

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
JULY 10, 2018**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order on July 10, 2018 by Chairperson Stitle in the Board Room of the District Office at 3707 Old Highway 395, Fallbrook, CA 92028 at 1:00 p.m. Chairperson Stitle presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

Present: Member Stitle, Member Hensley, Member Moss, Member Gasca, Alternate Nelson.

Also Present: General Manager Kennedy, Executive Assistant Washburn, District Engineer Strapac, Interim Operations Manager Gerdes, and Administrative Analyst Gray.

Absent: Member Ross.

Four members of the public were present.

4. **SEATING OF ALTERNATES**

Mr. Stitle seated Mr. Flint as an alternate.

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

There were no changes to the agenda.

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

There were no public comments.

COMMITTEE ACTION ITEMS

7. **COMMITTEE MEMBER COMMENTS**

There were no comments.

*8. **APPROVAL OF MINUTES**

A. June 12, 2018

Mr. Gasca pointed out in Paragraph 9 second sentence should read "how the decision was made".

Motion:

To Approve the minutes as revised.

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

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

Ayes: Member Stitle, Member Hensley, Member Moss, Member Gasca, Alternate Nelson.

9. ABM PRESENTATION

Mr. Kennedy introduced Harvey Katzen who will be presenting information on the Districtwide Meter Replacement Project (Investment Grade Audit Report).

Mr. Katzen presented a summary of the information contained in the report, noting he may refer committee members to the hard copy of the report provided as handouts. He pointed out the key takeaways are: 1) they are here to talk about upgrading RMWD's meter infrastructure by replacing more than 7,700 meters district-wide that are mostly very inaccurate and most certainly beyond their useful life, 2) they have developed a project that will significantly reduce the non-revenue water created by these inaccurate meters, 3) they will provide all of this in a project that is completely turnkey that has a guaranteed maximum cost, no change orders, and no capital outlay is required, and is completely funded from the revenues generated by the project, and 4) the results of this project will be financially guaranteed by ABM so any risk is taking away. Mr. Katzen introduced the team who helped develop the project.

Discussions ensued as the presentation continued.

Mr. Katzen explained the lease term being based upon the amount of the project costs and the interest rate as well as what it will take to budget neutral the project over the term of the lease so there will be no negative coming back to RMWD. Discussion followed.

Mr. Katzen presented information on the delivery, integration, test pilot project, and proposed scheduling. Discussion ensued regarding the meter replacement process.

Motion:

To go for a lock-in and subject to Board approval, RMWD go forward with the contract.

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

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

Ayes: Member Stitle, Member Hensley, Member Moss, Member Gasca, Alternate Nelson.

10. AMI UPDATE

Discussion ensued regarding the new devices from Flume Technologies and how they could possibly benefit the customer. It was noted a pilot program was being put together for testing purposes.

Discussion ensued regarding strategic planning.

Mr. Kennedy pointed out should the test results be positive, it will be a matter of considering the costs and risks involved as well as setting policy. He noted this would be something reviewed by the committee prior to being presented to the Board for approval and policy setting.

11. STRATEGIC PLAN

Mrs. Gray presented the fiscal responsibility strategic plan goals and objectives. Mr. Kennedy explained staff would like the committee's input on the information listed in the fiscal responsibility area including considering whether sub-objectives should be added to assist with reaching the stipulated goals. He offered to have the Strategic Plan emailed to the committee members for their convenience.

12. REVIEW THE FOLLOWING:

- A. Income Statement
- B. Balance Sheet
- C. Cash Flow
- D. Treasurer's Report

Discussions took place regarding this information provided in the handouts.

Mrs. Martinez announced a kickoff meeting took place with ADP as well as the auditors will be at the District next week.

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

It was noted capitalization policy, unclaimed checks, financial statements, and strategic plan will be on the next committee agenda.

14. ADJOURNMENT

The meeting was adjourned by a motion made by Member Moss and seconded by Member Hensley.

The meeting adjourned at 3:38 p.m.

Harry Stitle, Committee Chairperson

Dawn M. Washburn, Board Secretary