

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF
YUIMA MUNICIPAL WATER DISTRICT
June 25, 2007**

The Regular Meeting of the Board of Directors of the Yuima Municipal Water District was held at the office of the District, 34928 Valley Center Road, Pauma Valley, California on Monday, the 25th day of June, 2007.

**Regular Meeting
6/25/07**

1. ROLL CALL – DETERMINATION OF QUORUM

Call to Order

President Knutson called the meeting to order at 2:03 p.m.

Directors Present:

Present

W.D. Knutson, President
Douglas K. Anderson, Vice-President
George Stockton, Secretary
Mike Fitzsimmons
John B. Lyttle

Directors Absent:

Absent

None

Present

Others Present:

Linden A. Burzell, General Manager
Lori A. Johnson, Director of Finance
Bob Fowler, Director of Operations & Maintenance
Linden R. Burzell, District Engineer
Steve Borden
Anthony Cinquini
Daren House

President Knutson declared that a quorum of the Board was present.

Quorum Present

2. ADDITIONS TO AGENDA

There were no additions to the agenda.

Additions to agenda: none

3. PUBLIC COMMENTS

President Knutson opened the public comment period. No comments from the public were forthcoming.

**Public
Comments:
None**

I. CONSENT CALENDAR

Following review of the Consent Calendar, a motion was offered by Director Lyttle, seconded by Director Fitzsimmons, to approve the Consent Calendar items with the exception of items 3 and 5 which were pulled for further discussion. The Consent Calendar, namely; approval of the Minutes of the Regular Adjourned Meeting of May 29, 2007; the Accounts Paid and Payables for May; and Resolutions entitled;

**Consent
Calendar**

**Minutes of
Regular
Meeting
5/29/07**

RESOLUTION NO. 1117-07
RESOLUTION APPROVING AGREEMENT FOR RECORD KEEPING
AND SECRETARIAL SERVICES FOR THE MOOTAMAI MUNICIPAL
WATER DISTRICT AND RESCINDING RESOLUTION NO. 1049-06

**Res.#1117-07
Approving
Agreement for
Record Keeping
& Secretarial
Services
(Mootamai
MWD)**

and

RESOLUTION NO. 1118-07
RESOLUTION AUTHORIZING AGREEMENT FOR EMERGENCY
AND SUPPORT SERVICES FOR THE PAUMA VALLEY WATER COMPANY
AND RESCINDING RESOLUTION NO. 1055-06

**Res #1118-07
Authorizing
Agreement for
Emergency &
Support
Services (Pauma
Valley Water
Company)**

and

RESOLUTION NO. 1119-07
RESOLUTION AUTHORIZING ENTRY INTO A WIRE TRANSFER
AUTHORIZATION AND AGREEMENT WITH
DOWNEY SAVINGS

**Res.#1119-07
Authorizing
Entry into a
Wire Transfer
Agreement
(Downey
Savings)**

and

RESOLUTION NO. 1120-07
RESOLUTION AUTHORIZING ENTRY INTO A WIRE TRANSFER
AUTHORIZATION AND AGREEMENT WITH
UBS FINANCIAL SERVICES, INC.

**Res.#1120-07
Authorizing
Entry into a
Wire Transfer
Agreement
(UBS Financial
Services, Inc.)**

and

RESOLUTION NO. 1121-07
RESOLUTION AUTHORIZING ENTRY INTO A WIRE TRANSFER
AUTHORIZATION AND AGREEMENT WITH
PENSON FINANCIAL SERVICES, INC. AND FINANCE 500, INC.

Res.#1121-07
Authorizing
Entry into a
Wire Transfer
Agreement
(Penson &
Finance 500)

were adopted by the following roll-call vote, to wit:

AYES: Knutson, Anderson, Fitzsimmons, Lyttle, Stockton

NOES: None

ABSENT: None

Following review and discussion and upon motion offered by Director Fitzsimmons,
Seconded by Director Anderson Resolutions entitled,

RESOLUTION NO. 1122-07
RESOLUTION APPROVING AGREEMENT FOR WATER
SERVICES AND MANAGEMENT CONTRACT FOR THE
LAZY H MUTUAL WATER COMPANY AND
RESCINDING RESOLUTION NO. 1048-06
and

Res.#1122-07
Approving
Agreement for
Water Services
& Management
Contract
(Lazy H MWC)

RESOLUTION NO. 1123-07
RESOLUTION AUTHORIZING AGREEMENT FOR
EMERGENCY AND SUPPORT SERVICES FOR THE
RANCHO ESTATES MUTUAL WATER COMPANY
AND RESCINDING RESOLUTION NO. 1063-06

Res.#1123-07
Approving
Agreement for
Emergency &
Support
Services
(Rancho
Estates MWC)

were adopted by the following roll-call vote, to wit:

