



BUDGET AND FINANCE COMMITTEE MEETING

RAINBOW MUNICIPAL WATER DISTRICT

Tuesday, January 8, 2019

Budget and Finance Committee Meeting - Time: 1:00 p.m.

District Office

3707 Old Highway 395

Fallbrook, CA 92028

Notice is hereby given that the Budget and Finance Committee will be holding a regular meeting beginning at 1:00 p.m. on Tuesday, January 8, 2019.

AGENDA

- 1. **CALL TO ORDER**
- 2. **PLEDGE OF ALLEGIANCE**
- 3. **ROLL CALL: Harry Stitle (Chair)_____ Randy Ross (Vice Chair)_____**
Members: Peter Hensley _____ Pam Moss_____ Mig Gasca _____
Alternates: Flint Nelson _____
- 4. **SEATING OF ALTERNATES**
- 5. **ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA (Government Code §54954.2)**
- 6. **PUBLIC COMMENT RELATING TO ITEMS NOT ON THE AGENDA (Limit 3 Minutes)**

COMMITTEE ACTION ITEMS

- 7. **COMMITTEE MEMBER COMMENTS**
- *8. **APPROVAL OF MINUTES**
A. **December 11, 2018**
- 9. **WATER RATE REVIEW**
- 10. **ABM PROJECT UPDATE**
- 11. **FINAL AUDIT REPORT REVIEW**
- 12. **REVIEW OF RESERVE ALLOCATIONS**

13. REVIEW THE FOLLOWING:

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

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

15. ADJOURNMENT

ATTEST TO POSTING:


Hayden Hamilton
Secretary of the Board

12-20-18 @ 11:00 a.m.
Date and Time of Posting
Outside Display Cases

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
DECEMBER 11, 2018**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order on December 11, 2018 by Chairperson Stitle in the Board Room of the District Office at 3707 Old Highway 395, Fallbrook, CA 92028 at 1:01 p.m. Chairperson Stitle presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

Present: Member Stitle, Member Ross, Member Moss, Member Gasca, Alternate Nelson.

Also Present: General Manager Kennedy, Executive Assistant Washburn, Finance Manager Largent.

Absent: Member Hensley, Customer Service Supervisor Rubio.

One member of the public was present.

4. **SEATING OF ALTERNATES**

Mr. Stitle noted Mr. Nelson would be seated as an alternate.

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

Mr. Kennedy asked for the ABM Contract to be added to the agenda. Mr. Stitle agreed to add this item as #11A.

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

There were no comments.

COMMITTEE ACTION ITEMS

7. **COMMITTEE MEMBER COMMENTS**

There were no comments.

*8. **APPROVAL OF MINUTES**

A. November 13, 2018

It was noted in Item #4 “Mr. Flint” should be “Mr. Nelson”.

Motion:

To approve the minutes as revised.

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

Vote: Motion passed (summary: Ayes = 4, Noes = 0, Abstain = 1).

Ayes: Member Ross, Member Moss, Member Gasca, Alternate Nelson.

Abstain: Member Stittle.

9. FINANCIAL PLAN AND 2019 WATER RATE REVIEW

Mr. Kennedy referenced the two documents provided as handouts noting the District’s standing compared to last year. He mentioned there was a joint Special Board and Budget and Finance Committee meeting scheduled for January 8, 2019; however, he was notified President Brazier would not be available on this date. He said it was being considered to hold off on bringing this matter to the entire Board until their January 22, 2019 regular meeting which in turn would allow staff more time to prepare the information to be presented.

Ms. Largent gave a presentation on the Capital Improvement Program (CIP) noting various scenarios run through the rate models to arrive at options from which the committee and Board can choose.

Discussions ensued regarding billing impacts, water pressure issues, and capital budgeting.

Mr. Kennedy pointed out the model being presented does not include forecasting.

It was noted there should be an item on the Engineering and Operations Committee meeting agenda, a review of the history of demands, residential versus TSWAR, as well as implementation of a capital replacement fund as a fix charge earmarked and possibly escalated over time.

Mr. Kennedy stated he would notify the Board the January 8, 2019 Special Board meeting would not be taking place, but the regular Budget and Finance Committee meeting will stay as scheduled for January 8, 2019.

10. AUDIT REVIEW AND FINALIZING

Ms. Largent noted this was scheduled to be presented to the Board at the January 8, 2019 joint meeting; however, since that meeting has been cancelled, it will be presented on January 22, 2019 instead. She stated she asked the auditor to highlight the results of cashflows as well as take out some of the information on the GASB 75. She reported the current packet includes cleaned up balance sheets which she will continue to review to ensure the information is reported and labeled correctly. She reported the CloudeSuite Financials implementation has been moved up to January 28, 2019 with a plan to go live July 1, 2019.

Discussion ensued regarding steps to assist with closing each year sooner, including scheduling interim audits.

11. CAPITALIZATION POLICY REVIEW

Mr. Kennedy explained the auditor has not yet had an opportunity to review the policy; therefore, this item should be brought back at the next committee meeting.

11A. DISCUSSION REGARDING ABM PROJECT

Mr. Kennedy provided information regarding the ABM contract. Discussion ensued regarding the project development costs and whether these were disclosed during the ABM project discussions at previous committee meetings.

Mr. Nelson stated ABM approached RMWD stating they were willing to help the District develop this project which would normally be the same as preparing a proposal. He said preparing of a proposal is typically not a line item in any consulting project but rather covered in the operating and maintenance; therefore, this appears to be a double bill.

Mr. Stitle inquired as to whether this was a guaranteed maximum contract. Mr. Kennedy stated it was guaranteed not to exceed with the understanding RMWD would pay ABM for the work plus the profit markup and should there be any savings, those would be passed back to the District.

It was confirmed the committee members had the same recollection and understanding as Mr. Kennedy in terms of the services to be provided and the project contract details.

Discussion ensued.

12. REVIEW THE FOLLOWING:

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

Ms. Largent noted the improvements made on the balance sheet which she will continue to work on cleaning up the reports provided to give a clearer understanding of the information. She talked about the steps to be taken during the initial software transition.

Mr. Kennedy mentioned the other software transitions are planned to go into effect January 1, 2019. Discussion ensued regarding the benefits associated with moving to ADP for payroll.

13. DISCUSSION AND POSSIBLE ACTION TO APPOINT 2019 COMMITTEE OFFICERS

Motion:

Harry Stitle continue as the committee chairperson and Randy Ross as Vice Chairperson.

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

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

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

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

It was noted the water rate review, an update on ABM, the auditor's final report, and reserve allocation review should be on the next committee agenda.

15. ADJOURNMENT

The meeting was adjourned with a motion made by Member Ross and seconded by Member Gasca.

The meeting adjourned at 2:43 p.m.

Harry Stitle, Committee Chairperson

Dawn M. Washburn, Board Secretary