

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF
YUIMA MUNICIPAL WATER DISTRICT
January 23, 2017**

The Regular 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 23rd day of January, 2017.

**Regular Meeting
1/23/17**

1. ROLL CALL – DETERMINATION OF QUORUM

President Knutson called the meeting to order at 2:05 p.m.

**Call to Order
2:05 pm**

Directors Present:

Present: 5

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

Quorum Present

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

Absent: 0

Directors Absent:

None

Others Present:

Others Present

Susan Collins Meyer, Interim General Manager
Amy Reeh, Finance Manager
Scott Groters, Operations Manager
Steve Andrews, District Engineer
Nick Schuler, Chief Cal Fire
Nick Bishop, Captain Cal Fire
Lori A. Johnson
Daren House
Bobby Graziano, Rancho Estates, MWC
Janet Donnelly

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.

Agenda Approved

4. PUBLIC COMMENT

It was reported that no speaker requests had been received and no other indication to speak was offered by members of the public present.

Public Comment

5. ELECTION OF OFFICERS

After discussion, Director Roland moved that the Board re-elect all currently serving officers to their respective positions for an additional two-year term. Director Villalobos stated that she still favored a rotation procedure. The motion was seconded by Director Watkins and passed by the following roll call vote, to wit:

Election of Officers

- AYES: Watkins, Villalobos, Simpson, Knutson, Yasutake
- NOES: None
- ABSTAIN: None
- ABSENT: None

I. CONSENT CALENDAR

Director Simpson asked that each item be reviewed separately. Following individual review, an amendment was made to the minutes, and a request made that the board take special care in reviewing our largest expenses each month, i.e. power and purchased water. Upon motion being offered by Director Simpson, seconded by Director Yasutake, Items I-1 (as amended) through I-3 on the Consent Calendar were approved by the following roll-call vote, to wit:

Consent Calendar

Minutes of 12-16-16

- AYES: Watkins, Villalobos, Simpson, Knutson, Yasutake
- NOES: None
- ABSTAIN: None
- ABSENT: None

Financial Rpts.

II. SPECIAL REPORTS

1. Joint Powers Fire Report

Chief Nick Schuler reviewed the Cal Fire written report included in the packet for the board, noting that there were 22 medical aids last month and a few assists in mutual aid outside the district. He also said that because of the recent storms they had called in swift water rescue teams, and reported on the tragedy that occurred in the drowning of two victims at Rainbow Creek. He also noted that while the rain is good, it will also produce a lot of fuel for this summer.

Special Report
(Cal Fire)

III ACTION/DISCUSSION

1. Public Hearing to Receive Comments and Consider Adoption of Mitigated Negative Declaration Regarding the Local Groundwater Drilling Program in IDA located in the vicinity of Gregory Canyon and Dunlap Tank Site. (Proposed Wells No. 51 & 52)

Public Hearing:
Mitigated Neg.
Dec. Wells 51 & 52

President Knutson opened the public hearing at 2:25 p.m. for the consideration and adoption of Mitigated Negative Declaration Regarding the Local Groundwater Drilling Program in IDA located in the vicinity of Gregory Canyon and Dunlap Tank Site. (Proposed Wells No. 51 & 52).

It was reported that the Public Notice had been posted as required for public review and no written comments had been received.

Public Notice
Posted

Engineer Steve Andrews reviewed the mitigated portion of the declaration with the board which mainly had to do with construction activities. 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 2:35 p.m.

Engineer
Comments

1-A. Proposed Resolution Adopting a Mitigated Negative Declaration, Making Findings Regarding Environmental Effects of the Projects, and Authorizing the Filing of a Notice of Determination (IDA Wells No. 51 & 52)

Res. No. 1710-17

Upon motion offered by Director Simpson, seconded by Director Watkins Resolution No. 1710-17 was adopted by the following roll-call vote, to wit:

AYES: Watkins, Villalobos, Simpson, Knutson, Yasutake
NOES: None
ABSTAIN: None
ABSENT: None

1-B. 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 Covering the Construction of IDA Wells No. 51 & 52

Res. No. 1711-17

Approving
Contract Docs.
Wells 51 & 52

Upon motion offered by Director Simpson, seconded by Director Watkins Resolution No. 1711-17 was adopted by the following roll-call vote, to wit:

AYES: Watkins, Villalobos, Simpson, Knutson, Yasutake
NOES: None
ABSTAIN: None
ABSENT: None

2. Consider Approval of the Yuima Municipal Water District's Fiscal Year 2013-2014 Audited Financial Statements and 2015-2016 Comprehensive Annual Financial Report (CAFR)

2015-16 Audit
and CAFR
Accepted,
Received
and Filed

Finance Manager Reeh reviewed the Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Net Assets for the 2015-16 Fiscal Year. Both of these reports indicated a positive change in net position of \$378,471.

