

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
FEBRUARY 10, 2026**

1. **CALL TO ORDER** – The Regular Budget and Finance Committee (B&F) Meeting was held in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028, with remote public participation information listed on the Agenda. The meeting was called to order at 1:00 p.m.

Directors Present: Townsend-Smith, Hoffman

Staff Present: General Manager Wiley, Information Technology Manager Khattab, Engineering and CIP Manager Williams, Management Analyst Lan, Finance Manager Shilkov, Meters and Customer Service Supervisor Cruz, Accounting Specialist Martinez, Accounting Specialist Lundell, Safety and Risk Management Officer Johnson, District Secretary Quintanar, Administrative Analyst Montano, Administrative Services Manager Harp

Additional Attendees: Carol Wilson, Duane Urquhart

2. **PUBLIC COMMENT**

There were no public comments.

3. **DISCUSSION ITEMS**

A. **Replacement of the District’s Enterprise Resource Planning (ERP) Platforms and Development of a Scope of Work for Procurement for Inclusion in the Fiscal Year 2026-27 Budget**

General Manager Wiley explained that the District’s finance and enterprise resource programs are aged, and this is the appropriate time to research programs that incorporate automation, AI, and integration with other existing software. Management Analyst Lan explained that the year-to-year expenses have increased and it is normal for agencies to replace or upgrade ERP systems periodically. Information Technology Manager Khattab explained the needs and efficiency gained with the new technology on the market. Ms. Lan provided examples of customer and staff interface screens, and simplified reporting functionality. Finance Manager Shilkov explained cost savings projected over the next five years with a new ERP system. The return on investment break-even point is anticipated in year two. Discussion ensued about financing and life cycle of software.

B. **Fiscal Year 2025-26 Mid-Year Operating and Capital Budget Review and Adjustments**

General Manager Wiley reported that this mid-year review is standard procedure, and that unexpected expenses, such as the Line NN Repair Project, actual water sales, operational improvement projects, and other factors have resulted in the recommended mid-year adjustment. Finance Manager Shilkov explained the proposed adjustments, which resulted in a net decrease to O&M expenditures and a corresponding increase for CIP funding. The total Operating Budget will decrease by \$270,647.

Mr. Urquhart addressed the group to compliment the revised meeting structure, and to urge continued efforts for relief for local agricultural customers.

Mr. Wiley acknowledged the need for a solution that can relieve agricultural customers, and reported that efforts continue to find funding to expand and continue programs like CropSWAP.

C. Amendment to Administrative Code Section 8.11.040, Water Capacity Charge and Reduction in Meter Size

Mr. Wiley explained two changes proposed, one being the implementation of a low-income rate assistance program, and to develop a solution for meter downsize requests. There is a disconnect in the downsize policy pertaining to agriculture accounts because of the varying use of water. To address this gap, Meters and Customer Service Supervisor Cruz provided information that was used from the 2017 Study conducted by Wildan and Raftelis consultants to develop the current policy. He explained the current downsize requirements, which are the same for residential and agricultural customers. He suggested the installation of AMI meters to monitor real time flow. Staff also proposed that the property owner must demonstrate that the water usage will not exceed the maximum continuous flow, and if exceeded, the District may install a flow restrictor on the meter. After two violations, the District may require the customer to upsize their meter, with the requirement for these customers to pay the difference in charges from the first month of the flow violation. The intent of the recommended changes is to safeguard District equipment while recognizing the unique challenges of agricultural customers, while remaining compliant with the law.

Mr. Urquhart commented that his fixed charges are a challenge in some months, due to harvesting timing and higher costs in summer months.

D. Monthly Finance Packet

Mr. Shilkov reported that as of December, water sales totaled 6,826-acre feet, slightly below the water sales target. Operating expenses decreased due to lower water purchase, and net revenues are at \$9.1M. The Treasury Report reflects an unrestricted portfolio balance of \$21.5M but will decrease slightly due to debt and exit fee payments. Mr. Wiley added that \$1.7 million in principal is due each January for the SDCWA Exit Fee payment. Then, in July, an interest payment is made of approximately \$300,000.

4. ADJOURN - The meeting was adjourned at 2:25 p.m.