

MINUTES OF THE REGULAR ADJOURNED MEETING
OF THE BOARD OF DIRECTORS OF
YUIMA MUNICIPAL WATER DISTRICT
October 24, 2014

The Regular Adjourned 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 Friday, the 24th day of October, 2014.

**Regular Adj.
Meeting
10/24/14**

1. ROLL CALL – DETERMINATION OF QUORUM

President Knutson called the meeting to order at 2:00 p.m.

**Call to Order
2:00 pm**

Directors Present:

Present: 5

W.D. “Bill” Knutson, President
Ron Watkins, Vice-President
George Stockton, Secretary/Treasurer
Mike Fitzsimmons
Douglas K. Anderson

Directors Absent:

Absent: 0

None

Others Present:

Others Present

Linden A. Burzell, General Manager
Lori A. Johnson, Director of Finance
Todd Engstrand, Director of Operations & Engineering
Roland Simpson
Daren House
Lynne Villalobos
Dave Ross, Editor, Times-Advocate
Al Savard, Directors, REMWC
Bobby Graziano, Director, REMWC
Harold Hall, Vice-Chairman, Barona
Rebecca Hall, Barona
Tom Kennedy, GM, Rainbow MWC
Dennis Sanford, Director, Rainbow MWC
Brian Brady, GM, Fallbrook Public Utilities District
Capt Alex Davenport, CalFire
Chief Cristina Williamson, CalFire

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

Quorum Present

2. PLEDGE OF ALLEGIANCE

Pledge of Allegiance

President Knutson led those present in the Pledge of Allegiance.

3. APPROVAL OF AGENDA

Approval of Agenda

President Knutson stated two items arose subsequent to the posting of the agenda that the board needs to take action on. Upon a motion by Director Fitzsimmons, seconded by Director Stockton, the Agenda was amended to include the following items:

Amend Agenda by adding III.4.1 and III.7

Item III.4.1 Proposed Resolution Approving Change Order No. 3 for 1.2 MG Welded Steel Zone 4 Tank Project (Paso Robles Tanks, Inc.); and

Item III.7. Proposed Resolution Approving Plans and Specifications, and other Contract Documents for and Authorizing the Advertisement of Bids for Emergency Rehabilitation of Well # 12 by the following roll call vote, to wit:

- AYES: Fitzsimmons, Watkins, Stockton, Anderson, Knutson
- NOES: None
- ABSTAIN: None
- ABSENT: None

4. PUBLIC COMMENTS

Public Comments:

Roland Simpson again re-visited the matter of the spill at the new Zone 4 Tank, noting that the actual amount spilled was 110,000 gallons versus the 60,000 initially reported; requesting additional cost information relating to post tank construction work; expressing concern as to the placement of fill on site; objecting to the General Manager’s rate of compensation; and berating the District for its actions relative to the V/O wells.

Laney Villalobos made reference to various undefined ‘poor decisions’ made by the District that resulted in rate increases and the General Manager’s salary being too high, and emphasized the necessity to “do something” about water rates. She also objected to the fact that the board has failed to change various policies and

positions in spite of her repeated requests to do so and emphasized a need for cut backs in expenditures.

Daren House praised the Director of Operations for taking responsibility for the Zone 4 Tank over-flow incident; criticized the General Manager for somehow causing the Strub litigation; asked who will be responsible for paying all these costs, and objected to the fact that every time he asks why the District is in litigation with Rancho Pauma, the District responds by saying that Rancho Pauma sued the District over differing interpretations of the Strub agreement.

I. CONSENT CALENDAR

Director Watkins moved approval of the Consent Calendar, consisting of the *Approval of the Minutes of the Regular Adjourned Meeting of September 30, 2014; Approval of Accounts Paid and Payable and reporting under Government Code §53065.5 for September 2014; Acceptance of the Monthly Financial Reports for September 2014; and Proposed Resolution 1576-14 Authorizing Checking, Savings and Investment Accounts with Various Financial Institutions and Broker/Dealers (Higgins Capital Management, Inc., Finance 500 and RBC Capital Markets, LLD.)* The motion was seconded by Director Anderson and approved by the following roll-call vote, to wit:

- AYES: Fitzsimmons, Watkins, Stockton, Anderson, Knutson
- NOES: None
- ABSTAIN: None
- ABSENT: None

II. SPECIAL REPORTS

1. Presentation of Indian Gaming Grant Purchase – “Jaws of Life”

The board adjourned to the parking lot to view the recently acquired new Amkus “Jaws of Life” equipment, purchased with a \$32,000 in grant funds from the Indian Gaming Special Distribution Fund. President Knutson expressed the gratitude of the community to Mr. Harold Hall, Vice Chairman of the Barona Band of Kumeyaay Indians, who was present representing the Committee.

