



**12. OUTSTANDING CONSTRUCTION UNITS REPORT**

**13. REVIEW THE FOLLOWING:**

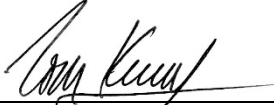
- A. Statement of Revenue and Expenses
- B. Balance Sheet
- C. Treasurer's Report

**14. MEMORANDUM OF UNDERSTANDING WITH EASTERN MUNICIPAL WATER DISTRICT UPDATE**

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

**16. ADJOURNMENT**

**ATTEST TO POSTING:**



FOR: Carl Rindfleisch  
Secretary of the Board

8-29-19 @ 1:15 p.m.

Date and Time of Posting  
Outside Display Cases

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING  
OF THE RAINBOW MUNICIPAL WATER DISTRICT  
AUGUST 13, 2017**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order on August 13, 2019 by Chairperson Stitle in the Board Room of the District Office at 3707 Old Highway 395, Fallbrook, CA 92028 at 1:05 p.m. Chairperson Stitle presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

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

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

**Absent:** Member Ross, Member Moss, Customer Service Supervisor Rubio.

Two members of the public were present.

4. **SEATING OF ALTERNATES**

Mr. Nelson was seated as an alternate.

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

Ms. Largent recommended deleting Item #14 from the agenda due to incomplete year-end journal entries to avoid any confusion.

Mr. Kennedy requested an item to be added to the agenda as Item #15A to address the upcoming SDCWA emergency shutdown.

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

There were no comments.

7. **COMMITTEE MEMBER COMMENTS**

Mr. Gasca introduced Todd Broderick as a customer interested in attending the committee meeting. Mr. Kennedy mentioned the makeup of the committee members.

\*8. **APPROVAL OF MINUTES**

A. July 9, 2019

***Motion:***

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

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***DRAFT***

***DRAFT***

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

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

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

## **9. SURPLUS PROPERTY REPORT**

Mr. Kennedy referenced the surplus property list provided by Mr. Strapac as a handout as he described some of the properties listed. He mentioned the District was currently looking at the Bonsall Reservoir. Ms. Brazier mentioned she has received notification from the County stating the property owner utilizing the Bonsall Reservoir was seeking approvals on certain items so he can put his property up for sale.

Mr. Nelson referenced a Clark Lab Resources handout provided quite some time ago on which one appears to be the Morro Tank on the surplus property report. Mr. Kennedy explained the Morro Tank was not currently in use; therefore, staff was looking to find out the property value. Mr. Nelson asked if both properties were not in use. Mr. Kennedy clarified RMWD does have facilities on one of the parcels. Discussion ensued regarding the demolition of the tank and possible uses for the land. Mr. Kennedy pointed out RMWD would not want to consider selling the property until all opportunities with the City of Oceanside are exhausted.

## **10. OUTSTANDING CONSTRUCTION UNITS REPORT**

Mr. Kennedy referenced the report provided by Mr. Strapac as he talked about the current progress on some of the properties listed. It was noted the Warner Ranch information was incorrect as well as the columns may not be aligned appropriately with properties which Mr. Kennedy agreed to get corrected. He explained there was some potential revenue coming from these developments in the future should development progress continue.

It was noted this will be a standard report for this committee's agenda.

## **11. FINANCIAL SOFTWARE DEMONSTRATION**

Ms. Largent presented an overview of the newly acquired financial software. It was recommended sharing information regarding the new software in the District newsletter.

Mr. Nelson expressed concern with cyber security on the new system as he provided suggestions as to how to protect the District's financial data. Discussion ensued.

Mr. Gasca inquired as to the repercussions RMWD received related to bills being generated later than usual due to the transition. Ms. Largent replied call volume has increased and staff has worked diligently on outwardly communicating the situation in the phone system, on the website, and in the newsletter. She noted relaying information to the customers on the Board's decision to waive the July and August late fees has been beneficial.

## **12. AUDIT UPDATE**

Ms. Largent reported there was no change with the audit scheduled for October 7-10, 2019.

Mr. Stitle inquired as to whether the District would be looking into utilizing another auditor. Mr. Kennedy stated this may be something for the Board to consider.

