

**MINUTES OF THE REGULAR ADJOURNED MEETING
OF THE BOARD OF DIRECTORS OF
YUIMA MUNICIPAL WATER DISTRICT
November 4, 2016**

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 4th day of November, 2016.

**Regular Adj.
Meeting
11/4/16**

1. ROLL CALL – DETERMINATION OF QUORUM

President Knutson called the meeting to order at 2:00 p.m. A quorum was present.

**Call to Order
2:00 pm**

Directors Present:

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

**Present: 5
Quorum
Present**

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

Directors Absent:
None

Absent: 0

Others Present:

Lori A. Johnson, General Manager
Amy Reeh, Finance Manager
Scott Groters, Operations Manager
Nick Bishop, Captain Cal Fire
Steven Andrews, Engineer
Cal Hendie, Battalion Chief
Doug Anderson, Rincon Oaks MWC
Chuck Bandy
Bobby Graziano, REMWC
Richard & Candice Burge
Susan Collins-Meyer, Interim GM Elect

Jeff Scott, Counsel
Patsy Fritz
George Stockton
Mike Fitzsimmons
Ron Currier
Jo Morgan
Bill Winn
Daren House

Others Present

2. PLEDGE OF ALLEGIANCE

President Knutson led those present in the Pledge of Allegiance.

Pledge of Allegiance

3. APPROVAL OF AGENDA

President Knutson amended the agenda to allow Captain Bishop an opportunity to present the Cal Fire Report. Director Knutson tabled Item 3.7 (A Resolution Extending the Agreement for Use of Hegardt Reservoir and Nate Harrison Canyon Diversion Works for Development of Local Water).

Agenda Amended

(Cal Fire Rpt)

(Use of Hegardt & Nate Harrison Canyon Works tabled)

4. PUBLIC COMMENT

President Knutson acknowledged our General Manager, Lori Johnson for her hard work and dedication over the years, having served the District for over 37 years. He noted that today is her last day and several people in the audience recounted their experiences and appreciation for Ms. Johnson’s dedication and endurance throughout the years through difficult times.

Public Comment

Director Simpson addressed the board regarding correspondence mailed by others supporting his opponent in the election for his seat as inappropriate. Counsel advised that there was not a violation of a sitting board member exercising their right as an individual. President Knutson directed the board to continue with the issues on the board agenda that this matter was a political matter and not an item on the agenda for discussion.

Campaigning Discussion

Daren House expressed his disappointment for the increased water rate in IDA.

Water rate concern

II. SPECIAL REPORTS (Taken out of order)

1. Joint Powers Fire Report

Item II-2 Special Report

Captain Nick Bishop reported that again the average was down in emergency and fire assist calls within our jurisdiction. He said that there were 25 medical aid responses, some false house alarms and three (3) smoke checks. There were no fires except for a vehicle fire to vegetation near Pala that was quickly contained and some assists to incidents on the La Jolla and Pauma Indian Reservations. There were no

(Cal Fire)

hazardous material incidents. The board was advised that CalFire would post in RoadRunner Happenings when burn permits will again be available.

I. CONSENT CALENDAR

Upon Director Villalobos request President Knutson pulled Items 3 through 9 from the Consent Calendar. Following motion offered by President Knutson seconded by Director Watkins the remaining Items 1 & 2 of the Consent Calendar were approved upon the following roll-call vote, to wit:

AYES: Villalobos, Simpson, Watkins, Knutson, Yasutake

NOES: None

ABSTAIN: None

ABSENT: None

The Financial Reports were next reviewed. Manager Johnson and Finance Manager Reeh responded to questions directed by Director Villalobos regarding reimbursement to staff for state treatment certificates and the lost check to the S.D. County Water Authority. A motion was then offered by Director Watkins, seconded by Director Yasutake to approve the Treasurer's Report and Cash Statement for September 2016 and was approved upon the following roll-call vote, to wit:

