

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING  
OF THE RAINBOW MUNICIPAL WATER DISTRICT  
JUNE 14, 2016**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order by Chairperson Stitle on June 14, 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 Ross, Member Hensley, Member Clyde, General

**Absent:** Member Moss

**Also Present:** General Manager Kennedy, Executive Assistant Washburn, Finance Manager Martinez, Engineering Manager Kirkpatrick, Administrative Analyst Gray

One members of the public was present.

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

There were none.

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

There were no comments.

**COMMITTEE ACTION ITEMS**

6. **COMMITTEE MEMBER COMMENTS**

There were no comments.

\*7. **APPROVAL OF MINUTES**

A. May 10, 2016

Mr. Stitle originally stated that he was marked absent although he was present at the May 10, 2016 meeting however it was confirmed later in the meeting that he was not present this meeting. No changes to the minutes were necessary.

***Motion:***

***To accept the minutes.***

***Action: Approve, Moved by Member Hensley, Seconded by Member Clyde.***

***Vote: Motion carried by unanimous roll call vote (summary: Ayes = 4).***

***Ayes: Member Stitle, Member Ross, Member Hensley, Member Clyde.***

**8. DISCUSSION AND POSSIBLE ACTION TO APPROVE 2016/2017 FY BUDGET**

Mr. Kennedy gave the discussion over to Mrs. Martinez who then introduced the Annual Operation and Capital Improvement Budget and began her presentation. Mr. Kennedy made a request to bring a discussion back next month in consideration of a small rate increase prior to the January 2017 projected increase allowing two small increases in lieu of one large one.

Mr. Kennedy stated the District will be taking a close look at the wastewater budget, examining cost involved and reviewing options such as contracting services in order to smooth out expenses. Mr. Kennedy added that there will be a shifting of funds and a possible reduction of sewer rates and added that research on relevant grant funding would continue. Open discussion among the committee members arose.

Mrs. Martinez pointed out that proposed rates are not included in the annual budget as there maybe changes due to possible capacity fees increasing. Mrs. Martinez explained that a rate increases would bring more profits and the rate structure presented in the budget documents is a worse-case scenario and very conservative.

***Motion:***

***Recommendation to the Board to approve the budget.***

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

***Vote: Motion carried by unanimous roll call vote (summary: Ayes = 4).***

***Ayes: Member Stitle, Member Ross, Member Hensley, Member Clyde.***

**9. DISCUSSION REGARDING INTERNAL CONTROLS FOR VENDOR SETUP**

Mr. Kennedy explained that this was to address Mr. Hensley's concerns regarding internal controls. Mrs. Martinez explained the process through finance for separating the task of accepting vendors in the system from staff scanning of vendor payments. She added that at the next meeting there will be a demonstration of financial practices in Springbrook our new financial software.

**10. DISCUSSION REGARDING METER CLASSIFICATIONS**

Mrs. Martinez asked for clarification on this topic. Mr. Stitle explained that this was regarding pairing suitable meter sizes with consumption. Mr. Kennedy stated there may be a change at the State level enacting a change to Proposition 218 allowing conservation pricing. Mr. Kennedy added that we can however change the current block rates adding that a capacity study will be useful in assessing the right size meter based on consumption. Mr. Kennedy indicated a Request for Information (RFI) with reference to asset evaluation has been completed however he has not seen the documentation as of yet.

Mr. Kennedy pointed out he will be meeting with SDG&E and Itron to discuss new innovative automated meter reading alternatives. Mr. Stitle asked if we have examined alternate energy sources for electricity. Mr. Kennedy asked if there was a particular program he was interested in and discussion ensued.

**11. MONTHLY FINANCIAL REPORT**

- A. Balance Sheet
- B. Financial Statement

General Ledger's balance sheets were provided for each fund and reviewed by the committee. Close examination of the documents continued. Mr. Stitle requested the column headers be included on each page of the document spreadsheets. Mr. Kennedy invited the committee to submit any additional change requests for these reports prior to the next meeting.

**12. DISCUSSION AND POSSIBLE ACTION REGARDING COMMITTEE MEMBERSHIP**

Mr. Kennedy recommended Mrs. Martinez as an alternate member for this committee and suggested the committee's recommendation be brought before the Board of Directors for action at their next meeting.

***Motion:***

***To have Vanessa Martinez added to the Budget and Finance committee as an alternate.***

***Action: Moved by Member Stitle, Seconded by Member Ross.***

***Vote: Motion carried by unanimous roll call vote (summary: Ayes = 4).***

***Ayes: Member Stitle, Member Ross, Member Hensley, Member Clyde.***

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

It was noted a Springbrook demonstration will be conducted at the next meeting. Also there will be items for the variance on sewer costs, strategic plan update, parliamentary procedure review and development update on the next meeting agenda.

**14. ADJOURNMENT**

***Motion:***

***Action: Adjourn, Moved by Member Clyde, Seconded by Member Ross.***

***Vote: Motion carried by unanimous roll call vote (summary: Ayes = 4).***

***Ayes: Member Stitle, Member Ross, Member Hensley, Member Clyde.***

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**Harry Stitle, Committee Chairperson**

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**Dawn M. Washburn, Board Secretary**