

**Minutes for April 15, 2008
Ramona Municipal Water District
Board of Directors
434 Aqua Lane
Ramona, California 92065**

Special Meeting of the Board of Directors

PRESENT

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| Robert Krysak | President |
| Doug Wilsman | Vice President |
| Jim Robinson | Secretary - Absent |
| Red Hager | Treasurer |
| Kit Kesinger | Director |

AGENDA

A. Opening of Meeting

A.1. Call to Order and Pledge of Allegiance

The Regular Meeting of the Board of Directors of the Ramona Municipal Water District was called to order by President Krysak at 6:00 p.m., at the Ramona Community Center, 434 Aqua Lane, Ramona, County of San Diego, State of California.

Also present were: Thomas L. Brammell, General Manager; Tim Stanton, District Engineer, Alice Benson, Wastewater Operations Manager, Ralph McIntosh, Water Operations Manager; David Barnum, Chief Financial Officer and Sherry McGarry, Administrative Assistant.

President Krysak led the Board and members of the audience in the Pledge of Allegiance.

A.2. Consideration of Non-Agenda Items Which Arose Subsequent to the Posting of the Agenda

None.

A.3. Adoption of Agenda for Meeting of April 8, 2008

MS\C **TO ADOPT AGENDA.** (Wilsman/Kesinger) Approved 4-0-1 Director Robinson absent.

A.4. Opportunity for Members of the Public to Address the Board on any subject within its Jurisdiction but not on the Agenda

None.

B. Ministerial Items

B.1. Consent Calendar (All matters on the consent calendar are to be approved by one motion unless a Board Member requests separate action on a specific item)

None.

C. Public Hearing/Bid Openings

(This space on the agenda is reserved in the event there is a public hearing or bid opening)

D. Agenda items which anticipate possible input from members of the public

(This space on the agenda is reserved in the event a member of the public is scheduled to address the Board)

E. Agenda items which anticipate possible input from other agencies/consultants

(This space on the agenda is reserved in the event another agency/consultant is scheduled to address the Board)

F. Agenda items which anticipate possible input from staff.

F.1. Discussion and Possible Action on Approval of Fiscal Year 2008-2009 Capital Budget.

Recommendation: None.

District Engineer, Tim Stanton, led a Presentation on Fiscal Year 2008-2009 Capital Budget, and provided revised handouts and spreadsheets for Agenda Item F.1. which also incorporated some spreadsheets in F.3. as follows:

❖ Budget Assumptions

- Budget approval does not approve projects
- Anticipating 60 water connections, 25 Santa Maria sewer connections & 10 San Vicente Sewer connections
- Both water and sewer distribution and collection systems improvements usually built by developers
- There are lien contracts and mitigation fees for construction of some of the facilities when they are not going to be built but are deferring payment to construct some facilities
- Proposition S projects will be constructed in a series
- Bargar is budgeted in Capital Improvement Projects (CIP) for design only in 2008-2009. Is treated as a CIP since no longer required as part of the operating system as it exists today. As expansion takes place it could support expansion rather than putting another pump at Poway Pump Station. Category of CIP or CRP is by how the project is defined.
- Santa Maria Spray Field Purchase is funded out of the Capital Replacement Projects Budget (CRP)
- Santa Maria Improvements (Phase 1) is funded both from CRP and CIP.
- Santa Maria Improvements (Phase 2) is funded thru an Assessment District (AD) funds or other vehicle that the Board approves.
- Santa Maria Improvements (Phase 2) there will be some oversizing so part of payment will be to establish perhaps a reimbursement program which would become for example a connection fee for the District.
- San Vicente Reverse Osmosis (RO) and Brine Evaporation Pond in the San Vicente CRP Fund.
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- ❖ Fiscal Year 2008-2009 One-Year Budget
 - Summary of overall funds
 - Total \$10 million
 - Largest Funds are San Vicente Capital Replacement Projects, Santa Maria Capital Replacement Projects and CIP funds.
 - The purchase money for the Santa Maria lands is from 2007-2008 Budget and will be spent before July 2007.

- ❖ Fiscal Year 2008-2009 Five-Year Budget
 - This five-year summary sheet is forecast numbers not actual.
 - Fund 25, 2007-2008 Budget, Santa Maria CRP, for \$2.6 million is the purchase of the spray fields and calculated in the 2007-2008 Budget as \$1.7 million from a prior year carryover, \$1.2 million property tax and \$65,000 Earnings on Investments. President Krysak asked for verification of where the money is coming from for the \$2.6million, and the future, which will be advised.
 - There are large expenditures indicated through 2011.

