

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
AUGUST 11, 2020**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order on August 11, 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 Gasca (*arrived at 1:09 p.m.*), Member Hensley (*via video conference*), Member Johnson (*via video conference*), Member Nelson, Member Ross (*via video teleconference*).

Also Present: Finance Manager Largent, Executive Assistant Washburn, Information and Technology Specialist Espino.

Absent: Member Moss.

Present via Teleconference or Video:

General Manager Kennedy.

Two members of the public were present.

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 this meeting via teleconference or video conference.

5. **SEATING OF ALTERNATES**

There were no alternates seated.

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

There were no changes to the agenda.

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

There were no comments.

8. GENERAL MANAGER COMMENTS

Mr. Kennedy reported since the last committee meeting, one member of the Concord team has become infected with COVID-19; however, no employees or Concord staff members have contracted the virus. He also noted one RMWD employee experiencing COVID-19 symptoms is waiting for test results and how staff members on that employee's contact sheet have been instructed to stay home until further notice.

9. FINANCE MANAGER COMMENTS

Ms. Largent reported the AR aging balances are still trending the same as pre-COVID, the balances as of year-end are approximately \$700,000 less than last year, and 120-day past due amounts have increased slightly. She noted letters have been sent to customers who are 120 days past due on paying their bills and are working to get these customers on payment plans.

10. COMMITTEE MEMBER COMMENTS

Member Gasca arrived at 1:09 p.m.

Ms. Johnson stated she was looking forward to working with everyone.

*11. APPROVAL OF MINUTES

A. July 14, 2020

Motion:

To approve the minutes.

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

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

Ayes: Member Gasca, Member Hensley, Member Johnson, Member Nelson, Member Ross.

12. WATER SERVICES UPGRADE PROGRAM (WSUP) UPDATE

Mr. Kennedy reported there were some personnel changes related to the WSUP project. He noted Mr. Chandler has resigned from RMWD and relocated his family out of state. He explained the vacant position has been advertised and how one employee who has a great deal of experience will be interviewing with the District this week. He also reported RMWD and the District Engineer, Steve Strapac, have agreed to part ways. He explained RMWD Project Manager, Chad Williams, who was overseeing the WSUP project will now serve as Acting District Engineer. He said RMWD will most likely use more Harris & Associates services during this transition. He concluded with mentioning staff anticipated presenting some proposed suggestions for the WSUP project for Board consideration.

Mr. Kennedy pointed out staff was monitoring water usage and will note if there is any reduction in water loss.

13. FORMATION OF THE CFD FOR PARDEE

Mr. Kennedy noted one of the agreements with Pardee was to form a CFD; however, the forms requiring Board authorization have not yet been received by RMWD. He said once the documents are received, they will be brought to this committee for review.

Ms. Johnson asked what CFD stands for. Mr. Kennedy answered it is the acronym for Community Facilities District.

14. MBA PROGRAM WITH CAL STATE SAN MARCOS FOR ASSISTING RMWD WITH FIXED RATE CONCEPTS

Ms. Largent said she spoke with Miguel at Cal State San Marcos and how he found RMWD's project to look great and stated it would most likely be picked up by one of the groups. She stated she anticipated having information for the next committee meeting.

15. REVIEW THE FOLLOWING:

- A.** Budget vs. Actuals
- B.** Fund Balance Projections
- C.** Treasury Report
- D.** Five Year Demand Chart
- E.** Credit Card Breakdown
- F.** Directors' Expense Report
- G.** Check Register
- H.** Water Sales Summary
- I.** Developer Projections
- J.** RMWD Properties

Ms. Largent mentioned the documents provided are the same that will be included in the agenda packet for the August Board meeting. She pointed out the budget versus actuals was not yet ready due to work being conducted on the year end. She added there was no update to the capital budget spending as well as stated staff continues to work with the District's investor to ensure RMWD was holding the proper funds in light as what is transpiring with the market.

Ms. Johnson requested this information be received much sooner to allow the committee an opportunity to review the data. Ms. Largent apologized for the late delivery noting she had held it back to allow an opportunity to provide the year end numbers; however, those numbers were too preliminary to share even up to the last minute. She agreed to have this information out to the committee a week before the committee meeting date.

Mr. Nelson said he found the written summary to be very helpful and asked if the Board receives the same type of report. Ms. Largent pointed out these summaries were a recommendation from this committee and have been shared with the Board starting last month.

Mr. Nelson asked if the budget assumption made for 2021 was appropriately conservative. Ms. Largent confirmed this to be true.

Mr. Gasca inquired about the information provided in the System Demand Comparison Chart. Mr. Kennedy explained this was comparison the redline to the black solid line for last year. He said as of August 6, 2020, RMWD was 1% over the August 6, 2019 water sales.

Ms. Johnson requested a meeting with Ms. Largent so she could understand this information better. Ms. Largent said she will schedule a time to meet in the next week.

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

It was noted the CFD for Pardee, as well as updates on the CSUSM program, audit, and WSUP project, respectively, should be on the next committee agenda.

17. ADJOURNMENT

The meeting was adjourned by Chairperson Nelson.

The meeting adjourned at 1:29 p.m.

Flint Nelson, Committee Chairperson

Dawn M. Washburn, Board Secretary