Richard Teaman from Teaman, Ramirez and Smith presented the principal findings of their recent audit of the District's finances. Director Watkins inquired as to the accuracy of comments regarding the financial solvency of the District; specifically the comment that the District is "bankrupt." Mr. Teaman first clarified that bankruptcy is a legal matter that would be determined by the District, legal counsel and a Bankruptcy Court. Mr. Teaman went on to explain that as a part of each audit the auditor issues a "going concern opinion". He said that if an auditor felt that the District was no longer a viable going concern the auditor would issue a "modified opinion and would require the District to provide a plan that is attainable to rectify the situation. Teaman, Ramirez & Smith issued an "unqualified opinion" for the fiscal year end June 30, 2016, indicating that the district is a viable going concern due to the fact that the net position continues to increase each year. Upon a motion by Director Yasutake, seconded by Director Watkins, Yuima Municipal Water District's *Fiscal Year 2015-2016 Audited Financial Statements and 2015-2016 Comprehensive Annual Financial Report (CAFR)* was ordered accepted, received and filed by the following roll-call vote, to wit:

AYES: Watkins, Villalobos, Simpson, Knutson, Yasutake
NOES: None

ABSTAIN: None

ABSENT: None

3. Proposed Resolution Requesting Approval by the San Diego County Water Authority, the Metropolitan Water District of Southern California, and the Local Agency Formation Commission of a Concurrent Annexation to said Agencies (Pauma Valley Water Company) consisting of approximately 154 acres

Following discussion, the board requested that this matter be tabled until staff can return with an acceptable agreement for water use offset for the project in the form of preferably dedicated water rights, well drilling options or a well water purchase agreement. Staff was also instructed to further investigate ways to bring in full area within the Mootamai MWD boundaries.

4. Resolution Requesting Approval by the San Diego County Water Authority, the Metropolitan Water District of Southern California and the Local Agency Formation Commission of a Concurrent Annexation to said Agencies (Rancho Corrido RV Park, Inc.) (APN 130-040-16) Approximately 31.29 acres

Following report by General Manager Meyer, motion was offered by Director Watkins, seconded by Director Yasutake, to adopt Resolution No. 1712-17, entitled *Resolution Requesting Approval by the San Diego County Water Authority, the Metropolitan Water District of Southern California and the Local Agency Formation Commission of a Concurrent Annexation to said Agencies (Rancho Corrido RV Park, Inc. (APN 130-040-16) Approximately 31.29 acres* was carried by the following roll call vote, to wit:

AYES: Watkins, Villalobos, Simpson, Knutson, Yasutake

NOES: None

ABSTAIN: None

ABSENT: None

With the condition that an off-setting water supply agreement be presented, satisfactory to the board, preferably granting water rights on the said property, or other water well agreement.

5. Resolution Adopting Agreement for Use of Hegardt Reservoir and Nate Harrison Canyon Diversion Works for Development of Local Water

The board reviewed a revised draft of the proposed agreement than that

Proposed Resolution Annexing PV Water Company tabled until water offset agreements made

Res. No. 1712-17 Annexing Rancho Corrido RV Park Approved with condition

included in the board packet, noting the changes made incorporated a formula that would adjust the current 50% of the base rate annually by the board in order to meet the fair “cost of service” analysis balancing the benefits to the district for the operation and maintenance of Hegardt Reservoir with that of property owner’s Humason. It also changed the metering to the inlet of the reservoir as Humason’s deliver some of their well water to the reservoir, and also corrected some of the district’s parcel numbers due to some earlier watershed land conveyance. Upon Motion offered by Director Watkins and seconded by Director Yasutake, Resolution No1713-17 *Resolution Adopting Agreement for Use of Hegardt Reservoir and Nate Harrison Canyon Diversion Works for Development of Local Water* was adopted by the following roll-call vote, to wit:

AYES: Watkins, Villalobos, Simpson, Knutson, Yasutake
NOES: None
ABSTAIN: None
ABSENT: None

6. Certificate of Compliance by Yuima MWD as Successor in Interest to Palomar Mutual Water Company for Calendar Year 2016 (Strub).

