

Corrected Minutes
WYNOLA WATER DISTRICT
Board of Directors Meeting
January 8, 2022
Held at Santa Ysabel Nature Center
22135 CA – 78 Santa Ysabel CA 92070

- 1. Call to Order 9:00 a.m.**
- 2. Roll Call of Directors Present:**
 - **President Jim Madaffer**
 - **V.P. Ron Placa**
 - **Treasurer Bonni Cogan**
 - **Sandie McCann, Board Member**
 - **Steve Kincaid, Board Member**
- 3. Additions to Agenda:**
 - **Elections of Board Officers**

Board President Comments:

Some of you received an email to attend today's board meeting about the 5th pending rate increase out of the 5 rate increases approved by the board back in 2017.

We have been in a very tough time over the last several years and things are getting far better at the Wynola Water District.

My goal after joining this board and becoming President the same day was to end the rancor of years gone past. I don't think any of us want a divisive community nor do we want alarming emails and misinformation sent to our residents. Instead, we want to peaceably enjoy living here and know we have clear, safe, and reliable water flowing to our homes.

We also want a board that is open and transparent with everything this board does. We established a regular board meeting schedule, the 2nd Saturday of every month at 9am. All members of the community are always welcome. You are invited to stay up to date by visiting the Wynola Water District website at <https://wynolawaterdistrict.com/>

We conduct our board meetings to the letter of the law, we have updated the website, we have implemented a new cloud-based accounting system, we are now offering bill payments electronically – whether via your checking/saving accounts or by credit card.

We have appropriated funds to install a modern SCADA system to monitor all water system operations replacing a 50-year-old copper wire system that has few details about water system status. We have gone from cash payments of uninsured workers to an employee-only system where anyone working for the district must be a part-time employee covered by our insurance and in compliance with all state laws including AB5.

We have also brought on as our part-time employee Buddy Siefert, who for years has managed the Julian Water District. Under Buddy's leadership we have begun a program to systematically and regularly flush all our water mainlines to ensure continued water clarity.

Additionally, we have or are applying for grant opportunities that will give our district greater water supply and backup power in the event of a power or fire emergency.

Regarding the pending rate increase which is the 5th scheduled rate increase of 5 increases approved by the board in 2017:

Fact #1: Compared to 2017 when the district had no reserves and was on the verge of being taken over by the County, since the rate increase was approved, we now have an enviable reserve position. The rate increases were designed to give WWD adequate reserves in the event of a catastrophic system failure, upgrading of equipment and more.

Fact #2: There is no threat of any agency, the county or otherwise taking our reserves for anything they may see fit. That is a false and misleading statement. Reserves are just that – legally required by WWD to maintain a safe and secure water supply for our district.

Fact #3: As we noted on the December 2021 board agenda, we have deferred discussion on the rate increase matter while we are researching a legal way to defer the rate increase. Our board would like to defer the rate increase by one-year if we can – and we have time to research this because any new rate increase would not be invoiced until the end of the first quarter, or sometime after the 1st of April 2022.

Fact #4: In reading the history of the rate increase, WWD had the benefit of County legal counsel and followed all the Prop 218 rules (the letter that went to everyone follows that spelled out EXACTLY how to vote NO against the increase)

Fact #5: The rate increase that was suggested in 2017 by RCAC and implemented ironically were the same increase amounts that a prior engineer had recommended, hired by prior board members Gans and Bernard. They did not act on the recommended increase at the time. Subsequently because WWD had inadequate reserves, in 2014 each ratepayer received a \$1000 surcharge when WWD experienced a system failure at the pump house. In other words, the rate structure voted on by the Board in 2017 was at the strong urging of two different sets of professionals – outside, disinterested 3rd parties so WWD would have adequate reserves.

Fact #6: There are 86 lots in WWD who were noticed to vote pursuant to Prop 218 rules. WWD would have needed 42 No's to stop the increase. In 2017, WWD received 28 NO letters for the rate increase. The vote to oppose/stop the rate increase in 2017 wasn't even close.