AYES: Villalobos, Simpson, Watkins, Knutson, Yasutake

NOES: None

ABSTAIN: None

ABSENT: None

Items I-3 through I-8 namely:

Resolution No. 1698-16

Resolution of the Board of Directors of Yuima Municipal Water District Authorizing Investment of Money in the Local Agency Investment Fund and Rescinding Resolution No. 1690-16;

and

Resolution No. 1699-16

Resolution of the Board of Directors of Yuima Municipal Water District

**Consent
Calendar**

**Items I-1
Minutes
S9-23-16,
R9-23-16,
S10-3-16,
S10-14-16,
S1-21-16)**

**&
Item I-2
(Acts.Paid &
Payable for
September
2016) approved)**

**Item I-3
Financial Rpts
for September
Approved**

**Item I-4
Res. No. 1698-16**

**(Authorizing
Investment in
LAIF)**

**Item I-5
Res. No 1699-16**

Making California Environmental Quality Act (CEQA) Findings for the Rincon Ranch Pipeline Replacement Project and Ordering a Notice of Exemption Filed with the County Clerk, County of San Diego

and

Resolution No. 1700-16

Resolution of the Board of Directors of Yuima Municipal Water District Adopting a Cyber Security Awareness Training and Education Policy

and

Resolution No. 1701-16

Resolution of the Board of Directors of Yuima Municipal Water District Approving Agreement for the San Luis Rey Resource Conservation District (USLRCD)

and

Resolution No. 1702-16

Resolution of the Board of Directors of Yuima Municipal Water District Setting Forth Water Connection Fees (Capacity Charges) for 2017 and Fixing Time and Place of Hearing and Giving Notice of Hearing

Director Villalobos requested that the Board vote on the procurement of district software and the new replacement backhoe separately. Discussion was next held regarding the purchase of new accounting software. Following a motion offered by Director Watkins and seconded by Director Yasutake Consent Items I-3 through I-9(1) (Accounting Software only) were approved by the following roll-call vote to wit:

AYES: Simpson, Watkins, Knutson, Yasutake

NOES: None

ABSTAIN: Villalobos

ABSENT: None

Discussion was then held regarding the purchase of a new replacement backhoe. Operations Manager Scott reviewed the condition of the existing backhoe noting that it was over 30 years old, does not meet EPA regulations and cannot be relied

(Making CEQA Findings for Rincon Ranch Pipeline Replacement & Ordering Notice of Exemption Filed)

*Item I-6
Res. No 1700-16*

(Adopting Cyber Security Training)

*Item I-7
Res. No. 1701-16*

(Approving Agreement for San Luis Rey Resource Cons. Dist.)

*Item I-8
Res. No. 1702-16*

(Fixing Capacity Charges & Setting Hearing)

Vote separated on Item I-9 (Procurement of New Acctg. Software & Backhoe)

Software Discussion

New Software Procurement approved

Backhoe Discussion

upon for leak responses. He also reported that he had considered a used backhoe, but found the difference was not that attractive as it would come without any warranties. It was reported that it would cost \$500/day to rent a backhoe.

Following motion being offered by Director Watkins, seconded by Director Yasutake the following roll-call vote was taken on Consent Item I-8(2) (Replacement Backhoe) separately, to wit:

Procurement of new backhoe:

AYES: Simpson, Watkins, Knutson, Yasutake

NOES: Villalobos

ABSTAIN: None

ABSENT: None

III. ACTION/DISCUSSION

1. Forebay Water System Improvements Report and Possible Action

Steven Andrews of Steven Andrews Engineering reviewed two proposals for increasing system capacity to the Forebay tank. He said that if the district wants to increase its flow by July of next year, that Phase I could be completed by then if started now. This Phase I would increase the flow Forebay from 16 cfs to 20 cfs by constructing 1,100 feet of 30" steel pipe from Forebay Pump Station east toward the County Water Authority connection. Estimated project cost is \$888,400, noting that steel prices are still good. Director Watkins motioned to approve Steven Andrews Engineering to complete the design engineering as submitted in their Exhibit "C" for the estimated project fee of \$65,400 for Phase I only and reallocate General District Capital funds within the 2016-17 budget. The motion was seconded by Director Yasutake and carried by the following roll-call vote, to wit:

