

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
OCTOBER 13, 2020**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order on October 13, 2020 by Chairperson Nelson in the Board Room of the District Office at 3707 Old Highway 395, Fallbrook, CA 92028 at 1:00 p.m. Chairperson Nelson presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

Present: Member Hensley (*via video conference*), Member Johnson (*via video conference*), Member Nelson, Member Ross (*via video teleconference*), Member Moss.

Also Present: General Manager Kennedy, Finance Manager Largent, Executive Assistant Washburn, Information and Technology Specialist Espino.

Absent: Member Gasca.

Present via Teleconference or Video:

Senior Accountant Rubio.

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 via teleconference or video conference.

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

There were no changes to the agenda.

*6. **APPROVAL OF MINUTES**

A. September 8, 2020

Motion:

To approve the minutes.

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

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

Ayes: Member Hensley, Member Johnson, Member Moss, Member Nelson, Member Ross.

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

There were no comments.

8. GENERAL MANAGER COMMENTS

Mr. Kennedy posed a question to this committee regarding whether they would prefer to have two SDCWA representatives attend a future committee meeting to provide some outreach and explain the Regional Conveyance System project. He pointed out the information to be provided was confirmed to be the same as was presented previously; therefore, he wanted to know the committee's preference. Ms. Moss stated if the information has not changed since the previous information provided, there was no need to invite SDCWA to attend a committee meeting. There was no objection from the other committee members.

Mr. Kennedy stated whenever there is a potential COVID-19 exposure at the District, the committee may be required to attend a meeting via teleconference or video teleconference to prevent any transmission throughout the organization.

9. FINANCE MANAGER COMMENTS

Ms. Largent reviewed this list of projects on which she was currently working.

Mr. Nelson asked if there was a difference in rates going from Category A to Category C. Mr. Kennedy explained the requirements for customers to qualify for PSWAR which could increase or reduce the number of RMWD participants. Discussion ensued.

10. COMMITTEE MEMBER COMMENTS

Mr. Hensley asked if the ten-year plan was for going forward or backward. Ms. Largent stated it would be going backward. He asked if this was required as part of the audit. Ms. Largent clarified it was not part of the audit but rather part of the GFOA best practices.

Mr. Nelson mentioned he has received information regarding two Harvard students who are available to serve as interns while they train for the Olympics. He asked if RMWD would be interested in learning more about the students. Mr. Kennedy asked Mr. Nelson to forward their information to him so he could determine if either would be a fit as well as a benefit to the District.

11. WATER SERVICE UPGRADE PROJECT UPDATE

Mr. Kennedy reported he has just been informed 2,000 meters have been replaced and how the project was moving along a little faster than initially anticipated. He said those customers whose meters have been replaced when the project began will receive a postcard explaining what has been done to their services, the benefits they have, as well as information on Flume devices.

***12. DISCUSSION REGARDING REQUEST FOR VARIANCE FOR MS. ROSS**

Ms. Largent noted these requests initially went to the Engineering and Operations Committee for review; however, it was since determined this was more of a finance matter. She referenced the request for variance as well as the Board action letter provided as handouts as she explained some of the details of the request and information gathered.

Mr. Kennedy pointed out the agreement, when signed, is recorded to the property and states if the water use is increased, the property owners would be responsible for back charges. Ms. Moss asked if the customer would be required to upgrade their meter size. Mr. Kennedy stated the District does not have a policy in place for such a requirement.

Mr. Hensley inquired as to why this was a variance. Ms. Largent stated it was less than twelve months. Mr. Kennedy added the Administrative Code does not allow this size meter on a lot larger than one-half an acre and how the Board decided all variances would be addressed on a case-by-case basis.

Mr. Ross asked if RMWD monitors the water usage over time. Mr. Kennedy stated a staff member will review the accounts periodically.

Motion:

To recommend the Board approve Option 1 – Approve the variance to Ordinance No. 19-04 to allow a property larger than 0.5 acres to qualify for capacity class B and approve the New Water Service Agreement.

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

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

Ayes: Member Hensley, Member Johnson, Member Moss, Member Nelson, Member Ross.

13. AUDIT UPDATE

Ms. Largent reported RMWD has received its draft audit report which she was in the process of reviewing. She noted the District received a clean report letter from the auditors which was very important. She stated there were a few items in the other comments letter written to District management which was not uncommon.

Ms. Largent noted the audit was scheduled much earlier this year which she hopes will be the practice going forward.

Mr. Nelson asked if RMWD would receive an award as a result of the clean audit. Ms. Largent explained RMWD could be a recipient of the award.

The committee congratulated Ms. Largent for the excellent results.

14. DISCUSSION REGARDING RATE CHANGES

Ms. Largent explained this item provides for an opportunity to discuss potential rate increases that will be effective in January 2021 according to the approved budget. She stressed the importance of not going another year without passing through SDCWA costs to the customers. She said she will provide various rate models to provide at the next committee meeting from which the committee will be able to determine the best means of proceeding.

Mr. Kennedy pointed out the Board will be considering any proposed rate changes at their December 8, 2020 Board meeting.

Discussion ensued.

Mr. Kennedy pointed out there will be no new net revenue to RMWD. He also pointed out a rate comparison will be provided to the committee at the next meeting and information will also be included in the next newsletter.

Mr. Hensley requested additional information regarding the fixed cost distribution be shared with the committee.

Ms. Johnson suggested RMWD staff provided the CSUSM students with very specific goals to achieve the maximum benefit. She noted this project will be very valuable to the students.

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

Ms. Largent stated she will have a more in-depth review for the committee at the November meeting; however, she wanted to review any updates made to the reports provided.

Discussion ensued regarding possible uses for the current District headquarters lot.

Mr. Nelson referenced Page 21-24 of the agenda packet as he asked for clarification. Ms. Largent provided clarification in all the areas of concern. Discussions followed.

Mr. Nelson asked if it would be basically correct to state the list provided on Pages 27 and 30 may change. Ms. Largent pointed out Page 27 will not change without Board approval and Page 30 will continue to evolve. Discussion followed.

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

It was noted a WSUP update, audit review, and potential rate changes should be on the next committee agenda.

17. ADJOURNMENT

The meeting was adjourned by Member Nelson.

The meeting adjourned at 2:09 p.m.

Flint Nelson, Committee Chairperson

Dawn M. Washburn, Board Secretary