**NOTICE OF PUBLIC HEARING
ON PROPOSED WATER RATES FOR
WYNOLA WATER DISTRICT**

**Public Hearings, July 22, 2017 at 8:30 AM
at the Jeremy's on the Hill, 4354 CA-78, Santa Ysabel, CA**

WHY ARE YOU RECEIVING THIS NOTICE?

This notice is being furnished to you by the Wynola Water District [WWD] pursuant to the California Constitution Article XIII Section D (also known as "Proposition 218"). Under terms of Proposition 218, the District is required to notify property owners of proposed changes to property related fees such as water services. This letter serves as notice that the WWD will hold a public hearing to consider changes to its current water rates.

WHAT DO WATER RATES FUND?

The WWD provides water services to about 72 customers. These water services must be financially self-sufficient.

Monthly rates paid by users of the system are the primary sources of revenue. All revenue generated from your utility bills is used to maintain and operate the domestic water system and not any other WWD operation. These revenues must meet all the costs such as electricity, chemicals, maintenance, licensing, fees, salaries of staff, repairs, administrative costs and build up reserves for emergency repairs and future replacement of the system when it is time to be replaced.

The WWD has not been able to build up enough reserve to fund the future replacement of its assets. Nor does the WWD want to burden future generations with debt and a decrepit water system. The WWD believes in responsible financial management of the current water system.

WHY ARE RATE CHANGES REQUIRED?

A complete budget review and analysis was done by an independent consultant. This analysis examined the cost to provide water services with the objective of striking a better balance between fixed and variable revenues while continuing to promote a fair and equitable rate structure for all utility customers. Rates need to be adequate to recover the expenses, while ensuring that costs are equitably allocated, so that rates are fair and in proportion to the services received by each user.

The WWD also recently completed an analysis of the capital replacement requirements. All the capital assets of the WWD were reviewed and an estimated replacement timeframe and cost were assigned.

These replacements will be partially funded with loans and the proposed rate increases.

The last rate increase for the WWD was several years ago, but did not include an allocation of reserves for the future replacement of deteriorating infrastructure. Since then the WWD has cut costs everywhere possible. Further cost cutting is not possible or ill is advised.

HOW ARE RATES CALCULATED?

The proposed rate structure for water service fees has two components: (1) a fixed monthly **base** charge; and (2) a variable (water consumption-based) **usage** rate. The first component is a fixed amount calculated to recover the PUD's fixed costs of operating and maintaining the water system and is based on the potential volume of water a customer could potential draw, as determined by the size of their water meter. The variable component of the rate structure is based on water consumption.

Under normal operating procedures, the WWD should fund 100% of the fixed expenses with the Base Charges and the rest with Usage Charges. The WWD Board decided to fund only 18% of the fixed expenses with Base Charges, to bring the cost down of low volume users.

The Existing \$150 "Water Availability Fee", charged through the County on your property taxes will not change.

NEW RATES

Water rates will increase over a five-year period instead of a large one-time adjustment.

Quarterly Base Charge:

Base Charge for Year 1	Year 2	Year 3	Year 4	Year 5
	15%	20%	25%	30%
\$95.00	\$109.50	\$131.00	\$164.00	\$213.00

Usage Rate per 100 CF:

1/1/2018	1/1/2019	1/1/2020	1/1/2021	1/1/2023
	15%	20%	25%	30%
\$6.50	\$7.48	\$8.97	\$11.21	\$14.58

The above Base Charges and Usage Rates would go in effect on **January 1, 2018**.

These rates don't cover all the costs of the water system in the first year. But by the fifth year, the WWD will have a balanced budget that covers the expenses and the required reserves. These rates are the absolute minimum that can be justified as being prudent and necessary.

MEETING & PROTEST

The purpose of these public hearings is for the WWD Board to consider all comments about the rate increases to be imposed on parcels within the District. As the record owner or renter of a parcel identified to be subject to the imposition of the proposed rate increases, you may submit a **written** protest against the proposed rate increases. Provided, however, **if the identified parcel has more than one record owner or renter, only one written protest will be counted**. Each protest must (1) be in writing; (2) state that you are against the proposed rates (3) provide the location of the parcel (by APN or WWD account #) and (4) include the **original signature of the record owner or renter submitting the protest**. Protests submitted by e-mail, fax, or other electronic means will **not** be accepted.