AYES: Watkins, Knutson, Yasutake, Villalobos, Simpson

NOES: None

ABSTAIN: None

ABSENT: None

*New Backhoe
procurement
approved*

Item III-1

*(Forebay System
Improvements)*

*Steven Andrews
Engineering
Authorized to
complete design
engineering for
Phase I 20 cfs
Increase from
CWA \$65,400*

Discussion continued on the Phase II portions for Forebay flow upgrade with the design costs estimated to be \$46,400. On motion submitted by Director Villalobos, seconded by Director Watkins, the matter was tabled until our next regular meeting with the following roll-call vote, to wit:

AYES: Watkins, Knutson, Villalobos, Simpson, Yasutake

NOES: None

ABSTAIN: None

ABSENT: None

*Phase II Forebay
Flow upgrade
Design tabled to
next mtg.*

2. Consider Approval of Private Encroachment Permit No. 2016-13 For Fairfield farms, LLC.

Manager Johnson reported that property owner for APN 130-160-05 has avocado trees planted in the district's 20" mainline easement. He has applied for an Encroachment Permit and will be subject to the terms of said permit. Following discussion it was agreed upon motion offered by Director Watkins, seconded by Director Yasutake to approve the Private Encroachment Permit No. 2016-3 for Fairfield Farms, LLC following roll-call vote, to wit:

AYES: Villalobos, Simpson, Watkins, Knutson, Yasutake

NOES None

ABSTAIN: None

ABSENT: None

*Item III-2
Fairfield Farms
Encroachment
Permit #
2016-3(FairField
Farms)*

3. Update on Capacity Study Limitation and Meter Moratorium

Manager Johnson reported that in March of 2014 due to Forebay capacity limitation a temporary moratorium on setting any new meters larger than 1" was put in place in the general district. She said that for clarification, this meant that it did not limit area behind masters i.e. IDA. Following discussion, motion was offered by Director Watkins, seconded by Director Simpson to continue to keep the General District moratorium in place until Phase II addressing the Forebay flow limitations and directed staff to come back with information regarding instituting an "interruptible capacity rate" that could allow meters to be set on special condition while the district is in the process

*Item III-3
Moratorium
continued in
Yuima Gen. Dist.
Meters above 1"*

*Interruptible
capacity rate to be
explored*

of addressing the flow capacity restrictions to Forebay. Motion carried by the following roll-call vote, to wit:

AYES: Villalobos, Simpson, Watkins, Knutson, Yasutake

NOES: None

ABSTAIN: None

ABSENT: None

4. Report on IDA Well Geophysical Water Survey and Authorize Preparation of California Environmental Quality Act (CEQA) Documents & Plans & Specifications for Pilot Hole and Cased Well for IDA Wells #51 & 52.

Manager Johnson reported that Water Location.com has done a surface geophysical survey to identify potential well sites in meeting the board's objective to develop more local water in IDA as provided in its budget this year and requested the board to move ahead with CEQA on two sites located. One located below Dunlap Reservoir to a depth of 500' and one in Gregory Canyon to a depth of 300'. Discussion was held regarding the Sycamore Canyon site as CEQA has already been done for this site. Manager Johnson stated that in the interest of time, these other two sites are closer to power and storage tanks, where Sycamore Canyon should be a secondary priority due to its location and requirement that water be pumped to Perricone Tank, some distance away. She noted that the budget of \$220,000 provided enough resources for two pilot holes in these areas as well as CEQA requirements and the development and outfitting of at least one (1) well at the most promising site this fiscal year. Motion was made by Director Watkins, seconded by Director Simpson to drill two (2) pilot holes in the areas suggested by Water Location.com, and proceed with the CEQA process and plans for development of both was carried by the following roll call vote, to wit:

