

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
MARCH 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: Hoffman, Hamilton

Staff Present: Information Technology Manager Khattab, Engineering and CIP Manager Williams, Finance Manager Shilkov, Accounting Specialist Lundell, Safety and Risk Management Officer Johnson, District Secretary Quintanar, Administrative Services Manager Harp

Additional Attendees: Carol Wilson, Duane Urquhart, Rick Carey

2. **PUBLIC COMMENT**

None.

3. **DISCUSSION ITEMS**

A. Review of FY 2026/27 Water Sales Projections

Mr. Shilkov reported that 11,000 acre-feet of water was this year's water sales target. Modeling resulted in a recommended sales target of 10,750 acre-feet for next year. A mid-year adjustment can be made if necessary.

B. Request for Proposals (RFP) for Independent Audit Services

Mr. Shilkov explained that it is regular practice to select a new auditing firm every five years. The firm would perform annual audits, assist in the preparation of the Annual Comprehensive Financial Report (ACFR), and perform a single audit for grants. Staff will provide information to the Board regarding submittals responsive to the Request for Proposals.

C. Monthly Finance Packet

Mr. Shilkov reported that as of January, water sales are at 7,489 acre feet, 4% under budget. Operating Revenues of \$34.9M, are slightly below the budgeted amount due to lower water sales. Department budgets are on target. On the wastewater side, invoices from the City of Oceanside have been higher than anticipated. The payment of the previous outstanding balance has been paid in full. Mr. Shilkov explained that the City of Oceanside estimates the amount of flow from Rainbow Water, then adjusts as needed and issues invoices or refunds as necessary, each July. The Treasury Report shows a steady recovery of reserve levels. Monthly call volume has been steady. Mr. Carey commented that his water service had been interrupted, and although resolved, a call to the after-hours system was not answered. Staff will investigate the report. Mr. Shilkov

provided clarification regarding wastewater revenues and expenses. Mr. Shilkov was asked to indicate where budget targets are behind or ahead, as of the date of the report.

Mr. Urquhart commented that Rainbow's fixed charges are much higher than FPUD's. He made additional comments regarding the unsustainability of Rainbow's rates. He commented that a comparison between current rates and the two years prior to detachment will be interesting. Further, he opined that Rainbow cannot conduct business in fear of litigation and referenced a San Diego County study regarding salt levels that should have resulted in reimbursement to the water districts.

Mr. Carey and Mr. Urquhart provided several suggestions on leveraging Rainbow Water's powers and discussion ensued.

4. ADJOURN - The meeting was adjourned at 1:59 p.m.