AYES: Knutson, Anderson, Fitzsimmons, Lyttle

NOES: None

ABSTAIN: Stockton

II. ACTION/DISCUSSION

II-1 Public Hearing to Receive Comments and Consider Adoption of the Proposed
Schedule of Water Rates and Charges

President Knutson requested staff to make a statement regarding public

Public Hearing
Water rates and
water related

notification for today's hearing. Director of Finance Johnson stated that pursuant to the provisions of State Law as recently interpreted by the State Supreme Court in the Big Horn case the Notice of this Public Hearing was given no less than 45 days prior to the public hearing by a mailing to each property owner and customer within the District boundaries and published in a newspaper of general circulation, once a week for two successive weeks prior to this hearing, and a copy is on file with the District. Director of Finance Johnson gave a brief summary of the proposed rates and water related charges. She stated that over the last year we have experienced an 11.12% increase in our power costs and our imported water cost will increase 6.6% this budget year. Over 65% of our rate is controlled by others in the form of imported water cost and power. In addition our operating costs have doubled to quadrupled in recent years for copper, steel, asphalt, concrete, fuel and regulatory compliance while our customer base has not grown. The proposed 10% rate increase in the water rate, pump zone charge and monthly meter charge is necessary to provide water service that is planned, effective, equitable and fiscally sound. The district continues to invest in projects that will result in long-term efficiencies such as automated meter reading system, energy efficient pumps & motors and have evolved from a reactive to predictive maintenance program.

President Knutson opened the public hearing at 2:30 p.m. on the proposed schedule of water rates and charges. Secretary Stockton stated there were no written comments received. President Knutson called for comments from the public. Steve Borden commented on the district's foresight having an active member on the County Water Authority board working for this district. He inquired as to what a MET 30% cut back would mean to our district. Manager Burzell stated that if our local supply held out it would mean an approximately 15%

charges

Staff Report

Public Hearing
opened @ 2:30
p.m.

cut back, with irrigation scheduling. Mr. Borden inquired about the possibility of a reduced water rate similar to a time of use power rate. Manager Burzell stated that irrigation scheduling, if mandated in order to meet the IAWP reduction target, is unlikely to reduce the District's costs appreciably or to justify a reduced rate.

**Manager
Burzell
Statement**

Tony Cinquini asked if there is room for improvement in power costs with possible solar. Manager Burzell stated that the member agencies are looking at a plan to pursue jointly the development of solar power arrays to augment the power requirement of the various districts for pumping which would increase our collective bargaining power in securing power purchase contracts from SDG&E. The County Water Authority has agreed to coordinate this. Mr. Cinquini asked if the imported water rate may have the potential of any reductions in the future. Manager Burzell stated the projections for imported water costs point toward a wholesale price in excess of \$1,000 per acre foot by 2013.

Mr. Cinquini stated that with the current low financing rates he wondered if the district has looked into financing its capital improvements. Director of Finance Johnson stated that the Eastside Tank and Pump Station were financed in 2004 through a Municipal Lease for 12 years at 3.73%. She stated that the board directed staff last month to look into financing the Station 8 Tank and Pump Station project under similar financing. The information is expected to be brought to the board in July.

There being no other public comments presented, the public hearing was then closed at 2:55 p.m.

**Public Hearing
Closed @ 2:55
p.m.**

Manager Burzell then reiterated the District's recognition of the major economic consequences of rising water costs for agricultural customers, and discussed a number of steps that the District has taken to control costs, while maintaining the fiscal health of the

District, assuring adequate supplies and maintaining the integrity of the distribution system.

It was moved by Director Stockton, and seconded by Director Anderson, that Resolution No. 1124-07 entitled,

RESOLUTION NO. 1124-07
RESOLUTION ADOPTING INCREASES IN WATER RATES AND CHARGES AND
AMENDING RULES AND REGULATIONS GOVERNING WATER SERVICE
SCHEDULE OF RATES, RENTALS, FEES, DEPOSITS AND CHARGES
(SECTIONS 2.27; 10.5, 15.1 115.3 15.3.1; 15.4; 15.5 & 17.3.6)

was adopted by the following roll-call vote, to wit:

AYES: Knutson, Anderson, Fitzsimmons, Lyttle, Stockton

NOES: None

ABSENT: None

II-2 Public Hearing to receive comments and consider adoption of the Negative Declaration, Making Findings Regarding the Environmental Effects of the Project, and Authorizing the Filing of a Notice of Determination (Station 8 Reservoir Replacement Project)

