

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
AUGUST 8, 2013**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order by Chairperson Stitle on August 8, 2013 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 Clyde
Member Stitle
Member Ross
Member Hensley

Absent: Member Fagan
Member Lucy
Member Carlstrom

Also Present: Assistant Rubio
Finance Manager Buckley
Senior Accountant Thomas
District Engineer Plonka
Mrs. Brazier

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

There were no public comment.

COMMITTEE ACTION ITEMS

5. **COMMITTEE MEMBER COMMENTS**

There were no committee comments.

*6. **APPROVAL OF MINUTES**
A. July 11, 2013

Action:

Moved by Member Clyde to approve the minutes as written. Seconded by Member Hensley.

After consideration, the motion CARRIED by the following vote:

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

7. UPDATE AND DISCUSSION OF RECENT RMWD BOARD MEETING

Mr. Buckley talked about the discussion on Agricultural Monitoring Groups. Mrs. Plonka noted staff was directed to send a letter to all agricultural customers to obtain feedback.

8. INFORMATIONAL UPDATE REGARDING POTENTIAL ANNEXATION AND PROGRESS WITH DEVELOPERS

Mrs. Plonka said the Horse Creek Ridge developer should start construction in early 2014. She mentioned the Campus Park West developer was in the process of going to LAFCO and MWD in order to annex into the district with and construction to start around mid 2015. Discussion ensued regarding San Luis Rey Downs.

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

Mr. Buckley briefed the committee on the NCJPA Board discussions on the proposed integration schedule presented by Dr. Brady. He noted the overall feeling from the Board was the integration should be an in-house project as opposed to spending money on consultants. Discussion followed regarding the plan for relocating each respective functional group.

10. DISCUSSION AND POSSIBLE ACTION REGARDING FINANCIAL RESERVE POLICIES

Mr. Buckley provided a proposed financial reserve policy for RMWD.

Mr. Stitle suggested the first things that should be addressed are the amount of reserves that should be set up as well as how quickly in terms of years. He mentioned some calculations were done regarding the impact to ratepayers.

Mr. Buckley proceeded to explain the information provided in the handout. Discussion ensued regarding various possibilities for putting monies into the reserve and how the reserves could be utilized. Mr. Buckley pointed out it would not be difficult to set up reserve fund administratively.

Discussion took place regarding the RMWD Capital Improvement Program and how projects will be addressed.

Mr. Buckley suggested inserting language that the District retain a certain debt ratio in order to prevent any troubles with acquiring debt but still have the ability to collect funds from water and sewer connections. Discussion followed.

Mr. Stitle solicited the committee for additional input.

Mr. Buckley pointed out the Water Replacement Reserve was discontinued, but the reservoir rehabilitation fund does still exist and could possibly be continued. He spoke briefly on each of the other funds noted on the handout.

Mrs. Plonka explained the Sewer Allocation Plan had to do with prepaid sewer EDU's; however, it was not currently in use. She noted staff will be taking a proposed amendment to the sewer policy to the Board for consideration which will be followed up with appointments with those ratepayers who may be affected. Discussion followed.

Discussion continued regarding the remaining funds listed on the handout including how the monies are kept separate. Mr. Buckley confirmed RMWD's current deductible for liability claims is \$100,000.

Discussion ensued regarding the Highway 76 project as well other upcoming developments within the district.

It was determined the committee would work on revising the proposed reserve policy to reflect the conversations that took place at this meeting.

11. DISCUSSION AND POSSIBLE ACTION REGARDING WATER CAPACITY/CONNECTION FEES

Mr. Buckley noted there will be an agenda item at the August Board meeting to set a public hearing for October 22, 2013 at which time the Board will consider any rate changes. He recommended the committee members be prepared at their September meeting to get more specific on what kind of rate changes they would like to see proposed beyond the initial 5%.

It was confirmed any rate changes would go into effect January 1, 2014.

Discussion ensued regarding what type of plan should be structured to present to the Board in order make a strong committee recommendation.

Mr. Buckley confirmed the auditors would be at RMWD on August 19, 2013.

12. REVIEW OF YEAR-TO-DATE FINANCIAL STATEMENTS

Mr. Buckley reported there was no new financial statement information at this time.

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

It was noted the rates, the reserve policy, and an update on the audit as well as the CIP will be on the next committee agenda.

14. ADJOURNMENT

Action:

Moved by Member Hensley to adjourn to September 5, 2013. Seconded by Member Ross.

After consideration, the motion CARRIED by the following vote:

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

The meeting adjourned at 2:41 p.m.

Harry Stitle, Committee Vice Chairperson

Dawn M. Washburn, Board Secretary