

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

July 23, 2007

5:00 P.M. at the Offices of the District

DIRECTORS PRESENT:

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

STAFF PRESENT:

H. Jess Senecal, Legal Counsel
Michael Holmes, General Manager
Erik Hitchman, Assistant General Manager/Chief Engineer
Shawna Whallon, Director of Finance
Sandra Olson, Director of Administrative Services
Denis Hernandez, Deputy Director of Administrative Services
Jo Ann Angelico, Assistant Secretary
Karen Miller, Recording Secretary

The meeting was called to order at 5:00 P.M. by President Chang.

Guests and others in attendance: Dan Horan, Joe Ruzicka, and Xavier Alvarez, Board Members, TVMWD; and Paul Parmentier, resident. Mr. Holmes welcomed the following new employees: David Lias, Facility Maintenance Worker, hired December 4, 2006; and Joseph T. Yersky, Utility Service Worker, hired January 22, 2007.

Item 4: Communications to the Board – President Chang

- ◆ **Written** – President Chang noted a letter from the principal of Lobeer Middle School thanking the District for its donation of a conservation basket to their Evening of the Stars program.
- ◆ **Public Comment** – District customer Paul Parmentier addressed the Board on the importance of drinking tap water versus buying bottled water, after which he distributed plastic water bottles filled with and having a label designed to promote the use of tap water. Mrs. Olson thanked Mr. Parmentier and advised that the District currently has a community relations program that furnishes empty District-labeled plastic bottles to customers specifically for the purpose of filling them with tap water.

Item 5: Additions to Agenda – President Chang

- ◆ There were no requests for additions to the agenda.

Item 6: Reorder of Agenda – President Chang

- ◆ There were no requests from staff or the Board to reorder the agenda.

Item 7: Report of Action in Closed Session – President Chang

- ◆ Legal counsel reported that the Board met in closed session at 4:00 P.M., prior to regular session, in accordance with Government Code Section 54956.9[b] to discuss one case of significant exposure to litigation. Instructions were given to legal counsel, and no action reportable under the Brown Act was taken.

Item 8: Public Hearing – President Chang

- ◆ The Board scheduled this public hearing to receive comments with regard to the District's Public Health Goals Report. President Chang then opened the public hearing and called upon staff for a report. Mr. Hitchman provided an overview of the current report, after which Mr. Holmes provided a brief history of the District's previous reports. There were no public comments and the Board being advised that the District had met all publication requirements with regard to the Public Health Goals Report, the public hearing was closed.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to approve, receive, and file the District's Public Health Goals Report. (Item 8-B)

Item 9: Consent Calendar – President Chang

- ◆ The Board was asked to approve the Consent Calendar, including the minutes of the Regular Board Meeting held June 19th, the June Check Register, the Community Relations/Conservation/Website Activities Report, the Operations Report, and the Engineering Project Status Report.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Flores and unanimously carried, to approve, receive, and file the Consent Calendar consisting of the minutes of the Regular Board Meeting held June 19, 2007, the June 2007 Check Register, the Community Relations/Conservation/Website Activities Report, the Operations Report, and the Engineering Project Status Report. (Items 9-A-1,2,3,4&5)

Item 10: Director Expense Reports

- ◆ The Board is asked to approve, receive, and file the Board member expense reports indicating per diem requests for June meeting attendance and to review the individual reports of additional expenses incurred by the District on behalf of each Director during the month of June.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Flores and unanimously carried, to approve, receive, and file the Board member expense reports for June 2007 meeting attendance. (Item 10)

Item 11: Treasurer's Report – Shawna Whallon – Financial reports were presented in accordance with Government Code Sections 5922 and 53601.

