

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING  
OF THE RAINBOW MUNICIPAL WATER DISTRICT  
JANUARY 7, 2010**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order by Chairperson Fagan on January 7, 2010 in the Board Room of the District Office at 3707 Old Highway 395, Fallbrook, CA 92028 at 1:00 p.m. Chairperson Fagan presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

**Present:** Member Fagan  
Member Carlstrom  
Member Willyard  
Member Barker  
Member Lucy  
Alternate Walson

**Absent:** Alternate Thomas  
Member Duganski

**Also Present:** Dave Seymour, General Manager.

Public attendees were Helene Brazier, Gerald Walson, and Jack Griffiths.

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

Director Walson mentioned Tom Warner had taken seriously ill recently.

**COMMITTEE ACTION ITEMS**

5. **COMMITTEE MEMBER COMMENTS**

Mrs. Walson encouraged everyone to get their swine flu shots at the available locations in the area.

\*6. **APPROVAL OF MINUTES**

A. December 3, 2009

**Action:**

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

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

**AYES:** Member Carlstrom, Member Fagan, Member Willyard, Member Barker, Member Lucy, Alternate Walson.  
**NOES:** None.  
**ABSTAINED:** None.  
**ABSENT:** Alternate Thomas, Member Duganski

## **7. REVIEW STATUS OF RATE INCREASE PROPOSAL TO THE BOARD OF DIRECTORS**

It was noted the committee needed to study to proposed rate increase and in turn make a recommendation to the Board of Directors.

The committee and audience members were provides with copies of handouts. Discussion ensued regarding the Q3 repair project and how it could be funded.

Director Walson suggested included the Beck Reservoir project in the proposed rate increases. It was noted this was not part of the Committee's recommendation. Discussion followed.

Director Lucy stressed how he has witnessed such a switch in the grower mentality over the past six months that may be reflective later when RMWD's deciding what to do with Beck Reservoir. He noted right now the cost per acre for farmers is at least \$4,000 for water not to mention any other costs involved with water service. Discussion followed.

Director Griffiths suggested the District increase rates to cover starting on the lowest estimated initial cost fix that can be done at Beck Reservoir. Mr. Carlstrom explained why he felt when everyone has a real cost to deal with Beck Reservoir that can be relayed to the public, it may have a better chance for public approval. Mr. Willyard pointed out a reduction in water sales may also need to be taken into consideration.

Mr. Fagan pointed out the Budget and Finance Committee agreed to go before the Board with the proposed rate increase provided hereunder.

Director Griffiths explained why he preferred the starting with the cheapest alternative. Discussion ensued.

Mr. Willyard reiterated the Budget and Finance Committee had already voted and approved the proposed rate increase; therefore, it was not subject to change at the committee level at this point. He said the Board can decide to do something else when it is brought to them for consideration.

Mrs. Walson stressed the need to collect early on in order to cover the contingencies such as reduced water sales. It was pointed out this was a separate discussion.

Director Griffiths mentioned his limited resources have relayed that should RMWD have strong justification, the public would approve the District going out for a loan. He noted these resources are generally dead against giving money to the Board with which to play. Discussion followed.

Discussion continued regarding why it was believed the proposed rate increase was the most fair to all RMWD ratepayers.

## **8. REVIEW OF MONTHLY SEWER RATE SCHEDULE**

Mr. Buckley briefly explained the information he handed out regarding the monthly sewer rate schedule. Discussions ensued.

Mr. Buckley talked about how he was utilizing good data from February 2008, March 2008, and March 2009 to figure out the lowest usage month for each customer. He confirmed he was using more a more current year than SDCWA utilized when they did their usage calculations. Discussion followed.

Director Walson suggested Mr. Buckley stay current and utilize accurate information in the event questions are raised regarding how the District derived at its numbers. Director Griffiths pointed out FPUD did something similar; however, it was completely useless. Mr. Buckley was aware of the situation and learned from their experience.

Discussion took place in order to clarify the information provided, how the schedule would be utilized, and potential customer concerns raised by Director Walson and Mr. Carlstrom. Mr. Seymour suggested the committee allow him, Mr. Buckley and staff work on the schedule a little more. Mr. Fagan agreed with Mr. Seymour assuring the committee staff will come up with the best schedule that is fair to everyone.

## **9. REVIEW NOVEMBER FINANCIALS**

Mr. Buckley briefly reviewed the November financial information he prepared. Discussions followed.

Mr. Buckley stated although the District's current situation was not grand, he liked it because it was better than last year.

Discussion ensued regarding the Pala Mesa tanks project as well as how the financials demonstrate RMWD's future cash flow situation. It was noted the project costs provided in the information were previously approved by the Board. Discussion followed.

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

It was noted the committee will be starting the preliminary work on the budget.

## **11. ADJOURNMENT**

**Action:**

***Moved by Member Carlstrom to adjourn. Seconded by Member Barker.***

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

**AYES:** Member Carlstrom, Member Fagan, Member Willyard, Member Barker,  
Member Lucy, Alternate Walson.

**NOES:** None.

**ABSTAINED:** None.

**ABSENT:** Alternate Thomas, Member Duganski

The meeting adjourned at 2:38 p.m.

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**Don Fagan, Committee Chairperson**

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**Dawn M. Washburn, Board Secretary**