

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
FEBRUARY 12, 2019**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order on February 12, 2019 by Chairperson Stitle in the Board Room of the District Office at 3707 Old Highway 395, Fallbrook, CA 92028 at 1:04 p.m. Chairperson Stitle presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

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

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

Absent: Member Moss, Customer Service Supervisor Rubio.

No members of the public were present.

4. **SEATING OF ALTERNATES**

Mr. Stitle noted Mr. Nelson would serve as an alternate for this meeting.

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

There were no changes to the agenda.

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. January 8, 2019

Mr. Stitle noted "AMB" should be ABM on Page 3.

Mr. Gasca noted on Item #9, word "developed" should be after "has been" and the word "is" should be removed before the word "rates. He added the word "bad" in Item #12 should be "negative".

Motion:

To approve the minutes as revised.

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

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

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

9. ABM PROJECT UPDATE

Mr. Kennedy referenced his recent letter to ABM addressing the Partnership Agreement with RMWD. He talked about the contents of the letter addressing the District's serious concerns related to the deficiencies in ABM's invoices. He mentioned some of the possible outcomes related to this matter. Discussions followed.

10. REVIEW OF RESERVE ALLOCATIONS

Ms. Largent referenced the current RMWD Cash Reserve Policy she provided for the committee review as well as provide input on reserve allocations. She noted staff went through and set up each of the reserve accounts as the policy dictates them to be done to create a base starting point. She explained the amounts for the water rate stabilization reserves that should have been put in reserves have been added to meet where the District should have been effective January 1, 2019.

Mr. Ross clarified the request from the last meeting was for a prioritization in terms of what funds get filled up first and to what extent. Ms. Largent stated she believes the policy now adequately addresses this concern and how the operating reserve would always be filled first, followed by capital, and then rate stabilization. She confirmed it is listed in this order within the policy. Discussion followed.

Ms. Largent pointed out "Water Replacement Reserve" should be "New Water Sources". Mr. Kennedy noted staff will make the edits and then come to the next committee meeting with another section for the committee to review.

Discussion ensued.

11. REVIEW THE FOLLOWING:

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

Ms. Largent reviewed the information provided in the handouts.

Mr. Nelson inquired as to why the amount of water revenue collected was significantly more than half the budget amount. Mr. Kennedy explained this was due to the largest sales months being July, August, and September; however, once January and February are added into the equation the revenue amount will decrease.

Mr. Nelson asked about Debt Services and whether this was something that could be approved monthly. Ms. Largent stated it could be approved monthly. Discussion followed.

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

It was noted updates on the CloudSuite implementation, ABM, and Flume projects should be on the next agenda as well as a budget calendar review, rate concepts, and capital reserve policy update.

13. ADJOURNMENT

The meeting was adjourned by Chairperson Stitle.

The meeting adjourned at 2:42 p.m.

Harry Stitle, Committee Chairperson

Dawn M. Washburn, Board Secretary