- ❖ Proposition “S” Projects
 - These projects are scheduled in a series.
 - The 6 million gallon Julian Tank Pump Station is under construction, but some funds will be expended in next budget.
 - Construction has started on the 12-inch pipeline to Ramona Oaks but expenditures will carry over also to next budget
 - An RFP will be brought to the Board for the 18-inch pipeline when proposals for the design are done.
 - The 24-inch pipeline comes from Montecito to Olive Street pump station to Bargar and Julian Tank which supplies water to San Diego Country Estates. This will probably be started in six months to a year.
 - Once the 24-inch pipeline is completed, we will have spent all the CIP funds. The CIP funds are being depleted.
 - In Proposition S, the people voted for a dollar amount which represented cash on hand and future cash from connection fees.

- ❖ San Vicente Reverse Osmosis and Brine Evaporation Ponds
 - 2007-2008 we are projecting \$908,000 for the Reverse Osmosis for fabrication costs.
 - 2008-2009 \$2.4 million combination for Reverse Osmosis and brine ponds.
 - The brine ponds are in preliminary design. Then they will be released for design.
 - The Reverse Osmosis has a range from 93 to 97 which means a lot more storage will be needed. From predesign to design Enaqua will run a pilot so that they will know what is needed for storage.

- ❖ Santa Maria Phase 1 Expansion
 - A summary of predesign report for total \$13,728 million.
 - Design is expected in Fiscal Year 2008-2009
 - Construction is in 2009 to 2011
 - Proposition NN limit is \$2 million but a pond reservoir is \$3 million
 - Replacement is exempt from Proposition NN

- ❖ Santa Maria Capital Replacement Fund
 - Chart shows funding sources
 - 2007-2008 - \$2.9 million purchasing spray fields
 - 2008-2009 - \$1.6 million design phase plus others projects
 - 2009 through 2011 amounts are for expansion and improvement of plant to 1.14million gallons per day. Part of money from CRP and some from Capital Improvement Fund are exempt from Proposition NN.
 - The breakdown of what CRP fund is buying and includes: \$2.6million for spray fields; \$3 million plant expansion to 1.14MGD; \$3.1 million Wet Weather Storage; \$2.4 million interceptor relocation; design and construction.

- ❖ Santa Maria Capital Improvement Projects – breakdown per fiscal year
 - Total is \$2.1million from Capital Improvements Fund.
 - Also participates in financing plant improvements to 1.14MGD
 - 2007-2008 \$50,000;
 - 2008-2009 \$249,222;
 - 2009-2010 \$1,089,977;
 - 2010-2011 \$716,880

- ❖ Santa Maria Capital Improvement Projects Fund showing dollar amounts of projects
 - Chart shows breakdown of \$2.1 million and where amounts are allocated
 - Expansion of plant to 1.14MGD - \$1,599,528
 - Wet Weather Storage ponds - \$445,764
 - Interceptor Relocation - \$60,786

- ❖ Santa Maria Phase 2 with dollar numbers from pre-design report
 - Phase 2 is assuming new development and need to expand to another phase
 - Funded from an Assessment District Funds, which is exempt from Proposition NN
 - Expanding plant to 1.28MGD - \$5.3 million
 - Effluent line - \$2.9 million
 - Wet weather storage - \$2.4 million
 - Spray field enhancement - \$495,000
 - As part of a new customer base there are collection mains that need to be improved and upgraded - \$2,475,000; and oversizing cost - \$4,050,750
 - Some improvements are benefiting future connection. We assume 680EDUs; and future expansion of 600EDU, which would have a reimbursement to District as collection fees if the District elected to fund.
 - The Board must give direction whether to proceed with an Assessment District. Currently there are 38 to 40 sewer connections made under the lien agreement and They indicated will participate in an Assessment District. There is about \$500,000 in liens and of which \$30,000 in cash. To set up an Assessment District is about \$300,000.

- ❖ Santa Maria Phase 2 showing dollar amounts per fiscal year.
 - 2007-2008 - \$ 20,000
 - 2008-2009 - \$ 250,000 to establish Assessment District
 - 2009-2010 - \$ 765,040 design
 - 2010-2011 - \$6,864,870 – construction
 - 2011-2012 - \$5,436,540 – construction
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F.2. Discussion and Possible Action Regarding Fiscal Year 2008-2009 Property Tax Forecast

Recommendation: None.

Chief Financial Officer, David Barnum, stated the Agenda Item chart projects property tax revenues in 2008-2009 at \$5,500,000.

The upper portion of the chart reflects uses of property tax defined with the top priority of paying off water debt, FHLA debt and Fire OPS for an estimated amount of \$3,630,159 of uses of the discretionary portion of the tax. And \$1.9 million also identified as discretionary property tax.

Director Wilsman also stated that allotted in the operating funds is \$150,000 to pay for brine hauling for six months.

