

**MINUTES OF THE REGULAR ADJOURNED MEETING  
OF THE BOARD OF DIRECTORS OF  
YUIMA MUNICIPAL WATER DISTRICT  
December 16, 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 Tuesday, the 16<sup>th</sup> day of December, 2014.

**Regular Adj.  
Meeting  
12/16/14**

**1. ROLL CALL – DETERMINATION OF QUORUM**

President Knutson called the meeting to order at 2:00 p.m. and appointed Director Fitzsimmons Acting Secretary in the absence of Secretary Stockton.

**Call to Order  
2:00 pm**

Directors Present:

**Present: 4**

W.D. “Bill” Knutson, President  
Ron Watkins, Vice-President  
Mike Fitzsimmons, Director  
Laney Villalobos, Director

Directors Absent:

**Absent: 1**

George Stockton, Secretary/Treasurer (excused)

Others Present:

**Others Present**

Linden A. Burzell, General Manager  
Lori A. Johnson, Director of Finance  
Todd Engstrand, Director of Operations  
Vanessa Velasquez, Accountant  
Jeff Scott, Counsel  
Richard Teaman, CPA, Teaman, Ramirez & Smith  
Rick Gallo, CPA, Teaman, Ramirez & Smith  
Chief Cristina Williamson, CalFire  
Captain Rick Johnson, CalFire  
Ron Currier  
Bobby Graziano, Director, REMWC  
Roland Simpson  
Daren House  
Alan & Celia Jorgensen

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

**Quorum Present**

**2. PLEDGE OF ALLEGIANCE**

President Knutson led those present in the Pledge of Allegiance.

**Pledge of Allegiance**

**3. APPROVAL OF AGENDA**

There were no amendments to the agenda.

**Approval of Agenda**

**4. PUBLIC COMMENTS**

There were no public comments.

**Public Comments:**

**None**

**5. OATH OF OFFICE**

Counsel Scott made some introductory remarks concerning the history and significance of oaths of office in the United States, and then administered the Oath of Office to Director/President Knutson and Director Villalobos.

**Oath of Office: Knutson and Villalobos**

**I. CONSENT CALENDAR**

**Consent Calendar Approved**

Director Watkins first requested that item #4 be removed from the Consent Calendar and voted on separately, and then moved approval of the Consent Calendar, consisting of the *Approval of the Minutes of the Regular Adjourned of October 24, 2014; Approval of Accounts Paid and Payable and reporting under Government Code §53065.5 for October and November 2014; Acceptance of the Monthly Financial Reports for October and November 2014.* The motion was seconded by Director Villalobos and approved by the following roll-call vote, to wit:

**Regular Meeting Minutes – 10/24/14**

**October & November Paid/Payables**

**October & November Financial Reports**

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

**Consent Item 4: Resolution Expressing Appreciation of Douglas K. Anderson**

Director Fitzsimmons then moved approval of Consent Item 4, *Resolution Expressing Appreciation of Douglas K. Anderson*. Director Watkins then seconded the motion, remarking that he had moved for separate consideration of this Resolution because he believed that the many years of service by Director Anderson should be honored by the taking of a separate vote.

**Res. 1584-14  
Expressing  
Appreciation of  
Douglas K.  
Anderson**

President Knutson then spoke on behalf of the Resolution, stating that Doug, because of his dedication, long residence in Pauma Valley, and many years of service to the District, had been a resource of great value to the Board, and that his voice and counsel will be sorely missed. The motion then passed unanimously.

## **II. SPECIAL REPORTS**

### **1. Joint Powers Fire Report**

Chief Williamson reported that yesterday, CalFire down-staffed from two to one engine, as a result of the change in the weather, and will probably declare an end to the fire season sometime in January. She also expressed appreciation for the two new sets of Amkus extraction equipment ('jaws of life'), which are now in service. She asked that the Board to consider funding repair and upgrading of the old equipment for use on another engine. She also acknowledged the gift of two car bodies from Mazzetti and Sons Garage for use in training on the new 'Jaws of Life' units. She stated that there is still a need for Pauma Valley Volunteers to serve on a Fire Safe Council in the area. The monthly statistical summary was represented by Capt. Johnson, who also reminded those present to check their home and office CO<sub>2</sub> and smoke detectors.

