



**BUDGET AND FINANCE COMMITTEE MEETING**

**RAINBOW MUNICIPAL WATER DISTRICT**  
**Tuesday, September 12, 2017**  
**Budget and Finance Committee Meeting - Time: 1:00 p.m.**

<b>District Office</b>	<b>3707 Old Highway 395</b>	<b>Fallbrook, CA 92028</b>
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Notice is hereby given that the Budget and Finance Committee will be holding a regular meeting beginning at 1:00 p.m. on Tuesday, September 12, 2017.

**AGENDA**

- 1. CALL TO ORDER**
- 2. PLEDGE OF ALLEGIANCE**
- 3. ROLL CALL: Harry Stitle (Chair)\_\_\_\_\_ Randy Ross (Vice Chair)\_\_\_\_\_**  
**Members: Peter Hensley \_\_\_\_ Pam Moss\_\_\_\_\_**  
**Alternates: Vanessa Martinez \_\_\_\_\_**
- 4. SEATING OF ALTERNATES**
- 5. ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA (Government Code §54954.2)**
- 6. PUBLIC COMMENT RELATING TO ITEMS NOT ON THE AGENDA (Limit 3 Minutes)**

**COMMITTEE ACTION ITEMS**

- 7. COMMITTEE MEMBER COMMENTS**
- \*8. APPROVAL OF MINUTES**  
**A. August 8, 2017**
- 9. DISCUSSION AND POSSIBLE ACTION REGARDING COMMITTEE MEMBERSHIP**
- 10. RATE MODEL UPDATE**
- 11. AMI UPDATE**
- 12. FINANCIAL SOFTWARE UPDATE**
- 13. DISCUSSION REGARDING POSSIBLE LOCK BOX SERVICES**

**14. REVIEW THE FOLLOWING:**

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

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

**16. ADJOURNMENT**

**ATTEST TO POSTING:**



Hayden Hamilton  
Secretary of the Board

8-29-17 @ 2:00 PM

Date and Time of Posting  
Outside Display Cases

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**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING  
OF THE RAINBOW MUNICIPAL WATER DISTRICT  
AUGUST 8, 2017**

**1. CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order by Chairperson Stitle on August 8, 2017 in the Board Room of the District Office at 3707 Old Highway 395, Fallbrook, CA 92028 at 1:05 p.m. Chairperson Stitle presiding.

**2. PLEDGE OF ALLEGIANCE**

**3. ROLL CALL:**

**Present:** Member Stitle, Member Ross, Alternate Martinez.

**Also Present:** General Manager Kennedy, Executive Assistant Washburn, Engineering Manager Kirkpatrick, Human Resources Manager Harp.

**Absent:** Member Hensley, Member Moss.

Three members of the public were present.

**4. SEATING OF ALTERNATES**

Mr. Stitle noted Mrs. Martinez would be seated for this meeting.

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

Mr. Kennedy requested an item to discuss finance software options.

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

Flint Nelson introduced himself noting he was interested in serving on the committee and was here to observe the committee meeting. He briefed the committee on his background and experience.

**COMMITTEE ACTION ITEMS**

**7. COMMITTEE MEMBER COMMENTS**

There were no comments.

**\*8. APPROVAL OF MINUTES**  
A. July 11, 2017

**Motion:**

**Approve the minutes as written.**

**Action: Approve, Moved by Member Ross, Seconded by Member Stitle.**

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***Vote: Motion carried by unanimous vote (summary: Ayes = 3).***

***Ayes: Member Stitle, Member Ross, Alternate Martinez.***

**9. DEVELOPMENT UPDATE**

**A. San Luis Rey Residences**

Mrs. Kirkpatrick presented a map of the development site noting the projected dates for the models and construction completion.

Mr. Kennedy talked about one parcel around which the development was built and how the matter of the meter to the property may come before the Board in the future.

**10. CAPITAL PROJECT UPDATE**

Mrs. Kirkpatrick noted she recommended these updates be brought to the committee on a quarterly basis since the changes each month may be minimal. She confirmed the cost for the Weese project would be reduced. She updated the committee on the Rainbow Heights Pump Station, Caltrans project, and Lift Station 1. She verified RMWD has not been notified of any environmental issues associated with these projects.

Mr. Kennedy provided an update on the SDG&E project; however, it was now in the hands of ITRON to complete contractually. He also talked about the Morro Tank zone and how RMWD was looking at different options for this facility.

**11. DISCUSSION REGARDING INVOLVEMENT OF COMMITTEE DURING FUTURE SALARY/MOU NEGOTIATIONS**

Mr. Kennedy noted this matter has come up during the past two meetings. He pointed out the purpose of the committee was to review the budget and other financial expectations of the District. He stated the negotiations were the sole responsibility of the Board.

Mr. Kennedy noted the budget was mostly completed prior to the conclusion of negotiations; therefore, the terms of the contract were structured to fit within the budget approved by the Board of Directors. He provided some examples.

Mr. Stitle asked which benefits were required to be offered by the District. Mr. Kennedy explained other than those required by law, the Board can determine which benefits are to be offered. Mr. Ross explained the committee discussion was to offer the Board another set of eyes when reviewing the specific areas related to financial aspects that may arise during the negotiations process. Mr. Kennedy offered to hold a workshop with the committee prior to the start of negotiations as a means of seeking the committee's advice; however, once negotiations start the committee's involvement would cease.

Mr. Kennedy mentioned the recent negotiations process was very thorough with give and take from both RMWD and the employees. He talked about some of the terms restructured.

Mrs. Harp explained some of the financial aspects related to medical health care options available to District employees.

Discussion ensued regarding CalPERS and Social Security benefits. It was confirmed RMWD does contribute to both.

**DRAFT****DRAFT****DRAFT****11A. FINANCIAL SOFTWARE OPTIONS (Added per Item #5 herein).**

Mr. Kennedy talked about how the newly acquired financial software has proven to be less beneficial to the District than anticipated; therefore, staff was considering other financial software options including Infor. He explained some of the challenges with the current software as well as potential alternatives. He talked about some of the features with one of the alternatives that would benefit the District immensely.

It was noted the new software being considered was related to utility billing and not accounting software.

Mrs. Martinez pointed out Infor has the capabilities to handle the new rate structure as opposed to Springbrook which would have been a manual process.

Mr. Ross pointed out although there may be more expense with the new software, the savings from having a fully functional program that will last for many years to come would justify the costs. Discussion followed.

**12. REVIEW THE FOLLOWING:**

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

Mrs. Martinez pointed out all the financial statements presented are preliminary due to the year-end processing was not yet completed. She noted auditors were on site reviewing RMWD's internal controls. She explained there was a great deal of revenue recognition and clean up to be done on the interim financials; however, a preliminary report was provided in a handout. She reviewed the information.

Mr. Kennedy mentioned the August edition of the newsletter focused on the breakdown in all the water costs with the purpose of engaging the public in both the financial and engineering aspects of RMWD. Discussion followed.

Mr. Flint inquired about the costs for capital projects. Mr. Kennedy explained most of these costs are paid with developer fees. Discussion followed regarding the money received from the State Revolving Fund as well as Ordinance 95-1. Discussion ensued.

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

It was decided committee membership, AMI, rate model update, financial software update need to be on the next agenda and the Capital Project Update item be moved to quarterly as opposed to monthly.

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**14. ADJOURNMENT**

***The meeting was adjourned with a motion made by Member Ross. Seconded by Member Stitle.***

The meeting adjourned at 2:58 p.m.

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**Harry Stitle, Committee Chairperson**

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**Dawn M. Washburn, Board Secretary**