

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
DECEMBER 8, 2015**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order by Chairperson Stitle on December 8, 2015 in the Board Room of the District Office at 3707 Old Highway 395, Fallbrook, CA 92028 at 10:00 a.m. Chairperson Stitle presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

Present: Member Stitle
Member Ross
Member Clyde
Member Moss

Absent: Member Hensley
Member Carlstrom
Member Lucy

Also Present: General Manager Kennedy
Finance Manager Thomas
Finance Manager Martinez

There were no members of the public present.

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

There were no public comments.

COMMITTEE ACTION ITEMS

5. **COMMITTEE MEMBER COMMENTS**

There were no comments.

*6. **APPROVAL OF MINUTES**

- A. October 13, 2015
- B. November 10, 2015

Action:

Moved by Member Clyde to approve the minutes of October 13, 2015 and November 10, 2015 as submitted. Seconded by Member Ross.

After consideration, the motion CARRIED by the following vote:

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

7. GENERAL MANAGER UPDATE/BOARD MEETING REVIEW

A. Introduction of Vanessa Martinez

Mr. Kennedy introduced Mrs. Martinez, Finance Manager, who started at working at RMWD on November 23, 2015. He pointed out Mrs. Martinez will be working with Ms. Thomas over the next month as part of the transition due to Ms. Thomas' upcoming retirement. Mrs. Martinez briefed the committee on her background including being a licensed CPA.

Mr. Kennedy mentioned as of today RMWD has received eight protest letters in response to the rate hearing notifications. Discussion ensued.

8. DRAFT AUDIT REVIEW

Mr. Kennedy stated this was brought to the Committee Members to review and possibly make some revisions. Mrs. Martinez mentioned there was a mandatory requirement throughout all employers relating to more disclosure. She noted all organizations have been impacted on the new requirements.

Ms. Thomas talked about CalPers and infrastructure investments. Discussion ensued regarding employees funding their own CalPers contributions.

Mr. Kennedy pointed out the audit report reflects a net operating loss which not a real loss of monies. He stated starting January 1, 2016 RMWD would starting narrowing where the District will be in an effort to make more accurate forecasts. He talked about how the development could impact the District. Discussion followed.

Mr. Kennedy mentioned there will be a full professional salary survey conducted which will be utilized in the budget process.

Mr. Clyde referenced Page 8 of the audit report (Table 3) as he asked for clarification on the information provided. Mrs. Martinez explained this was language from the prior year that carried over that does not apply. Mr. Clyde also asked about property plant and equipment not being included in the chart provided. Mr. Kennedy explained he thought the auditors were using property and plant equipment that may have been left over from the Morro tank project in 2014. It was noted this information needs to be revised in the report.

Mr. Stitle noted the word "contributions" was spelled incorrectly in the table on Page 7.

Mr. Kennedy talked about the steps that would be need to be taken during the next budget process, especially if the rate stabilization fund is approved by the Board on December 15, 2015.

Discussion ensued regarding pipe inventory.

9. UPDATES

A. Raftelis – Preliminary Review of Financial Model

Mr. Kennedy said once the Board decides whether to approve the financial model, he thinks it would be prudent to have Raftelis walk the committee through how to use it. He noted training was part of the contract. He pointed out how important this model will be when it comes to looking at sales and making informed decisions about what future steps should be taken.

B. Strategic Plan

Mr. Kennedy announced the Strategic Plan approval has been moved to the Board meeting scheduled in January. He noted the comment period was originally open until November 30, 2015; however, due to public members calling with comments it was extended to December 15, 2015. He stated the draft should be ready for Board consideration at their January meeting.

C. CIP

Ms. Thomas explained because of the Springbrook transition, the CIP sheet will not be available until the January meeting.

D. Accela (Springbrook)

Ms. Thomas said she was working on making sure what is budgeted gets posted due to the fact RMWD was currently working with two programs.

Mrs. Martinez stated she was working with Accela to get balances brought over from Datastream into Springbrook as well as importing the budget so that the accounting side of Springbrook can be completely utilized. She pointed out they were going over the payroll data to check for accuracy.

Ms. Thomas explained the next step would be to get Springbrook to get purchase orders and work orders tied into the payroll and asset management.

Ms. Thomas announced she will be retiring on January 8, 2015; therefore, this will be her last committee meeting.

E. CalPers

This item was discussed under Item #8.

10. MONTHLY WATER SALES REPORT

Discussion ensued regarding the information provided in the report.

Ms. Thomas mentioned some of the positive feedback she has received from some customers regarding their allocations as well as some crops doing very well.

11. MONTHLY FINANCIAL REPORT

Mr. Kennedy stated the committee will have this report next month.

12. REVIEW OF GROUNDWATER ISSUE

Mr. Kennedy stated RMWD was waiting to get the final report from West Yost Associates.

13. DISCUSSION AND POSSIBLE ACTION REGARDING COMMITTEE MEMBERSHIP CHANGES

It was decided this should be discussed at the next meeting.

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

It was noted the Raftelis, Strategic Plan, CIP and other reporting should be on the next agenda. Mr. Stitle confirmed the CalPers item was complete. Mr. Clyde requested an update from all the developers and what was happening with their developments.

Ms. Thomas thanked the committee. She said it was enjoyable working with this committee. She acknowledged the members were always prepared as well as willing to support RMWD's decisions and recommendations. She stated she felt comfortable passing the torch to Mrs. Martinez and the department. Mr. Kennedy and the committee members thanked Ms. Thomas for her efforts.

15. ADJOURNMENT

Action:

Moved by Member Ross to adjourn the meeting. Seconded by Member Clyde.

After consideration, the motion CARRIED by the following vote:

AYES: Member Stitle, Member Ross, Member Clyde and Member Moss

NOES: None

ABSTAINED: None

ABSENT: Member Hensley, Member Carlstrom, and Member Lucy

The meeting adjourned at 11:05 a.m.

Harry Stitle, Committee Chairperson

Dawn M. Washburn, Board Secretary