

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

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order on March 12, 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 Ross, Member Moss, Member Gasca, Alternate Nelson.

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

Absent: Member Hensley, 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)**

There were no changes.

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. Stitle mentioned the comment on the Next Door about the date and time of the rate public hearing not immediately available on the website. Mr. Kennedy pointed out the information was updated and included in the first sentence on the website notification.

Mr. Kennedy noted the District has received approximately 18 letters in opposition to the proposed rate increases. Discussion ensued.

***8. APPROVAL OF MINUTES**
A. February 12, 2019

Motion:

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

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

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

9. CLOUDSUITE IMPLEMENTATION UPDATE

Ms. Largent reported the implementation was progressing very well including the Government Finance Officers Association (GFOA) Best Practices Chart of Accounts with the same number sequencing GFOA recommends. She explained staff chose to load balances as of July 1, 2019 as opposed to bringing all the historical data. She pointed out access to the historical data will remain available.

Ms. Largent reported it has been discovered Cloudsuite does not have the ability to print checks and 1099's efficiently; therefore, additional software is required for these features. She said after expressing how shocked she was about this matter to the vendor, RMWD was provided discounts on the implementation fees.

Mr. Kennedy noted RMWD had Infor update their proposal for completing the last portion of the utility billing implementation. He stated the final testing should take place in the next couple of weeks.

10. ABM UPDATE

Mr. Kennedy updated the committee on the response received from ABM regarding the contract agreement, RMWD's counterproposal, and the follow up meeting after which ABM notified the District they wanted out of the deal with a propose settlement agreement that will be presented to the Board for consideration. Discussion ensued.

11. FLUME PROJECT UPDATE

Mr. Kennedy referenced the rough draft participation agreement provided as a handout noting some of the options and terms being offered by Flume. He suggested the committee members review the draft documents and provide him with any feedback.

Mr. Ross asked for clarification as to the benefit of the project. Mr. Kennedy explained how it was part of the strategic plan and how the Board instructed staff to find a way to get customers more timely information regarding their water consumption. He explained Flume was found to be a great benefit to the customer in helping reduction in water consumption as well as to the District in terms of conservation or per capita water use matters. Discussion ensued regarding the cost of the project to RMWD as well as some of the subsidizing options the Board will take into consideration.

Ms. Moss expressed concern with this project becoming available at the same time as a possible rate increase. Mr. Kennedy noted this was something to consider and how the Board will be presented with different options including one for doing nothing.

Discussion ensued.

Mr. Nelson suggested there be a method for tracking those individuals who may not get into the program due to high demands. Discussion followed.

Discussion continued regarding input from the committee members regarding how to best align the best interests for all parties involved.

12. BUDGET CALENDAR REVIEW

Ms. Largent referenced the budget calendar provided as a handout. She noted next week finance will meet with each department to review any changes to the budget followed with update meetings after compiling everything. She pointed out she will present a review of the preliminary budget at the April Budget and Finance Committee meeting.

It was noted the joint meeting with the committee and Board is projected to take place at the May 28, 2019 regular Board meeting.

13. RATE CONCEPTS

Mr. Kennedy pointed out staff was currently working on different moderating factors for use in making better assumptions. He mentioned Raftelis will be brought in to assist RMWD with preparing rate models.

Ms. Largent stated she was having more data pulled to conduct better comparisons. Discussion ensued.

Mr. Kennedy noted additional updates on this matter would not be available for the next committee meeting.

14. CAPITAL RESERVE POLICY UPDATE

Ms. Largent recalled the committee gave direction at their last meeting related to cleaning up the Capital Reserve Policy. She referenced the redline and non-redline versions of the policy provided as handouts. She reviewed some of the proposed revisions. It was noted the committee could vote to recommend the Board consider the proposed changes at one of their meetings.

Mr. Nelson said he would like to meet with Ms. Largent at a later date to gain a better understanding of the funds listed in the policy.

15. REVIEW THE FOLLOWING:

- A.** Statement of Revenue and Expenses
- B.** Balance Sheet
- C.** Treasurer's Report

Ms. Largent said after reviewing the financials, she has been working on implemented better practices with journal entries which in return will improve these statements and reports. She encouraged the committee members to notify her with any feedback related to the information reported.

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

It was noted the budget, Flume, ABM, and rate concepts matters will be on the next committee agenda.

17. ADJOURNMENT

The meeting was adjourned by Chairperson Stitle.

The meeting adjourned at 2:32 p.m.

Harry Stitle, Committee Chairperson

Dawn M. Washburn, Board Secretary