

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
JULY 5, 2007**

1. **CALL TO ORDER** - The Budget and Finance Committee Meeting of the Rainbow Municipal Water District on July 5, 2007 was called to order by Gene Buckley at 2:03 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. Mr. Buckley presiding.
2. **ROLL CALL:** Director Walson; Gene Buckley, Interim General Manager and Finance Manager; and Dawn Washburn, Board Secretary. Seven members of the public were present.
3. **PUBLIC COMMENT RELATING TO ITEMS ON THE AGENDA**
4. **DISCUSS AND DISTRIBUTE MATERIALS REGARDING POTENTIAL 30% INTERIM AGRICULTURAL WATER PROGRAM (IAWP) CUTBACK BY METROPOLITAN WATER DISTRICT**

Mr. Buckley provided the audience with a copy of the bulletin put out by SDCWA. He also spoke about the letter received from Metropolitan Water District addressed to SDCWA regarding the potential 30% IAWP. He stressed this situation is very real. He also confirmed the District did receive the one year notice from MWD.

Mr. Pearce as to how the developers would receive this information. Discussion followed.

Mrs. Brazier asked who would implement the program. Mr. Buckley explained that SDCWA has asked their member agencies to submit their ideas of how they would like to have the program implemented from which they will make a final determination.

It was noted the imposition of the 30% cutback would only affect agricultural users. Discussion ensued regarding how this would be reflected in the budget.

It was suggested RMWD develop a five-year plan to address this matter.

Director Walson said the only way to control development could be through sewer allocation. He added the CIP and budget would be important items for this committee to address.

It was noted there was a Budget Workshop scheduled for Monday, July, 9, 2007.

Mr. Buckley clarified that the District would lose approximately \$100,000 per month for six months should the 30% cutback be implemented. Director Griffiths stressed the 30% cutback would be implemented; however, the 30% was merely a political number.

Mr. Buckley explained how he makes his calculations. Discussion followed.

Discussion ensued regarding the District Capital Improvement Program. Director Walson stated the most recent Board Members over the past 2-3 years are trying to make sure RMWD has a viable CIP where money is collected and spent to fix the system as it goes.

(*) - Asterisk indicates a report is attached.

Director Griffiths stated everything depends on the condition of the system and that nothing has been done on the part of RMWD to determine whether or not the equipment could be made better for less money. He said RMWD had not properly gone out and taken proper measurements; however, the system was not completely falling apart.

Mr. Fagan pointed out he recently came off of a Grand Jury hearing that sought after several water districts for not addressing their CIP's and infrastructure problems. He warned RMWD's Board not to keep this same mindset. Discussion followed.

Mr. Willyard pointed out the budget needs to be able to support the work that needs to be done. Director Griffiths agreed, but noted some resolutions do not necessarily require replacements. He also stressed the need for having measurements taken; however, whenever he has asked whether RMWD had the necessary tools and equipment for measuring he was told it did not.

Director Walson noted the Board had adopted a target of putting \$5mm into the system per year. Discussion followed regarding breaks as well as other means of making measurements.

Mr. Brannon asked how much the 30% cutback would directly affect the District. Mr. Buckley stated the money would come straight out of the CIP.

Discussion ensued regarding the proposed additional employees and the associated costs.

Mr. Titus suggested looking at existing data and evaluating specific projects to ascertain some accountability as to what is expected prior to moving forward. Mr. Brannon recommended looking at the total system and then developing a 40-50 year plan to address the issues.

Ms. Bongiovanni expressed concern that her schedule may not permit her to make these Committee meetings. It was clarified that this Committee would like to meet on the first Thursday of the month at 2:00 p.m. so that everyone could plan accordingly.

5. ADJOURNMENT - To Thursday, August 2, 2007 at 2:00 p.m.

The meeting was adjourned with a motion made by Director Walson to a Budget and Finance Committee meeting on Thursday, August 2, 2007 at 2:00 p.m.

The meeting was adjourned at 3:05 p.m.

Larry Pearce, Committee Chairperson

Dawn M. Washburn, Board Secretary

(*) - Asterisk indicates a report is attached.