

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
MARCH 3, 2015**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order by Chairperson Stitle on March 3, 2015 in the Board Room of the District Office at 3707 Old Highway 395, Fallbrook, CA 92028 at 1:05 p.m. Chairperson Stitle presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

Present: Member Stitle
Member Carlstrom
Member Hensley

Absent: Member Ross
Member Lucy
Member Clyde
Member Fagan

Also Present: General Manager Kennedy
Executive Assistant/Board Secretary Washburn
Finance Manager Thomas
Administrative Assistant Rubio
Director Brazier

No members of the public were present.

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

Ms. Brazier said she saw Don Fagan and he wanted her to say hello to everyone.

COMMITTEE ACTION ITEMS

5. **COMMITTEE MEMBER COMMENTS**

Mr. Carlstrom complimented the informative communication being sent out by RMWD. Mr. Stitle agreed, especially with the news articles.

*6. **APPROVAL OF MINUTES**

A. February 5, 2015

It was noted under Item #7, Paragraph #3 needed to be clarified, Mrs. Thompson should be changed to Ms. Thomas, and "rate increases" needed to be added after SDCWA in Paragraph 5.

Discussion ensued regarding the drought.

Mr. Carlstrom said MWD is offering \$2 per square foot for removing landscaping. Discussion ensued.

It was noted under Item #15, it should state FPUD felt the County was not doing enough.

Action:

Moved by Member Carlstrom to approve the minutes as amended. Seconded by Member Hensley.

After consideration, the motion CARRIED by the following vote:

AYES: Member Stitle, Member Carlstrom, and Member Hensley.
NOES: None
ABSTAINED: None
ABSENT: Member Lucy, Member Ross, Member Clyde, and Member Fagan

7. DISCUSSION AND POSSIBLE ACTION REGARDING COMMITTEE ABSENCES, VACANCIES, AND APPOINTMENT OF STAFF

Mr. Carlstrom suggested moving Mr. Lucy to an Alternate Member and elevating Mr. Hensley to Member. Mr. Stitle added Mr. Fagan should be dropped from the committee since he has not attended in the last couple of years.

Mr. Kennedy suggested leaving Mr. Lucy and adding Ms. Thomas as an Alternate.

Action:

Moved by Member Carlstrom to remove Don Fagan, elevate Peter Hensley to Member, move Bob Lucy to Alternate, and adding Midge Thomas as an Alternate. Seconded by Member Stitle.

After consideration, the motion CARRIED by the following vote:

AYES: Member Stitle, Member Carlstrom, and Member Hensley.
NOES: None
ABSTAINED: None
ABSENT: Member Lucy, Member Ross, Member Clyde, and Member Fagan

8. DISCUSSION AND POSSIBLE ACTION TO CHANGE THE DAY OF THE WEEK FOR THE BUDGET AND FINANCE COMMITTEE MEETINGS

Member Clyde has scheduling issues would miss six months of meetings per year. Ms. Thomas pointed out Mondays and Tuesdays she is busy with payroll. She also noted financial information may not be available for the first Tuesday of the month. It was suggested holding the meeting on the second Tuesday of the month.

Action:

Moved by Member Carlstrom to change the Budget and Finance Committee meeting to the second Tuesday of the month at 1:00 p.m. Seconded by Member Hensley.

After consideration, the motion CARRIED by the following vote:

AYES: Member Stitle, Member Carlstrom, and Member Hensley
NOES: None
ABSTAINED: None
ABSENT: Member Lucy, Member Ross, Member Clyde, and Member Fagan

9. GROUND WATER POTENTIAL FEES DISCUSSION

Mr. Kennedy said West Yost has been working on the ground water study. He said the District needs to be careful taking ground water since it may drain the local wells. He mentioned it would only be cost effective if the costs can be kept down. Discussion ensued.

10. RATE INCREASE ISSUE DISCUSSION

Mr. Kennedy said he is checking on whether the District need to raise rates. He said he asked Raftelis to reevaluate the need to increase rate, although he said the District is not projecting raising fees. He mentioned by removing the Beck Rehabilitation from the CIP would also affect any fee increases, although the SDCWA may still raise their fees. Discussion ensued.

11. BOARD MEETING REPORT

Mr. Kennedy reported the Public Hearing was set for May 26, 2015 for Improvement District No. 1, strategic planning was discussed, the proposed policy regarding handling of district assets was approved, appointments were made to the three committees, and Mr. Fekete was acknowledged for his service.

12. WATER PURCHASES AND SALES REPORT

Ms. Thomas summarized the water and sales report she prepared. She explained each cycle runs over two months. She mentioned the monthly reporting data does not show the water loss accurately due to the Cycle readings. Mr. Kennedy drew a diagram on the white board to demonstrate the Cycle monthly breakouts.

Mr. Kennedy mentioned when the District updates it financial system it will have more capabilities.

13. LAFCO UPDATE

Mr. Kennedy mentioned the new website "saynotofpud.org" was now available. He also noted there were other legal challenges being worked through. He stated this would take six months or longer to resolve or go to election. Discussion followed.

14. RAFTELIS UPDATE

Mr. Kennedy noted the proposal was provided to most of the committee members for review. He explained the proposal from Raftelis was to do a full rate setting process for RMWD.

Mr. Carlstrom stated the spreadsheet he worked extensively was a little bit ad hoc but got RMWD through a rough patch.

Mr. Kennedy explained the steps involved with Proposition 218.

Mr. Kennedy noted the cost for Raftelis was not to exceed \$63,000.00 which covers the entire process. He added RMWD would receive the model for the District to use in the future.

Action:

Moved by Member Carlstrom to advise the Board that the committee supports the Raftelis rate setting process. Seconded by Member Hensley.

After consideration, the motion CARRIED by the following vote:

AYES: Member Carlstrom, Member Stitle, and Member Hensley
NOES: None
ABSTAINED: None
ABSENT: Member Ross, Member Lucy, Member Clyde, and Member Fagan

15. MONTHLY FINANCIAL REPORT

This item was not discussed.

16. SPRINGBROOK UPDATE

Discussion ensued regarding RMWD's payroll process.

Mr. Kennedy noted Springbrook would be sending people to work with RMWD staff in April.

17. STRATEGIC PLANNING PROCESS UPDATE

Mr. Kennedy reiterated he will speaking with some facilitators. He explained how having a strategic plan in place will assist in ensuring the will of the Board of Directors are fulfilled.

Mr. Carlstrom recommended including risk management in the plan.

Mr. Kennedy mentioned the facilitator would more than likely speak to the three committees to gather the members' feedback and input.

18. CIP UPDATE

Mr. Kennedy reported RMWD wrote a check to Caltrans for \$1 million toward the Highway 76 project.

Discussion ensued regarding sewer treatment options and capacity. Mr. Kennedy clarified the Raftelis report would not address sewer capacity fees.

It was confirmed FPUD's Board recently voted in favor of raising their rates.

Mr. Kennedy continued with the CIP update.

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

There were no items suggested.

20. ADJOURNMENT

Action:

Moved by Member Stitle to adjourn. Seconded by Member Carlstrom.

After consideration, the motion CARRIED by the following vote:

AYES: Member Stitle, Member Carlstrom, and Member Hensley

NOES: None

ABSTAINED: None

ABSENT: Member Ross, Member Lucy, Member Clyde, and Member Fagan

The meeting adjourned at 3:06 p.m.

Harry Stitle, Committee Chairperson

Dawn M. Washburn, Board Secretary