


12. REVIEW THE FOLLOWING:

- A. Income Statement
- B. Balance Sheet
- C. Cash Flow

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

14. ADJOURNMENT

ATTEST TO POSTING:



Hayden Hamilton
Secretary of the Board

10/27/17 @ 3:30 p.m.

Date and Time of Posting
Outside Display Cases

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
OCTOBER 10, 2017**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order by Chairperson Stitle on October 10, 2017 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 Hensley, Member Moss (*arrived at 1:03 p.m.*), Member Gasca, Member Ross (*arrived at 1:46 p.m.*).

Also Present: General Manager Kennedy, Executive Assistant Washburn, Accounting Specialist Rubio. Accounting Specialist Rubio.

Absent: Alternate Martinez, Member Ross.

Two members of the public were present.

4. **SEATING OF ALTERNATES**

No alternates were seated.

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

Mr. Kennedy announced Ms. Rubio would be providing an update on Items #9.

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

There were no public comments.

COMMITTEE ACTION ITEMS

7. **COMMITTEE MEMBER COMMENTS**

There were no comments.

*8. **APPROVAL OF MINUTES**

A. September 12, 2017

Motion:

Approve the minutes as written.

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

DRAFT

DRAFT

DRAFT

Vote: Motion carried by unanimous vote (summary: Ayes = 4).

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

Absent: Alternate Martinez, Member Ross.

9. RAFTELIS COST STUDY

Ms. Rubio noted Raftelis was still compiling the three years' worth of consumption data provided by RMWD. She mentioned Mrs. Martinez and Mr. Diaz participated in a conference call with Raftelis after which Raftelis agreed to review and update the data. She said it was anticipated to have a report for the committee at the November committee meeting and then before the Board at their December 5, 2017 meeting.

Mr. Kennedy gave a presentation on the Condition Assessment Study noting its purpose was to find means for cost effectively sustaining desired service levels. He talked about the assumptions, benchmarking, sustainability, service levels and staffing levels and the role each plays in investment scenarios. He confirmed the some of the monies collected would be allocated to reserves.

Mr. Gasca inquired as to the capabilities of the model. Mr. Kennedy elaborated on the resources the model will provide. Discussion ensued regarding how RMWD would balance the service levels with affordability utilizing the model.

Mr. Flint expressed concern about the 3% inflation rate. Discussion followed.

Member Ross arrived at 1:46 p.m.

Mr. Hensley asked when Mr. Kennedy anticipated the study would be completed. Mr. Kennedy replied there would not be enough to go before the Board this month; however, there may be a need to hold a Special Board meeting to allow the Board Members enough time to review the report and consider the rate structuring.

10. PROJECTED RATE STRUCTURE FOR CALENDAR YEAR 2018

This item was partially discussed under Item #9.

Mr. Kennedy reiterated putting money in reserves and looking at the cost factors. He pointed out it also must be possible to allow enough time for RMWD's financial department to make calculations to ensure accuracy.

Mr. Hensley asked when it is expected this will begin effecting the rate structure. Mr. Kennedy stated it will be up the Board to decide what to do and determine how they would like to proceed each year.

Discussion ensued.

11. DISCUSSION AND POSSIBLE ACTION REGARDING COMMITTEE MEMBERSHIP

Motion:

To recommend the Board appoint Flint Nelson to serve as an alternate member on the committee.

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

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

Ayes: Member Stitle, Member Ross, Member Hensley, Member Gasca, Member Moss.

12. REVIEW THE FOLLOWING:

- A.** Income Statement
- B.** Balance Sheet
- C.** Cash Flow

Mr. Stitle inquired about the "Total Operating Reserve Requirement" on the Balance Sheet. Mr. Kennedy noted this should exclude water sales. Ms. Rubio stated she would get this corrected.

Mr. Kennedy reported Infor has been contracted for utility billing; however, it may take some time to complete the transition from Springbrook.

Mr. Hensley made an inquiry on the Profit and Loss report provided. Ms. Rubio explained this report has numerous flaws due to the software being incapable of recording information appropriately which was a programming error.

Mr. Kennedy reported the auditors were at RMWD last week; however, he was unsure of when the audit report would be finalized. He mentioned the auditors were thorough in their audit processes. Ms. Rubio noted the auditors said they would contact RMWD if they had any questions upon their conclusion of the audit a few days ago. Discussion ensued regarding capacity rights.

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

It was noted the Rafetlis Cost of Service Study report, projected rate structure, and preliminary audit report need to be on the next committee agenda.

Discussion ensued regarding the reduction in demand and water sales as well as proposed water taxes.

14. ADJOURNMENT

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

The meeting adjourned at 2:21 p.m.

Harry Stitle, Committee Chairperson

Dawn M. Washburn, Board Secretary