

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
JANUARY 11, 2022**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order on January 11, 2022, by Chairperson Nelson in the Board Room of the District Office at 3707 Old Highway 395, Fallbrook, CA 92028 at 1:01 p.m. *(This meeting was held with limited in-person attendance following County and State COVID guidelines as well as virtually.)* Chairperson Nelson presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

Present: Member Hensley *(via video conference)*, Member Johnson *(via video conference)*, Member Nelson *(via video conference)*, *Member Stewart (arrived at 1:25 p.m. via video conference).*

Also Present: Executive Assistant Washburn

Absent: Alternate Williams.

Also Present Via Teleconference or Video Conference:

General Manager Kennedy, Finance Manager Largent, Senior Accountant Rubio, Information and Technology Manager Khattab,

One member of the public was present via teleconference or video teleconference.

4. **INSTRUCTIONS TO ALLOW PUBLIC COMMENT ON AGENDA ITEMS FROM THOSE ATTENDING THIS MEETING VIA TELECONFERENCE OR VIDEO CONFERENCE**

Mr. Nelson read aloud the instructions for those attending the meeting via teleconference or video conference.

5. **SEATING OF ALTERNATES**

There were no alternates seated.

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

There were no amendments to the agenda.

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

*8. **APPROVAL OF MINUTES**

A. December 14, 2021

Motion:

To approve the minutes.

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

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

Ayes: Member Hensley, Member Johnson, Member Nelson.

Absent: Member Stewart, Alternate Williams.

9. GENERAL MANAGER COMMENTS

Mr. Kennedy stated the District's front lobby has been closed this week with staff working remotely due to the recent high rate of transmission. He noted staff was working hard to make sure RMWD does not lose operational readiness and take every step to protect the employees.

Mr. Kennedy also provided an update on the detachment matter noting the report from the LAFCO consultant has not yet been provided. Mr. Nelson inquired as to the timeframe this would be on the voting ballot. Mr. Kennedy said although he would like to see this on the June ballot, the November ballot may be more achievable. Discussion ensued.

Ms. Johnson thanked Mr. Kennedy and leadership in their persistence and consistence in the pursuit of the detachment. She noted she was very impressed. Mr. Nelson agreed.

10. FINANCE MANAGER COMMENTS

Ms. Largent reported staff mailed letters for the State Water Board Arrearages Program to approximately 950 customers a week before Christmas as well as administered the program over the next three cycles. She noted the feedback from customers was very positive.

11. COMMITTEE MEMBER COMMENTS

Mr. Hensley asked what RMWD would consider an acceptable exit fee related to the potential detachment from SDCWA. Mr. Kennedy explained what the state law says; however, if SDCWA were to treat RMWD like any other agency whose demands on the SDWA declines, it seems to be fair. He pointed out this could equate to approximately \$8 million over the course of five years; however, with SDCWA water rates continually increasing, it may be worth it. He pointed out the other aspect is that should LAFCO choose a mechanism with which SDCWA is familiar that is based on the City of San Diego is expecting to do, it is less likely that board would be less likely to file suit against LAFCO which could take years to reach a resolve. He clarified RMWD would like to have a credit applied to whatever this is for the emergency storage project pump station that has not been built as well as all the RMWD ratepayer monies that have been contributed to and placed in reserve which could offset any exit fee.

Mr. Nelson thanked Ms. Largent for the spreadsheet she provided.

12. DISCUSSION AND POSSIBLE ACTION TO APPOINT COMMITTEE OFFICERS

Mr. Nelson said in the spirit of rotation, he was very willing, open, and desirous of passing the gavel on to any other committee member who would like to serve as Chair of this committee. He stated it has been a privilege to serve and that he was willing to continue to do so; however, he believes rotation is a good thing.

Motion:

To nominate Flint Nelson to be the Chair.

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

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

Ayes: Member Hensley, Member Johnson, Member Nelson.

Absent: Member Stewart, Alternate Williams.

Ms. Johnson thanked Mr. Nelson for his continued leadership. Mr. Nelson thanked the committee for their support.

Mr. Hensley stated in his view, Mr. Nelson was the best prepared for each meeting which is one of the reasons he is so wonderful in this role.

Discussion returned from Item #14.

Mr. Nelson inquired as to whether a Vice Chairperson needed to be appointed at this time. Ms. Washburn clarified this would not happen until April 2022.

Discussion went to Item #15.

13. PRELIMINARY MID-YEAR BUDGET REVIEW

Ms. Largent noted this review was early in the process and how meetings are being held to gather all operating and capital adjustments for the year. She explained as part of the mid-year budget adjustment, the wholesale water efficiency projects will be the main focus.

Mr. Stewart joined the meeting at 1:25 p.m.

Ms. Largent shared a presentation, reviewed the information being provided, as well as answered any questions. Discussions ensued.

Ms. Largent stated she would continue to work with the banks and bring a formal request from staff to this committee next month along with the budget adjustments.

Mr. Nelson said it appears if RMWD were to obtain the loan, it would be activating several projects simultaneously; therefore, he wanted to know if staff has assessed the District's corporate capability to address this matter. Discussion followed.

Mr. Hensley stated he liked the schedule presented and Mr. Nelson said he was pleased with the model as well.

14. WATER SERVICE UPGRADE PROJECT (WSUP) PROGRAM UPDATE

Mr. Kennedy reported the project was 91% complete and the expected completion date should be no later than March 2022. He also noted the claim rate has remained low.

Discussion returned to Item #12.

***15. REVIEW OF THE MONTHLY BOARD FINANCE PACKET**

Ms. Largent reviewed the information contained in the packet noting some of the changes that can be expected as part of the mid-year budget adjustments which will be presented to this committee in February.

Mr. Nelson asked if there was any consideration being given to lifting the current drought restrictions. Mr. Kennedy said he expects the restrictions to remain in place for at least the next year.

Discussion went to Item #16.

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

It was noted the mid-year budget review, WSUP update, monthly finance packet, wholesale water project efficiencies, and an update on development locations should be on the next committee agenda.

Discussion went to Item #17.

17. ADJOURNMENT

The meeting was adjourned by Chairperson Nelson.

The meeting adjourned at 1:56 p.m.

Flint Nelson, Committee Chairperson

Dawn M. Washburn, Board Secretary