

**MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS OF
WALNUT VALLEY WATER DISTRICT**

**February 21, 2006
3:30 P.M. at the Offices of the District**

DIRECTORS PRESENT:

Donald L. Nettles, President
Allen L. Wu
E. Fred Flores
Ling Ling Chang
Edwin M. Hilden

OTHERS PRESENT:

Timothy J. Gosney, Legal Counsel
Michael Holmes, General Manager
Erik Hitchman, Assistant General Manager/Chief Engineer
Shawna Whallon, Director of Finance
Cregg Zimmerman, Director of Operations
Sandra Olson, Director of Human Resources/Risk Mgmt.
Denis Hernandez, Director of Administrative Services
Jo Ann Angelico, Assistant Secretary
Karen Miller, Recording Secretary

The meeting was called to order at 3:30 P.M. with President Nettles presiding.

Guests and others in attendance: David De Jesus, Dan Horan, and Joe Ruzicka, Board Members, TVMWD; Gary L. Neely representing Assemblyman Bob Huff; and Christopher Chan, Attorney with Lagerlof, Senecal, et al.

Item 4: Communications to the Board

- ◆ **Written** – The written communications were duly noted by President Nettles.
- ◆ **Public Comment** – There was no public comment at this time.

Item 5: Additions to Agenda – President Nettles

- ◆ There were no additions at this time.

Item 6: Reorder of Agenda – President Nettles

- ◆ The Board received no requests to reorder the agenda at this time.

Item 7: Consent Calendar – Mike Holmes

- ◆ The Board was asked to approve the Consent Calendar, including the Minutes of the Regular Board Meeting held January 24, 2006, the January Check Register, the Community Relations/Conservation/Website Activities Report, the Operations Report, and the Engineering Project Status Report. Mr. Holmes noted a revised Community Relations report was handed out at the onset of the meeting. Upon request of Director Wu, the January 24th Board minutes were pulled from the consent calendar as he was not in attendance and could not vote. After a second motion and vote, Mr. Gosney advised that it was not necessary to pull the minutes in this instance and, in the future, it would be appropriate for the Board to vote as usual with a Director abstaining from voting on a particular item, which would be so noted in the motion.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Flores and unanimously carried, to approve the Consent Calendar consisting of the January 2006 Check Register, the Community Relations/Conservation/Website Activities Report, the Operations Report, and the Engineering Project Status Report. (Items 7-A-2,3,4&5)

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Flores and approved by a 4 to 0 vote, with Director Wu abstaining, to approve the Minutes of the Regular Board Meeting held January 24, 2006. (Item 7-A-1)

Item 8: Treasurer's Report – Shawna Whallon – Financial reports were presented in accordance with Government Code Sections 5922 and 53601.

- ◆ Review of Statement of Revenues, Expenses, and Changes in Net Assets and Statement of Net Assets for both the General District and Recycled Water System as of January 31, 2006.
- ◆ A review of the General District's Financial Position and Investment Portfolio as of January 31, 2006, was presented.

Upon consideration of the Treasurer's report, it was moved by Director Wu, seconded by Director Chang and unanimously carried, to receive and file the General District and Recycled Water System Statement of Revenues, Expenses, and Changes in Net Assets and Statement of Net Assets, and to approve the activity that had occurred in the current month's investment portfolio, which were previously reviewed by the Finance Committee. (Item 8)

Committee Chair Reports

Item 9: Engineering & Special Projects Committee – Director Wu

- ◆ The Board is asked to authorize the appropriation of \$72,000 from the Reserve for Replacement Fund and award the labor contract for the Morning Sun Ave. main replacement project. Mr. Hitchman provided a brief history of events that have occurred in the area necessitating replacement of the District's water main and, upon questioning by Director Nettles, advised that the project should start within 3-4 weeks once the contract requirements are met.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to authorize the appropriation of \$72,000 from the Reserve for Replacement Fund and award the labor contract to Doty Bros. in the amount of \$42,788 for the Morning Sun Ave. main replacement project, Work Order 05-2901. (Items 9-A-1&2)

