

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
DECEMBER 12, 2017**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order by Chairperson Stitle on December 12, 2017 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 (*arrived at 1:10 p.m.*), Alternate Nelson, Alternate Martinez.

Also Present: General Manager Kennedy, Executive Assistant Washburn, Interim Engineering Manager Gerdes, Associate Engineer Powers.

Absent: Member Ross, Member Gasca.

Six members of the public were present.

4. **SEATING OF ALTERNATES**

It was noted Ms. Martinez and Mr. Nelson would be seated as alternates for this meeting.

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

Mr. Kennedy confirmed Item #9 would be moved to the end of the agenda. He also noted there were consultants from Infor present to provide information on Item #11.

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

There were no comments.

COMMITTEE ACTION ITEMS

7. **COMMITTEE MEMBER COMMENTS**

Mr. Hensley stated in relation to the discussion regarding rates, the bottom line is that if someone raises their rates, the customers have to pay them.

Mr. Stitle commented on the published salaries for FPUD employees.

Mr. Kennedy reported RMWD is working with CalPERS regarding RMWD being owed approximately \$40,000 after the conclusion of an audit conducted with CalPERS. Discussion ensued.

***8. APPROVAL OF MINUTES**

A. November 14, 2017

Motion:

Approve the minutes as written.

Action: Approve, Moved by Alternate Nelson, Seconded by Member Hensley.

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

Ayes: Member Stitle, Member Hensley, Alternate Martinez, Alternate Nelson.

Absent: Member Moss, Member Ross, Member Gasca.

Discussion went to Item #10.

9. PRESENTATION ON RATE STUDY CONDUCTED BY RAFTELIS

Mr. Kennedy talked about the steps taken trying to work through the rate model and making sure to reach some of the goals identified as well as more equitably deal with the challenge where RMWD has customers with low consumption in a larger meter and high consumption with a smaller meter. He pointed out RMWD received the rate study yesterday with many variations that have some side effects that need to be taken into consideration. He elaborated on some of the challenges involved with the variations. He noted the Board wanted to have input from the Budget and Finance Committee prior to the RMWD rate hearing scheduled for January 10, 2018 after which any revisions can be made and the required 218 notices released.

Sudhir Pardiwala presented the rate study utilizing the assumptions provided. Discussions ensued.

Mr. Kennedy explained the importance of finding the rate structure that is equitable and achievable. Mr. Pardiwala reviewed the financial plan showing the revenues collected from the proposed rates noting the results and how there may be a need for adjustments. Discussion followed.

Discussion ensued regarding the upcoming development and the fees the developers will be paying.

Mr. Kennedy thanked Mr. Pardiwala for presenting the information to the committee.

Discussion took place regarding the water pumped to the District's higher elevations.

Discussion went to Item #12.

10. DISCUSSION REGARDING ABM PROGRESS

Member Moss joined the meeting at 1:10 p.m.

Harvey Katzen and Todd Havelaar, ABM representatives, provided a progress update. Mr. Katzen pointed out ABM has been engaged with RMWD for many months with the hope they will ultimately be able to provide the District with a financially guaranteed, fully paid from savings, district-wide meter replacement project. He mentioned they are at the point in their progress where they have

recently completed all the meter testing as well as the analysis on that testing. He said they were here today to give RMWD a progress report on the results of that testing and where the revenue will come from to pay for the meter replacement project.

Mr. Havelaar, ABM's Director of Engineering, gave a general summary of the information provided in the presentation prepared by Mr. Katzen for the purpose of this meeting. He explained the steps involved with the testing and analysis process.

Discussion ensued regarding the definition and use of AMI.

Mr. Katzen stated ABM will come back to RMWD in January or February with everything needed for the District to make an investment decision. Mr. Kennedy talked about risk management as well as a means of keeping costs down.

Discussion went to Item #11.

11. DISCUSSION REGARDING AUTO PAY AND NEW BILL PROCESSING SYSTEMS

Mr. Kennedy explained Infor was here to give a presentation on the billing services they will provide. He introduced both Steve Bury and Scott Renstrom as the Infor representatives.

Mr. Bury thanked the committee for the opportunity to speak with them today as well as thanked RMWD for being an Infor customer. He noted the Financial Suite has been around for almost thirty years that was acquired approximately six years ago by Infor who in turn spent money and time improving the functionality. Mr. Kennedy added how the software will assist in getting better information out to the ratepayers.

Scott Renstrom, a Solution Consultant with Infor Software, thanked the committee again for the opportunity to share their software with the members. He gave a presentation on the highlighted capabilities of the software.

Discussions ensued.

Discussion went to Item #9.

12. REVIEW THE FOLLOWING:

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

This item was not discussed.

13. DISCUSSION AND POSSIBLE ACTION TO APPOINT 2018 COMMITTEE OFFICERS

This item was not discussed.

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

This item was not discussed.

15. ADJOURNMENT

The meeting adjourned at 4:45 p.m.

Harry Stitle, Committee Chairperson

Dawn M. Washburn, Board Secretary