President Knutson requested staff to make a statement regarding public notification for today's hearing. Director of Finance Johnson stated that the notice of this public hearing was published in a newspaper of general circulation published and circulated within the District, once a week for two successive weeks prior to this hearing, the notice was also posted and published on the district's web page and a copy is on file with the District. General Manager Burzell gave a brief summary of the project description stating that the California Department of Health Services has notified the District that we must replace the existing reservoir with a covered enclosed storage facility. The project includes removal of all existing concrete lining, rocks and piping at Reservoir 8; recompaction of the soil, installation of steel tank of approximately 1.7 MG capacity; piping and pump station. President Knutson opened the public hearing at 3:00 p.m. which is being held in conformance with the California Environmental Quality Act (CEQA) and district procedures. Secretary Stockton stated there were no written comments received. President Knutson asked

**Res.#1124-07
Adopting
increases in
Water Rates
and Charges
and Amending
Rules &
Regulations**

**Staff Report
Station 8
Negative
Declaration
(CEQA)**

**Public Hearing
opened at 3:00
p.m.**

Public Hearing

if there were any comments from the audience on this item. There being no public comments presented, the public hearing was then closed at 3:04 p.m.

closed at 3:04 p.m.

Upon motion offered by Director Fitzsimmons, seconded by Director Lyttle, Resolution No. 1125-07, entitled

RESOLUTION NO. 1125-07
RESOLUTION OF THE BOARD OF DIRECTORS OF
YUIMA MUNICIPAL WATER DISTRICT
ADOPTING A NEGATIVE DECLARATION, MAKING FINDINGS
REGARDING THE ENVIRONMENTAL EFFECTS OF THE PROJECT,
AND AUTHORIZING THE FILING OF A NOTICE OF DETERMINATION
(STATION 8 RESERVOIR REPLACEMENT PROJECT)

**Res. 1125-07
Adopting a
Negative
Declaration
(Station 8
Project)**

was adopted by the following roll-call vote, to wit:

AYES: Knutson, Anderson, Fitzsimmons, Lyttle, Stockton

NOES: None

ABSENT: none

II-3 Proposed Resolution Approving the Amendment to the Cooperative Agreement Schedule A-4142 & A-4144 for the Estimated Cost of Service for Fiscal Year 2007-08

Manager Burzell stated that in November, 2005 Yuima entered into a 3-year agreement with the County of San Diego to provide County funds to supplement costs for CDF Amador Agreements in the rural areas of the County. The agreement is subject to County funding availability. The County also requested a higher level of staffing than our current Amador Agreement provides. In addition, due to Yuima's funding limitation, the County provides funding for the difference between the actual cost of the 3-year Amador Agreement and the proceeds of our fire revenues collected in the three years the agreement is in effect. Upon motion offered by Director Fitzsimmons, seconded by Director Anderson Resolution No. 1126-07, entitled:

RESOLUTION NO. 1126-07
RESOLUTION OF THE BOARD OF DIRECTORS OF
YUIMA MUNICIPAL WATER DISTRICT
APPROVING THE AMENDMENT TO THE COOPERATIVE AGREEMENT
SCHEDULE A-4142 & A-4144 FOR THE ESTIMATED
COST OF SERVICE FOR FISCAL YEAR 2007-08

**Res. 1126-07
Approving the
Amendment to
Cooperative
Agreement**

was adopted by the following roll-call vote, to wit:

AYES: Knutson, Anderson, Fitzsimmons, Lyttle, Stockton

NOES: None

ABSENT: None

II-4 Proposed Resolution Levying a Special Tax (Fire Protection) for the Fiscal Year 2007-08 (Amador)

Manager Burzell stated in order to collect the revenue needed as reported in Item 3 (approximately \$49,700) it is necessary that the board adopt the resolution levying 100% of the fire tax approved by the voters. Upon motion offered by Director Fitzsimmons, seconded by Director Anderson Resolution No. 1127-07, entitled

RESOLUTION NO. 1127-07
RESOLUTION OF THE BOARD OF DIRECTORS OF
YUIMA MUNICIPAL WATER DISTRICT
LEVYING A SPECIAL TAX (FIRE PROTECTION)
FOR THE FISCAL YEAR 2007/08 (AMADOR)

**Res.1127-07
Levying a
Special Tax
Fire Protection
2007-08**

was adopted by the following roll-call vote, to wit:

AYES: Knutson, Anderson, Fitzsimmons, Lyttle, Stockton

NOES: None

ABSENT: None

II-5 Proposed Resolution Adopting the Operating and Capital Budget for the Fiscal Year 2007-08.