**Fire Report**

## **III. ACTION/DISCUSSION**

### **1. Consider Approval of the Yuima Municipal Water District's Fiscal Year 2013-2014 Audited Financial Statements and 2013-2014 Comprehensive Annual Financial Report (CAFR)**

**Approval of  
Audit**

Richard Teaman from Teaman, Ramirez and Smith presented the principal findings of their recent audit of the District's finances and the implementation

timeline of the new GASB pronouncements. They stated that they issued a clean opinion of the statements and encountered no difficulties with management in performing the audit. Accountant Velasquez presented an overview of the Fiscal Year 2013-14 Financial Highlights noting that the total operating revenue for FYE 2014 was higher than 2013 due to increased water sales as a result of the ongoing drought. Sales were 7,741 acre feet versus 6,349 in the prior year. The net operating deficit was significantly higher; (\$1,758,397) compared to FYE 2013 (\$56,978), noting that the higher cost of imported water and legal expenses contributed to the deficit. Upon a motion by Director Watkins, seconded by Director Fitzsimmons, Yuima Municipal Water District's *Fiscal Year 2013-2014 Audited Financial Statements and 2013-2014 Comprehensive Annual Financial Report (CAFR)* was approved by the following roll-call vote, to wit:

**Financial  
Highlights**

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

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

**Public  
Hearing:**

President Knutson opened the public hearing at 3:18 pm. Director Villalobos remarked that staff discussion of the reasons for the rate increase should highlight the legal fees incurred in connection with the Strub litigation. Mrs. Jorgensen asked when the last brief in the appeal was filed and whether rates would be lowered in the event that the District wins the appeal. General Manager Burzell responded that rate reduction should be possible if and when the District is actually able to access additional groundwater, which would be facilitated by winning the appeal. President Knutson replied that the last document was filed with the Court of Appeal in October, 2014.

**Schedule of  
Rates and  
Charges**

There being no additional members of the public present and wishing to speak, the hearing was closed at 3:35 pm.

2-A. Proposed 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 §16.1; 16.5; 18.36 & 19.4)

Upon a motion by Director Fitzsimmons, seconded by Director Watkins, Resolution No. 1585-14 *Adopting Increases in Water Rates and Charges and Amending Rules and Regulations Governing Water Service (Schedule of Rates, Rentals, Fees, Deposits and Charges (Sections §16.1; 16.5; 18.3.6 & 19.4) resulting in a 15% increase in the base water rate in the General District and a 9.8% increase in the base water rate in Improvement District A* was approved by the following roll call vote, to wit:

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

3. Proposed Resolution Awarding Contract for Well No. 12 Emergency Rehabilitation (Fain Drilling & Pump Company; Schedule 1 - \$103,570 & Schedule 2 - \$133,190)

Upon a motion by Director Fitzsimmons, seconded by Director Villalobos, Resolution 1586-14 *Awarding Contract for Well No. 12 Emergency Rehabilitation to Fain Drilling & Pump Company* was approved by the following roll call vote, to wit:

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

4. Capacity Study Presentation and Possible Action

After extensive discussion of the background and ramifications of the IDA Special Connection Fee issue as it relates to the completion of the District's ongoing capacity study, staff was directed to proceed with the mail-in update of Special Connection Fee compliance verification and to report back to the Board in January with suggested amendments to Ordinance 51-81, in order to clarify the definition of key terms, the procedure to be employed in calculating the area upon which water is used, and a number of other issues.

**Res. 1585-14  
Water Rate  
Increase**

**Res. #1586-14  
Awarding  
Contract for  
Well No. 12  
Rehabilitation  
(Fain Drilling:  
Sch. 1:  
\$103,570  
Sch. 2:  
\$133,190)**

**Capacity  
Study:  
Staff to  
proceed with  
SC compliance  
update & to  
recommend  
updates to  
Ord. 51-81@  
Jan. mtg.**

5. Proposed Resolution Approving Boundary Adjustment and Compensation to Daren and Patricia House, Trustees, 77.5% Interest and Jenafer Simpson, 22.5% Interest (Grantors) (0.75 acre APNs 132-270-41 & 42)

After extensive discussion, Director Watkins moved that the board approve and adopt the following Resolution:

***Resolved**, that the Board of Directors hereby authorizes and approves (a) the boundary adjustment more particularly described in Grant Deed and payment to the Houses and Simpson of \$750.00 therefor (payment due upon signing the grant deed documents) (b) compensation to the Houses and Simpson in the amount of \$18,345 for 15 Hass avocado trees removed in connection with construction of the Zone 4 Tank access road (c) compensation to the Houses and Simpson in the amount of \$6,035 for 5 kumquat trees removed in connection with construction of the Zone 4 Tank access road (d) compensation to the Houses and Simpson in the amount of \$2,446 for two Hass avocado trees whose root systems were damaged in connection with the construction of the Zone 4 access road (this amount to be paid upon presentation of evidence that the trees have been completely removed) and (e) granting to the Houses and Simpson of four additional acres of Special Connections for parcel APN 132-280-30 for the sum of \$10,000, which sum is to be deducted from the payment specified in items (b), (c) and (d) above.*

The resolution was seconded by Director Knutson and approved as Resolution No. 1587-14 was approved by the following roll call vote, to wit:

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

6. Consider Request for New Meters: Takahashi Yasutake, dba, TY Nursery, Inc. requesting a 4” meter for APN 130-060-13 for 100.47 acres; requesting an additional 3” meter for APN 130-060-16 for 126.65 acres; requesting an additional 2” meter for APN 10-080-30 for 88.52 acres due to loss of local groundwater supplies.

