

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING  
OF THE RAINBOW MUNICIPAL WATER DISTRICT  
March 4, 2010**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order by Chairperson Fagan on March 4, 2010 in the Board Room of the District Office at 3707 Old Highway 395, Fallbrook, CA 92028 at 1:01 p.m. Chairperson Fagan presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

**Present:** Member Fagan  
Member Willyard  
Alternate Thomas  
Member Carlstrom  
Member Duganski

**Absent:** Member Lucy  
Member Barker  
Alternate S. Walson

**Also Present:** General Manager Seymour, District Engineer Lee, Director Walson, and Director Griffiths

**One member of the public was present.**

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

Mr. Lee, District Engineer, informed the committee that the Engineering Committee would be addressing the CIP budget at their next regularly scheduled meeting of April 6, 2010. Mr. Fagan stated he would attend the Engineering Committee meeting and report back to the Budget and Finance Committee.

**COMMITTEE ACTION ITEMS**

5. **COMMITTEE MEMBER COMMENTS**

Mr. Fagan reported on the Board Meeting of 2/23/10. He stated that there were no agenda items relating to a rate increase for the funding of Reservoir Rehabilitation projects.

**\*6. APPROVAL OF MINUTES**

A. February 4, 2010

**Action:**

***Moved by Member Willyard to approve the minutes. Seconded by Margaret Duganski. The motion carried (5/0/3).***

**7. DISCUSSION AND POSSIBLE ACTION REGARDING RESERVOIR METER RATE INCREASE PROPOSAL TO THE BOARD. DISCUSSION WILL INCLUDE A PRESENTATION OF A METER RATE MODEL BY MONTY VOIGT.**

Monty Voigt was not in attendance; therefore, there was no report given. Mr. Seymour summarized Mr. Voigt's position to generate enough funding to meet the requirements of the Reservoir Rehabilitation projects. Mr. Seymour reported that Mr. Voigt's methodology included the meter ratios used by the SDCWA, plus additional factors that create higher rates for agricultural users and lower rates for domestic users.

General discussion ensued regarding the Committee's earlier recommendations to the Board of Directors. Mr. Seymour stated the Board is asking to have another look at the rate proposal at their March meeting. The discussions included strategic borrowing to fund the reservoirs and the difficulties of floating a loan or bond issue. It was suggested that any rate proposal contain a comparison of pay-as-you-go methodology and financing alternatives.

It was generally agreed that Mr. Fagan, Mr. Seymour, and Mr. Buckley would meet to revisit the Committee's recommendation and present it to the Board.

**8. UPDATE AND DISCUSSION REGARDING PRELIMINARY BUDGET 2010/2011.**

Mr. Buckley stated the District Management had met several times to refine the departmental expense line items of the Operating Budget. Mr. Buckley reported that managers had made significant reductions from the prior budget. General discussion ensued regarding the challenges of the near future including the dynamics of the changing agricultural market. There was agreement that the Committee and the Board hold a joint meeting to review the details of the first draft of the budget.

**9. REVIEW JANUARY 2010 FINANCIALS**

Mr. Buckley gave a summary of the year to date financial statements through 1/31/2010. He stated that the wet months of December and January have begun to erode the YTD net income. He added this is always expected at this time of the year, but water usage was lower than anticipated. There was discussion regarding the need to better display the declining financial position of the District so that appropriate action could be taken to rectify the current situation.

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

Budgets (Operating and CIP)  
Rate proposals (borrowing vs. pay-as-you-go)

**11. ADJOURNMENT**

**Action:**

***Moved by Member Carlstrom to adjourn to the meeting to 4/8/10. Seconded by Member Willyard. Motion carried (5/0/3).***

The meeting adjourned 2:39 p.m.

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**Don Fagan, Committee Chairperson**

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**Dawn M. Washburn, Board Secretary**