

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
DECEMBER 15, 2020**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order on December 15, 2020 by Chairperson Nelson in the Board Room of the District Office at 3707 Old Highway 395, Fallbrook, CA 92028 at 1:00 p.m. Chairperson Nelson presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

Present: Member Rindfleisch (*via video teleconference*), Member Nelson (*via video teleconference*), Member Ross (*via video teleconference*), Member Hensley (*arrives via video teleconference at 1:13 p.m.*), Member Johnson (*arrived via video teleconference at 1:13 p.m.*).

Also Present: Executive Assistant Washburn.

Also Present Via Teleconference or Video Conference:

General Manager Kennedy, Finance Manager Largent, Information and Technology Specialist Espino, Information and Technology Manager Khattab.

One member of the public was present via teleconference or video teleconference.

4. **INSTRUCTIONS TO ALLOW PUBLIC COMMENT ON AGENDA ITEMS FROM THOSE ATTENDING THIS MEETING VIA TELECONFERENCE OR VIDEO CONFERENCE**

Mr. Nelson read aloud the instructions for those attending via teleconference or video conference.

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

Mr. Nelson noted the agenda items may be taken out of order to accommodate schedule conflicts.

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

There were no comments.

*7. **APPROVAL OF MINUTES**

A. November 10, 2020

Motion:

To accept the minutes as presented.

Action: Approve, Moved by Member Ross, Seconded by Member Rindfleisch.

Vote: Motion carried by unanimous roll call vote (summary: Ayes = 3).

Ayes: Member Rindfleisch, Member Nelson, Member Ross.

Absent: Member Johnson, Member Hensley.

8. GENERAL MANAGER COMMENTS

Mr. Kennedy mentioned some of the recent potential COVID-19 exposures among RMWD staff members. He noted an abundance of caution will be exercised, including holding all public meetings via teleconference and video conference until the risk of exposure has lessened.

Members Hensley and Johnson joined the meeting at 1:13 p.m.

9. FINANCE MANAGER COMMENTS

Ms. Largent reported she will be working on updating the rate model and fine tuning the Capital Improvement Plan as a part of advance planning in preparation for the upcoming budgeting season. She mentioned she was also working on resolving significant issues with the dynamic portal and was currently fast tracking possibly utilizing another vendor and software for processing credit card and other electronic bill payments.

Mr. Rindfleisch asked whether this was the third software RMWD was implementing to process payments. Mr. Kennedy explained this component was an appendage to the current utility billing system. Ms. Largent added the dynamic portal was a custom built add-on to the current utility billing software; whereas, the new software has been tried by other districts and how she is highly confident the customers will be satisfied once the transition over to it is complete.

Mr. Rindfleisch inquired as to the name of the current vendor being utilized for the dynamic portal. Ms. Largent stated it was set up by Infor as well as added how she has confirmed she has performed tests to confirm the issues currently being experienced would not be the case with the new software system.

Mr. Rindfleisch asked why RMWD moved away from the previous vendor. Ms. Largent stated it was necessary due to updates from one vendor to another. Mr. Rindfleisch stated he was receiving input from customers residing in his division regarding their water bills; therefore, having this information will assist him in framing the proper response to some of the issues being faced with billing. Ms. Largent offered to provide her assistance if needed.

Mr. Nelson asked if the company under consideration was like the one RMWD currently uses for these services. Ms. Largent said it was not, but rather a company who provides these exact services. Mr. Ross interjected Infosend is very reputable and how he was comfortable with the services they can provide RMWD.

Ms. Largent stated she will bring the CAFR to the committee in January to review.

10. COMMITTEE MEMBER COMMENTS

Mr. Nelson welcomed Mr. Rindfleisch to the committee.

11. CAL STATE UNIVERSITY SAN MARCOS (CSUSM) PROJECT UPDATE

Mr. Kennedy reminded the committee how RMWD has contracted with CSUSM for assistance with the District's rate model and find a way to do forecasting of demands to set budgets and rates. He said although the direction provided to CSUSM was very clear, the District was provided with a very effective and competent forecasting method as opposed to providing a rate model update.

Ms. Largent said although the students did a great job in stating the objectives; however, unfortunately, the stated objectives were not in line with the District's application instructions. She stated she will reach out to CSUSM and clarify the work requested as well as get some feedback.

Mr. Rindfleisch asked for clarification related to work requested. Mr. Kennedy explained every year staff works to determine how much water will be sold to determine the annual budget. He said historically it has been challenging to make such determinations due to weather conditions and such; therefore, CSUSM was sought out to see if assistance could be provided to find a better mechanism for reallocating the fixed costs more commensurate with water use. Ms. Largent mentioned some of the data and guidance provided to the students to help with the process. Discussion ensued.

Ms. Johnson inquired as to who will conduct a follow-up on this matter. She suggested RMWD really articulate the disappointment in having all this time and effort put into this project which did not provide the anticipated results. Ms. Largent stated she would be the one to follow up. Ms. Johnson offered to participate in this meeting with Ms. Largent.

Mr. Nelson asked if there was a second attempt to be made on this project, would RMWD need to pay a second time. Mr. Kennedy said the District will ask for a redo on this project to be conducted at no cost.

12. DRAFT CAPITAL IMPROVEMENT PROGRAM STRATEGIC PLAN REVIEW

Mr. Kennedy shared a CIP Strategic Plan Update presentation. He talked about the background, goals, and benefits of the plan. He reviewed the rating system, project ranking processes, regulatory requirements, prioritizing projects to be included in the five-year CIP plan, project scheduling, as well as the process for determining if additional in-house resources are necessary according to the CIP GANTT Chart. He noted this presentation has been emailed to the committee members for their review and input.

Mr. Nelson asked why RMWD would not have a single criterion related to the operating budget where the mid-point is of no affect and then having some penalizing numbers going as an increase by certain amounts and benefiting by decreasing. Ms. Largent provided an explanation as well as agreed to investigate a better way to model the economic impact. Discussion ensued regarding possibly utilizing a better scoring process. Mr. Nelson recommended looking at the benefits some projects would provide for operating the systems.

Member Ross excused himself from the meeting at 1:57 p.m.

Ms. Largent gave a demonstration of how the program operates.

Mr. Hensley stated the whole test will be when it comes to determining which categories to choose.

Mr. Kennedy solicited for input from the committee to be provided at the January committee meeting.

13. WATERSERVICE UPGRADE PROJECT UPDATE

Mr. Kennedy reported the project was 33% complete and was now starting to generate a reduction in water loss according to the annual water loss audit. Discussion ensued.

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

It was noted a CSUSM update, the CIP strategic plan, a WSUP update, CAFR review, an update on the switch from Dynamic Portal to Infosend as well as mid-year budget discussion should be on the next committee agenda.

15. ADJOURNMENT

The meeting was adjourned by Chairperson Nelson.

The meeting adjourned at 2:10 p.m.

Flint Nelson, Committee Chairperson

Dawn M. Washburn, Board Secretary