

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
JUNE 12, 2018**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order by on June 12, 2018 by Chairperson Stitle in the Board Room of the District Office at 3707 Old Highway 395, Fallbrook, CA 92028 at 1:00 p.m. Chairperson Stitle presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

Present: Member Stitle, Member Hensley, Member Moss, Member Gasca, Alternate Nelson,

Also Present: Alternate Martinez, Executive Assistant Washburn.

Absent: Member Ross, General Manager Kennedy.

One member of the public was present.

4. **SEATING OF ALTERNATES**

Mr. Stitle announced Mr. Flint would be seated as an alternate.

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

Mr. Gasca suggested an item be added to the agenda to discuss the strategic plan. Mr. Stitle agreed to add this item.

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

There were no comments.

COMMITTEE ACTION ITEMS

7. **COMMITTEE MEMBER COMMENTS**

Ms. Moss inquired about the recent published proposed water use restrictions. Mrs. Martinez explained these restrictions would not go into effect until 2022. Ms. Washburn pointed out Mr. Kennedy included an article on this topic in the upcoming newsletter.

*8. **APPROVAL OF MINUTES**

A. May 8, 2018

Mr. Gasca pointed out in Item #12 it should be "23% above its forecasted gross revenue".

Motion:

To approve the minutes as revised.

Action: Approve, Moved by Member Gasca, Seconded by Member Moss.

Vote: Motion carried by unanimous vote (summary: Ayes = 5).

Ayes: Member Stitle, Member Hensley, Member Moss, Member Gasca, Alternate Nelson.

9. FISCAL YEAR 2018-2019 BUDGET FINAL REVIEW

Mrs. Martinez noted the presentation being referenced today was the same one provided at the May joint Board and Committee meeting. Ms. Moss inquired about the automobile expenses in terms of Mr. Kennedy's vehicle being replaced and his current vehicle be assigned to the Engineering Department. Mrs. Martinez referred to the slide in the presentation where this was addressed as she explained how the decision was made. Discussion ensued regarding operating costs associated with the additional vehicle being incorporated into the budget.

10. HUMAN RESOURCES AND PAYROLL SERVICES REQUEST FOR PROPOSAL

Mr. Stitle referenced the proposals provided as handouts and how it was surprising one firm did not provide for immigration verifications. Mrs. Martinez pointed out based on the proposal submitted, it appeared attention was not given to the details provided in the request. It was noted several committee and staff members have experience with ADP and have been very satisfied with their services.

Mr. Hensley inquired as to the costs comparison having to do with a great deal of allocation being made to the Human Resources recruitment services.

Motion:

ADP be presented to the Board for consideration.

Action: Approve, Moved by Member Moss, Seconded by Member Hensley.

Vote: Motion carried by unanimous vote (summary: Ayes = 5).

Ayes: Member Stitle, Member Hensley, Member Moss, Member Gasca, Alternate Nelson.

11. GASB 75 RESULTS

Mrs. Martinez reference the proposals provided in the handouts noting how long each firm has been in business. She suggested the committee keep this component in mind when considering the consultants.

Mr. Nelson inquired as to the location of the consultant firms. Mrs. Martinez pointed out one of the firms is in San Diego and how those out of the local area would provide services electronically whenever possible.

Mrs. Martinez recommended either Jefferson Solutions, Inc. or Nyart would best meet the District's needs. Mr. Flint suggested selecting the lowest bidder since RMWD does not need a deep level of services.

Discussion ensued regarding post-retirement benefits, the ratio of RMWD employee participation, as well as what type of agencies these firms have provided services to in the past.

Ms. Moss stated she would prefer selecting Lauterbach Amen, LLP who was the lowest bidder. Mr. Nelson inquired as to why RMWD should not select Lauterbach Amen, LLP.

Motion:

To recommend the Board select Lauterbach Amen, LLP to provide RMWD with actuarial services.

Action: Approve, Moved by Member Moss, Seconded by Alternate Nelson.

Vote: Motion carried by unanimous vote (summary: Ayes = 5).

Ayes: Member Stitle, Member Hensley, Member Moss, Member Gasca, Alternate Nelson.

12. ABM INVESTMENT GRADE AUDIT REVIEW

Mr. Stitle talked about Flume, a product Mr. Kennedy shared information about at the Engineering and Operations Committee meeting. Discussion followed.

Mr. Kennedy mentioned ABM would be providing the District with multiple options. Discussion ensued regarding meters.

13. REVIEW THE FOLLOWING:

- A. Income Statement
- B. Balance Sheet
- C. Cash Flow
- D. Treasurer's Report

Mrs. Martinez reviewed the information provided in the reports provided. Discussions ensued.

Mr. Flint made an inquiry on the Treasurer's Report. Mrs. Martinez provided a response.

13A. DISCUSSION REGARDING STRATEGIC PLAN

Mr. Kennedy reviewed some of the financial objectives with the committee members.

Discussions ensued regarding the fleet, invoice processing, implementation of financial software, as well as cyber security.

Mr. Gasca encouraged the committee members to review the plan objectives provided as a handout and notify Mr. Kennedy or Mrs. Gray of any suggestions revisions. He also mentioned possibly considering updating the strategic plan itself.

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

It was noted an ABM presentation, AML update, and the strategic plan should be on the next committee agenda.

15. ADJOURNMENT

The meeting was adjourned with a motion made by Member Stitle.

The meeting adjourned at 2:50 p.m.

Harry Stitle, Committee Chairperson

Dawn M. Washburn, Board Secretary