

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

March 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:

H. Jess Senecal, 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; Julie Miller, MWD; Brenda Olsen, Teacher, Diamond Ranch High School; David Hong, Teacher, and Andrea Ferris, Andrew Bell, Kyle Furuya, Stevie Barajas, and Jessie Ku, Students, Diamond Bar High School; Doug Bell, Resident, City of Diamond Bar; and Luciano de Sylva, Principal, Santana High School.

Mr. Holmes welcomed Brian Teuber, the District's new Accounting Manager, who was hired on March 13, 2006, after which he turned the meeting over to President Nettles who introduced Julie Miller of MWD. Ms. Miller provided an overview of the Solar Cup program and presented Solar Cup banners to the District. President Nettles then presented participation banners to representatives of Diamond Bar, Diamond Ranch, and Santana high schools. It was noted the Solar Cup 2006 will take place on May 19-21 at Lake Skinner.

Item 4: Communications to the Board

- ◆ **Written** – The written communications were duly noted by President Nettles who, after reviewing the correspondence from ACWA thanking the District for its contribution to the "California Water" series to be produced by public television, asked staff to be sure to obtain a copy of the entire series.
- ◆ **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 February 21 and the Special Board Meeting held February 24, 2006, the February Check Register, the Community Relations/Conservation/Website Activities Report, and the Operations Report. Director Chang requested that the Minutes of the February 21st Board meeting be pulled from the consent calendar and Item 18, Directors' Oral Reports, be changed to reflect that "she'll seek no remuneration for attendance at non-water related events."

Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to approve the Consent Calendar consisting of the minutes of the Special Board Meeting held February 24, 2006, the February 2006 Check Register, the Community Relations/Conservation/Website Activities Report, and the Operations Report. (Items 7-A-2,3&4)

Upon consideration thereof, it was moved by Director Flores, seconded by Director Wu and unanimously carried, to approve the minutes of the Regular Board Meeting held February 21, 2006, as corrected. (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 February 28, 2006.
- ◆ A review of the General District's Financial Position and Investment Portfolio as of February 28, 2006, was presented.

Upon consideration of the Treasurer's report, it was moved by Director Wu, seconded by Director Hilden 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 investments portfolio, which were previously reviewed by the Finance Committee. (Item 8)

Committee Chair Reports

Item 9: Engineering & Special Projects Committee – Director Hilden

- ◆ The Board is asked to authorize the appropriation of \$11,350 from the Reserve for Replacement Fund and \$29,500 from the Recycled Reserve Fund and to award the labor and material contracts for the 1035-1/2 Banning Way, Diamond Bar project.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Wu and unanimously carried, to authorize the appropriation of \$11,350 from the Reserve for Replacement Fund and \$29,500 from the Recycled Reserve Fund and to award the labor and material contracts for the 1035-1/2 Banning Way, Diamond Bar project, Work Order 05-2907, as follows: Labor to Brkich Construction, \$79,050; DI-Misc. Materials to D'Angelo, \$7,869.59; and Service Materials to D'Angelo, \$1,067.10. (Items 9-A-1&2)

- ◆ President Nettles noted the new Engineering Projects Status report recently reformatted by staff at the request of Director Wu, which will be provided to the Board from this date forward. Mr. Hitchman discussed the individual project status reports that were also included in the Board packet, noting the reports will be brought back to the Engineering Committee as they are changed or closed and a new report subsequently provided to the Board.
- ◆ Now that the CPS Organizational Study has been completed, discussion was held regarding current plans to move forward with the new building project, which include a meeting of the Ad Hoc Committee consisting of Directors Nettles and Hilden, subsequent scheduling of a Board Workshop to confirm project goals, and ultimately a meeting with the architect to provide new direction. Upon questioning by Director Wu, Mr. Holmes advised that staff is ready to move forward with this issue.

