

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING  
OF THE RAINBOW MUNICIPAL WATER DISTRICT  
MARCH 8, 2016**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order by Chairperson Stitle on March 8, 2016 in the Board Room of the District Office at 3707 Old Highway 395, Fallbrook, CA 92028 at 1:02 p.m. Chairperson Stitle presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

**Present:** Member Stitle  
Member Clyde  
Member Hensley (*Arrived at 1:28 p.m.*)  
Alternate Moss

**Absent:** Member Carlstrom  
Member Ross

**Also Present:** General Manager Kennedy  
Executive Assistant Washburn  
Finance Manager Martinez  
Engineering Manager Kirkpatrick  
Meter Services Crew Leader Diaz

There was one public member present.

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

There were no comments.

**COMMITTEE ACTION ITEMS**

5. **COMMITTEE MEMBER COMMENTS**

There were no comments.

\*6. **APPROVAL OF MINUTES**

A. February 9, 2016

**Action:**

***Moved by Member Clyde to accept the minutes as presented. Seconded by Member Moss.***

***After consideration, the motion CARRIED by the following vote:***

**AYES:** Members Stitle, Moss, and Clyde  
**NOES:** None  
**ABSTAINED:** None  
**ABSENT:** Members Ross, Carlstrom, and Hensley

**7. UPDATES**

**A. Strategic Plan**

Mr. Kennedy talked about the document provided to the Committee that was approved by the Board of Directors at their last meeting. He pointed out this document includes the specific goals and objectives related to the Strategic Plan with the main focus areas broken down into categories and sub-categories with detailed objective and department areas of responsibilities, expected completion dates, as well as some sort of measurement of success. He clarified GFOA stands for Government Finance Officers Association.

Mr. Kennedy reviewed the fiscal responsibility portion of the goals and objectives. He explained the budget will look different with more connection to strategic planning as well as the goals and objectives.

Mr. Clyde requested the goals and objectives document be emailed to the Committee Members.

Mr. Stitle inquired as to whether RMWD had actually physically started on the budget process. Mrs. Martinez stated she has been working with Springbrook on the setup and she will be scheduling a fast track process for the budget process. She verified Springbrook has accepted all the data.

Mr. Kennedy continued to review the goals and objectives noting RMWD will take a look at the reserves and investment policies which the Committee will review and in turn make a recommendation to the Board for their consideration in terms of 2016 reserves and investments. He recommended this be something done on a regular basis to allow exploration of different investment vehicles to make sure the best decisions are made.

Discussion ensued regarding labor negotiations and some of the steps involved.

Mr. Kennedy gave an update related to changing the look of and information provided on the RMWD bills, elaborated on the importance District of Distinction program and how the steps involved for it to be achieved by RMWD, as well as enhancing information to customers in regards to their consumption through AMI. Discussion followed.

Mr. Ratican stated he has spent 35 years processing and working with state agencies. He recommended RMWD have a line item for water resources/conservation due to the fact the state will be looking at this closer. Mr. Kennedy offered to meet with Mrs. Gray to see if they can come up with something to bring to the Board at the next quarterly update.

**B. CIP with Update from Developers as to Dates**

Mrs. Kirkpatrick presented another developer update spreadsheet she provided to the Committee. She noted those developments with which she has been in constant contact. Discussion ensued regarding the Horse Ridge Creek development.

**C. Accela (Springbrook)**

Mrs. Martinez reiterated last week staff went through the first session involving the utility billing which was more of a setup process. She noted there were two major issues being reviewed, one being sewer being calculated on an average whereas RMWD goes by the lowest. She explained they do not do any customization; therefore, there will be ticket order placed to see if they can cater to the District's needs. She noted the second issue had to do with allocations which may require staff to clean this up manually on a monthly basis to update on the TSWAR accounts. She mentioned the second session will be a follow up once these ticket items are completed, the third session involves training, and the fourth session will be to go live.

Discussion ensued.

***Mr. Hensley joined the meeting at 1:28 p.m.***

*Discussion returned from Item #9.*

Mr. Kennedy pointed out another change to the Administrative Code was to allow for some additional methods of payment. He clarified any amounts over \$50,000 will be paid by check with the exception of SDCWA who requires wire transfer. Discussion ensued regarding means of internal controls over wire transfers.

Mr. Hensley encouraged staff to make sure there was some type of documentation showing who the vendor is in order to prevent money being paid to false vendors. Discussion ensued regarding setting up parameters to keep this from happening at RMWD.