- ◆ The Board is asked to award the labor contract for the Diamond Bar Village, Tract 062482, project. The background information and scope of work for this developer-funded project was provided by Mr. Hitchman.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Flores and unanimously carried, to award the labor contract for the Diamond Bar Village, Tract 062482, project to Brkich Construction in the amount of \$299,830.00, Work Order 05-2925. (Item 9-B)

- ◆ The Board is asked to authorize additional compensation of \$7,782.50 to Perliter & Ingalsbe for final construction management services in excess of the contract limit of \$487,000 for the Ridgecrest Reservoir project. Mr. Hitchman provided information regarding why additional funds were required and advised a summary of the District's out-of-pocket expenses, which will be charged against the contractor, will be presented at the March Engineering Committee meeting.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to authorize additional compensation in the amount of \$7,782.50 to Perliter & Ingalsbe for final construction management services for the Ridgecrest Reservoir project, Work Order 01-2662. (Item 9-C)

- ◆ The Board is asked to authorize additional compensation of \$3,000 to Civiltec Engineering, Inc. in excess of the contract limit of \$39,687 for as-built drawings for added electrical components for the Lycoming Well project.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to authorize additional compensation in the amount of \$3,000 to Civiltec Engineering, Inc. for additional work in excess of the contract limit of \$39,687 for the Lycoming Well project, Work Order 03-2774. (Item 9-D)

Item 10: Personnel Committee – Director Flores

- ◆ The Board is asked to consider authorizing payment of per diem only for Directors participating in the District's booth activities at the Diamond Bar 17th Anniversary on April 9, 2006, and payment of per diem and expenses for Directors attending the Water Education Foundation's 23rd Annual Executive Briefing on March 23-24 in Sacramento and the 14th Annual California Water Law Conference on April 6-7 in San Francisco.

Upon consideration thereof, it was moved by Director Flores, seconded by Director Hilden and unanimously carried, to authorize payment of per diem only for Directors participating in the District's booth activities at the Diamond Bar 17th Anniversary event on April 9, 2006, and payment of per diem and expenses for Directors attending the Water Education Foundation's 23rd Annual Executive Briefing on March 23-24 in Sacramento and the 14th Annual California Water Law Conference on April 6-7 in San Francisco. (Items 10-A-1,2&3)

- ◆ The Board is asked to adopt the Policy for Ethics Training of Walnut Valley Water District Directors and Officials as submitted by District legal counsel. Mr. Holmes noted that ACWA will be offering training at future conferences and Ms. Angelico will be monitoring compliance by both the Board and staff.

Upon consideration thereof, it was moved by Director Flores, seconded by Director Wu and unanimously carried, to adopt the Policy for Ethics Training of Walnut Valley Water District Directors and Officials as drafted by legal counsel. (Item 10-B)

- ◆ The Board is asked to review the revisions and discuss approval for 2006 meeting attendance and adopt for annual approval the revised Exhibit C to the Policy Guidelines for Ethical Conduct Regarding Board of Directors Compensation and Ethics. It was noted that the meetings included are those relevant and dealing with substantive issues of importance to the District.

Upon consideration thereof, it was moved by Director Flores, seconded by Director Hilden and unanimously carried, to adopt the revised Exhibit C, Guidelines for Board Compensated Meetings and Activities, to the Policy Guidelines for Ethical Conduct Regarding Board of Directors Compensation and Ethics. (Item 10-C)

- ◆ The Board is asked to consider revising Exhibit F, Meal Expense Reimbursement Schedule/Guidelines, of the Policy Guidelines for Ethical Conduct Regarding Board of Directors Compensation and Ethics to include procedures applicable to staff, spouses, and guests. Director Flores noted the new rates for Director and employee meal reimbursement are \$15 for breakfast, \$25 for lunch, and \$40 for dinner, after which discussion was held comparing them to the current State of California guidelines.