**13. RATE MODEL UPDATE**

Ms. Largent mentioned there was a large data request from IB Consulting which has mostly been provided so they can start working on the new rate model. She noted the representative will give a presentation at either the September or October committee meeting. She added IB Consulting will need the audited financial or year-end preliminary financials to complete the study. Mr. Kennedy suggested IB Consulting attend the September committee meeting.

Mr. Nelson talked about the discussions held at the Engineering and Operations Committee meeting related to meter sizes and how downsized meters are utilizing more water than they should. He mentioned there may be more outliers utilizing smaller meters than they should be and suggested the District should look into this more carefully as a means of eliminating those outliers. Mr. Kennedy explained as part of the meter replacement program, staff has identified the range of 1 1/2" meters not using much water that will be downsized to determine if consumption increases. He stated the Administrative Code does not provide for provide a great deal of leverage; however, an administrative process may be helpful. He added figuring out how to do the exact same thing in the water rate would provide the District with the ability to not impact individual customers, but rather apply the rates broadly.

Discussion ensued regarding devising an effective rate model system.

**14. REVIEW THE FOLLOWING:**

- A. Statement of Revenue and Expenses
- B. Balance Sheet
- C. Treasurer's Report

This item was deleted from the agenda per Item #5.

**15. MEMORANDUM OF UNDERSTANDING WITH EASTERN MUNICIPAL WATER DISTRICT UPDATE**

Mr. Kennedy reported he, Director Gasca, and Director Hamilton met visited Eastern Municipal Water District (EMWD) where the EMWD approved the Memorandum of Understanding (MOU) between Fallbrook Public Utility District (FPUD), RMWD, and EMWD. He explained the MOU essentially was not necessary to move forward; however, RMWD and FPUD wanted to have the applicable charges, annexation fees, indemnity clause, etc. in writing. He noted the MOU does indicate there are no annexation fees, their charge is \$11.00 over the Metropolitan Water District (MWD) wholesale fee which may change over time, and EMWD cannot charge RMWD more than it costs for bills to be processed since RMWD does not utilize EMWD infrastructure. He mentioned SDCWA was claiming there was a CEQA problem with this MOU which is not the case; however, the MOU was added to include all parties will follow CEQA at such point it was required.

Mr. Kennedy described the next steps in the process is to file for a Sphere of Influence change at Riverside County LAFCO extending EMWD's borders to encompass FPUD and RMWD, as well as work with SDCWA staff and General Counsel to reach a common understanding in terms of state laws, statutes, and regulation codes. He mentioned SDCWA will be holding a Closed Session to discuss this matter at their next meeting at which time he and Mr. Bebee will not be allowed to participate but will have three minutes to speak on the matter prior to the Closed Session taking place.

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He pointed out EMWD, FPUD, and RMWD would apply together to Riverside County LAFCO and how the process is estimated to take approximately four months and how the earliest a resolution of application would be presented to the RMWD Board for consideration would be September 2019. He explained to get this matter on the 2020 Ballot, all the processes need to be completed by June 2020.

Mr. Gasca added meeting all MWD requirements was also taking place through EMWD. Discussion ensued.

Mr. Nelson stated he was in favor of pursuing this change and how he found Mr. Bebee's presentation to the RMWD Board of Directors was impressive, direct, logical, as well as demonstrated a great deal of knowledge and expertise he has regarding the process and how this could be done. Mr. Kennedy explained the three agencies involved believe they have worked out a combined interpretation of the statute and now will work with the fourth agencies to reach a mutually agreeable resolution.

**15A. SDCWA EMERGENCY SHUTDOWN**

(This item was added per Item #5.)

Mr. Kennedy reported received notification from SDCWA regarding a leak near the new bridge built at Camino del Rey to which RMWD responded to determine the cause. He explained it was found not to be on RMWD's line, but rather on SDCWA's 90" line running at approximately 320psi. He noted SDCWA has significant and warranted concerns the line may blow and have, therefore, notified RMWD the line will be shut down immediately so it does not fail catastrophically causing a great deal of property damage. He pointed out other agencies from Lake Skinner to west of I-15 will be impacted. He announced the shutdown is planned for September 9, 2019 lasting for ten days.