President Knutson stated that this item was reviewed in depth at the finance committee meeting earlier today. Upon motion offered by Director Lyttle, seconded by Director Fitzsimmons Resolution No. 1128-07, entitled

RESOLUTION NO. 1128-07
RESOLUTION OF THE BOARD OF DIRECTORS OF
YUIMA MUNICIPAL WATER DISTRICT
ADOPTING THE OPERATING AND CAPITAL BUDGET
FOR THE FISCAL YEAR 2007-2008

**Res. 1128-07
Adopting the
Operating and**

was adopted by the following roll-call vote, to wit:

AYES: Knutson, Anderson, Fitzsimmons, Lyttle, Stockton

NOES: None

ABSENT: None

II-6 Proposed Resolution Amending Employee Manual (District Mission Statement, Vision and Goals – Section 4 and Employee Performance Appraisal Form – Section 31)

Manger Burzell stated that the Mission Statement, Vision and Goals that the Board approved last month has been incorporated in the Employee Manual and the section for employee performance appraisal forms and the process has been updated to provide supervisory personnel with a guide for the ongoing development of their employees' performance. Management believes that this new approach to performance evaluation will benefit the employee, the supervisor, and the District. Upon motion offered by Director Anderson, seconded by Director Lyttle Resolution No. 1129-07, entitled

**RESOLUTION NO. 1129-07
RESOLUTION OF THE BOARD OF DIRECTORS OF
YUIMA MUNICIPAL WATER DISTRICT
AMENDING EMPLOYEE MANUAL (DISTRICT MISSION STATEMENT,
VISION AND GOALS – SECTION 4 AND EMPLOYEE
PERFORMANCE APPRAISAL FORM – SECTION 31)**

**Res. 1129-07
Amending
Employee
Manual
(Section 4 & 31)**

was adopted by the following roll-call vote, to wit:

AYES: Knutson, Anderson, Fitzsimmons, Lyttle, Stockton

NOES: None

ABSENT: None

III. REPORTS/MEETINGS

III-1. Board Reports/Meetings

Director Knutson reported that:

Board Reports

- ✦ The top item at the SDCWA is the news that Met has tentatively announced a 30% reduction in IAWP deliveries, effective 1 January, 2008. Staff is working closely with the member agency general managers to comply with Met's requests for information as to how the reduced targets will be met by SDCWA and the retail agencies.
- ✦ Several alternative plans are before the courts to reduce State Water Project deliveries in order to preserve the Delta Smelt and other anadromous fish. A 60% cut in deliveries is possible, and may could last several years.
- ✦ The State Water Project cut likely means a supply shortfall for Met of about 400,000 acre-feet in 2008
- ✦ Work on the All-American Canal lining project resumed in June. A dispute with the contractor over the extra cost of de-watering is on-going.
- ✦ JPIA has approved a 28% reduction in Worker's Compensation rates, effective July 1, 2007.

SDCWA/MWD

III-2. Administrative Report

Manager Burzell called the board's attention to his written Administrative report. He stated that he attended a meeting at the San Luis Rey Indian Water Authority last month and updated the Interior Department and Bureau of Indian Affairs on the progress toward implementation of the Northern Route Pipeline project. The representative of the SLRIWA and the individual bands reaffirmed their commitment to the project, and BIA representatives indicated their continuing support.

Administrative Report

A revised schedule for the Station 8 reservoir replacement project has been prepared. Staff's recommendation is to specify a 1.7 MG welded steel tank with a knuckle roof.

III-3. Capital Improvement Program Review.

Manager Burzell stated that as of June 18th, the current year capital improvement program totals \$2,998,750, of which \$912,441 has been expended to date.

**Discussion on
Capital
Improvements**

III-4. Operations Report.

Director of Operations & Maintenance Fowler reported that the Hampton Road Project is completed and on line. The crew has been working at Station 8 preparing for installation of the PRV skid unit.

**Operations
Report
Hampton Line**

Mr. Borden, Mr. Cinquini & Mr. House left the meeting

III-5. Engineer's Report.

Engineer Burzell stated the plans and specifications are moving along and that they should be ready for Board approval either at the July or August meeting.

**Engineer's
Report**

III-6. Counsel's Report.

Counsel was not present.

**Counsel's
Report**

III-7. Finance Report

Director of Finance Johnson called the Board's attention to the written Treasurer's report in the packet.

**Finance Reports
Treasurer's
Report**

Director of Finance Johnson reported that Nextel has exercised their lease option for placing their cellular equipment at the Perricone Tank site. Their rent will start on July 1st at \$2,000 per month with annual CPI escalators.

**Nextel Cel Site
Lease**

III-8. Joint Powers Fire Report

Manager Burzell stated that Chief O'Leary was unable to be at the meeting and there is no update on the building at this time. He reported that the Environmental Impact Report for the building was scheduled to be completed by the state by the end of June.

**Fire District
Report**

IV. OTHER BUSINESS

none

V. ADJOURNMENT

There being no further business to come before the board and upon motion to adjourn the meeting offered by Director Anderson, seconded by Director Stockton and carried unanimously, the meeting was adjourned at 3:40 p.m.

Original Minutes were signed
and approved 07/23/2007

George Stockton, Secretary

ATTEST:

Original Minutes were signed
and approved 07/23/2007

W.D. Knutson, President

Other Business

Adjournment
3:40 p.m.