Upon consideration thereof, it was moved by Director Flores, seconded by Director Hilden and unanimously carried, to adopt the revised Exhibit F, Meal Expense Reimbursement Schedule/Guidelines, of the Policy Guidelines for Ethical Conduct Regarding Board of Directors Compensation and Ethics. (Item 10-D)

- ◆ The Board is asked to adopt concurring resolutions in support of the incumbent candidates for the ACWA/JPIA Executive Committee, Tom Cuquet of South Sutter Water District, Melody Henriques-McDonald of San Bernardino Valley Water District, and Lou Reinkens of Tahoe City Public Utility District and/or direct staff to follow-up as deemed appropriate.

Upon consideration thereof, it was moved by Director Flores, seconded by Director Wu and unanimously carried, to adopt concurring resolutions in support of the incumbent candidates for the ACWA/JPIA Executive Committee as follows: Resolution No. 2-06-513 supporting Tom Cuquet of South Sutter Water District, Resolution No. 2-06-514 supporting Melody Henriques-McDonald of San Bernardino Valley Water District, and Resolution No. 2-06-515 supporting Lou Reinkens of Tahoe City Public Utility District, attached to these Minutes as Exhibits A, B, and C, respectively. (Item 10-E)

Item 11: Finance Committee – Director Wu

- ◆ The Board is asked to receive and file the District's January 2006 monthly Investment Transactions Report.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to receive and file the District's monthly Investment Transactions Report. (Item 11-A)

- ◆ The Board is asked to declare the fully-depreciated Minolta black/white copier, Model EP-4233, Serial No. 3143672, as surplus property to be disposed of in accordance with District policy.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to declare the Minolta Model EP-4233, Serial No. 3143672, as surplus property. (Item 11-B)

- ◆ The Board is asked to accept, receive, and file the P-W-R Joint Water Line Commission Financial Statements and Audit Report for June 30, 2005 and 2004.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to accept, receive, and file the P-W-R Joint Water Line Commission Financial Statements and Audit Report for June 30, 2005 and 2004. (Item 11-C)

- ◆ At Director Wu's request, Mrs. Whallon reviewed the tentative 2006-2007 Budget Meeting Schedule and asked the Board to contact staff as soon as possible to request any changes. After a brief discussion noting minor changes, Mr. Holmes mentioned that staff would advise Board members regarding final changes.

Item 12: Public Information and Community Relations Committee – Director Chang

- ◆ There were no matters from this Committee to come before the Board at this time.

Item 13: Legislative Action Committee – Director Hilden

- ◆ There were no matters from this Committee to come before the Board at this time. Mr. Holmes noted that this Friday, February 24th, is the last day to file requests for new legislation, after which the California State Legislature will have approximately 1,500 to 2,000 bills to review. He additionally discussed the appointment schedule that he and Director Chang have with different legislators concurrent with their attendance at the ACWA Washington D.C. conference.

Other Items

Item 14: MWD/TVMWD – Director Hilden

- ◆ Director Hilden reported on his attendance and issues discussed at the TVMWD Board meeting held on February 15th, including Director compensation and a new contract with the Six Basins Watermaster. Mr. De Jesus noted TVMWD is currently engaged in its budget process and invited the Board members and staff to participate in that process. Mr. Horan added that TVMWD had lowered its cost for replenishment water.

Item 15: The P-W-R Joint Water Line Commission – Director Hilden

- ◆ Upon request by Director Hilden, Mr. Hitchman discussed the items as included in the Board packet, particularly noting the Utilization of Miramar Water table shows that the PWR agency purchased 65.8% of the water from the Miramar plant in January.

Item 16: Puente Basin Water Agency – President Nettles

- ◆ There was nothing to report at this time.

Item 17: General Manager Oral Report – Mike Holmes

- ◆ Mr. Holmes provided an update on the status of important District priorities that he was directed by the Board to resolve at a workshop held on January 20th, two of which were discussed at Engineering Committee. i.e., the new building and asset management study. He also noted the completed CPS staffing study that will be discussed at a Board workshop on February 24th, beginning with lunch at 11:30 A.M. and the meeting at 12:00 Noon.

