

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
DECEMBER 14, 2021**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order on December 14, 2021, by Chairperson Nelson in the Board Room of the District Office at 3707 Old Highway 395, Fallbrook, CA 92028 at 1:04 p.m. *(All meetings are being held with in person attendance following County and State COVID guidelines as well as virtually.)* Chairperson Nelson presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

Present: Member Hensley *(via video conference)*, Member Johnson *(via video conference)*, Member Nelson, Member Stewart.

Also Present: General Manager Kennedy, Executive Assistant Washburn, Finance Manager Largent, Information Systems Specialist Espino.

Also Present Via Teleconference or Video Conference:

Alternate Williams, Human Resources Manager Harp, Information Technology Manager Khattab, Grant Specialist Sisler, Construction and Meters Supervisor Lagunas.

One member of the public was present in person or via teleconference or video teleconference.

4. **INSTRUCTIONS TO ALLOW PUBLIC COMMENT ON AGENDA ITEMS FROM THOSE ATTENDING THIS MEETING VIA TELECONFERENCE OR VIDEO CONFERENCE**

Mr. Nelson read aloud the instructions for those attending the meeting via teleconference or video conference.

5. **SEATING OF ALTERNATES**

There were no alternates seated.

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

There were no amendments to the agenda.

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

There were no public comments.

Mr. Nelson welcomed Mr. Stewart to the committee.

***8. APPROVAL OF MINUTES**
A. November 16, 2021

Motion:

To approve the minutes.

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

Vote: Motion passed (summary: Ayes = 3, Noes = 0, Abstain = 1).

Ayes: Member Hensley, Member Johnson, Member Nelson.

Abstain: Member Stewart.

9. GENERAL MANAGER COMMENTS

Mr. Kennedy announced RMWD was selected as one of the 2021 Top 100 Workplaces in the small organization category. He also provided an update on the detachment noting it was originally scheduled to have a meeting yesterday to review the review; however, the report was not readily available but is expected to see in the next few days with review scheduled for January 10th.

Mr. Kennedy also mentioned LAFCO has a Municipal Service Review (MSR) available on their website for those interested noting it is open for a 45-day review period. He also explained the purpose of a MSR as well as what could take place as part of the review process. Discussion followed.

10. FINANCE MANAGER COMMENTS

Ms. Largent reported RMWD received its funds from the State for the Water Arrearages Program and how letters will be mailed out this week to all the customers who will be receiving a credit. She noted the credits will be issued over the next three billing cycles. Mr. Kennedy pointed out these funds are non-taxable; however, Ms. Largent explained there will be a caveat in the letters encouraging the customers to consult their respective tax consultant. Ms. Largent mentioned the amount received was approximately \$1 million. Discussion ensued.

11. COMMITTEE MEMBER COMMENTS

There were no comments.

12. DISCUSSION REGARDING COMMITTEE MEMBERSHIP

Ms. Washburn noted this item was to provide an opportunity to announced Mr. Stewart's appointment to this committee and make introductions.

***13. CUSTOMER VARIANCE REQUEST – FREDERICO**

Ms. Largent explained RMWD received a request from this customer to downsize from a 1 1/2" to a 1" meter which would require them to be under the 80 units per month. She stated due to this customer's usage being above at 103.4 units per month; therefore, staff was recommending this request be denied. She mentioned staff does notify the customers in this scenario that there

is a slight chance the variance request will be granted and encourage them to continue to do what they need to in order to remain within the required parameters.

Mr. Nelson asked how long a customer would have to wait before reapplying for a variance. Ms. Largent stated it would most likely only be a couple of months in this scenario. Mr. Nelson also inquired as to why this customer was not requesting to downsize to a 3/4" meter. Mr. Kennedy explained this could be for any number of reasons as well as something the customer would need to decide.

Mr. Stewart stated if there was not an empirical standard on this or they could result in a great deal of discussion as to why some are granted and some are not. Ms. Largent stated staff really appreciates the committee and Board has set a precedence on these.

Motion:

To recommend the Board accept staff's recommendation to deny this request.

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

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

Ayes: Member Hensley, Member Johnson, Member Nelson, Member Stewart.

***14. CUSTOMER VARIANCE REQUEST – WEBB**

Ms. Largent explained this customer was requesting to go from a 1" to a 3/4" meter. She pointed out the customer is on a 1.6-acre parcel and although the requirement is for the meter to be at least a 1" meter for parcels over one-half acre, because their usage is below the 50 units per month at 27 units staff was recommending the variance be approved.

Motion:

To recommend the Board accept staff's recommendation to approve this variance.

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

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

Ayes: Member Hensley, Member Johnson, Member Nelson, Member Stewart.

15. WATER SERVICE UPGRADE PROJECT (WSUP) PROGRAM UPDATE

Mr. Williams reported the project was 85% complete. Mr. Kennedy pointed out there were approximately 1,300 meters remaining out of 8,771 as well as mentioned the last water loss audit came in at 3.6%.

16. REDISTRICTING UPDATE

Mr. Kennedy explained this item was to provide an opportunity for members of the committee to provide any input or feedback on the redistricting proposal Mr. Khattab presented at the November committee meeting. He mentioned Mr. Khattab was currently working on the some of the demographic analysis to ensure there was no disadvantaging or advantaging one area over another as part of the due diligence before presenting it to the Board for consideration in January.

There was no feedback received from the committee.

***17. REVIEW OF THE MONTHLY BOARD FINANCE PACKET**

Ms. Largent reported there were no substantial changes from last month's review, the net position was increased \$8 million for FY2021, the fund balances are on track, the District has met the minimum targets on all the fund balances, reaching ideal fund balances is being work on, and how a review of mid-year budget adjustments for operating and capital will take place in January.

Mr. Hensley stated it sounds like a well-managed team.

Mr. Nelson referenced Page 21 of 53 noting there may be a typographical error in the titles that label the columns. Ms. Largent agreed this was a typographical error that would be corrected. Mr. Nelson requested clarification on the operating revenue. Ms. Largent provided clarification.

Discussion ensued regarding budget cash flow.

Mr. Nelson referenced Page 24 of 53 as he asked for clarification as to how the total of \$17,708 was reached in the non-operating revenue. Ms. Rubio explained how this was reached using the three totals provided in gray on the spreadsheet.

Mr. Nelson referenced Page 25 of 53 as he inquired about the operating loss reported. Ms. Largent explained this was the number approved with the operating budget as well as how the calculations were made.

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

It was noted a WSUP update, preliminary mid-year budget review and appointment of officers should be on the next committee agenda.

19. ADJOURNMENT

The meeting was adjourned by Chairperson Nelson.

The meeting adjourned at 1:47 p.m.

Flint Nelson, Committee Chairperson

Dawn M. Washburn, Board Secretary