Written protests must be submitted by mail to WWD, **PO Box 193, Santa Ysabel, CA 92070**, or in person at the public hearing of **July 22, 2017**, so long as they are received prior to the start of the public hearing. WWD staff will **not** accept protest letters as they all must be mailed to the PO Box or delivered in person at the **July 22, 2017** public hearing. Please identify on the front of the envelope of any protest, whether mailed or submitted in person, that the enclosed letter is for the Proposed Increases of the Water Rates.

During the **July 22, 2017** public hearing the written protests will be tallied by an impartial person. At the conclusion of the public hearing of **July 22, 2017**, the WWD Board of Directors will consider adopting the proposed rate changes. Oral comments at the public hearing will not qualify as formal protests unless accompanied by a written protest, and delivered as stated above. If, at the beginning of the **July 22, 2017** public hearing, written protests against the rate increases, as outlined above, are not presented by a **majority of the owners or renters of the identified parcels** upon which the new rates are proposed to be imposed, the WWD board will be authorized to impose the rate increases as presented here.

Submitted on **May 19, 2017**, as instructed by the Board on May 13, 2017,
by Wynola Water District board of Directors:
Co-Lee Grev, President, Tim Taschler, Treasurer, Ron Placa, Clint Schepe and Bill Geckeler.

Wynola Water District

BEFORE THE BOARD OF DIRECTORS OF THE
WYNOLA WATER DISTRICT
RESOLUTION NO. _____

IN THE MATTER OF:
**RESOLUTION ESTABLISHING PROCEDURES UNDER PROPOSITION 218,
CALLING FOR A PROPOSED INCREASE OF THE DISTRICT'S WATER RATE
AND PROTEST HEARING**

WHEREAS, through the adoption of Proposition 218, which added Article XIII D Section 6 of The State of California's Constitution, public agencies are now required to hold a "majority protest" hearing before they may adopt an increase in certain property related fees and charges; and,

WHEREAS, the Board has determined after considerable debate that it is both necessary and in the best interests of the District's landowners to increase the water charges; and,

WHEREAS, due to Article XIII D's silence on certain logistical issues, the Board believes it to be in the best interest of its customers to provide them with an opportunity to be heard regarding those choices before they are implemented; and,

WHEREAS, said opportunity was provided to customers in the noticed public hearing at which the Board considered and adopted this Resolution and herein recorded the Board's well thought-out decisions on these matters after consideration said input,

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE WYNOLA WATER DISTRICT does hereby resolve, declare and order as follows:

1. **Statement of Legislative Intent**
It is the District's intent in adopting this Resolution, to adopt and call for a "majority protest" proceedings which are consistent, and in compliance, with Article XIII D Section 6 of the California Constitution. In that regard, the District has properly noticed the Board's intent to adopt a resolution to this effect and held a public hearing on May 15, 2017 at which members of the public were invited to provide comments before this Resolution's adoption.

2. **New Rates & Effective Dates**
The new rates will be increased as follows:

	1/1/2018	1/1/2019	1/1/2020	1/1/2021	1/1/2022
Quarterly Base Charge	\$95.00	\$109.00	\$131.00	\$184.00	\$213.00
Usage Charge per 100CF	\$6.50	\$7.48	\$8.97	\$11.21	\$14.58

3. **Notice Document**

- The following guidelines shall be followed in providing notice of the protest hearing on the proposed increase and policy herein mentioned. Notice will be mailed, postmarked May 19, 2017, to each customer within the District as reflected in the District's current records. This date is at least 45 days before the final public hearing.
- The general form of notice is attached to this resolution as Exhibit A and shall be provided in accordance with this section and Article XIII D, Section 6 of the California Constitution.
- The District will post in the District office a notice that a public hearing will be held on July 22, 2017 at 9:00 AM
- Failure of any person to receive notice shall not invalidate the proceedings.