Consent Calendar
Approved

Regular Adj.
Meeting Minutes –
9/30/14

September
Paid/Payables

September
Financial Reports

Res. #1576-14
adding Higgins
Capital –
Authorized
Broker

Indian Gaming
Grant - Amkus
Equipment
dedication

Cal Fire Report

2. Joint Powers Fire Report

The CalFire monthly statistical summary was represented by Capt. Davenport who reported that the previous month was very busy because of the fires in northern California. President Knutson appreciated the new monthly statistical report format, pointing out that the changes make the report much more informative and easier to read.

Chief Williamson provided a brief discussion on the fires now being fought in California. The fire situation is exacerbated by the severe drought. The intense heat in dense forest has resulted in crown fires that are difficult to fight. She also urged members of the community to get involved in the formation of a local Fire Safe Council.

3. Rainbow MWD and Fallbrook PUD Annexation Controversy.

The representatives of the two parties to this dispute briefed the board and audience on the main points of controversy surrounding Fallbrook PUD's request that LAFCO approve the involuntary merger of the two public agencies. Rainbow MWD was represented by Dennis Sanford, Director and Tom Kennedy, General Manager. Fallbrook PUD was represented by its General Manager Brian Brady. The board took no action relative to the issues in dispute.

**Rainbow &
Fallbrook PUD
Proposed annex
of Rainbow
MWD dispute**

III. ACTION/DISCUSSION

1. Public Hearing to Receive Comments and Consider Adoption of the District's Ordinance Setting Forth Water Capacity Charges.

President Knutson opened the public hearing at 3:00 pm. There being no members of the public present and wishing to speak, and there being no written comments having been submitted, the hearing was closed at 3:03 pm. Director of Finance Johnson stated that the proposed ordinance increases the capacity charges by the annual increase of the ENR-CCI-LA, an increase of 4.2%. She stated that the capacity charges, a component of the cost for a new water meter installation, are collected and the revenue is allocated toward construction of capital facilities, such as tanks, pump stations and pipelines needed to provide service to the new demand on the system.

**Public
Hearing:
Capacity
Charges**

1-A. Proposed Ordinance Fixing Capacity Charges and Rescinding Ordinance No. 114-13.

**Ord. 117-14
Fixing
Capacity
Charges**

Upon a motion by Director Fitzsimmons, seconded by Director Stockton, Ordinance No. 117-14 *Fixing Capacity Charges and Rescinding Ordinance No. 114-13* was approved by the following roll call vote, to wit:

AYES: Fitzsimmons, Watkins, Stockton, Anderson, Knutson
NOES: None
ABSTAIN: None
ABSENT: None

2. Proposed Resolution Amending the Rules and Regulations Governing Water Service (Section 14.7 Capacity Charges).

**Res. #1577-14
Amending
Rules & Regs –
Capacity
Charges**

Upon a motion by Director Fitzsimmons, seconded by Director Anderson, Resolution No. 1577-14 *Amending the Rules and Regulations Governing Water Service (Section 14.7 Capacity Charges)* was approved by the following roll call vote, to wit:

AYES: Fitzsimmons, Watkins, Stockton, Anderson, Knutson
NOES: None
ABSTAIN: None
ABSENT: None

3. Proposed Resolution Authorizing Execution of Agreement Between the County of San Diego For First Responder and Emergency Medical Services Support – County Contract #518349 Amendment 03 (Extended Term to June 30, 2024).

**Res. # 1578-14
Extension of
County
Agreement
#518349**

Upon a motion by Director Watkins, seconded by Director Fitzsimmons, Resolution No. 1578-14 *Authorizing Execution of Agreement Between the County of San Diego For First Responder and Emergency Medical Services Support – County Contract #518349 Amendment 03 (Extended Term to June 30, 2024)* was approved by the following roll call vote, to wit:

AYES: Fitzsimmons, Watkins, Stockton, Anderson, Knutson
NOES: None
ABSTAIN: None
ABSENT: None

4. Proposed Resolution Accepting the Project Known as Construction of

Booster Station No. 6 Improvement, Electrical, Instrumentation & Structural (Fain Drilling & Pump Company, Inc.).

