording became inaudible after a certain point during the meeting; thus, the minutes are more brief than normal.

**Action:**

***Moved by Member Carlstrom to approve the minutes. Seconded by Member Stitle.***

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

**AYES:** Member Carlstrom, Member Stitle and Member Hensley.

**NOES:** None.

**ABSTAINED:** Member Clyde.

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

### **8. BOARD MEETING REVIEW**

Ms. Washburn briefly mentioned the Board approved the District's Water Policy, nomination for a Board Member to serve on CSDA, and support for Proposition 1.

### **9. FINANCE SOFTWARE DEMONSTRATION DISCUSSION AND POTENTIAL COST**

Ms. Thomas talked about the recent 5-hour demonstration that took place at RMWD where Springbrook representatives gave an overview to a group of employees.

Mr. Carlstrom asked for the reason for the change. Ms. Thomas explained the company currently providing these services was sold to Springbrook. Discussion ensued regarding the costs involved with the new software in comparison to the current software being utilized.

*A break was called at 1:40 p.m.*

*The meeting reconvened at 1:43 p.m.*

**10. DISCUSSION REGARDING FIVE-YEAR CASH FLOW PREDICTION**

Discussion ensued regarding RMWD's rate structure and the information the consultant will provide to RMWD.

Mr. Stitle clarified the committee needs the cost for the Springbrook software and maintenance costs.

Ms. Thomas pointed out with the new developments going in faster than anticipated those figures would need to be incorporated into the forecast as well.

**11. CIP UPDATE**

**A. Beck Reservoir Ultraviolet Project**

Mrs. Kirkpatrick reported staff has received the 75% of the design plans; however, there were some items that still needed to be worked out. She noted staff was still waiting on the cost benefit analysis and how once it is received it will be reviewed and Mr. Kennedy will may make a decision as to whether or not to move forward or change the project around. She explained the CEQA period ended in late September at which time any rebuttals or lawsuits would have been brought forward; however, there were none received.

**12. REVIEW OF DEVELOPER PLANNED PROJECTS**

Mrs. Kirkpatrick provided a handout showing developments proposed within the District that are connecting to RMWD's sewer. She explained there are more development projects in the works, but those are for water service only.

Mrs. Kirkpatrick pointed out some of the developments seem like they are moving faster than anticipated; however, things can change with development. She stated D.R. Horton has said they will start grading December 15, 2014. She noted this was a pretty large grading process; therefore, she did not anticipate meters to be in place until 2015-2016 at the earliest.

Mrs. Kirkpatrick added she was meeting with Pardee on the Olive Hills Estates project after this meeting. She noted they were starting to grade now and the project will include 37 meters in addition to EDU's.

Mrs. Kirkpatrick reported Golf Green Estates, located next to the Bonsall Elementary School, consists of 94 meters and more than 94 EDU's anticipate grading in May 2015.

Mrs. Kirkpatrick explained Pala Mesa Highlands will consist of 124 lots which could be as much as two years out. She reminded the committee that Campus Park West is still going through their annexation period which will go before the Metropolitan Water District board in December and San Diego County Water Authority in January.

Mr. Carlstrom asked if the list of developments has been updated recently. Mrs. Kirkpatrick stated she was planning on updating this list before the next Board meeting including the anticipated purchase dates. Mr. Carlstrom stressed this was an important part of the committee's forecasting spreadsheet. Mrs. Kirkpatrick offered to get it updated, including the Highway 76 project.

It was noted a consultant has been retained to review both RMWD's water and sewer capacity fees. Discussion ensued.

**13. LAFCO UPDATE**

This item was not discussed.

**14. MWD PLANNED MANDATORY WATER PURCHASE**

Mrs. Thomas referred to the report provided showing the total amount of water sold for July, August, and September. She pointed out this report is provided in every board meeting agenda packet. She talked about the information provided.

Mr. Clyde asked for clarification on the information provided. Ms. Thomas explained there is some fluctuation in storage and water sales; however, she agreed to check the formula to make sure it was correct. Discussion ensued.

Discussion ensued regarding the drought and its impact on the District.

Mr. Stitle asked Mr. Brady how the reductions caused by the drought were impacting FPUD. Mr. Brady stated it was about the same as RMWD. Discussion ensued.

**15. 2015 WATER AND SEWER RATE DISCUSSION**

This item was deferred until a later date after information is received from the consultant.

**16. WATER BILL CHANGES UPDATE**

This item was not discussed.

**17. DISCUSSION REGARDING WATER SALES SPREADSHEET**

Ms. Thomas offered to make copies of the spreadsheet for the committee members at the end of this meeting.

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

Ms. Thomas noted the projections from new developments will be provided at the next meeting.

Mr. Hensley requested a list of all the things submitted to the consultant be provided to the committee.

19. **ADJOURNMENT**

**Action:**

*Moved by Member Clyde to adjourn. Seconded by Member Hensley.*

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

**AYES:** Member Carlstrom, Member Stitle, Member Clyde, and Member Hensley.

**NOES:** None.

**ABSTAINED:** None.

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

The meeting adjourned at 2:23 p.m.

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**Harry Stitle, Committee Chairperson**

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**Dawn M. Washburn, Board Secretary**