4. **Public Majority Protest Hearing**

In accordance with the Article XIII D, Section 6 of the California Constitution, a public majority protest hearing shall be held to receive public comments and written protest on the proposed rate. The hearing is set to be held at on July 22, 2017 at 9:00 AM XXXXXXXXXXXX. The hearing will follow the procedures set forth herein:

- At the public hearing, the District's Board of Directors shall, until the close of the public hearing, hear public testimony and consider all written protests regarding the proposed increase and associated policy.
 - The District's Board of Directors President may impose reasonable time limits on both the length of the hearing and the length of each speaker's testimony.
 - The District's Board of Directors may continue the hearing to a later time as they deem appropriate.
 - For a protest to be received and counted for the purposes of the majority protest it must be provided in writing to the District prior to the closing of the July 22, 2017 public hearing. Oral protests at the hearing will not be counted unless they are accompanied by a written protest. This requirement is created by the legal need of the District to maintain a verifiable paper trail.
5. For a written protest to be accepted and counted it must contain the following:
- The identity of the parcel represented by the protest
 - The name and address of the protestant;
 - A signed statement, containing an original signature, indicating that the writing is to be considered a written protest on behalf of the parcel.
6. At the conclusion of the public hearing, or shortly thereafter, a disinterested party designated by the District's Board of Directors shall begin the tabulation of the written protests, including those received at the public hearing. The Board may, if it so wishes appoint a two member election committee to assist the disinterested party in tallying the votes.
7. Only one protest will be counted for each service parcel and only customers or renters are entitled to send in a protest letter.
8. If according to the final tabulation of the written protests, a pure majority of those entitled to protest do, the District's Board of Directors shall not impose the proposed increases or the associated policy. However, if a pure majority does not protest, the Board of Directors may adopt the proposed increase and the associated policy and implement them accordingly.
9. The results of the tabulation shall be posted at the District's office and read into the minutes of the first regularly scheduled Board meeting following the election.

All the foregoing being on motion of Director, T. SCHWEL
seconded by Director PACA and authorized by the following vote, to wit:

AYES: 4
NOES:
ABSTAIN:
ABSENT: 1

I Herety Certify that the foregoing resolution of said District as duly passed and adopted by said Board of Director on this 13th day of May 2017.

[Signature]
Secretary of the Wynola Water District

WYNOLA WATER DISTRICT BOARD OF DIRECTORS MEETING MINUTES
PROP 218 RATE INCREASE VOTE COUNT
Saturday, July 22, 2017 8:30am
Jeremy's on the Hill, 4354 CA-78, Santa Ysabel, CA 92070

Tim Taschler, Ron Placa and Bill Geckeler were in attendance and constitute a quorum. Clint Schepe was an excused absence. Co-Lee Grev has moved and therefore resigned from the board.

Special Guest John van den Bergh, RCAC was in attendance.

1. Tim Taschler called the meeting to order at 8:30 am and made a last call for protest letters. He explained that the PO Box was emptied as of the close of business yesterday and presented a letter to that effect from the Post Master.
2. John van den Bergh was asked to count the protest letters. He reported that there were 28 letters. 42 letters were needed to defeat the rate increase.
3. Taschler made a motion that WWD accept the rate study of 2017 as presented to the community by RCAC on May 13th and it passed unanimously.
4. A motion was made, and passed, that at 8:40 am the meeting be adjourned.

As reported by Tim Taschler, Office Manager.

In closing, as mentioned, this Board of Directors has been exploring ways to defer the rate increase for one-year. So far, the advice we have received is the rate increase must go forward pursuant to the Prop 218 notice. We are still looking for ways to legally defer it without having to conduct another Prop 218 vote. We still have time – we will likely have discussion at our February and March meetings. We also know that in the years ahead WWD may need to replace our water mains which are now over 50 years old. We have been told this may cost in excess of \$2 million. We are also looking into filtration of our water supply to eliminate the cloudy, muddy water we all experience from time to time. All of these things cost money.