**Res. # 1579-14
Accepting
Booster 6
Improvements
(Fain)**

Upon a motion by Director Stockton, seconded by Director Anderson, Resolution No. 1579-14 *Accepting the Project Known as Construction of Booster Station No. 6 Improvement, Electrical, Instrumentation & Structural (Fain Drilling & Pump Company, Inc.)* was approved by the following roll call vote, to wit:

AYES: Fitzsimmons, Watkins, Stockton, Anderson, Knutson
NOES: None
ABSTAIN: None
ABSENT: None

4.1 Proposed Resolution Approving Change Order No. 3 for 1.2 MG Welded Steel Zone 4 Tank Project (Paso Robles Tank, Inc.).

**Res. #1580-14
Change Order
#3 Zone 4
Tank (Paso
Robles Tank,
Inc. (\$9,500))**

Upon a motion by Director Anderson, seconded by Director Fitzsimmons, Resolution No. 1580-14 *Approving Change Order No. 3 for 1.2 MG Welded Steel Zone 4 Tank Project (Paso Robles Tank, Inc.)* was approved by the following roll call vote, to wit:

AYES: Fitzsimmons, Watkins, Stockton, Anderson, Knutson
NOES: None
ABSTAIN: None
ABSENT: None

5. Proposed Resolution Accepting Project Known as Construction of 1.2 Million Gallon Welded Steel Zone 4 Tank (Paso Robles Tank, Inc.).

**Res.# 1581-14
Accepting
Zone 4 Tank
\$925,820**

Upon a motion by Director Fitzsimmons, seconded by Director Watkins, Resolution No. 1581-14 *Accepting Project Known as Construction of 1.2 Million Gallon Welded Steel Zone 4 Tank (Paso Robles Tank, Inc.)* was approved by the following roll call vote, to wit:

AYES: Fitzsimmons, Watkins, Stockton, Anderson, Knutson
NOES: None
ABSTAIN: None
ABSENT: None

6. Proposed Resolution Setting Forth the Time and Place of Hearing and Giving Notice of Hearing for a Water Rate Increase.

Upon a motion by Director Fitzsimmons, seconded by Director Anderson,

**Res. # 1582-14
Setting
Hearing for**

Resolution No. 1582-14 *Setting Forth the Time and Place of Hearing and Giving Notice of Hearing for a Water Rate Increase* was approved by the following roll call vote, to wit:

AYES: Fitzsimmons, Watkins, Stockton, Anderson, Knutson
NOES: None
ABSTAIN: None
ABSENT: None

7. Proposed Resolution Approving Design, Determining the Wage Scale, and Approving Plans and Specifications, and other Contract Documents for, and Authorizing the Advertisement of Invitation for Bids for Emergency Rehabilitation of Well # 12.

Upon a motion by Director Anderson, seconded by Director Watkins, Resolution No. 1583-14 *Approving Design, Determining the Wage Scale, and Approving Plans and Specifications, and other Contract Documents for, and Authorizing the Advertisement of Invitation for Bids for Emergency Rehabilitation of Well # 12 and approving an allocation of IDA Capital Project #5 Local Groundwater Production to fund this emergency project* was approved by the following roll call vote, to wit:

AYES: Fitzsimmons, Watkins, Stockton, Anderson, Knutson
NOES: None
ABSTAIN: None
ABSENT: None

IV. INFORMATION/REPORTS

IV-1. Board Reports/Meetings

- Vice President Watkins reported that the Water Authority board is presently focused on financial planning and budgetary issues, along with the continuing preoccupation with the Met lawsuits. Mark Weston, nominated for the position by Director Watkins, is the new CWA board president. There was also discussion of the new groundwater legislation, focusing on the issue of who will bear the costs of implementation.

Water Rate Increase

Res. #1583-14 Plans, Specs and Bid Notice for Well #12 Rehab.

Board Reports

VP Watkins

IV-2. Administrative Report

Manager Burzell called the board’s attention to his written Administrative report. There were no questions.

Administrative Report

IV-3. Capital Improvement Program

Manager Burzell called the board’s attention to the Capital Improvement Program reports. There were no questions.

