

14. REVIEW THE FOLLOWING:


- A. Statement of Revenue and Expenses
- B. Balance Sheet
- C. Treasurer's Report
- D. Surplus Property Report
- E. Outstanding Construction Units Report

15. MEMORANDUM OF UNDERSTANDING WITH EASTERN MUNICIPAL WATER DISTRICT UPDATE

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

17. ADJOURNMENT

ATTEST TO POSTING:



Carl Rindfleisch
Secretary of the Board

11-7-19 @ 8:00 a.m.

Date and Time of Posting
Outside Display Cases

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
OCTOBER 8, 2019**

1. CALL TO ORDER: The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order on October 8, 2019 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: General Manager Kennedy, Executive Assistant Washburn, Finance Manager Largent.

Absent: Member Ross, 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)

Ms. Largent noted Item #15 should be included in Item #16 as Item #16E. She also clarified Item #16D provided a list of surplus properties.

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

There were no comments.

7. COMMITTEE MEMBER COMMENTS

There were no comments.

***8. APPROVAL OF MINUTES**

A. September 10, 2019

Motion:

To approve the minutes.

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. RATE MODEL UPDATE

Andrea Boehling gave a presentation on the rate model noting she was hoping for input and feedback from the committee so the financial plan can be completed and then proceed with the cost of service. She mentioned the main objectives include examining switching water suppliers, ensure the financial plan is sufficient and stable, as well as develop equitable rates compliant with Proposition 218. She noted the results of the study will be summarized in a comprehensive report which will serve as RMWD's administrative record.

Discussions ensued as multiple proposed scenarios and rate model results were presented.

Mr. Kennedy suggested forecasting based on the current status of the District would be most appropriate.

Ms. Boehling stated the Cost of Service was basically complete with adjustments to be made; however, she needed direction on what type of rate structure with which to move forward. Discussion ensued regarding rate structure options.

Mr. Hensley complimented Ms. Boehling on the excellent job she was doing with this project.

10. FINANCIAL SOFTWARE UPDATE

Ms. Largent reported billing would be on time this month. She noted she and others attended the Infor conference where numerous tips were received for items staff plans to implement as well as met with program developers. She mentioned the real take away was learning more about the data model and what she can do with it to help track things with engineering and developers as well as what things she can do to eliminate manual processes RMWD has in place.

11. AUDIT UPDATE

Ms. Largent updated the committee on the audit currently taking place. She noted she was advocating for a Senior Accountant position and reallocating the workload related to customer service and accounting for which she has a net neutral budget plan that will give her the help she needs with separation of duties and meeting audit requirements throughout the year as opposed to the last minute. Mr. Kennedy added the other part of this change will give customer service the focus it needs.

Ms. Largent stated she hoped to have a good report from the auditors on October 10, 2019. She pointed out she will need to have the actuarial report prepared separately restated with the auditor's version of historical costs as opposed to RMWD. Discussion ensued.

12. CUSTOMER SERVICE CALL BREAKDOWN REPORT

Ms. Largent explained this was not currently tracked with customer services call and how the current phone system only goes back sixty days on calls that have come into the District. She stated there is not sufficient staffing levels or anything in place to track this right now.

13. SENATE BILL 998 CHANGES

Ms. Largent noted this item has been shifted over to the Communications and Customer Service Committee as it requires the District provide information in seven different languages over the website. She mentioned there would be several different information pieces to be updated to meet this requirement.

14. TENNIS COURT PROPERTY WITH ENCROACHMENT (REQUESTED BY PAM MOSS)

Ms. Moss explained item was to discuss RMWD's non-performing assets. Ms. Largent noted the list of surplus properties were provided in the agenda packet.

Mr. Kennedy stated one of the properties in question has been discussed in Closed Session; therefore, he was at liberty to provide any details. He mentioned the tennis court property had asked if RMWD would be interested in selling the property; however, the District declined. He pointed out the new RMWD Project Manager will be brought up to speed on these properties.

Mr. Strapac expressed concern with liquidating any District right-of-way or property in its possession based on the proposed changes to the system that may be forthcoming. Ms. Moss agreed and suggested these be put in the kitty, so they do not go unaddressed in the future. Discussion ensued.

