

**MINUTES OF THE ADJOURNED BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
OCTOBER 9, 2024**

1. **CALL TO ORDER:** The Adjourned Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order on October 9, 2024, by Chairman Nelson at 2:00 p.m. in the Board Room of the District Office at 3707 Old Highway 395, Fallbrook, CA 92028. Chairman Nelson presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

Present: Members Nelson, Stewart, Hensley, and Townsend-Smith

Also Present: General Manager Wiley, District Secretary Quintanar, Finance Manager/Chief Financial Officer Aragon, Information Technology Specialist III Espino, Administrative Manager Harp, and Director Johnson

Present Via

Teleconference or

Video Conference: Safety and Risk Management Officer Johnson, Director Dale, Mig Gasca

Members of the public, Rick Carey, Duane Urquhart were present in person. Directors Johnson and Dale acting as members of the public were also present.

4. **SEATING OF ALTERNATES**

There were no alternates seated.

5. **ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA (Government Code §54954.2)**

There were no changes.

6. **APPROVAL OF THE AGENDA**

Motion:

To approve the Agenda as presented.

Action: Approve, Moved by Member Stewart, Seconded by Member Hensley

Vote: Motion carried by unanimous vote (summary: Ayes = 4)

Ayes: Members Nelson, Stewart, Hensley, and Townsend-Smith

7. **PUBLIC COMMENT**

Rick Carey addressed the Committee to relay that he attended today's meeting to better understand the budget and rates, and he commented on his unsustainably high water bill and the ongoing difficulties experienced. He also mentioned salinity and hardness of the water and the resulting challenges as a grower.

8. **APPROVAL OF MINUTES**

A. June 19, 2024

Motion:

To approve the Minutes as presented.

Action: Approve, Moved by Member Hensley, Seconded by Member Stewart

Vote: Motion carried by unanimous vote (summary: Ayes = 4)

Ayes: Members Nelson, Stewart, Hensley, and Townsend-Smith

9. REVIEW OF RAINBOW MUNICIPAL WATER DISTRICT'S FIXED CHARGES AND COSTS

Mr. Aragon presented information pertaining to fixed costs.

Public members Duane Urquhart and Rick Carey expressed concerns for the cost of doing business as growers and water quality concerns. They both urged for efforts to find immediate relief, sustainable rates, and revised policies.

Mr. Wiley acknowledged the concerns expressed, and explained that RMWD had to impose a passthrough from the SDCWA on January 1, 2024, but FPUD did not. as they had already detached from the SDCWA. A 14% and 16% rate increase that is being imposed by SDCWA over the next two years will be avoided. He understood the situation and the concerns and explained how hard staff has worked toward building the facilities we need to complete the detachment. He emphasized the efforts to do everything we can to assist growers, immediately and in the future.

Mr. Aragon continued his presentation, comparing ag rates with other rates, and comparing fixed costs and variable costs before and after detachment from the SDCWA. After detachment, we will have much lower fixed imported water costs from EMWD than from SDCWA but Operations costs will remain the same, and there is now higher debt and a exit fee which cause overall fixed costs to remain essentially the same after detachment.

Addressing the concerns throughout several comments from Mr. Carey and Mr. Urquhart, Member Stewart recalled that when Proposition 218 was established, it had a very negative affect on agricultural customers as it requires no subsidizing between classes of customers. Mr. Wiley explained the need for the construction of the pump stations. Additional information was exchanged and questions were answered.

Continuing, Mr. Aragon explained especially high water sales risks, the need for higher fixed cost recovery, agriculture rates versus other rates, fixed rates before and after the detachment from the SDCWA, and variable costs. For every acre foot of water from the SDCWA, we pay \$1,600 to 1,800, and we will be paying EMWD approximately \$1,400, after the detachment.

Ms. Johnson suggested a forum with agricultural growers and relayed appreciation for their attendance and feedback.

10. COMMENTS & REQUESTS

- A. General Manager's Comments
- B. Finance Manager's Comments
- C. Committee Member's Comments

Mr. Wiley updated the Committee on the process of the construction of the three pump stations, and shared the good news about the SDCWA's desire to utilize facilities that RMWD would otherwise have to decommission. He also reported on the CropSWAP Program, and that he anticipates the need to seek additional grant funds for continuation of the program, eventually.

The Gopher Canyon Road pipeline replacement project is complete and staff will provide an update on the final costs at the next meeting.

Mr. Aragon reported that there is a way to finance the exit fee with tax-exempt, low rate financing over ten years instead of five years. Staff will be presenting a reimbursement resolution for \$3.2M in October, and additional legal documents pertaining to authorizing issuing debt to pay the exit fee will be presented to the Board on November 19, 2024. He relayed information regarding avenues for investing reserves, and maturing investments which will provide liquidity, and efforts underway to complete the audit by the December deadline.

11. REVIEW OF MONTHLY FINANCE PACKET

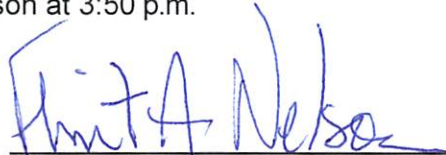
Mr. Aragon recapped the highlights of the financial reports included in the packet and answered questions.

12. SUGGESTED AGENDA ITEMS FOR THE NEXT MEETING

The Committee requested discussion of the Exit Fee financing and a detachment update at the next meeting.

13. ADJOURNMENT - To Tuesday, November 12, 2024, at 1:00 p.m.

The meeting was adjourned by Chairman Nelson at 3:50 p.m.



Flint Nelson, Committee Chairperson



Terese Quintanar, District Secretary