

**MINUTES OF THE SPECIAL MEETING
(BOARD WORKSHOP)
OF THE BOARD OF DIRECTORS OF
YUIMA MUNICIPAL WATER DISTRICT
Monday, June 27, 2016**

The Special 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 27th day of June, 2016.

**Special Meeting
(Board Workshop)
6/27/16**

1. ROLL CALL – DETERMINATION OF QUORUM

President Knutson called the meeting to order at 12:04 p.m.

**Call to Order
12:04 pm**

Directors Present:

Present 5

W.D. "Bill" Knutson, President
Ron W. Watkins, Vice-President
Terry Yasutake, Secretary/Treasurer
Laney Villalobos, Director
Roland Simpson, Director

Directors Absent:

Absent: 0

none

Others Present:

Others Present

Lori A. Johnson, General Manager
Amy Reeh, Accountant
Jeff Scott, Counsel
Daren House
Mindy Houser, RPMWC
Jeff Pape, RPMWC

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

No changes to the Agenda were proposed.

4. Public Comments

President Knutson opened the public comment period, noting that comments regarding specific agenda items would be taken up when those items are being considered. There were no members of the public present wishing to speak.

Public Comments

1. ACTION/DISCUSSION

Budget Workshop – Rates & Charges

The board discussed staff recommendations concerning the proposed schedule of rates, rentals, fees, deposits and charges. Staff presented proposed changes to the Rules and Regulation Governing Water Service that reflect changes to in the labor costs and adjustments in reimbursement to the District for: service hourly rates; equipment rental; meter installations; turn-off/turn-on fees; meter charges and water quantity charges. Manager Johnson stated these changes are incorporated into the 2016-17 proposed budget. She discussed the direct pass through of the San Diego County Water Authority fixed charges and that staff recalculated after meeting with the general district customers.

Budget Workshop: Water Service and Management Contracts, Recordkeeping and Secretarial Services and Emergency and Support Services Agreements

After reviewing the proposed draft support services agreements with Lazy H Mutual Water Company, the Mootamai Municipal Water District, the Upper San Luis Rey Watershed Authority, the Pauma Valley Mutual Water Company and the Rancho Estates Mutual Water Company, staff noted that there were no changes to the agreement language from the prior year just an adjustment in the rates as a pass through of District cost. Manager Johnson stated the agreements will be presented at the regular meeting later today for consideration by the board.

Budget Workshop: Review of the Fixed Charges and the proposed 2016-17 Preliminary Budget

Manager Johnson gave an overview of the proposed 2016-17 budget. She

reviewed the components in the budget stating that the projected sales were based on a 10 year average and that the required TSAWR differential of \$399 per acre foot is adjusted in the proposed rates as well as a recommendation that the \$90 per acre foot increase from the San Diego County Water Authority as a direct pass through effective January 1, 2017.

Accountant Amy Reeh reviewed the CWA fixed charges under scenario 1 that applied the increase based on the customer percent of increase/decrease for that year to the entire charge. Manager Johnson stated under scenario 1 it is not a direct pass through nor is it fair to our customers that used a considerable amount of water over their prior use as reflected in their rolling averages. Scenario 2 was calculated based on each customers rolling average using the same mythology that the Water Authority uses to charge the District. This reflects a true "Direct Pass-Through" and is staff's recommendation to apply moving forward. If approved, the next calculation to the fixed charges will be adjusted January 2018. Lengthy conversation ensued regarding what is a fair method of passing through the fixed charges that are being levied to this district. Jeff Pape stated he felt it was fair that if a customer increased purchases in a certain year they should pay a percentage of their increased purchases in that year as it relates to the increased fixed cost charge for the year. He stated he understood that staff is recommending that the CWA fixed charges be applied on a *direct pass through* based on how much water they purchased in that year instead of each customer paying their proportional share as a direct pass through based on the same basis CWA calculates the charge to the District. He stated that on a percentage basis, they would pay \$38K but on the direct pass through they pay considerable more. Director Watkins stated that our rates have to be cost based and that staff is presenting a direct pass through method using the same calculation that the San Diego County Water Authority uses to apply the charge to the District. Manager Johnson stated that the District has no reserves to pick up the additional charges if they are not directly passed through. Discussion ensued regarding having a consultant perform a Cost of Service study. Counsel Scott explained the benefits of having the study performer, namely avoidance of legal fees and provides a validation of your rates and charges.

Manager Johnson proceed to review the budget components and answer questions on each page of the budget.

II. OTHER BUSINESS

No other business was brought before the Board.

Other Business:

None

III. ADJOURNMENT


There being no further business to come before the board and upon a motion to adjourn the meeting offered by Director Watkins, seconded by Director Yasutake and carried unanimously, the meeting was adjourned at 2:01 p.m.

Adjourn @
2:01 p.m.



Terry Yasutake, Secretary

ATTEST:



W.D. "Bill" Knutson, President