Ms. Moss inquired as to whether there was an update on the RMWD headquarters property. Mr. Kennedy answered some of this will involve real estate negotiations for the Board to consider. He stated until the Quiet Title has been completely, nothing can be done.

15. OUTSTANDING CONSTRUCTION UNITS REPORT

Mr. Largent noted this item was moved to Item #16E.

16. REVIEW THE FOLLOWING:

- A.** Statement of Revenue and Expenses
- B.** Balance Sheet
- C.** Treasurer's Report
- D.** Surplus Property Report
- E.** Outstanding Construction Units Report

Ms. Largent reviewed the information provided in the Statement of Revenue and Expenses, Balance Sheet, and Treasurer's Report. She noted updated reports would be provided once the audit has been completed.

Discussion ensued regarding the information possibly being adjusted once the rate model has been completed.

Ms. Largent reported she met with the Engineering Department to confirm the Outstanding Construction Units remained conservative. Mr. Kennedy noted Warner Ranch should no longer be included in this report.

Discussion ensued.

DRAFT

DRAFT

DRAFT

17. MEMORANDUM OF UNDERSTANDING WITH EASTERN MUNICIPAL WATER DISTRICT UPDATE

Mr. Kennedy reported that San Diego LAFCO is entering into an MOU with Riverside LAFCO to assign all aspects of the processing to San Diego LAFCO.

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

It was noted updates on the rate model, new software, and audit as well as the financial statement and staffing this committee for next year should be on the next agenda.

Mr. Stitle announced he will be resigning from this committee effective January 1, 2020.

19. ADJOURNMENT

The meeting was adjourned by Chairperson Stitle.

The meeting adjourned at 3:30 p.m.

Harry Stitle, Committee Chairperson

Dawn M. Washburn, Board Secretary

Chapter 2.09 COMMITTEES

Section 2.09 Committees

The Board shall organize committees that are advisory to the Board with regard to matters within their respective areas of responsibility.

Each committee shall have at least four and no more than seven regular members appointed by a simple majority vote of the Board. Each committee may also have up to two alternate committee members appointed by a simple majority of the Board. Committees may be comprised of Directors, staff, and legal ratepayers of the District. Each committee shall designate their own chairperson. In order to promote attendance by Directors at Committee meetings without inadvertently creating a violation of the Ralph M. Brown Act, no more than one member of the Board of Directors may sit as a member on a Committee. Directors that are not members of a committee may attend as observers but are allowed to participate at the Committee's request.

Members of the committees serve at the pleasure of the Board. Each committee may elect a vice-chairperson. Members of committees, including the chairperson and vice-chairperson shall serve until their successors are appointed. The chairperson of a committee is its presiding officer and shall be responsible for communicating the recommendation of the committee to the Board. In the absence of the chairperson, the vice-chairperson shall perform the duties of the chairperson. The chairperson and vice-chairperson are not deprived of any of the rights and privileges of a committee member by reason of being the presiding officer.

The chairperson and vice-chairperson will hold their positions for one calendar year. Committee members will serve a term of four years and may be reappointed at the will of the Board.

Committee meetings shall be held in accordance with the provisions of the Ralph M. Brown Act. Notice of meetings of committees shall be posted 72 hours in advance pursuant to law and shall be considered regular meetings of the committee.

Each lawfully noticed committee meeting will be recorded with summary minutes prepared from these meeting audio recordings. The minutes of each committee meeting and any recommendation of a committee shall include a summary of the information presented. District staff will prepare minutes of each meeting. Draft minutes will be provided to the committee at the next available committee meeting for committee member review, consideration and approval. Once approved, minutes will be made a part of the District's permanent records and audio recordings will be disposed of according to the District's Records Retention policy provided in the District's Administrative Code.

A majority of the members of each committee shall constitute a quorum for the transaction of business.

Only regular members of the committee are entitled to make, second or vote on any motion or other action of the committee. Alternate members present at a meeting, but not seated as a regular member by the committee Chairperson, may participate in discussions but may not participate in motions or voting. Each committee member shall be entitled to one vote on all matters considered by the committee. A simple majority vote of the members of the Committee shall designate approval of a motion.

