

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING  
OF THE RAINBOW MUNICIPAL WATER DISTRICT  
AUGUST 6, 2007**

1. **CALL TO ORDER** - The Budget and Finance Committee Meeting of the Rainbow Municipal Water District on August 6, 2007 was called to order by Chuck Sneed at 2:31 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. Mr. Sneed presiding.
2. **ROLL CALL:** Director Walson, Director Griffiths, Larry Pearce, Steve Brannon, Toni Bongiovanni, Carrie Anderson, and Donald Fagan. Also present was alternate Richard Titus. Robert L. Willyard was absent. Also present were Chuck Sneed, Operations and Maintenance Manager; and Dawn Washburn, Board Secretary. Two members of the public were present.
3. **PUBLIC COMMENT RELATING TO ITEMS ON THE AGENDA**

There was no public comment.

**COMMITTEE ACTION ITEMS**

4. **ELECTION OF CHAIRPERSON AND VICE CHAIRPERSON**

**Action:**

***Director Griffiths nominated Director Walson to serve as Chairperson to the Budget and Finance Committee. Ayes: Griffiths. Noes: Fagan, Anderson, Bongiovanni, Brannon, Pearce. Abstain: Walson. Motion failed (1/5/1).***

Larry Pearce explained why he felt he would like to Chair the Budget and Finance Committee. He included mentioning his expectations and challenges for the Committee.

**Action:**

***Steve Brannon nominated Larry Pearce to serve as the Chairperson to the Budget and Finance Committee. Ayes: Fagan, Anderson, Walson, Bongiovanni, Brannon, Pearce. Noes: Griffiths. Motion carried (6/1).***

Chuck Sneed turned the meeting over to Larry Pearce, the elected Committee Chairperson.

Larry Pearce asked for nominations for the Vice Chairperson. Director Griffiths nominated Director Walson as the Vice Chairperson. Director Walson expressed his concern that this was a ratepayers committee and why he would prefer another individual serve as the Vice Chairperson. Director Griffiths withdrew his nomination. There were no other nominations.

Donald Fagan volunteered to serve as the Vice Chairperson of the Budget and Finance Committee.

(\*) - Asterisk indicates a report is attached.

**Action:**

***Steve Brannon nominated Donald Fagan to serve as the Vice Chairperson to the Budget and Finance Committee. Seconded by Director Griffiths. Ayes: Griffiths, Bongiovanni, Anderson, Brannon, Fagan, Pearce. Abstain: Walson. Motion carried (6/0/1).***

It was determined the recorder would be utilized for assistance with the Budget and Finance Committee Minutes only and not for any other purpose.

**\*5. APPROVAL OF BUDGET AND FINANCE COMMITTEE MINUTES**

**A. June 14, 2007**

**Action:**

***Moved by Steve Brannon to approve the Minutes. Seconded by Carrie Anderson. Ayes: Anderson, Griffiths, Walson, Bongiovanni, Pearce, Fagan, Brannon. Motion carried unanimously (7/0).***

**B. July 5, 2007**

**Action:**

***Moved by Steve Brannon to approve the Minutes. Seconded by Donald Fagan. Ayes: Anderson, Griffiths, Bongiovanni, Pearce, Fagan, Brannon. Abstain: Walson. Motion carried (6/0/1).***

Director Walson expressed concern regarding the first paragraph of Item #4 and how it was regarding agricultural users as opposed to developers. It was determined Larry Pearce's question was pertaining to developers.

**6. DISCUSSION AND POSSIBLE ACTION REGARDING FY 2008 DRAFT BUDGET**

It was noted the budget should be referred to as RMWD 2007-2008 Draft Budget.

Larry Pearce said he would like to review some items that may need to be fixed from the original document preparation. He continued by explaining how to understand and analyze the document for the entire Committee's understanding. He then noted there were some areas where the numbers may not have carried over correctly. Carrie Anderson pointed out there could have been a software oversight.

Rua Petty mentioned Staff was instructed by the Board of Directors to include everything they needed in the budget so that it could be reviewed and justified by the Board. He pointed out the budget was a document Mr. Buckley was working on continuously.

Richard Titus expressed concern that the Capital Improvement Projects were not included in the budget. It was noted the document currently under review was the Operating budget only. Richard Titus commented as to why it would be important to keep the two combined for planning purposes. Director Walson explained the Capital Improvement Program would be addressed by the Engineering Committee which would have reflection on the Capital budget.

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Director Griffiths explained why it would be important to have a bottom-line number in order to make absolute determinations. Discussion ensued regarding the capital improvements and how they may or may not impact the Operating Budget. Director Griffiths stressed that a great deal of the money would be utilized to address the open reservoirs. Mr. Brannon agreed that the Capital Budget should be included with the Operating Budget as a line item. Discussion continued.

