

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING  
OF THE RAINBOW MUNICIPAL WATER DISTRICT  
FEBRUARY 11, 2020**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order on February 11, 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 Ross, Member Gasca, Member Nelson.

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

**Absent:** Member Hensley, Member Moss.

No members of the public were present.

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

There were no changes.

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

There were no comments.

6. **COMMITTEE MEMBER COMMENTS**

There were no comments.

\*7. **APPROVAL OF MINUTES**

A. January 14, 2020

***Motion:***

***To approve the minutes as written.***

***Action: Approve, Moved by Member Gasca, Seconded by Member Ross.***

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

***Ayes: Member Ross, Member Gasca, Member Nelson.***

**8. 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
- F.** Cash Reserve Compliance Report

Ms. Largent pointed out the Statement of Revenue and Expenses as well as the Balance Sheets were not quite ready to be presented. She noted there were Treasurer Reports for three months included in the handouts. She explained the utility billing software mapping was set up incorrectly and needed to be rebuilt.

Discussion ensued regarding the development report. Mr. Kennedy asked for Meadowood to be removed from the list until further notice and Campus Park West be added.

**9. AUDITOR CONTRACT**

Ms. Largent referenced the new Request for Proposal for auditor firms noting another option would be to extend the current auditor's contract. Discussions ensued regarding concerns with continuing with the same auditor after three years.

Mr. Kennedy pointed out the Board would need to determine whether to solicit for a new auditor or continue with the existing firm.

**\*10. DISCUSSION REGARDING ADMINISTRATIVE CODE SECTION CHAPTER 5.02 – PURCHASING**

Ms. Largent solicited the committee for feedback as to what areas should be updated within RMWD's purchasing policy. She referenced the last section of the policy as she suggested possibly proposing an increase to the approval limits. Mr. Nelson inquired as to what other districts have in place in terms of the approval limits. He recommended comparing what other local agencies have in place. Ms. Largent agreed to obtain some comparisons.

Mr. Kennedy mentioned some challenges involved with obtaining three quotes for projects over \$500-\$5,000. Mr. Ross recommended this be compared with other local agencies as well. Ms. Largent acknowledged the request.

Mr. Nelson inquired as to amount of required liability insurance. Mr. Kennedy noted \$1 Million was the industry average. Mr. Nelson also asked about the bid security and performance bond under Item #9. Mr. Kennedy agreed to investigate this further. Mr. Nelson recommended the \$5,000 be raised to a much amount since it triggers the 10% security and 100% performance bond which would eliminate the need for these two requirements. Mr. Kennedy proposed striking it because the formal bid section gets into matters over \$35,000 and may be based on the type of project.

It was noted Ms. Largent will provide a redline of proposed amendments to the policy to the committee next month at which time the committee may recommended additional changes or make a recommendation to the Board to consider approval.

Ms. Largent pointed out the committee may want to recommend updates to the emergency purchase language such as authorizing emergency purchases when delaying a purchase would cause extreme cost increases for a project. Mr. Gasca asked if updates will need to be made to software applications should the Board approve increasing some of these spending limits. Ms. Largent explained there would be some work involved with updating the applications; however, the proposed revisions would make processes much easier for staff overall.

## **11. WSUP UPDATE**

Mr. Kennedy reported the project was underway with a RMWD staff being a couple hundred services ahead of the contractor. He noted the vacuum excavator crew took a week to get the process down and how the machine came with a faulty fuel filter valve which was fixed immediately by the vendor. He noted the vendor has a new work management software platform they would like RMWD to utilize for documentation for the purposes of this project; however, RMWD has not yet seen a demonstration showing the data will be exchanged correctly. He also mentioned there are some areas where backflow devices located very close to the meter box which has caused the need to make some adjustments to the process. He talked about some of the other options that have been discussed. He reported overall the project was on pace at this time.

Mr. Gasca suggested the ongoing communications to the customers on the website as well as in the newsletter include how many meters have been replaced, the divisions in which the work is being conducted, how much of the budget has been spent on the project to date, and ongoing progress as a means of assisting the understanding of the work taking place while demonstrating the District was being good stewards of the finances related to this project. Discussion ensued.

## **12. GENERAL MANAGER COMMENTS**

Mr. Kennedy reported Otay Water District has filed suit against RMWD on the possible detachment from SDCWA on the claim RMWD did not analyze the impact on the San Joaquin Sacramento River Delta. He mentioned Otay Water District was also suing Fallbrook Public Utility District based on the same allegations being made against RMWD. He explained RMWD would be addressing this matter within the court system.

Mr. Nelson inquired as to size of LAFCO's application packet. Mr. Kennedy explained the information requested or required has increased the size of the packet itself.

Mr. Kennedy reported on the recent leak causing damage to a residence on 1<sup>st</sup> Street and how the damage was under assessment.

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

It was noted the financial reports, procurement policy, WSUP progress update including communications, and report on finance and customer service staff anticipated training attendance be on the next agenda.

**14. ADJOURNMENT**

The meeting was adjourned by Chairperson Nelson.

The meeting adjourned at 2:00 p.m.

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**Flint Nelson, Committee Chairperson**

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**Dawn M. Washburn, Board Secretary**