Item 10: Personnel Committee – Director Hilden

- ◆ The Board is asked to approve an increase in the Director's per diem compensation amount to \$150 per day's service, while leaving the maximum number of monthly compensable meetings at six, and direct staff to proceed with the necessary notification and public hearing requirements and work with District legal counsel for the ordinance preparation. Director Chang stated she does not want to take the increase and is so notifying staff.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Flores and carried by a 3 to 2 vote, with Directors Chang and Wu voting against, to propose the adoption of an ordinance to increase the Director's per diem compensation amount to \$150 per day's service, for a maximum of six compensable days per month, to be presented at a public hearing that will be scheduled for the April Board meeting and directed the publication of a notice of hearing on the ordinance. (Item 10-A)

- ◆ The Board is asked to affirm that the Committee Chair, as has been the past practice at Board meetings, continue to report on the agenda item and obtain input from staff as desired.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Flores and unanimously carried, that the Committee Chair continues to report on the agenda item as in the past and obtain input from staff as desired. (Item 10-B)

- ◆ As a result of the recently completed organizational assessment prepared by CPS Human Resources Service and at the recommendation of the Personnel Committee, the Board is asked to authorize staff to (1) fill two vacant, budgeted positions, (2) add a Mandarin-speaking Customer Service Representative position, and (3) adopt twenty-seven of the thirty-one recommendations that staff concurred with and/or direct staff to follow-up as

recommended in the staff report. Mr. Holmes provided the Board with a 2006-07 organizational chart showing functions only and proceeded to discuss the changes and plans for implementation. Upon questioning from Director Wu why legal counsel was not shown on the chart, President Nettles replied legal counsel is not an employee but an issue to be addressed during the budgeting process. A motion to approve authorization was made by Director Hilden and seconded by Director Chang, but subsequently amended to include additional language.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Flores and unanimously carried, to authorize staff to fill two vacant, budgeted positions, add a Mandarin-speaking Customer Service Representative position, and adopt the remaining CPS Human Resources Service recommendations along with staff's comments and implementation dates. (Item 10-C)

- ◆ The Board is asked to adopt the suggested District Mission Statement with a minor change as follows: "To provide a reliable, high quality water supply in a fiscally efficient and environmentally responsible manner while remaining committed to providing superior service to our customers."

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Wu and unanimously carried, to adopt, "To provide a reliable, high quality water supply in a fiscally efficient and environmentally responsible manner while remaining committed to providing superior service to our customers," as the District's Mission Statement. (Item 10-D)

Item 11: Finance Committee – Director Wu

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

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

- ◆ The Board is asked to adopt Resolution No. 3-06-516 replacing Resolution No. 8-03-450 authorizing the investment of monies in the Local Agency Investment Fund. At the request of Director Wu, Ms. Whallon presented information regarding the request after which Mr. Holmes noted the background report on LAIF prepared by Ms. Whallon.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to adopt Resolution No. 3-06-516, attached to these Minutes as Exhibit "A," amending Resolution No. 8-03-450 authorizing change in signature/withdrawal approval in the Local Agency Investment Fund. (Item 11-B)

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

- ◆ Regarding the upcoming LAFCO election, the Board is asked to authorize the Board President to choose an option to add or to not add the late arriving candidate nomination by the San Gabriel Valley Mosquito & Vector Control District and/or to cast the District's vote for the incumbents, Jerry Gladbach as Special District Representative and Norm Ryan as Alternate, as was previously voted by the Board at its January 24, 2006, meeting.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Flores and unanimously carried, to deny the request to add candidates and to confirm the authorization to the President to cast the District's vote for incumbents Jerry Gladbach as LAFCO Special District Representative and Norm Ryan as Alternate and to forward a letter to San Gabriel Valley MVCD advising them of the decision. (Items 13-A-1,2&3)

- ◆ Director Chang and Mr. Holmes reported on their recent attendance at the ACWA Washington, D.C. Conference where they met with staff from the offices of Representatives Dreier, Miller, Napolitano, and Solis and from Senator Feinstein's office regarding federal funding for the Southeast San Gabriel Valley Groundwater Supply Project, which is being jointly sponsored by the District and Rowland Water District in order to reduce the reliance on imported water from both the Colorado River and State Water Project systems. Mr. Holmes further reported on his subsequent meetings with TVMWD's Board and staff in order to obtain their assistance with issues of interest to the District.