Item 18: Directors' Oral Reports

- ◆ Director Chang advised that she'll seek no remuneration for attendance at non-water related events. She continued by reporting on her attendance at the recent Chinese-American Association Annual event at Diamond Bar High School and the Pomona Valley Chinese Association event, after which she congratulated Director Wu on his participation and a speech he had given.
- ◆ Director Flores commended staff for their efforts to complete the various revisions to the Policy Guidelines for Ethical Conduct Regarding Board of Directors Compensation and Ethics.
- ◆ President Nettles reported on his attendance at the recent Urban Water Institute Conference.
- ◆ Director Wu thanked staff for their assistance with customer issues on both Arbor Ridge Rd. and Wagon Trail Rd., discussed his recent attendance at the SDI Governance training workshop, and asked if the District would consider offering landscape classes similar to those offered by TVMWD. He also recommended to Mr. Holmes that staff develop a written form for Directors to use in the required reporting on their attendance at conferences or courses for requisite training. Lastly, he requested that the Board consider changing the Board meeting protocol whereby staff, not the Directors, would provide the committee reports and suggested it be brought to Personnel Committee in March for their review.
- ◆ Director Hilden reported on his attendance at the Urban Water Institute Conference, the CSDA Conference where AB 1234 was discussed, and the SDI Governance Conference.

Item 19: Board of Directors Business – President Nettles

- ◆ The Board is asked to approve extending the P-W-R Joint Powers Agreement to December 31, 2006. Upon questioning by Director Wu as to why this request appears under this item on the agenda and did not go to committee, Mr. Hitchman advised that the letter requesting an extension was not received until after the committees had met and that PWR items go straight to the Board since two directors represent the District on the Commission.

Upon consideration thereof, it was moved by Director Nettles, seconded by Director Wu and unanimously carried, to approve extending the P-W-R Joint Powers Agreement to December 31, 2006. (Item 19-A)

Item 20: Legal Reports

- ◆ After advising that the Alameda Corridor East condemnation proceedings are currently stalled, Mr. Gosney reported on legislative matters of interest to the District.

Item 21: Activities Calendar Review – Mike Holmes

- ◆ Calendars for February, March, and April 2006 were provided and discussed with the Board.

Item 22: Subjects for Future Meetings

- ◆ Director Wu requested that staff prepare a report consolidating the timeline and other pertinent information on the District's various upcoming community relations activities in order that he may release it to the local Chinese press. Mr. Hernandez will oversee preparation of the report for discussion and review by the Public Information and Community Relations Committee.

Item 23: Board/Attorney Workshop – Tim Gosney

- ◆ After a brief recess upon conclusion of the regular Board meeting at 5:00 P.M., Mr. Gosney began his orientation for the Directors with Mr. Holmes and Ms. Miller in attendance. He began with general comments on the underlying legality, powers, and the rules and regulations pertaining to the District, a California Water District. He continued with what was the mainstay of the meeting, an in-depth discussion of the Brown Act (Government Code §54950), noting the following:
 - Philosophy
 - Definitions
 - Notice and Agenda Requirements
 - Closed Session
 - Emergencies
 - Rights of Public to Participate
 - Civil Remedies and Criminal Penalties

The next portion of the workshop entailed discussion of the Meyers-Milias-Brown Act (Government Code §3500) regarding issues inherent in public employer organizations, Public Works Projects (Public Contract Code) and the District's adherence thereto, Water Supply Planning with applicable legislation, and the California Environmental Quality Act (Public Resources Code §21000). Finally, Mr. Gosney, with extensive Director participation, discussed issues for Director consideration, i.e., Political Reform Act (Government Code §81000) and its requirements regarding Directors' economic interests and financial disclosures, the District's Conflict of Interest Code and Government Code §1090, Incompatibility of Offices, immunities of public officials, and the requirements under AB 1234.

Item 24: Adjournment at 7:55 P.M.