

# Agenda

## Regular Meeting of the Board of Directors of Yuima Municipal Water District

Monday, April 28, 2014 2:00 P.M.  
34928 Valley Center Road, Pauma Valley, California

Bill Knutson, President  
Ron W. Watkins, Vice President  
George Stockton, Secretary/Treasurer

Mike Fitzsimmons, Director  
Douglas Anderson, Director

### AGENDA TOPICS

- 2:00-2:05 P.M. 1. **Roll Call** – Determination of Quorum.
2. **Pledge of Allegiance**
3. **Approval of Agenda** – At its option, the Board may approve the agenda, delete an item, reorder items and add an item to the agenda per the provisions of Government Code §54954.2.
4. **Public Comment** – Opportunity for members of the public to address the Board on matters within the Board’s jurisdiction, inquiries pertaining to an item on the agenda will be received during deliberation on that agenda item. No action can be taken unless specifically listed on the agenda (Government Code §54954.3)

2:05-2:08 P.M. **I. CONSENT CALENDAR**

Consent Calendar items will be voted on together by a single motion unless separate action is requested by a Board Member, staff or member of the audience.

1. Approve minutes of the Regular Meeting March 24, 2014 and Special Meeting of April 16, 2014.
2. Approval of Accounts Paid and Payable & Reporting under Government Code §53065.5 for March, 2014.
3. Acceptance of Monthly Financial Reports – March, 2014 Treasurers Report and Cash Statement.
4. Proposed Resolution Adopting an Annual Statement of Investment Policy and Rescinding Resolution No. 1473.1-13

*Background:* Staff is recommending Section VII Suitable and Authorized Investments be amended adding “*Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises..*” as authorized by the

government code. (CGC §53601(f)). There are no other changes proposed to the investment policy at this time. This item was reviewed at the Board Workshop held prior to the meeting.

*Recommendation:* That the Board adopt the proposed Resolution.

5. Proposed Resolution Authorizing Checking, Savings and Investment Accounts with Various Financial Institutions and Broker/Dealers (Finance 500 Inc. and RBC Capital Markets, LLC)

*Background:* Finance 500, one of Yuima's approved broker/dealers, has outgrown the capacity for APEX Clearing to handle their trading volumes and has contracted with RBC Capital Markets, LLC to handle underwriting and trading functions.

*Recommendation:* That the Board adopt the proposed Resolution.

2:08-2:10 P.M. **II. SPECIAL REPORTS**

1. Joint Powers Fire Report Williamson  
*Battalion Chief Williamson will be present*

2:10-3:00 P.M. **III. ACTION/DISCUSSION**

1. Public Hearing on Proposed Schedule of Water Availability Charges Knutson

*Summary:* A public hearing will be held at 2:10 p.m. to hear comments on the proposed Ordinance. The Water Availability Charge generates approximately \$78,291 and is used exclusively to finance the capital costs or maintenance and operation expense for water facilities.

- 1-A. Proposed Ordinance Fixing a Water Availability Charge for the District (2014/15) Knutson

*Recommendation:* That the Board over-rule all objections, if any are presented and adopt the Proposed Ordinance.

2. Proposed Resolution Levying a Special Fire Tax (Fire Protection) for the Fiscal Year 2014/15 (Amador) Knutson

*Background:* In order to collect the revenue needed to fund Yuima's Portion of the CalFire Fire Protection contract, it is necessary that the Board adopt the resolution as proposed which levies 100% of the fire tax approved by the voters. The amount that is generated by the Special Fire Tax in our area is approximately \$50,570.

*Recommendation:* That the Board adopt the proposed Resolution.

3. Proposed Resolution Approving Change Order No. 1 & 2 for the 1.2 MG Knutson

Welded Steel Zone 4 Tank Project (Paso Robles Tank, Inc.)

*Background:* Change Order No. 1 reduces the oil sand layer for the tank foundation from the specified 6” to 3” reducing the contract by \$5,229. Change order No. 2 adds the caulking of the steel roof beams between the beam and the roof plate in the amount of \$4,900. These changes will reduce the total contract amount by \$329 from \$935,649 to \$935,320.

*Recommendation:* That the Board adopt the proposed Resolution.

4. Proposed Resolution Approving Change Order No. 1 & 2 Bid Item 11 – Air Development in the amount of \$4,800 and Bid Item 14 Destruction of PV3 in the amount of \$10,000, for Schoepe replacement Well PV3R (Fain Drilling & Pump Company) Knutson

*Background:* PV3 Replacement well contract called for 16 hours of Air Development. After reviewing the results after 16 hours, the General Manager and District Engineer believed additional development might improve the well production. The time allotted for air development would be increased from 16 to 24 hours using the per hour rate stated in the bid. This will increase the contract from \$159,929.20 to \$164,729.20. The change was approved by Sherrill Schoepe in accordance with the Agreements to Lease Well Site. Change Order #2 removing bid item 14, the destruction of PV3, from the contract will allow for the timely filing of the Notice of Completion of the PV3R job and provide additional time for the contractor to schedule this work. This will reduce the contract from \$10,000. A separate purchase order will be issued for the destruction of PV3 at the guaranteed price.

*Recommendation:* That the Board adopt the proposed Resolution.

5. Proposed Resolution Accepting the Project Known as Construction of Well No. PV3 Emergency Replacement Pilot Hole and Cased Well (Fain Drilling & Pump Company, Inc.) Knutson

*Background:* The project consists of the emergency replacement of PV3 at the contract price \$154,729.20.