It was noted the Budget and Finance Committee has reviewed this matter and a specific proposal will be brought to the Committee for evaluation.

*Discussion went to Item #10.*

**8. MONTHLY WATER AND SEWER SALES REPORT WITH PROJECTIONS FOR REMAINDER OF YEAR**

Mrs. Martinez talked about the report provided to the Committee. She noted she did not work on the sewer sales at this time due to other pressing items coming up that will be discussed in Item #9.

**9. DISCUSSION REGARDING HOW TO ADDRESS DELINQUENT ACCOUNTS**

Mrs. Martinez explained there have been several customer calls due to a recent change to an old policy that was set in place several years establishing a waiver of charges policy. It was when Section 8 of the Administrative Code was adopted, it did not have any provisions for waiving late fees.

Mr. Kennedy asked the Committee Members to look at Mrs. Martinez's proposal for a policy where customers who have incurred a late fee within a two year period, that late fee can be waived. Discussion ensued regarding how RMWD could possibly notify landlords of their tenants not paying their bills and thereby incurring late fees.

**Action:**

***Moved by Member Moss the Committee waive the late fees once every two years for accounts normally in good standing. Seconded by Member Hensley.***

***After consideration, the motion CARRIED by the following vote:***

**AYES:** Members Stitle, Clyde, Moss, and Hensley  
**NOES:** None  
**ABSTAINED:** None  
**ABSENT:** Members Ross and Carlstrom

*Discussion returned to Item 7C.*

**10. DISCUSSION AND POSSIBLE ACTION REGARDING LOCKED METERS AND METER DOWNSIZING**

Mr. Kennedy recalled when the Cost of Service Study was completed, the Committee talked about what to do with locked meters at some length including the RMWD policy allowing for a waiver of all SDCWA fees, half of RMWD's fees, and fixed pump charges. He explained when the study was done, Proposition 218, the San Juan Capistrano case, as well as the 2009 Paland case were taken into consideration. He stated the courts were very clear in their decision in the Paland case which was directly related to locked meters. He said after reviewing this information very closely with the assistance of Legal Counsel, it was determined that because the decision to discontinue water service was a voluntary act by the property owner that cannot be anticipated by the District in advance, it would not be in compliance with Proposition 218. He said it was not found anywhere in the Administrative Code where RMWD has a lock off fee. He explained this matter could be the District at some type of risk.

Mr. Kennedy stated in order to for RMWD to be in compliance, it was necessary to determine how this matter should be addressed. He reviewed some of the options for the Committee to consider. Discussions ensued.

Mr. Kennedy explained the other aspect of this was to set something in the Administrative Code to allow property owners to at a maximum of once per year change their character of service according to the definitions in the Administrative Code subject to RMWD's approval. He noted this would give the District a process to where a property owner would come in and demonstrate they qualify for a character of service change. He verified there would be a notification sent out to those customers who may benefit from this opportunity.

Mr. Diaz stated he would have a report on the meter classifications before the next Board meeting.

Mr. Kennedy clarified he wanted to present this to the Committee to see if there were any red flags in the proposed policy changes. He pointed out there would be a discussion at the next Board meeting regarding this matter including possibly revising the interpretation of the Administrative Code fees and charges.

Mrs. Kirkpatrick mentioned some customers will be happy to downsize their meters; however, there will be others who will want to keep their meters without paying the unlocked charges.

**11. MONTHLY FINANCIAL REPORT**

Mrs. Martinez and Mr. Kennedy reviewed the monthly financial report handouts provided with the Committee.

Mr. Hensley requested summaries of these reports rather than so many pages of details.

**12. REVIEW OF GROUNDWATER ISSUE**

Mr. Kennedy reported the formation of the GSA's is moving forward. He stated this means RMWD will be proceeding with the San Luis Rey Municipal Water District to form a GSA in this area. He mentioned he has retained a groundwater attorney to provide RMWD with specific advice regarding this matter. Discussion ensued regarding the anticipated completion dates.

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

It was noted a description of the budget process and timelines as well as financing the Master Plan should be on the next agenda.

**14. ADJOURNMENT**

*The meeting was adjourned with a motion made by Member Clyde and seconded by Member Hensley.*

The meeting adjourned at 3:06 p.m.

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**Harry Stittle, Committee Chairperson**

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**Dawn M. Washburn, Board Secretary**