After discussion and in view of the fact that the capacity study is not yet complete, no action was taken. Staff was directed to send a letter to TY Nursery updating them on the status of the request and holding the Yuima Capacity Charges to the fee at the time of application.

7. Local Area Formation Commission (LAFCO) Election

Res. #1587-14  
House  
boundary  
adjustment,  
tree  
compensation  
and Special  
Connections

TY Nursery,  
Inc. Request  
for new  
meters.

No Action

LAFCO

Without objection, the Board concurred with President Knutson's support for the nomination to the LAFCO Board of Directors of Jo McKenzie from the Vista Irrigation District.

election  
Support  
nomination of  
Jo McKenzie  
(VID)

**IV. INFORMATION/REPORTS**

IV-1. Board Reports/Meetings

- President Knutson reported on his attendance at the ACWA conference in San Diego at which ACWA's role in passing the State Water Bond was highlighted. He also reported on JPIA's ongoing work to determine the effects of the Affordable Care Act's 'Cadillac Tax' on JPIA-administered health care benefits. He recommended that District staff attend a JPIA sponsored meeting on this matter in January.
- Vice President Watkins reported that the Water Authority board's new officers have been elected and that he has been appointed Vice Chair of the E & O Committee; that a major push for further water conservation is under way; and that the Pauma Valley Country Club is planning to replace 51 acres of turf with drought tolerant plantings and has applied for a rebate under CWA/Met's turf replacement program.

Board Reports

President  
Knutson

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

Operations &  
Engineering

Director of Operations and Engineering Engstrand stated that based on the values provided as part of the CAFR presentation, he wanted to highlight the following to the Board:

1. Based on the amount of water sold last year, 7,741 acre feet and a standard of 125 gallons/capacity/day, the District supplied water to an equivalent population of 54, 215 people.
2. Based on a standard factor of 3.2 capita per residence, that equates to 16,942 homes.

He also brought to the Boards attention that the District delivered 20% more water this year than last with only .04 percent increase in the energy costs. This is primarily due to the new capital facilities build in the last ten years and the efficiencies of the operations staff. The estimated energy cost savings are on the order of \$290,000.

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 electronically to the DIR by April 2015 as a result of this new bill. The cost of compliance will undoubtedly be added on to bids for public contracts.

IV-6. Finance Report

Director of Finance Johnson reported that there were no concerns on the delinquent accounts report at this time. She stated that the O’Connor hearing for recovery of damages to District facilities was postponed yet again. In regards to the encroachment on the Dunlap tank parcel, Mr. House has cut down the avocado trees and has agreed to remove his storage of roof tiles from the District property so that fencing can begin.

Delinquent Accts.

Reimb. For Damages (O’Connor)

Encroachment on District Dunlap tank parcel (Daren House)

Director of Finance Johnson stated that AT&T has requested a lease revision including additional site and length of term. Staff will work with Counsel Scott on the amendment to present to the Board at a future date.

AT&T cell site lease amendment

Director of Finance Johnson reviewed the Springbrook Software proposal stating that the District's current software vendor, Datastream sold their software applications to Springbrook Software, Inc. out of Portland, Oregon. This led the way for those districts that wanted an upgrade path to transition from the current Unix-based application to state-of-the-art, Windows-based applications provided by Springbrook. Following discussion and in light of the current budget constraints, it was determined that this item will be put on the future capital improvement plan under lower priority.

**Datastream  
software sold to  
Springbrook**

**V. OTHER BUSINESS**

There was no other business.

**Closed Session**

**VI. ADJOURNMENT**

There being no further business to come before the board and upon a motion by President Knutson, seconded by Director Watkins and carried unanimously, the meeting was adjourned at 5:33 p.m. to Monday, January 26, 2015 at 2:00 p.m.

**Adjourn @ 5:33  
p.m.**

**Next meeting:  
January 26,  
2015 @ 2:00 pm**

\_\_\_\_\_  
Signature on file at District Office. \_\_\_\_\_  
Mike Fitzsimmons, Acting Secretary

ATTEST:

\_\_\_\_\_  
Signature on file at District Office.  
W.D. "Bill" Knutson, President