AYES: Simpson, Watkins, Knutson, Yasutake

NOES: Villalobos

ABSTAIN: None

ABSENT: None

*Item III-4
Pilot Holes
Dunlap and
Gregory Canyon
Well Sites in IDA
CEQA & plans
Approved*

5. Proposed Resolution Authorizing Budget Adjustment – Transfer from Salary & Wages to Professional Services (Recruitment Services).

Manager Johnson reported that the firm hired to recruit potential candidates for the general manager position (which has filled on an interim basis following Manager Johnson's retirement today by Susan Collins Meyer) should be paid through the accounting category of Professional Services. She stated that this category is deficient and a transfer should be made from the General & Administrative Salary & Wages category in order to better identify the expenditure for accounting and budget purposes. Motion was so offered by Director Yasutake, seconded by Director Knutson and carried by the following roll-call vote, to wit:

AYES: Simpson, Watkins, Knutson, Yasutake

NOES: Villalobos

ABSTAIN: None

ABSENT: None

6. Consideration of the 2017 Yuima Municipal Water District's Board Meetings

A Schedule of Events for Calendar Year 2017 was presented by staff setting the board's regular meetings at times that do not conflict with ACWA/JPIA meetings, other conferences or holidays. Motion to adopt the schedule as presented by staff was moved by Director Yasutake, seconded by Director Watkins and carried by the following roll-call vote, to wit:

AYES: Simpson, Watkins, Knutson, Yasutake, Villalobos

NOES: None

ABSTAIN: None

ABSENT: None

7. Proposed Resolution Extending the Agreement for Use of Hegardt Reservoir and Nate Harrison Canyon Diversion Works for Development of Local Water.

Res No. 1703-16

*Item III-5
Transfer of Funds
from G&A Salary
& Wages Category
to Professional
Services Category
for Recruitment
Services for GM*

*Item III-6
Calendar for 2017
adopted*

*Item III-7
Agreement for Use
of Hegardt Res. &*

President Knutson noted that Item III-7 (Agreement for Use of Hegardt Reservoir and Nate Harrison Canyon Diversion Works for Development of Local Water) had been tabled earlier.

*Nate Harrison
Diversion Works
tabled*

8. IDA Well Drilling Committee Update

Director Simpson reported on the IDA Well Drilling Committee activities noting that he as well as Director Yasutake, Manager Johnson and Operations Manager Groters had met to review documents and restrictions for well drilling, including zones of influence. He said there is not a lot of room at some locations for drilling a well. He also requested that the committee's scope be expanded to include the entire Yuima District. The board indicated their consensus for the committee to expand their scope.

*Item III-8
IDA Well Drilling
Committee Report*

*(Scope Expanded
to include Gen.
District)*

9. 2016-17 Water Rate Review

Manager Johnson reviewed CWA's Transitional Special Agricultural Water Rate (TSAWR) differential requirements and water rate adjustments approved earlier in July as a direct pass through of the County Water Authority's (CWA) rates effective January 1, 2017. Finance Manager Reeh reported that she had obtained different member agency calculations for comparison. Manager Johnson noted that since our local water production is melded into the calculation, it has changed significantly due to the drought and our having to take a higher percentage of imported water vs. local water than in prior years. Manager Johnson noted that currently our "cost of service" rate structure is being reviewed by Raftelis Financial Consultants, Inc. and a report should be forthcoming.

Item III-9

*2016-2017 Water
Rate Review and
pass through of
TSAWR*

IV. INFORMATION/REPORTS

1. BOARD REPORTS

Director Knutson reported that JPIA was meeting in December and he would have a report following.

