

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
JUNE 9, 2015**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order by Chairperson Stitle on June 9, 2015 in the Board Room of the District Office at 3707 Old Highway 395, Fallbrook, CA 92028 at 1:03 p.m. Chairperson Stitle presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

Present: Member Stitle
Member Carlstrom
Member Clyde
Alternate Thomas

Absent: Member Ross
Member Hensley
Alternate Lucy

Also Present: Executive Assistant Washburn
Director Brazier

One member of the public was present.

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

Mr. Miller introduced himself to the committee as well as provided his background. He noted his career has always been with the oil industry including working as a project manager.

COMMITTEE ACTION ITEMS

5. **COMMITTEE MEMBER COMMENTS**

Mr. Stitle mentioned he had two phone conversations with Director Griffiths regarding the budget.

Ms. Thomas introduced the committee and staff members present.

*6. **APPROVAL OF MINUTES**
A. May 12, 2015

Action:

Moved by Member Clyde to accept the minutes. Seconded by Member Carlstrom.

After consideration, the motion CARRIED by the following vote:

AYES: Member Stitle, Member Clyde, Member Carlstrom, and Alternate Thomas
NOES: None
ABSTAINED: None
ABSENT: Member Ross, Member Hensley, and Alternate Lucy

7. UPDATES

A. Raftelis

Ms. Thomas reported Raftelis has gathered more data, but there has not been a report as of yet. She explained Raftelis was a consulting firm putting together a model and rate study on behalf of RMWD.

B. Strategic Plan

Ms. Thomas noted there have been meetings with staff and Board Members will be meeting with the consultant in the near future.

C. LAFCO

Ms. Thomas stated LAFCO has announced a public hearing will be held on July 6th at which time the commission will be considering the recommendation from LAFCO's Executive Officer regarding consolidating RMWD and FPUD.

Mr. Stitle expressed concern with the report being 165 pages long and there being only two options; approve or not approve it. He questioned how much this report cost the ratepayers.

Ms. Washburn mentioned before the report was in RMWD's hands, the Union Tribune has called asking for Mr. Kennedy's comments; therefore, it was reported in the paper the District had no comments at the time the article was written. She noted the report was basically an executive summary report breakdown the conditions involved with either approving or disapproving the consolidation of RMWD and FPUD.

It was noted the report was very slanted toward FPUD, especially where it does not mention the hundreds of ratepayers' letters opposing the merger.

Ms. Washburn noted the LAFCO ad hoc committee would be meeting immediately following this committee meeting to review the report. She offered to provide copies of the report to those interested. She also pointed out the formal Notice of Public Hearing was received this morning.

Mr. Stitle stated the financial data contained in the report was mostly incorrect and goes on data from approximately two years ago. He said although RMWD has tried to correct this information on several occasions; however, LAFCO refused to make corrections. He provided an example in that the Highway 76 project would cost \$13M when in actuality this project will cost \$3M. He noted the report also stated most of the savings will come from the reduction in personnel; however, the LAFCO report requires all employees on board with the exception of a few for at least two years. He expressed concern that something just did not seem right.

Ms. Thomas said she still questions the \$2.5M savings that keeps being thrown out there and when she had previously asked for a breakdown of where these savings can be found she never received that information.

Discussion ensued.

Mr. Stitle reiterated the concern with the financial date coming from the initial reports from nearly two years ago that have not been corrected. It was asked whether not there was any recourse. Discussion continued.

D. CIP

Mrs. Kirkpatrick explained the Master Plan process will come up with a list of projects for the next 20-30 years and once that comes out, the CIP will be revisited.

E. Springbrook

Ms. Thomas noted Springbrook was working very closely with staff on both the finance and payroll aspects of the software. She explained the consultants will be coming back to the District to work on the accounts payable and job service orders. She said she pleased.

Mr. Stitle added the current software was approximately 20 years old and was not a Windows-based software system.

F. Drought (Water Meter Sales and Water Sales Impact)

Ms. Thomas stated she just printed the allocation letters for RMWD's customers on the TSAWR program. She explained some of the options that may be available to these customers regarding their allocations. Discussion ensued.

