

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING  
OF THE RAINBOW MUNICIPAL WATER DISTRICT  
JANUARY 8, 2015**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order by Chairperson Stitle on January 8, 2015 in the Board Room of the District Office at 3707 Old Highway 395, Fallbrook, CA 92028 at 1:07 p.m. Chairperson Stitle presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

**Present:** Member Carlstrom  
Member Clyde  
Member Stitle  
Member Ross  
Member Hensley

**Absent:** Member Lucy  
Member Fagan

**Also Present:** General Manager Kennedy  
Finance Manager Thomas  
Acting District Engineer Kirkpatrick  
Assistant Rubio  
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.

Discussion went to Item #7.

**COMMITTEE ACTION ITEMS**

5. **COMMITTEE MEMBER COMMENTS**

There were no member comments.

**\*6. APPROVAL OF MINUTES**

**A. November 6, 2014**

Member Clyde pointed out there was something missing where Mrs. Kirkpatrick reported RMWD received 75% of something. It was noted this should read "75% of the design plans".

**Action:**

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

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

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

Discussion went to Item #8.

**7. RAFTELIS REPORT OVERVIEW**

Mr. Kennedy introduced Sudhir Pardiwala from Raftelis, the leading firm in performing water rate modeling, water rate studies, and analysis. He mentioned RMWD contracted with Raftelis after discussions with the Budget and Finance Committee about the current RMWD water rates including fixed costs versus fixed revenue ratios. He stated in order get a clear description of exactly of how some of these amounts derived from, Mr. Pardiwala was contacted to take a forensic look at RMWD's rates, expenses, budgets, and water sales and see how the water rates are structured and their impact. He pointed out Mr. Pardiwala will also review some information about a water rate setting process, policies for rate design, as well as other things that fall under water rates. He noted one of the outcome of Raftelis' process is a financial planning dashboard.

Mr. Pardiwala mentioned Raftelis was engaged by RMWD to review the revenues and expenses of the District as well as examine the rate structure for fairness and equity. He explained the steps taken when examining such.

Mr. Pardiwala gave a presentation on the preliminary findings.

Discussion ensued regarding Proposition 218 as well as various classifications for water users.

Mr. Pardiwala spoke about the financial planning dashboard which allows the decision to be made as to how to set up rates including what kind of revenues and adjustments are needed for any given situation. He demonstrated various scenarios using the dashboard. Discussion ensued regarding changes that can be made to the dashboard as deemed necessary.

Mr. Pardiwala clarified the model was custom made; however, the basic structure of the model was the same. Mr. Kennedy pointed out if RMWD were to hire Raftelis to do a rate study for the District, this was a tool they would use to do the rate modeling and once the modeling is complete they would turn it over to the District.

Discussion continued.

Discussion returned to Item #5.

**8. PROJECTED WATER SALES REVIEW**

It was noted this was a recurring agenda item and how the figures for December were just provided to RMWD. Discussion followed.

**9. BOARD MEETING REPORT**

Mr. Kennedy reported on the January 6, 2015 Special Board meeting. He noted Dennis Sanford was selected as Board President, Bob Lucy as Vice President, Helene Brazier as Secretary, and Midge Thomas as Treasurer.

Discussion ensued regarding RMWD's agreement with Valley Center Municipal Water District.

**10. AUDIT REPORT REVIEW**

This item was not discussed as there were no objections to the report provided.

**11. BECK RESERVOIR UV PROJECT AS WELL AS OTHER CIP PROJECTS**

Discussion ensued regarding Beck Reservoir including some possible alternatives to UV.

**12. LAFCO UPDATE**

Mr. Kennedy noted he and Director Sanford would be meeting with Brian Brady, Don McDougal at LAFCO with Mr. Ott on January 12, 2015. He stated he believed this would be a productive discussion to take a look at how to resolve this matter.

**13. WATER BILL CHANGES UPDATE**

Mr. Kennedy noted the change would be done in October at which time the District will transition to the new software system.

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

Mr. Carlstrom requested an updated chart with the new homes.

**15. 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, Member Stitle, Member Ross and  
Member Hensley  
**NOES:** None  
**ABSTAINED:** None  
**ABSENT:** Member Fagan and Member Lucy

The meeting adjourned at 3:06 p.m.

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**Harry Stitle, Committee Chairperson**

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**Dawn M. Washburn, Board Secretary**