Director Watkins reported that CWA's reserves are up and their biggest issue is their lawsuit against Metropolitan Water District (MWD) and what their long

*Item IV-1
Board Reports
ACWA/JPIA Rpt.*

Item IV-2

term strategy is, since collections of the overcharge to our member agencies may not happen for many years. He commented also on the operation of San Vicente Reservoir as a renewable energy source and the CWA being identified as a possible entity to take over SDG&E.

CWA Rpt.

Director Watkins reported on the meeting of the principles currently identified on Groundwater Sustainability Association (GSA) which was formed by the Sustainable Groundwater Management Act earlier this year. He said the facilitator is doing a good job and that the group is working through participation and structural issues, wanting to get as many involved at some level while maintaining a workable size for completing the work required efficiently.

*Item IV-3
GSA Report*

Manager Johnson reported that she has been extremely busy this month in view of her upcoming retirement and was unable to include the administrative report this month but will get the report out to the board at a later date.

*Item IV-2
Administrative
Rpt.*

Manager Johnson was happy to report that the District received a letter of compliance from CWA noting that the District is now in compliance with the Water Authority Ordinance No. 2011-05 under the Transitional Special Agricultural Water Rate (TSAWR) program for calendar year 2016. CWA found that the District is in compliance with the program and July 1st rates indicating that our pass through of the interruptible differential rate to our agricultural customers reflects the differential and indicates we have demonstrated that we have in place measures to implement cutbacks in the event of a water shortage.

*Water rate found
in compliance
with CWA's
TSAWR Program*

Manager Johnson reported that capital projects are still in the planning stages and construction will begin on the appropriate timeline.

*Item IV-3
Capital Imp.Prog.*

Operations Manager Groters reported that the Zone 4 block wall was finished. He also said that he utilized work furlough crews from the Puerta La Cruz Camp and CalFire to clear out some of our easements. He also noted that some diseased trees were removed as part of our plan to maintaining the screening for the Perricone Tank.

*Item IV-4
Operations Rpt.*

Counsel Scott reviewed the 80's and 90's Santa Barbara lawsuit wherein they were sued for not being fair with a development company in taking measures to lift a restriction on water use. SB 221, SB500 and SB610 require that a water supply availability be made and an assessment on what is required to provide service be

*Item IV-4
Counsel's Rpt.*

conducted.

Finance Manager Reeh reviewed the financial reports with the board. She also reported that an additional \$355,000 IRWM Planning Grant became available because another agency, the San Luis Rey Watershed Council dropped out. The District should find out if the supplemental application for the GSA was approved and to what extent, sometime next week. She further noted that our Cost of Service Rate Study is on-going and staff is supplying information as requested. Also, that staff is awaiting the final journal entries from the Auditors that will include adjustments to the inflows and outflows as they relate to the District portion of the liability in the CalPERS pool for small Districts.

*Item IV-5
Finance &
Admin. Serv. Rpt.*

*Addl. GSA funds
applied for*

*Cost of Service
Rate Study*

V. OTHER BUSINESS

President Knutson called a Closed Session at 6:02 p.m for the purpose of conferencing with legal counsel on existing litigation pursuant to Gov. Code Section 54956.9(d)(1) in the matter of Hayes vs. Yuima MWD, S.D. County Case No. 37-2016-00031584-CU-MC-CTL.

*Item V
Other Business*

Closed Session

The meeting was reconvened at 6:11 p.m. with Counsel Scott reporting that no action was taken.

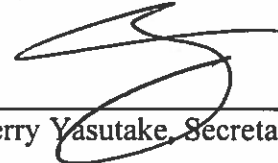
*Rpt. After Closed
Session*

VI. ADJOURNMENT

There being no further business to come before the board the meeting was adjourned at 6:12 pm upon motion being offered by Director Watkins, seconded by Director Yasutake and carried unanimously.

*Item VI
Adjournment*


W.D. "Bill" Knutson, President


Terry Yasutake, Secretary