Donald Fagan inquired as to what costs within the budget were fixed and what were variable. Discussion ensued regarding the options available (i.e., stretching the budget, cutting costs, and raising rates). Rua Petty stressed the focus of the Committee would be to look at the operation of RMWD and not be concerned with the CIP until after the Engineering Committee has the opportunity to review the projects.

Director Griffiths stressed how the 30% MWD cutback will impact the District by approximately \$1mm. He noted Valley Center MWD had recently announced a hiring freeze. Larry Pearce pointed out the Committee would not be determining whether or not employees should be added to the current staff. Director Walson pointed out the Committee will be making recommendations to the Board overall. Larry Pearce pointed out there may be some short fall in the staffing which could ultimately be determined once the numbers are "clean".

Director Griffiths read aloud some of concerns. He noted starting January 1, 2008, there will be an approximate 30% reduction in water deliveries to agricultural customers. He also made known his intentions to increase Chuck Sneed's workload without increasing his salary; however, he wanted to talk to Chuck outside of the meeting setting. Discussion ensued regarding the impact the MWD 30% cutback would have on RMWD.

Larry Pearce stated clean numbers must be provided before addressing the 30% cutback.

Director Walson explained the entire budget process and stressed how this Committee should be looking at the recommendations and determining justifications.

Discussion ensued regarding the potential issuance of bonds. Steve Brannon pointed out that in order to proceed with bonds it would take 100% commitment from all five Board Members.

Larry Pearce referenced Call Center 34-Distribution when he pointed out there was \$100,000 allocated for overtime. He mentioned that full time regular employees could be hired for less. Director Griffiths said the district is being run very tight and it is less to pay overtime than to hire regular staff. Chuck Sneed explained how he utilizes the allotted funds for overtime mostly for projects conducted during off duty hours. Larry Pearce inquired as to whether or not there were other means for getting the work done i.e., altering shift hours or hiring additional staff.

It was noted the Board officially had determined to operate under the current budget until a new one has been approved.

Discussion ensued regarding what the focus should be for this Committee.

Larry Pearce said he felt there was enough information from the budget workshop for Gene Buckley to make changes and provide a corrected budget for the Committee to review and make recommendations.

Larry Pearce recommended holding the Budget and Finance Committee meetings at 1:00 p.m. the first Thursday of the month which received unanimous agreement.

(\*) - Asterisk indicates a report is attached.

Larry Pearce stated he would meet with Gene Buckley regarding the noticeable minor corrections such as the discrepancies in amounts for electricity and utilities as well as those on Page 91-9 where it should be noted the \$100,000 would be reimbursed by developers. Director Griffiths added the check register does not show developer reimbursements either.

**7. DISCUSSION AND POSSIBLE ACTION REGARDING AGRICULTURAL CUSTOMER EMERGENCY STORAGE PROJECT EXEMPTION**

This item was deferred to the next Committee meeting.

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

Gene Buckley will explain today's anomalies in order to prepare a second draft of the budget.

Rua Petty recommended the Committee Members receive a copy of the Ralph M. Brown Act so that everyone understands the legalities involved with their membership. He mentioned that the agenda can be put together via conversations with the Chairperson who will ultimately in turn set the agenda. He noted how discussions among Committee Members should transpire in order to avoid any violations.

Director Walson noted direction would need to be given by the entire Committee and not on an individual basis. It was noted Larry Pearce would be simply asking Gene Buckley for information; therefore, that would not be considered a Brown Act violation.

It was determined Mr. Buckley would provide the Committee with the revised budget pages.

Director Griffiths stated he wanted the impact of the 30% cutback to be defined by Gene Buckley. He also suggested Gene Buckley discuss the staffing levels. It was noted these matters were mentioned to Staff by the Board. Director Griffiths stated he could understand the benefit of an additional engineer, but not the other departments. Discussion followed.

Director Walson suggested the Committee receive copies of the Parking Lot Items via email.

It was determined the Board Secretary would distribute the Committee Member contact telephone numbers and email addresses all Committee Members via email.

**9. ADJOURNMENT - To Thursday, September 6, at 1:00 p.m.**

***The meeting was adjourned with a motion made by Carrie Anderson and seconded by Director Walson to a Budget and Finance Committee meeting on Thursday, September 6, 2007, at 1:00 p.m.***

The meeting was adjourned at 4:19 p.m.

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**Larry Pearce, Committee Chairperson**

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**Dawn M. Washburn, Board Secretary**

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