

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
JULY 11, 2013**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order by Chairperson Stitle on July 11, 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: Executive Assistant/Board Secretary Washburn
Water Operations/Customer Service Manager Atilano
Senior Accountant Thomas
Director Brazier

No members of the public were present.

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

There were no comments.

COMMITTEE ACTION ITEMS

5. **COMMITTEE MEMBER COMMENTS**

There were no committee comments.

*6. **APPROVAL OF MINUTES**
A. June 6, 2013

Action:

Moved by Member Clyde to approve the minutes as revised by the Board at the June 25, 2013 meeting. 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.

Ms. Washburn pointed out the Board approved these combined meeting minutes at their June 25, 2013 with the only revision being changing the word “free” to “freeze”.

7. UPDATE AND DISCUSSION OF RECENT RMWD BOARD MEETING

Mr. Buckley gave a brief update of the items discussed at the June 25, 2013 Board meeting including the Beck Reservoir project being expedited as quickly as possible, a change being proposed to CalPERS that RMWD’s contract include a golden handshake clause, as well as a somewhat heated discussion regarding the NCJPA and/or consolidation where the RMWD Board was conveying to Dr. Brady their input as to how certain aspects should be addressed. He confirmed these comments would be reflected in the Board meeting minutes.

8. INFORMATIONAL UPDATE REGARDING POTENTIAL ANNEXATION AND PROGRESS WITH DEVELOPERS

Mr. Buckley mentioned Mrs. Plonka was unavailable to attend the meeting; however, it was his understanding there was not anything significantly new to report. It was noted the Palomar College’s anticipated completion date was in 2016. Discussion followed.

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

Mr. Buckley explained RMWD’s Engineering Department has moved to the FPU D offices approximately two weeks ago and seemed to be settling in for the most part. He noted there were some logistics still being worked out. He mentioned a formal consolidation agreement or deadline for such has not been discussed at the Board level.

Mr. Buckley also noted there was an employee leasing agreement currently in effect for the RMWD and FPU D employees in charge of safety.

10. DISCUSSION REGARDING RESERVE POLICIES

Mr. Stitle stated this matter was long overdue for discussion. He listed some points regarding the benefits of reserve financial accounts.

Discussion ensued regarding how simple or complicated it would be to set up a reserve fund properly.

Mr. Stitle pointed out the items necessary to consider for establishing reserves. He mentioned there were a number of places from where funds can be obtained. He recognized that with San Onofre going out the issue of trying to collect from ratepayers will be especially difficult; however, only half the burden would be placed on the customers. He acknowledged detailed discussions would need to take place with the Board regardless.

Mr. Buckley confirmed the RMWD's accounting department has an asset listing that appears to have been established in 1998 utilized for depreciation purposes. Mr. Atilano stated although some pipes have dates on them for record tracking purposes, there are others that do not. Discussion followed.

Mr. Stitle solicited the committee for ideas as to how to prepare some sort of suggested policy for reserves. Mr. Ross suggested it may be helpful for RMWD to look at other local water agency reports. Mr. Buckley offered to contact Rancho Water to see if they would be willing to share their report as well as for actuarial information.

Mr. Buckley said he would prepare a brief outline for committee input.

Discussion continued regarding the steps that would need to be taken into consideration once a report has been received from another agency such as Rancho Water for review.

It was confirmed the next meeting would include outlining the types of funds.

11. REVIEW OF YEAR TO DATE FINANCIAL STATEMENTS

Mr. Buckley talked about the June preliminary statement. He mentioned after the June 25th billing cycle, a better estimate can be made. He confirmed RMWD was currently in good shape operating under budget and with water sales being 21,000 acre feet. Discussion followed.

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

It was noted the study on reserves and information on the June 30th final numbers would be on the next committee agenda. Mr. Stitle requested Mrs. Plonka present the committee with a CIP update. Mr. Clyde added he would like Mrs. Plonka to give a first-hand report on the I-15 developments.

It was suggested the NCJPA agendas be forwarded to the committee members.

13. ADJOURNMENT

Action:

Moved by Member Stitle to adjourn the meeting. 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 2:12 p.m.

Harry Stitle, Committee Chairperson

Dawn M. Washburn, Board Secretary