It is estimated that property tax will be flat. In previous years the increase was by a few hundred thousand dollars.

F.3. Discussion and Possible Action Regarding Preliminary Fund Summaries and Budget Assumptions.

Recommendation: None.

The Water Fund Summary on revised yellow sheet F.1. page 17 reflects activity for current year and next year budget. Note position count of staff is 22. Fund balance is \$2.3 million for 2007-2008 and 2008-2009. Showing maintaining a lean budget, but cover our costs.

Budget Assumptions: Revenues are shown on revised yellow sheet F.1. page 18. Recommended increases in next fiscal year: treated water rate shows a 5% increase; and untreated water rate increases 3%. The electric energy rate is a pass through from SDG&E of 5 cents. Further, the proposed Water System charge is increased .35 cents and the Santa Maria Sewer Service increases by \$4.59 and San Vicente Sewer Service by \$48.83.

Of note is that MWD has increased their water rate by 14%; CWA has increased their water rate to member agencies, like ourselves, by more than 8%. We are showing a decrease in untreated water sales.

Budget Assumption 2007-2008 – Preliminary Water Purchases on revised yellow sheet F.1. page 19 is the schedule for cost of water purchases. The cost of water comes from CWA. The second half of the year is the staff estimate of water usage. The number of 3831AF is the IAWP restricted Acre Feet that the District can sell.

General Manager, Tom Brammell added the recommendation from MWD to be put forth is the reduction to IAWP customers will stay in place but with no reduction of cost.

F.1. page 20 of yellow sheet is our fund balance for San Vicente. Part has been funded by property tax. Uses of funds is up again because of RO, part has been funded by property tax.

F.1.page 21 of yellow sheet – Santa Maria - note total increase is 1%. Total source of revenues have increase 3% ; use of fund increased 2 % which relates to inflation. The rate increase is 1%.

F.1. page 22 is the Proposition 218 letter to be sent to rate payers with rate increases. Water rate increase 5.3%. All the other rates are listed on the following pages for treated, untreated water, electric rate and sewer rates.

F.4. Discussion and Possible Action to Approve the Preliminary Design Report for Expansion of the Santa Maria Waste Water Sewage Treatment Plant.

Recommendation: That the Board approve the report “Preliminary Design Report for Expansion of the Santa Maria Waste Water Sewage Treatment Plant”.

M\S\C **THAT THE BOARD APPROVE THE PRELIMINARY DESIGN REPORT FOR EXPANSION OF THE SANTA MARIA WASTE WATER SEWAGE TREATMENT PLANT.** (Wilsman/Kesinger) Approved 4-0-1 Director Robinson absent.

F.5. Discussion and Possible Action to Authorize Change Order No. 1 for Additional Archeological Testing for the Santa Maria Wastewater Treatment Plant Expansion.

Recommendation: That the Board authorize the General Manager to approve Change Order No. 1 to ASM Affiliates, Inc. in the Amount of \$25,764.00 for additional cultural resources testing for SMSSA Improvements

M\S\C **THAT THE BOARD AUTHORIZE THE GENERAL MANAGER TO APPROVE CHANGE ORDER NO. 1 TO ASM AFFILIATES, INC. IN THE AMOUNT OF \$25,764.00 FOR ADDITIONAL CULTURAL RESOURCES TESTING FOR SMSSA IMPROVEMENTS.** (Wilsman/Krysak) Approved 4-0-1 Director Robinson absent.

F.6. Discussion and Possible Action To Approve Issuance of a Request for Proposals for Design Services for the Santa Maria Facilities Improvements – Phase I.

Recommendation: That the Board authorize issuance of a Request for Proposal for the Santa Maria Facilities Improvements.

M\S\C **THAT THE BOARD AUTHORIZE ISSUANCE OF A REQUEST FOR PROPOSAL FOR THE SANTA MARIA FACILITIES IMPROVEMENTS.** (Krysak/Kesinger) Approved 4-0-1 Director Robinson absent.

G. Remaining Agenda Items

G.1. Directors’ Comments

Directors’ comments are comments by directors concerning District business which may be of interest to the Board. Directors’ comments are placed on the agenda to enable individual members to convey information to the Board and the public. There is to be no discussion or action taken on comments made by Board members.

H. Closing Agenda Items

H.1. Items for Subsequent Meetings

**H.2. Date and Time for the Next Regular Meeting
May 13, 2008 - 7:30 p.m.**

H.3. Adjourn

M\S\C MOTION TO ADJOURN MEETING AT 6:59P.M. Approved (Kesinger/Hager) 4-0-1 Director Robinson absent.

Robert E. Krysak, President
Board of Directors
RAMONA