Mr. Kennedy stated this shutdown will be a real challenge. He mentioned he is working with the Farm Bureau on outreach, attending a meeting in San Diego to coordinate with MWD and the impacted agencies. He pointed out the most affected agencies will be RMWD and FPUD in that they will need to prohibit all their customers from irrigating for the duration of the shutdown. He noted this shutdown will be costly and how he was asking the Board to consider declaring a water supply emergency at their August 27, 2019 meeting. Discussion followed.

Mr. Nelson expressed concern with the shutdown being conducted during the hottest month of the year when Santa Ana conditions are on the rise. He asked what transpires in the event of a fire. Mr. Kennedy explained water will be moved from both Connections 1 and 10. Mr. Gasca suggested RMWD look at having its open reservoirs accessible for helicopter use should a fire occur. Mr. Kennedy noted RMWD does not have functional open reservoirs. Discussion ensued.

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

It was noted the IBS Consulting, outstanding construction units and surplus property reports will respectively be added to the review item lists, proposed revisions to Administrative Code Policy 8.14, and an emergency shutdown update will be on the next agenda.

Mr. Stille asked for an update on the ABM matter. Mr. Kennedy stated inventory will be conducted after which time a Settlement Agreement will be executed.

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Discussion took place regarding Mr. Broderick's feedback on the committee meeting and functions.

**17. ADJOURNMENT**

The meeting was adjourned by Chairperson Stitle.

The meeting adjourned at 2:33 p.m.

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**Harry Stitle, Committee Chairperson**

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**Dawn M. Washburn, Board Secretary**





**COMMITTEE MEMBERS**

September 10, 2019

**SUBJECT**

BUDGET AND FINANCE COMMITTEE MEMBER REAPPOINTMENTS

**BACKGROUND**

Administrative Code Chapter 2.09 – Committees states “committee members will serve a term of four years and may be reappointed at the will of the Board”. Any time an individual expresses an interest in serving on one of the District’s standing committees, the respective committee will have an item on its agenda to take a recommendation to the Board for their consideration. Once the committee approves such recommendation, the Board will be presented with an opportunity to consider making the appointment official at their next scheduled board meeting. Appointment of committee members is at the Board’s sole discretion and only when a majority of the Board approves an appointment or reappointment will the individual be seated or reseated as an official member.

**DESCRIPTION**

Reappointment of committee members has not taken place; therefore, this item is to provide for each of the committee members listed below to recommend to the Board consideration of their reappointment.

All committees members who have served on the committee for more than four years will need to take this opportunity to inform the committee as to whether they want to continue to serve. The committee will then vote to take a recommendation to the Board to consider all committee member reappointments.

The following is a list of each of the current Budget and Finance committee members as well as their respective committee sign-up and appointment dates for reference:

<b>MEMBER NAME</b>	<b>SIGN-UP DATE</b>	<b>APPOINTMENT DATE</b>
Harry Stittle	August 30, 2010	September 28, 2010
Peter Hensley	October 20, 2012	December 4, 2012
Randy Moss	October 16, 2012	December 4, 2012
Pam Moss	April 3, 2015	July 28, 2015
*Mig Gasca		September 26, 2017
*Flint Nelson	July 27, 2017	October 24, 2017

*(\*Not up for reappointment at this time.)*

**POLICY/STRATEGIC PLAN KEY FOCUS AREA**

Strategic Focus Area Four: Fiscal Responsibility

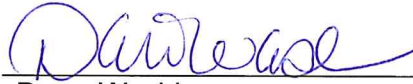
Strategic Focus Area Six: Communication

**COMMITTEE OPTIONS/FISCAL IMPACTS**

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There are no known fiscal impacts.

- 1) Approve recommending the Board consider reappointment of those members interested in continuing to serve on the Budget and Finance committee.
- 2) Defer this item to the next committee meeting.



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Dawn Washburn  
Executive Assistant

September 10, 2019

## **Chapter 2.09 COMMITTEES**

### **Section 2.09 Committees**

The Board shall organize committees that are advisory to the Board with regard to matters within their respective areas of responsibility.

Each committee shall have at least four and no more than seven regular members appointed by a simple majority vote of the Board. Each committee may also have up to two alternate committee members appointed by a simple majority of the Board. Committees may be comprised of Directors, staff, and legal ratepayers of the District. Each committee shall designate their own chairperson. In order to promote attendance by Directors at Committee meetings without inadvertently creating a violation of the Ralph M. Brown Act, no more than one member of the Board of Directors may sit as a member on a Committee. Directors that are not members of a committee may attend as observers but are allowed to participate at the Committee's request.