M:\Administration\Confidential\Administrative Code Working Docs\Board Secretary Administrative Code Working File\Board Admin Code 2005-2006\Committees 2.09.docx\Approved and Incorporated 3-27-07 by Ordinance No. 07-04\Amended and Approved 08-28-07 by Ordinance No. 07-11\Amended and Approved 11-7-07 by Ordinance No. 07-17\Amended and Approved 1-27-09 by Ordinance No. 09-02\Amended and Approved 06-24-14 by Ordinance No. 14-04\Amended and Approved 9-27-16 by Ordinance No. 16-13\Amended and Approved 4-24-18 by Ordinance No. 18-10\Amended and Approved 5-22-18 by Ordinance No. 18-13\Amended and Approved 12-4-18 by Ordinance No. 18-25\Amended and Approved 9-24-19 by Ordinance No. 19-10\Amended and Approved 10-22-19 by Ordinance No. 19-13

All committee member absences will be considered by the majority of the committee members to determine whether or not the absence is without cause. Sickness, jury duty, vacation and/or bereavement will be considered excused absences. When three meetings in a row or a total of six meetings in one calendar year are missed the remaining committee members will consider removal of the individual from the committee. The removal must be voted upon and approved by the majority of the committee members with the exception of the committee member in question.

If the roll call of regular members reveals that a quorum of regular members cannot be established, the Chairperson may appoint one or more alternate members who are present to be a temporary regular member in order to establish a quorum. Once a quorum is established, any remaining alternate member who has not been appointed as a temporary regular member shall remain as an alternate member. Once alternates have been seated as a regular committee member, they may immediately participate in any action taken and voted upon by the committee. All alternates must conform to the same rules as regular committee members. The Chairperson shall state for the record which alternate members have been seated as temporary regular members.

Committee Members and alternates shall comply with the obligations and responsibilities of office including the obligation to comply with the disclosure requirements of the Political Reform Act (Form 700). The reporting categories made applicable to the Directors by Rainbow Municipal Water District's local conflict of code shall apply to the members of the committee members.

All committee communications must go through the designated committee chairperson.

A committee has jurisdiction to consider and make a recommendation to staff, other committees and to the Board regarding any item of business within the responsibility of the committee. Committee recommendations shall be communicated to the Board. A committee may consider other matters referred to it by the Board.

The Board may refer a recommendation back to the committee for reevaluation whenever the Board deems additional evaluation is required.

2.09.010 Budget and Finance Committee

The Committee shall work in concert with the General Manager, Treasurer, and Finance Manager of the District.

The Committee shall be responsible for the review of District finances including: rates, fees, charges and other sources of revenue; budget; audit; investments; insurance; and other financial matters.

2.09.020 Engineering and Operations Committee

The Committee shall work in concert with the General Manager, District Engineer, and Operations Manager.

The Committee shall be responsible to review matters of design, construction, replacement, and repair of the District facilities and property, including: the Capital Improvement Program; contractor selection process; contractor management programs; and other engineering-related matters.

M:\Administration\Confidential\Administrative Code Working Docs\Board Secretary Administrative Code Working File\Board Admin Code 2005-2006\Committees 2.09.docx\Approved and Incorporated 3-27-07 by Ordinance No. 07-04\Amended and Approved 08-28-07 by Ordinance No. 07-11\Amended and Approved 11-7-07 by Ordinance No. 07-17\Amended and Approved 1-27-09 by Ordinance No. 09-02\Amended and Approved 06-24-14 by Ordinance No. 14-04\Amended and Approved 9-27-16 by Ordinance No. 16-13\Amended and Approved 4-24-18 by Ordinance No. 18-10\Amended and Approved 5-22-18 by Ordinance No. 18-13\Amended and Approved 12-4-18 by Ordinance No. 18-25\Amended and Approved 9-24-19 by Ordinance No. 19-10\Amended and Approved 10-22-19 by Ordinance No. 19-13

The committee shall also be responsible to review matters of operations, preventative maintenance practices, standard operating procedures, technical services, equipment, and other operations-related matters.

2.09.030 Communications and Customer Service Committee

The Committee shall work in concert with the General Manager.

The Committee shall be responsible for providing input or guidance on matters of internal and external communications including: positive public image; community outreach; media relations; water conservation programs; intergovernmental relations; customer service policies; and other public relations programs.