Our reserves are there for a reason – should we have a major failure, we can comfortably relax knowing we have the funds needed to make repairs, replace equipment without the risk of imposing surcharges on our members such as what other nearby water districts have experienced because of inadequate reserves.

AGENDA
WYVOLA WATER DISTRICT
December 11, 2021 – 9:00 a.m.
Held at Santa Ysabel Nature Center
22135 CA – 79 Santa Ysabel, CA 92070
Board of Directors Meeting Agenda

1. Call to Order
2. Roll Call of Board of Directors
3. Additions to Agenda
4. Approval of meeting minutes November 13, 2021
5. Public Comment – Opportunity for members of the public to address the Board on matters within the Board's jurisdiction. Person's addressing the Board are requested to state their name and address for the record
6. Treasurer's Report – Ilse Cogan
7. Old Business
Report by the Board President (This will include the actions taken to date since the last board meeting on November 13, 2021)
 - a) AT&T Service Update – Jim Madrilier and Albert Simonsen
 - b) Report on parts, flushing, barns at pump house. WCS – Steve Kincaid
 - c) Credit Card payments for ratepayer's update – Karen Kincaid
 - d) ADP Update – Karen Kincaid
8. New Business
 - a) Presentation from Kent Birkler of Southland Water Systems regarding new SCADA system for WWD – potential Board action
9. Motion to Adjourn

Note: The matter of the scheduled water rate increase for WWD will not appear on the December agenda. WWD is in discussions with County Counsel regarding options to potentially defer all or portions of the scheduled rate increase, however since new rates would not appear until the Q1 billing sometime in April 2022, the board has additional time to study options.

Next meeting: 9am January 8, 2022
22135 CA – 79 Santa Ysabel, CA 921

Note: The matter of the scheduled water rate increase for WWD will not appear on the December agenda. WWD is in discussions with County Counsel regarding options to potentially defer all or portions of the scheduled rate increase, however since new rates would not appear until the Q1 billing sometime in April 2022, the board has additional time to study options.

4. Approval of Meeting Minutes of December 11, 2021

- **Motion was made by Kincaid and seconded by McCann to accept the corrected minutes. It was approved unanimously 5 Ayes, 0 Noyes**

5. Public Comment: Opportunity for members of the public to address the Board on matters within the Board's jurisdiction. Person's addressing the Board are requested to state their name and address for the record.

- **Sandra Gray from Glenside Rd: She was concerned because she was not receiving any notices since 2017, because she has no internet/computer access. There have been no internet notices since the 2017 rate increase vote. It was suggested that she go to the library to access our wynolawaterdistrict.com website. All board meeting agendas and minutes are located there.**
- **Terry Jordan on Glenside Rd: She wanted to know if there was a way to lessen the rate increase for January 2022. County Legal Counsel is studying our options and we hope to hear soon if we can possibly cut the rate increases in half or not increase rates at all.**
- **Matt Hasti on Riverwood Rd: Matt asked about the email notice in November stating that the water usage had gone way up and asked the residents to look for any possible leaks. It was determined that because it was a holiday weekend, residents had a lot of visitors, and the water consumption was up. Within a few days, the water levels were back to normal.**
- **A few people commented that their water meters had broken meter dials or broken meter tops. Buddy Seifert, our water operator will go around the estates and make a list of all cracked and broken meters and get them replaced.**
- **Steven Colby on Riverwood Rd: Is there any clear definition of how much we need in active reserves and how long it will take to reach it. What are our projected costs in the next 5 years? The actual 2017 study of the rate increase is on the website. President Madaffer proposed to send out an email at what is at risk if we do not do the rate increase, or we abandon the rate increase. To replace the water main pipes could cost \$2 million dollars because they are 50 years old. We have asbestos concrete pipes and will need to be replaced or the State could mandate chlorination, which we would have to put in. That is why the rate increase was put in place to have reserves to cover any unforeseen problems.**