Upon a motion by Director Watkins, seconded by Director Yasutake, the Board authorized the President and Secretary to execute the Certificate of Compliance as submitted and file it with the Court.

7. Resolution Authorizing and Increase in the Commercial Security and Business Loan Agreement with California Bank & Trust for ACH Transactions and Rescinding Resolution No. 1625-15

Following Finance Manager Reeh report to accommodate customers with higher water bills for on-line payments, Resolution No. 1714-17 Authorizing an Increase in the Commercial Security and Business Loan Agreement with California Bank & Trust for ACH Transactions and Rescinding Resolution No. 1625-15 was adopted on motion being offered by Director Simpson, seconded by Director Knutson by the following roll-call vote, to wit:

AYES: Watkins, Villalobos, Simpson, Knutson, Yasutake
NOES: None
ABSTAIN: None
ABSENT: None

Res. No1713-17
Adopting
Agreement for
Use of Hegardt
Reservoir
& Nate Harrison
Catch
(Humason)

Strub Certificate
of Compliance

Res. No. 1714-17
and Rescinding
No. 1625-15

ACH Limit
Increase CBT

8. Resolution Declaring Certain District Capital Assets Surplus

Following discussion regarding obsolete items, scraping, estimated values and review of the assets presented by staff to be declared surplus, the board, upon motion offered by Director Watkins, seconded by Director Simpson and carried, Resolution No. 1715-17 Declaring Certain District Capital Assets Surplus was adopted by the following roll-call vote, to wit:

AYES: Watkins, Villalobos, Simpson, Knutson, Yasutake
NOES: None
ABSTAIN: None
ABSENT: None

Following discussion and upon motion being offered by Director Simpson, seconded by Director Watkins and carried, the board authorized the continuance of the current standing committees and added an ad-hoc committee for CalPers quarterly review. Current assignments to the committees are as follows:

Employee Recognition Committee: Simpson, Yasutake, General Manager
Personnel Committee: Watkins, Villalobos, General Manager
Local Groundwater Committee: Simpson, Yasutake
Employee Pension Committee: Watkins, Villalobos

Motion passed by the following roll-call vote, to wit:

AYES: Watkins, Villalobos, Simpson, Knutson, Yasutake
NOES: None
ABSTAIN: None
ABSENT: None

Manager Meyer directed the board’s attention to the board insert regarding the Role of Governing Body and the Organizational Chart, noting that it is always good information to review occasionally and especially for new board members as acting outside of their scope of authority as policy makers could cause liability problems.

IV. INFORMATION/REPORTS

1. BOARD REPORTS

President Knutson reported he had nothing new to report on JPIA this month.
Director Watkins reported that the CWA’s meeting will not be held until this

Res No. 1715-17
Declaring Certain
Assets Surplus

Committee
Appointments

Organizational
Chart and
Board’s Role
Review

INFO. RPTS.

ACWA/JPIA

Thursday but reviewed the Authorities activities beginning back in 1991 when they became concerned with a long-term outage of Authority aqueducts which are very close to each other and especially where they cross a major fault area. He reviewed the different projects built and the added storage and supplies in the south county and the piping necessary to reach the northern agencies, i.e. Rainbow, Fallbrook, Yuima and Valley Center. He stated that he as well as Manager Meyer and our engineer, Steve Andrews had met with CWA staff as well as Valley Center Municipal Water District's General Manager, Gary Arrant and their engineers to discuss a Principles of Understanding that was circulated for our review. He noted that this has led to the Authorities agreement at the request of staff to allow Valley Center and Yuima to negotiate a non-emergency operational use for the North County Emergency Storage Project. Steve Andrews added that since we will be looking at operating the system during non-emergency conditions, when we are pushing water through our system on peak days, that a larger pump will have to be installed than is originally planned for emergency only. The board encouraged staff to continue, with Director Watkins, its efforts to negotiate an agreement with Valley Center MWD.

Director Watkins reported that he was unable to attend the last GSA workshop, but that another one would be held tomorrow to review an up-dated second draft of the MOU as prepared by County Counsel which addressed liability and indemnification issues raised by the workgroup. He said a public hearing was also scheduled for Tuesday this week at 10:00 a.m. Director Simpson said that the County was now in "the driver's seat and we were pretty much along for the ride. He said he felt that the district, especially with its limited staff, should focus on more things that we have control over rather than those things that we do not, suggesting more local water production.