Members of the committees serve at the pleasure of the Board. Each committee may elect a vice-chairperson. Members of committees, including the chairperson and vice-chairperson shall serve until their successors are appointed. The chairperson of a committee is its presiding officer and shall be responsible for communicating the recommendation of the committee to the Board. In the absence of the chairperson, the vice-chairperson shall perform the duties of the chairperson. The chairperson and vice-chairperson are not deprived of any of the rights and privileges of a committee member by reason of being the presiding officer.

The chairperson and vice-chairperson will hold their positions for one calendar year. Committee members will serve a term of four years and may be reappointed at the will of the Board.

Committee meetings shall be held in accordance with the provisions of the Ralph M. Brown Act. Notice of meetings of committees shall be posted 72 hours in advance pursuant to law and shall be considered regular meetings of the committee.

The committee shall record summary minutes of each lawfully noticed committee meeting. The minutes of each committee meeting and any recommendation of a committee shall include a summary of the information presented. District staff will prepare minutes of each meeting. Draft minutes shall be provided to the District Board and Committee Chairs as soon as practical following the committee meeting, and an approved copy shall be provided to the Directors in their monthly agenda packages.

A majority of the members of each committee shall constitute a quorum for the transaction of business.

Only regular members of the committee are entitled to make, second or vote on any motion or other action of the committee. Alternate members present at a meeting, but not seated as a regular member by the committee Chairperson, may participate in discussions but may not participate in motions or voting. Each committee member shall be entitled to one vote on all matters considered by the committee. A simple majority vote of the members of the Committee shall designate approval of a motion.

All committee member absences will be considered by the majority of the committee members to determine whether or not the absence is without cause. Sickness, jury duty, vacation and/or bereavement will be considered excused absences. When three meetings in a row or a total of six meetings in one calendar year are missed the remaining committee members will consider removal of the individual from the committee. The removal must be voted upon and approved by the majority of the committee members with the exception of the committee member in question.

If the roll call of regular members reveals that a quorum of regular members cannot be established, the Chairperson may appoint one or more alternate members who are present to be a temporary regular member in order to establish a quorum. Once a quorum is established, any remaining alternate member who has not been appointed as a temporary regular member shall remain as an alternate member. Once alternates have been seated as a regular committee member, they may immediately participate in any action taken and voted upon by the committee. All alternates must conform to the same rules as regular committee members. The Chairperson shall state for the record which alternate members have been seated as temporary regular members.

Committee Members and alternates shall comply with the obligations and responsibilities of office including the obligation to comply with the disclosure requirements of the Political Reform Act (Form 700). The reporting categories made applicable to the Directors by Rainbow Municipal Water District's local conflict of code shall apply to the members of the committee members.

All committee communications must go through the designated committee chairperson.

A committee has jurisdiction to consider and make a recommendation to staff, other committees and to the Board regarding any item of business within the responsibility of the committee. Committee recommendations shall be communicated to the Board. A committee may consider other matters referred to it by the Board.

The Board may refer a recommendation back to the committee for reevaluation whenever the Board deems additional evaluation is required.

### **2.09.010 Budget and Finance Committee**

The Committee shall work in concert with the General Manager, Treasurer, and Finance Manager of the District.

The Committee shall be responsible for the review of District finances including: rates, fees, charges and other sources of revenue; budget; audit; investments; insurance; and other financial matters.

### **2.09.020 Engineering and Operations Committee**

The Committee shall work in concert with the General Manager, District Engineer, and Operations Manager.

The Committee shall be responsible to review matters of design, construction, replacement, and repair of the District facilities and property, including: the Capital Improvement Program; contractor selection process; contractor management programs; and other engineering-related matters.

The committee shall also be responsible to review matters of operations, preventative maintenance practices, standard operating procedures, technical services, equipment, and other operations-related matters.

### **2.09.030 Communications and Customer Service Committee**

The Committee shall work in concert with the General Manager.

The Committee shall be responsible for matters of internal and external communications including: positive public image; positive staff relationships; community outreach; media relations; water conservation programs; intergovernmental relations; customer service policies; and other public relations programs.