Capital Improvements

IV-4. Operations Report

President Knutson asked if the work on the Forebay Tank overflow pipeline was complete noting that he remembered that the on site section was not installed with the replacement project many years ago. Staff confirmed the overflow pipe replacement work on site had been completed. Director Stockton inquired how coliform can get in the horizontal wells. Director of Operations Engstrand explained that when the horizontal wells are first put online they carry some additional sediment occasionally which was the case with horizontal well No. 49 and that it passed the repeat bacteriological test. He also reported that HW No. 50 had been completed to a maximum drill depth of 1,225 feet, and the Well is producing approximately 150 gallons per minute which should reduce slightly when put in service. The PVC liner will be installed next week and Title 22 water quality samples taken in early December. Director Anderson asked if the District’s horizontal well contractor intended to try and remove the drill stem stuck in HW No. 43. Staff indicated that there were discussions with Spring Water Development to attempt dislodging the drill stem from HW No. 43.

Operations & Engineering Report

IV-5. Counsel’s Report.

Counsel Scott reported that SB854, an ‘omnibus bill,’ requires that all public works contractors register with the Department of Labor Resources and submit their payroll records to DLR. The cost of compliance will undoubtedly be added on to bids for public contracts.

Counsel’s Report

IV-6. Finance Report

Director of Finance Johnson stated that the remaining delinquent accounts pose no staff concerns at this time. She reviewed the 12 month financial reports ending June 30, 2014 stating that expenditures for purchased water and power represent 65% of the total expenditures. Water sales were 20% over prior year actual and 9% over the 2013-14 budget. The higher sales were due to the loss of local ground water and the extended drought. As a result, the District had record high purchases from the stand-by meters and the mutual water companies. Legal fees related to the Rancho Pauma MWC legal action regarding the Strub matter totaled over \$900,000 during the reporting period contributing to the \$1.3 million dollar deficit for the fiscal year. She stated that a large number of the capital projects were completed and closed out. It was noted that due to the extended fire season there were no fire contract charges from CalFire for the fiscal year.

Finance Reports

**12 month report
@ 6/30/14**

The reserves fund balances were reviewed next. It was noted that reserves decreased \$2 million dollars from \$4,491,741 to \$2,488,977 due to, funding the operating deficit and transfers to fund capital improvements for the year.

She reviewed the 3 month budget report noting that water sales are tracking the same as this time last year with additional purchases from Improvement District A due to drought related effects on IDA's ground water production.

**3 month budget
report @ 9/30/14**

Director of Finance Johnson stated that the O'Connor facilities damage claim restitution hearing was rescheduled from October 21st to December 2nd by the DA's office.

**O'Connor
incident**

She reported that encroachment by Plascencia on the Station 6 parcel is still pending.

**Station 6
Encroachment
(Plascencia)**

It was noted that the Auditors have completed and filed the State Controller reports and they are wrapping up the final audit footnotes and expect to present the Audit and CAFR to the board in December.

Audit update

The District received partial payment on the State Mandated claims that were filed for 2001-02 and 2002-03. She stated that we are awaiting the balance of our claims, totaling approximately \$75,000, to be paid to the District hopefully soon.

**State Mandated
claims**

Director of Finance Johnson stated that the boundary adjustment with Daren and Patricia House and Jenifer Simpson is still pending, along with the tree

House issues

compensation for the Zone 4 tank construction and the House plantings requiring IDA Special Connections. A meeting is set for November 3rd to address these issues.

V. OTHER BUSINESS

**CLOSED SESSION: Conference with Legal Counsel – Existing litigation. Pursuant to Government Code Section 54956.9 (a)
Name of Case: Strub v. Palomar Mutual Water Company – San Diego County Superior Court Case No. 162650. In the Court of Appeal of the State of California Fourth District, Division One: Rancho Pauma Mutual Water Company v. Yuima Municipal Water District.**

The Board entered closed session at 4:41 p.m. and resumed deliberation in open session at 4:58 p.m.

REPORT AFTER CLOSED SESSION

The Board in closed session directed staff and counsel to take appropriate action concerning the litigation matter.

VI. ADJOURNMENT

There being no further business to come before the board and upon a motion by President Knutson, seconded by Director Anderson and carried unanimously, the meeting was adjourned at 5:02 p.m. to Tuesday, December 16, 2014 at 2:00 p.m.

Signature on file at District office
George Stockton, Secretary

ATTEST:

Signature on file at District office
W.D. “Bill” Knutson, President

Closed Session

Existing
Litigation

Adjourn @ 5:02
p.m.

Next meeting:
December 16,
2014
(no November
mtg)