Manager Meyer reported in addition to her written report on the 4" Emergency Connection off a 6" VCMWD line that crosses our mainline near Carney Road just below McNally Tanks. She said that Valley Center had gathered some initial information to determine that they do have capacity in that line and had received a letter indicating their willingness to study the matter further upon the receipt of engineering deposits. Following discussion, the board decided to continue pursuit of the agreement with Valley Center on the NCESP line which should be installed by 2019. The board agreed that with Rancho Pauma Mutual expressed willingness to cooperate with our

CWA

No. County ESP
Project &
VCMWD &
YUIMA
Operational
agreement

GSA

Administrative
Rpt.

4" Emergency
Connection with
VCMWD put on
hold

district and not take water from Yuima during peak demands until we have solved our peaking problem with the NCESP operational agreement, as well as new wells coming on line and others increasing in capacity due to the recent rains, we should be able to get to that 2019 without any added flow requirements. She noted that scheduling was only an option as last resort. The board agreed that we should reimburse Valley Center for any costs incurred to this date and that should we wish to pursue it further we will make the required deposits as set forth in their letter.

Manager Meyer also reported that following Barrett Reservoir being declared surplus property she had done some initial research on the parcel to assess value and determined that it was a legal parcel with and easement access that was questionable as its location appeared within the canyon. She said proceeds for the sale might be so minimal that the board may want to reconsider sale. Following discussion the board agreed to hold off on a sale at this time in order to evaluate future use for either a future well site and/or tank. Manager stated that should it not be valuable to the district for waterworks, then sale of the property would be best suited to the surrounding property owner, currently Anthony Cinquini.

Manager Meyer reported that Bob Murray and Associates had reported that they had received several resumes from interested candidates for the position of General Manager and would be conducting interviews this week. She said that she anticipated a meeting being scheduled probably early February with the recruiters.

Operations Manager Groters reported that usage is minimal due to the recent storms that they are moving water around to keep the chloramine residuals up. He also stated Zone 4 Tank had a lot of erosion over the drainline which is now exposed. Attempts were made to sandbag and keep damage at a minimal, but the rains were too heavy. Repairs will be made as soon as possible. Manager Groters reviewed the Rincon Ranch Line Replacement job noting that staff had to go back to the drawing board and rethink the job. He noted that the dollars budgeted for the project were only enough to order the pipe, but not cover the labor. Manager Meyer said that the project overruns would be substantial not only because of the low budget figure, but since the district would now have to complete paving repairs since the Rincon Ranch Community Services District would not have the funds to do the planned paving after the construction. She said that she had stopped the job and suggested that only the first phase of the construction be completed consisting of approximately 1200' and valve

**Barrett Res. To
be retained**

New GM Search

**Operations
Report**

**Rincon Ranch
Road Pipeline
Replacement**

replacement and requested board direction on this new approach. Following discussion, it was agreed that staff should continue with the project for the first 1200' to the old valve station thereby staying within budget. The rest of the pipe (which we have been told we have to take delivery on) is to be delivered to our storage yard by the office until we can budget for the remainder of the pipeline replacement.

Finance Manager Reeh updated the board on delinquent accounts and reviewed the Six (6) Month Budget Report with the board. Manager Reeh also reported that the Cost of Service Study has been delayed in an effort to fine tune the large amount of data that was compiled for the study but will be presented at the February 27, 2017 board meeting. The new financial software upgrade is in progress with the new network server being installed and currently having required licenses, virus protections and firewalls being built for protection of our data. Once the server installation is complete, the Accela software will be installed and data conversion can begin.

Finance Rpt.

V. OTHER BUSINESS


Director Watkins reported that he would be out of the state from February 1st through February 8th, 2017.

Other Business

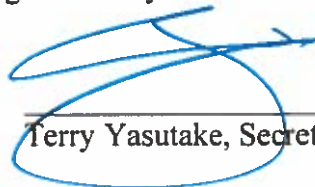
VI. ADJOURNMENT

There being no further business to come before the board the meeting was adjourned at 6:30 p.m. upon motion being offered by Director Watkins, seconded by Director Yasutake and carried unanimously.

Adjournment
6:30 pm



W.D. "Bill" Knatson, President



Terry Yasutake, Secretary