*Recommendation:* That the Board approve the proposed resolution

6. Consider Extending the Audit Contract with the current Auditors, Teaman Ramirez & Smith, CPA’s for an additional Two Years. Knutson

*Background:* The Board approved audit services with Teaman, Ramirez & Smith for the Fiscal years 2008 through 2012 and extended the contract for an additional two (2) years. A reasonable proposal for a two (2) year extension of the contract has been presented for the Board’s consideration.

*Recommendation:* That the Board direct staff as to its desire to extend the contract for an additional two years, 2015 & 2016.

7. Proposed Resolution Amending the Rules & Regulations Governing Water Service Section No. 19 Supply Conveyance and Exchange Policy (Wheeling Policy & Rates) Burzell

*Background:* A recent request from VO Pauma Development to wheel local water through Yuima's water system has identified the need for the District to implement rates associated with the Water Supply Conveyance and Exchange Policy. California Water Code §1810 provides that neither the state, nor any regional or local public agency may deny a bona fide transferor of water the use of a water conveyance facility (water wheeling) which has unused capacity, for the period of time for which that capacity is available, if "fair compensation" is paid for that use. Fair Compensation is defined as reasonable charges incurred by the owner of the conveyance system, including capital, operation, maintenance and replacement costs, and increase costs for any necessitated purchase of supplemental power. Staff recommends a Uniform Rate which pays for a proportionate share of the integrated system. The rates, as proposed, ensures the District's ratepayers are not exposed to additional costs and are also protected from unreasonable degradation of water quality and/or service levels. Using a Uniform Rate protects Yuima's financial and operational interests; allows Yuima to recover all appropriate capital, operation & maintenance expenses, and depreciation and administrative costs applicable to all wheeling requests. The approach has been validated by the courts and is consistent with MWD's policy.

*Recommendation:* That the Board adopt the proposed resolution

8. Discussion and Possible Action Regarding the Allocation of Legal Fees to Improvement District A "IDA" as a result of the suit filed by the Rancho Pauma Mutual Water Company against Yuima. Knutson

*Background:* In March the board requested staff to calculate the effect on the General District under an alternative allocation formula for the legal expenses in the current case. In 1968 the District hired the firm of Peasley Accountancy Corp. to prepare a study that would fairly allocate Yuima's General and Administrative Expenses to the new Improvement District A. It was determined that the equitable allocation would be based on a 3-factor formula based on the number of Customers, % of direct hours worked in each District and the value of Utility Plant. This allocation has been used since 1968. On average IDA pays 46% of the General and Administrative expenses monthly based on this formula. The formula with respect to the legal fees associated with the current lawsuit places an inequitable burden on IDA since they will not benefit from this action. IDA is limited to a maximum of 1,350 acre feet of water from the Rincon Basin from their 5 river wells.

*Recommendation:* That the Board adopt an alternative allocation of the legal expenses in the current case.

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

Burzell

*Background:* It is proposed that the District increase its rates in order to recover costs associated with providing water service, to fund the required capital improvement program and to pass through the increase to rates and charges imposed by our imported water suppliers, Metropolitan Water District and the San Diego County Water Authority.

In order to invite comments from the public, it is necessary to schedule a Public hearing and give appropriate notice. The proposed resolution sets the hearing to be held at 2:10 p.m. on June 23<sup>rd</sup>.

*Recommendation:* That the Board approve the proposed resolution which sets the hearing before the Board at 2:10 P.M. on June 23<sup>rd</sup> 2014.

2:15-3:30 P.M. **IV. INFORMATION/REPORTS**

1. **Board Reports/Meetings**

President/JPIA  
San Diego County Water Authority/MWD  
Other Meetings

Knutson  
Watkins

2. **Administrative**

General Information  
Slippage  
Well Levels  
District Water Purchased

Burzell

3. **Capital Improvement Program**

Burzell

4. **Operations, Maintenance & Engineering**

Engstrand

General Information  
Rainfall Record  
Consumer Confidence Report for 2013 – (Wholesale’s Report)

5. **Counsel**

Scott

6. **Finance**

Johnson

General Information  
Delinquent Accounts  
Water Availability Deferral Report  
9 Month Report at March 31, 2014  
AB 1234 Ethics Training

3:30-4:25 P.M. **V. OTHER BUSINESS**

**CLOSED SESSION: Conference with Legal Counsel – Existing Litigation**

**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.**

At any time during the regular session, the Board may adjourn to closed session to consider litigation, personnel matters, or to discuss with legal counsel matters within the attorney-client privilege. Discussion of litigation is within the attorney-client privilege and may be held in closed session. Authority: Government Code Section 54956.9

4:25-4:30 P.M. **VI.** **ADJOURNMENT**

Consider adjourning the May Board meeting to Tuesday, May 27<sup>th</sup> at 2:00 p.m. due to the Memorial Day Holiday.

*NOTE: In compliance with the Americans with Disabilities Act, if special assistance is needed to participate in the Board meeting, please contact the General Manager at (760) 742-3704 at least 48 hours before the meeting to enable the District to make reasonable accommodations. The meeting begins at 2:00 p.m. The time listed for individual agenda items is an estimate only. Any writings or documents provided to a majority of the members of the Yuima Municipal Water District Board of Directors regarding any item on this agenda will be made available for public inspection during normal business hours in the office of the General Manager located at 34928 Valley Center Road, Pauma Valley.*