

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
OCTOBER 8, 2019**

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

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

Absent: Member Ross, 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)**

Ms. Largent noted Item #15 should be included in Item #16 as Item #16E. She also clarified Item #16D provided a list of surplus properties.

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

There were no comments.

7. **COMMITTEE MEMBER COMMENTS**

There were no comments.

*8. **APPROVAL OF MINUTES**

A. September 10, 2019

Motion:

To approve the minutes.

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

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

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

9. RATE MODEL UPDATE

Andrea Boehling gave a presentation on the rate model noting she was hoping for input and feedback from the committee so the financial plan can be completed and then proceed with the cost of service. She mentioned the main objectives include examining switching water suppliers, ensure the financial plan is sufficient and stable, as well as develop equitable rates compliant with Proposition 218. She noted the results of the study will be summarized in a comprehensive report which will serve as RMWD's administrative record.

Discussions ensued as multiple proposed scenarios and rate model results were presented.

Mr. Kennedy suggested forecasting based on the current status of the District would be most appropriate.

Ms. Boehling stated the Cost of Service was basically complete with adjustments to be made; however, she needed direction on what type of rate structure with which to move forward. Discussion ensued regarding rate structure options.

Mr. Hensley complimented Ms. Boehling on the excellent job she was doing with this project.

10. FINANCIAL SOFTWARE UPDATE

Ms. Largent reported billing would be on time this month. She noted she and others attended the Infor conference where numerous tips were received for items staff plans to implement as well as met with program developers. She mentioned the real take away was learning more about the data model and what she can do with it to help track things with engineering and developers as well as what things she can do to eliminate manual processes RMWD has in place.

11. AUDIT UPDATE

Ms. Largent updated the committee on the audit currently taking place. She noted she was advocating for a Senior Accountant position and reallocating the workload related to customer service and accounting for which she has a net neutral budget plan that will give her the help she needs with separation of duties and meeting audit requirements throughout the year as opposed to the last minute. Mr. Kennedy added the other part of this change will give customer service the focus it needs.

Ms. Largent stated she hoped to have a good report from the auditors on October 10, 2019. She pointed out she will need to have the actuarial report prepared separately restated with the auditor's version of historical costs as opposed to RMWD. Discussion ensued.

12. CUSTOMER SERVICE CALL BREAKDOWN REPORT

Ms. Largent explained this was not currently tracked with customer services call and how the current phone system only goes back sixty days on calls that have come into the District. She stated there is not sufficient staffing levels or anything in place to track this right now.

13. SENATE BILL 998 CHANGES

Ms. Largent noted this item has been shifted over to the Communications and Customer Service Committee as it requires the District provide information in seven different languages over the website. She mentioned there would be several different information pieces to be updated to meet this requirement.

14. TENNIS COURT PROPERTY WITH ENCROACHMENT (REQUESTED BY PAM MOSS)

Ms. Moss explained item was to discuss RMWD's non-performing assets. Ms. Largent noted the list of surplus properties were provided in the agenda packet.

Mr. Kennedy stated one of the properties in question has been discussed in Closed Session; therefore, he was not at liberty to provide any details. He mentioned the tennis court property had asked if RMWD would be interested in selling the property; however, the District declined. He pointed out the new RMWD Project Manager will be brought up to speed on these properties.

Mr. Strapac expressed concern with liquidating any District right-of-way or property in its possession based on the proposed changes to the system that may be forthcoming. Ms. Moss agreed and suggested these be put in the kitty, so they do not go unaddressed in the future. Discussion ensued.

Ms. Moss inquired as to whether there was an update on the RMWD headquarters property. Mr. Kennedy answered some of this will involve real estate negotiations for the Board to consider. He stated until the Quiet Title has been completed, nothing can be done.

15. OUTSTANDING CONSTRUCTION UNITS REPORT

Mr. Largent noted this item was moved to Item #16E.

16. REVIEW THE FOLLOWING:

- A.** Statement of Revenue and Expenses
- B.** Balance Sheet
- C.** Treasurer's Report
- D.** Surplus Property Report
- E.** Outstanding Construction Units Report

Ms. Largent reviewed the information provided in the Statement of Revenue and Expenses, Balance Sheet, and Treasurer's Report. She noted updated reports would be provided once the audit has been completed.

Discussion ensued regarding the information possibly being adjusted once the rate model has been completed.

Ms. Largent reported she met with the Engineering Department to confirm the Outstanding Construction Units remained conservative. Mr. Kennedy noted Warner Ranch should no longer be included in this report.

Discussion ensued.

17. MEMORANDUM OF UNDERSTANDING WITH EASTERN MUNICIPAL WATER DISTRICT UPDATE

Mr. Kennedy reported that San Diego LAFCO is entering into an MOU with Riverside LAFCO to assign all aspects of the processing to San Diego LAFCO.

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

It was noted updates on the rate model, new software, and audit as well as the financial statement and staffing this committee for next year should be on the next agenda.

Mr. Stitle announced he will be resigning from this committee effective January 1, 2020.

19. ADJOURNMENT

The meeting was adjourned by Chairperson Stitle.

The meeting adjourned at 3:30 p.m.

Harry Stitle, Committee Chairperson

Dawn M. Washburn, Board Secretary