



**13. REVIEW THE FOLLOWING:**

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

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

**15. ADJOURNMENT**

**ATTEST TO POSTING:**



Hayden Hamilton  
Secretary of the Board

3-30-17 @ 1:30 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  
MARCH 14, 2017**

**1. CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order by Chairperson Stitle on March 14, 2017 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 Clyde, Alternate Martinez.

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

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

There were no members of the public present.

**4. SEATING OF ALTERNATES**

Mrs. Martinez was seated to serve as an alternate for this meeting.

**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**

There were no comments.

**\*8. APPROVAL OF MINUTES**

**A. February 14, 2017**

***Motion:***

***To approve the minutes.***

***Action: Approve, Moved by Alternate Martinez, Seconded by Member Stitle.***

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

***Ayes: Member Stittle, Member Clyde, Alternate Martinez.***

*Discussion went to Item #10.*

## **9. REVIEW CAPACITY FEE STUDY**

Mr. Kennedy reported Raftelis found some methods of calculations utilized that were not the quite the best way to tie the capacity fees in with rate discussions; therefore, they provided a better idea of how this should be done. He explained some of the suggestions received from Raftelis as well as other potential opportunities on the horizon. He pointed out the primary focus is to ensure the lowest cost service delivery possible to the RMWD ratepayers.

Discussion ensued regarding equivalency of EDU's and meters.

Mr. Kennedy pointed out the expansion projects and treatment for sewer are costs not realized by the District; however, once those projects are built, they will move into the District's asset valuation and be removed from some other future costs.

It was noted the capacity fees have slowly increased over the past ten years.

Mr. Kennedy asked the committee to decide if they'd like to add in the reserves Sudhir recommended.

Mrs. Kirkpatrick pointed out the study provided was the final draft and there may be some changes incorporated based on committee and staff input. Discussion ensued regarding keeping Capital Improvement Projects and reserves.

Discussion followed.

*Discussion went to Item #11.*

## **10. AUDIT UPDATE**

Mrs. Martinez reported RMWD received a draft of the audit which underway to the next approval process step prior to being finalized. She reviewed the highlights provided in the draft audit report. She stated since the auditors have not mentioned anything, it was her belief this audit will be found to be clean once the peer review is finalized.

Mr. Stittle inquired as to the definition of investments in sewer rights. Mr. Kennedy explained this was Oceanside capacity. Mrs. Martinez noted this needed to be investigated further to find out if Oceanside has had these assets on their books as well due to the fact RMWD has the right to use it, but does not have ownership over any of the assets. Discussion followed.

*Discussion went to Item #9.*

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**11. DISCUSSION REGARDING DEPRECIATION AND NEW ASSET VALUES**

Mr. Kennedy noted this opportunity was to inform the committee as to what was happening. He explained when RMWD's assets quadruple in value, depreciation also increases and the importance of understanding such.

Mrs. Martinez talked about recognition of capital assets. Discussion ensued. Mr. Kennedy offered to have staff conduct more research and find examples for recognizing depreciation.

Discussion ensued regarding RMWD's rate stabilization fund.

Mr. Kennedy reiterated the importance of understanding this policy at both the committee and Board levels.

Discussion went to Item #12.

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Mrs. Martinez provided an update on the investment report. She pointed out specific areas in the report of interest to the committee.

Discussion ensued regarding updating the phone system, a temporary employee being brought in to assist in the Customer Service Department, as well as streamlining some of the tasks that department is assigned.

It was noted water sales have decreased due to the recent rainy weather. Discussion followed.

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

It was noted the final Capacity Fee Study, review options for recognizing depreciation, and developer updates should be on the next agenda.

**14. ADJOURNMENT**

The meeting was adjourned with a motion by Member Clyde, Seconded by Member Stitle.

The meeting adjourned at 2:17 p.m.

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**Harry Stitle, Committee Chairperson**

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**Dawn M. Washburn, Board Secretary**