- ◆ Mr. Holmes reviewed and discussed the previously provided list of federal and state legislative issues of interest to the District.
- ◆ Mr. Holmes discussed the Board's past policy regarding pending legislation, meetings, presentations, written correspondence to elected officials and their staff, and requested input on the Board's parameters and priorities regarding legislative advocacy. The members of the Board had varied opinions regarding the latitude to be given to Mr. Holmes on advocacy issues with a final decision made that he will suggest some policy guidelines for presentation at next month's Legislative Action Committee for discussion and recommendation to the Board.

Other Items

Item 14: MWD/TVMWD – Director Hilden

- ◆ Director Hilden reported on his attendance at the TVMWD Board meeting held on March 15th, after which Mr. Holmes discussed TVMWD's budgetary impact on the District and the importance of our being involved with TVMWD discussions regarding reserves, projects, and water rates in order to maintain a fair cost allocation to the District. Mr. De Jesus noted that water rates are going up an average of 5% from MWD over the next ten years, mostly due to water treatment surcharges for delivery from the Weymouth Treatment Plant.

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

- ◆ Director Hilden noted the items as included in the Board packet.

Item 16: Puente Basin Water Agency – President Nettles

- ◆ President Nettles advised a meeting is scheduled for March 28th at the District offices and a report will be provided at the April Board meeting.

Item 17: General Manager Oral Report – Mike Holmes

- ◆ Since previous dates did not work out, Mr. Holmes said staff is looking at several new dates for the Ridgecrest Reservoir ribbon cutting ceremony, which will be forwarded to the Board members in the near future for a decision.

Item 18: Directors' Oral Reports

- ◆ Director Chang reported on her participation in the TVMWD Colorado River tour and said she is pleased with the direction of the District in its recognizing the demographics of the area by deciding to add a Mandarin-speaking Customer Service Representative position.
- ◆ Director Flores reported on his participation in the TVMWD Colorado River tour and provided staff with the materials furnished to the participants, including photographs he had taken. Mr. De Jesus offered his personal assistance to the Board for all future TVMWD and MWD tours they might be interested in.
- ◆ President Nettles reported on his participation in the WEF US/Mexican Border tour, particularly noting the issues involved in plans to line the All American Canal, and on his attendance at the February 16th TVMWD Leadership Breakfast.
- ◆ Director Wu thanked staff for changing the Engineering Projects Status report, for their quick response to a recent leak at the Stater Bros. Market in Rowland Heights, and for their efforts with the District's summer student internship program. He also reported on his attendance at the March 15th TVMWD Board Meeting, the February SDI Governance Conference in Anaheim, the March 8th ACWA Legislative Symposium in Sacramento, and the TVMWD Colorado River tour.
- ◆ Director Hilden thanked Mr. Holmes and staff for the work they are doing for the District.

Item 19: Board of Directors Business – President Nettles

- ◆ The Board is asked to approve and adopt a proclamation declaring May 2006 as Water Awareness Month.

Upon consideration thereof, it was moved by Director Flores, seconded by Director Hilden and unanimously carried, to adopt a proclamation declaring May 2006 as Water Awareness Month. (Item 19-A)

- ◆ Input was provided by the Directors regarding the April and May committee meeting schedule, after which Mr. Holmes advised he will review their input and staff will contact them in order to finalize the dates and times.
- ◆ The Board is asked to change the May 22, 2006, Board meeting date to either Monday, May 15, or Tuesday, May 16.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Flores and unanimously carried, to reschedule the May Board meeting to Tuesday, May 16th. (Item 19-A)

Item 20: Legal Reports

- ◆ Mr. Senecal reported on matters of interest to the District, particularly the importance of levee maintenance, not only to Northern California but also to Southern California. He noted that Mr. Holmes had already reported on legislative matters of interest to the District and he had nothing further to report.

Item 21: Activities Calendar Review – Mike Holmes

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

Item 22: Subjects for Future Meetings

- ◆ Director Chang requested the Board revisit changing the meeting time that had previously been addressed at the December 2005 Board meeting and, after discussion between the Board and staff, it was decided to bring the issue before the Personnel Committee at its April meeting.
- ◆ President Nettles asked staff if businesses adjacent to the ACE Brea Canyon Road project were being advised in advance of scheduled workdays, to which Mr. Hitchman replied that ACE should have been doing so and since they have been remiss, the District is notifying some businesses prior to moving on site.

Item 23: Adjournment at 5:45 P.M.