6. Treasurer's Report: Bonni Cogan

- **Bonni brought up that the invoices for Quarter 4 were billed using the January 2022 date (Q1), which changes the accrual from Quarter 4 to Quarter 1. Karen Kincaid suggested that the date be changed on the invoices to 12/31/21, so they are included in Quarter 4, which will keep the accrual in the proper month. Bonni said that would work, so Karen will change all the invoice billing date to 12/31/21. Going forward, all invoices will be dated the last day of the quarter they are billed in.**

- Bonni also said the meters need to be read before the end of the quarter. Karen said going forward, this will be done starting next Quarter 1 to keep the bookkeeping accrual correct.
7. **Office Manager's Report: Karen Kincaid**
- Most of the invoices have been emailed to customers and will be finished in the next few days.
 - Many of the rate payers are using the credit card payment system. It is a huge success.
 - Form 700 annual election filing will be sent out shortly to each board member to fill out and send back to the San Diego County Water Authority. It is due by April 1.
 - The State of California is requiring an ethics training class. President Madaffer will send the Office Manager the email information to access that training. It is required to be done every two years.
8. **Old Business:**
- a) **WWD applied to the California Water Resources Board for a backup generator, 75 kilowatts, mounted on a trailer and is diesel generated. It can be moved to any well that does not have a generator attached to it. We are waiting to hear if we will be awarded the grant.**
- i. **There is a new USDA grant that we will applying for. Tim Taschler will be hired to complete the application for WWD. This grant would double our storage capacity if we are successful in obtaining it. These grants will help to possibly avoid rate increases. Also, the County Board of Supervisors will match some of the money if we receive it.**
 - ii. **The Department of Treasury just released, as part of the pandemic response, the EPA Clean Water Revolving Fund for grant opportunities. We will also have Taschler work on this grant application.**
- b) **Report from Buddy Seifert regarding system status, flushing schedule, well closure process and SCADA system installation progress**
- i. **Bacteria samples have been taken at Albert's house to make sure the water is bacteria free. Once we receive good results, the flushing will resume.**
 - ii. **By June 15th, Meadowridge to Riverwood will be flushed. Notices will be sent out a week before the flushing starts for residents to store drinking water.**
 - iii. **All SCADA equipment has come in and is being stored at the pumphouse. Buddy and his helper Rodney will be building the back boards next to well #7 today so that the SCADA meters can be mounted on it.**
 - iv. **Buddy is working with Albert and the property owner on the area that the generator will be installed at well #9 making sure that the propane tank will be accessible to the propane trucks.**

- v. We have a few wells scheduled to be destroyed. Permits need to be obtained and licensed contractors must be used. Rex Anderson, jr. will probably be hired to kill the wells designated. All the well equipment must be removed, the pad removed, and the casing cut to ground level and back filled with washed river rock up to within 25 feet of ground level. The remaining casing will be filled with cement.
 - vi. The Operation Manual is currently being updated with Albert. It will include the SCADA system.
 - vii. President Madaffer is looking into getting a grant to see if we can install a sand filtration system between the tanks that will help filter the iron and sediment before it goes into the storage tanks. The problem is that we might eventually have to chlorinate, per State regulations.
 - viii. Bonni asked if Buddy has tested for manganese and iron levels. Buddy did collect water from 4-5 wells to test for manganese and iron levels. We have not heard back from the lab as of the January board meeting. We are hoping to have that report by our February board meeting.
 - ix. Bonni also asked about who is overseeing the tree cutting around the pumphouse and well #9. Albert has been coordinating this.
 - x. Albert and Buddy are still coordinating with the well #9 property owner on where the placement of the generator will go.
 - xi. Bylaws are being worked on by Sandie McCann, Bryan Lightbody and President Madaffer. A preliminary copy should be done by the April board meeting. Once our board approves the updated bylaws, the Board of Supervisors then does a final approval.
9. New Business:
- a) Election of Officers: There was a motion by Kincaid to keep the officers and their positions the same for the year 2022. It was seconded by Placa. Motion was approved unanimously. 5 Ayes, 0 Noyes.
10. Meeting adjourned at 9:44 a.m.