

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
MAY 8, 2018**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order on May 8, 2018 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 Hensley, Member Moss, Alternate Nelson.

Also Present: Alternate Martinez, Executive Assistant Washburn, Associate Engineer Powers.

Absent: Member Gasca, General Manager Kennedy.

One member of the public was present.

4. **SEATING OF ALTERNATES**

Mr. Stitle announced Mr. Flint would be seated as an alternate.

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

There were no changes to the agenda.

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. April 10, 2018

Motion:

Approve the minutes.

Action: Approve, Moved by Member Moss, Seconded by Member Hensley.

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

Ayes: Member Stittle, Member Ross, Member Hensley, Member Moss, Alternate Nelson.

9. PRELIMINARY BUDGET REVIEW

Mrs. Martinez gave a presentation on the preliminary budget as she reviewed the macro and micro standpoints as well as information to be presented to the Board at their May meeting.

Discussions ensued regarding projections including new meters, staffing levels, vehicle replacement and reassignments, and both water and sewer capital projects.

Mr. Nelson asked if there was any thought to pulling the trigger on a few of the projects listed. Mr. Powers explained the smaller projects were necessary in preparation for a big line of upcoming rehabilitation and replacement projects. Discussion ensued regarding the Daisy Lane project.

Mr. Carey inquired as to whether the tank staircase was just an idea or something being applied to the budget. Mr. Powers noted this was included in the budget due to the plan to start installing one staircase per year. Mr. Carey mentioned he has shared information with Mr. Kennedy regarding tank inspections being conducted with drones.

Mrs. Martinez continued with the presentation. Discussions took place regarding the sewer fund shortfalls, increasing reserves, and upcoming sewer projects.

Mrs. Martinez talked about highlighted areas included in the general fund including staff training, impacts related to staffing changes, and call center adjustments.

It was confirmed this information will be provided at the joint Board and Budget and Finance Committee meeting on May 22, 2018.

Mr. Carey inquired whether the recent five-year water rate structures were folded into the projections. Mrs. Martinez stated one-time items were not but recurring items were incorporated.

Discussion ensued regarding the importance of maintaining easements and rights of way.

Mr. Nelson said he found the District to be entirely appropriate in getting started on fixing these things rather than ignoring the issues pretending the problems do not exist. He stated staff was working very hard to come up with some preliminary estimates to the best of their ability without knowing what will be found as the work begins.

Ms. Moss expressed concern with the \$15,000 allocated for the removal of ten dead trees surrounding the facilities and \$35,000 for the survey. Mr. Powers noted although these were estimates, the District would solicit for the lowest qualified bidder to perform the work. Mrs. Martinez added she would solicit for tree removal and survey quotes prior to the May 22, 2018 Board meeting.

Mrs. Martinez solicited the committee for input on the presentation. Discussion followed.

10. PAYROLL SERVICES REQUEST FOR PROPOSAL

Mrs. Martinez stated the District will be circulating a RFP for payroll and human resources information system services. She explained Infor would be providing utility billing and financial services; however, RMWD does not have enough full-time employees for their human resources and payroll software packages. She mentioned the additional services being sought in the scope of work to be provided.

Mrs. Martinez said if the committee agreed with the RFP, she would place it on the financial officers and RMWD's website, respectively, with a closing date of May 30, 2018. She pointed out the selection process will take place at the June 12, 2018 committee meeting followed with submitting it to the Board for approval thereafter. She added the goal was to have the transition completed by the last pay period in August 2018; however, if it is determined more time was needed, this date was flexible.

Motion:

Approve the Request for Proposal.

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

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

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

11. JOINT MEETING WITH BOARD OF DIRECTORS ON MAY 22, 2018

It was agreed the Budget and Finance Committee members would be present for the joint meeting.

12. REVIEW THE FOLLOWING:

- A.** Income Statement
- B.** Balance Sheet
- C.** Cash Flow
- D.** Treasurer's Report

Mrs. Martinez recalled the concern expressed regarding the sewer fund at the last meeting and how it was found there were reporting errors. She explained the non-labor attributed to the City of Oceanside contract expenses would be corrected. Discussion followed.

Mrs. Martinez reported although sales dropped slightly, RMWD was 23% above its forecasted gross revenue.

Discussions ensued regarding the information provided in the reports provided.

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

It was noted the human resources and payroll Request for Proposal, GASB 75 results, proposed budget, and an economical report on ABM need to be on the next committee agenda.

14. ADJOURNMENT

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

The meeting adjourned at 2:34 p.m.

Harry Stitle, Committee Chairperson

Dawn M. Washburn, Board Secretary