8. BOARD MEETING REVIEW

Ms. Thomas reported the Board voted to appoint a new member to the Engineering Committee, authorized the general manager to execute a ground lease agreement, and approved a quitclaim for the Moosa Mitigation Bank.

9. MONTHLY WATER SALES REPORT

Ms. Thomas noted RMWD was down approximately 5.7% less in water sales than at this time last year and domestic was 8% less. She referenced the report provided as a handout at the meeting.

Discussion continued regarding the RMWD's billing cycle system.

10. MONTHLY FINANCIAL REPORT

Ms. Thomas explained this report was not available for today's meeting.

11. REVIEW OF GROUNDWATER ISSUE

Mrs. Kirkpatrick noted the report was delayed. She talked about the steps taken including the samples being drawn that will give a general idea as to what type of treatment may be required. She stated the report should be completed sometime in July. Discussion followed.

12. DISCUSSION AND POSSIBLE ACTION REGARDING 2015-2016 ANNUAL BUDGET

A. Organizational Chart

Ms. Thomas explained those positions highlighted in blue on the organizational chart hand out are employees that are or soon to be within retirement age. She talked about the new deputy finance manager to be hired to work with her for the next couple of years in order to create an early transition when she becomes able to retire.

Ms. Thomas stated the I.T. position would be funded with the monies currently being paid for an outside consultant. She noted each of the proposed new positions were currently budgeted.

Mr. Miller asked if RMWD has any type of program for promoting within to fill potential retiree positions. Ms. Thomas said this was something RMWD does try to do and that a successor plan was currently under review.

Mr. Carlstrom inquired as to whether Mr. Kennedy initiated this successor plan. Mrs. Kirkpatrick said it was also a part of the strategic planning.

Mr. Stitle pointed out this will also change the manner in which developers are charged for work being done for them which in turn will pay for additional engineering staff.

Mr. Carlstrom asked if the committee could get a status of when RMWD can sell meters. Mrs. Kirkpatrick explained this month there was no plan to have a meter moratorium for this district. Ms. Thomas pointed out RMWD's budget was not based on any capacity fees due to the fact it was an unknown.

Mr. Miller asked what the new development would do to the water supply. Mr. Carlstrom explained domestic use was much smaller compared to the size of the water district. Discussion followed.

Action:

Moved by Member Carlstrom the committee approve the 2015-2016 annual budget as submitted and that the Board approve it as well. Seconded by Member Clyde.

After consideration, the motion CARRIED by the following vote:

- AYES:** Member Stitle, Member Clyde, Member Carlstrom, and Alternate Thomas
- NOES:** None
- ABSTAINED:** None
- ABSENT:** Member Ross, Member Hensley, and Alternate Lucy

13. DISCUSSION AND POSSIBLE ACTION TO ASSIGN MEMBERS TO SERVE ON THE RMWD BUDGET AND FINANCE COMMITTEE

Mr. Miller stated this was very different than what he had done in the past in the private sector. He said he would like to attend more meetings before serving as a member. Discussion ensued regarding the expectations for committee members.

Mr. Stitle asked Ms. Moss if she was interested in serving on the committee. Ms. Moss said she found this committee to be very educational and the information out in the public differed considerably to that being shared in these meetings. Discussion ensued.

Action:

Moved by Member Stitle to recommend the Board appoint Pam Moss to serve on the Budget and Finance Committee. Seconded by Member Carlstrom.

After consideration, the motion CARRIED by the following vote:

AYES: Member Stitle, Member Clyde, Member Carlstrom, and Alternate Thomas
NOES: None
ABSTAINED: None
ABSENT: Member Ross, Member Hensley, Alternate Lucy

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

Mr. Stitle said he would email Ms. Washburn the list of agenda items.

15. ADJOURNMENT

Action:

Moved by Member Carlstrom to adjourn. Seconded by Member Stitle.

After consideration, the motion CARRIED by the following vote:

AYES: Member Stitle, Member Clyde, Member Carlstrom, and Alternate Thomas
NOES: None
ABSTAINED: None
ABSENT: Member Ross, Member Hensley, Alternate Lucy

The meeting adjourned at 2:16 p.m.

Harry Stitle, Committee Chairperson

Dawn M. Washburn, Board Secretary