- ◆ Review of Preliminary District Statement of Revenues, Expenses, and Change in Net Assets
- ◆ Due to the year-end audit, the Review of District Statement of Net Assets was not available.
- ◆ Review of the Financial Position and Investment Portfolio for the District

Upon consideration of the Treasurer's report, it was moved by Director Wu, seconded by Director Flores and unanimously carried, to receive and file the June 30, 2007, Preliminary District Statement of Revenues, Expenses, and Changes in Net Assets, and the Financial Position and Investment Portfolio for the District. (Item 11)

Committee Chair Reports

Item 12: Engineering & Special Projects Committee – Director Wu

- ◆ The Board is asked to authorize additional compensation of \$16,810 to LEE & RO, Inc. for engineering services for additional landscape alternatives, increased structural design for Greenscreen, sound barrier wall and design of generator, and related materials reproduction for the Arbor Ridge Reservoir and Pump Station Improvement project.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to authorize additional compensation of \$16,810 to LEE & RO, Inc. for the Arbor Ridge Reservoir and Pump Station Improvement project, Work Order 06-2995. (Item 12-A)

- ◆ The Board is asked to accept the work as installed and authorize the filing of Notices of Completion for the Relocation of Water Services on Currier Road and the Walnut Hills Tract 50867 Phase II projects.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to accept the work as installed and authorize the filing of Notices of Completion for the Relocation of Water Services on Currier Road project, Work Order 03-2785, and the Walnut Hills Tract 50867 Phase II project, Work Order 06-2990. (Item 12-B)

- ◆ The Board is asked to authorize the award of a contract to Brown and Caldwell to prepare an Asset Replacement Funding Model at a cost of \$73,255. Although only one firm responded out of the seven that were issued a Request for Proposal and after discussion by the Board and staff, it was determined that Brown and Caldwell's proposal met the requirements of the project.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to authorize an award of contract to Brown and Caldwell in the amount of \$73,255 to prepare an Asset Replacement Funding Model. (Item 12-C)

- ◆ The Board is asked to authorize the General Manager to negotiate and execute, upon approval by legal counsel, an Emergency Intertie Agreement with Suburban Water Systems.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Flores and unanimously carried, to authorize the General Manager to negotiate and execute an Emergency Intertie Agreement with Suburban Water Systems. (Item 12-D)

- ◆ The Board is asked to receive and file the FY 2007-08 Final Operating Safe Yield Determination of the Puente Basin Watermaster.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to receive and file the FY 2007-08 Final Operating Safe Yield Determination of the Puente Basin Watermaster. (Item 12-E)

- ◆ The Board is asked to reject all bids for the Sylvan Glen Pump Station Emergency Generator Modification and authorize the General Manager to negotiate a revised cost for the project with Fleming Environmental, the sole bidder, who submitted a bid that was significantly over the engineer's estimate. After discussion by the Board as to why only one firm submitted a bid for the project, Director Nettles requested that the motion be modified to allow for two motions, one to reject the bids and the second to allow the General Manager to negotiate with the sole bidder. Prior to the vote, Mr. Senecal clarified that even if the Board did allow the General Manager to negotiate costs with the contractor, the results of the negotiations would still be brought back to the Engineering Committee and Board for approval.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Nettles and unanimously carried, to reject all bids for the Sylvan Glen Pump Station Emergency Generator Modification project, Work Order 07-3017. (Item 12-F-1)

Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to authorize the General Manager to negotiate with Fleming Environmental to explore the possibility of a revised cost estimate for the Sylvan Glen Pump Station Emergency Generator Modification project, Work Order 07-3017. (Item 12-F-2)

Item 13: Personnel Committee – Director Flores

- ◆ The Board is asked to review the proposed revisions to the Customer Privacy Policy and, at the Board's discretion, consider revisions and adoption of the amended policy.

Upon consideration thereof, it was moved by Director Flores, seconded by Director Hilden and unanimously carried, to approve the revisions and adopt the amended Customer Privacy Policy. (Item 13-A)

Item 14: Finance Committee – Director Wu

- ◆ The Board is asked to approve, receive, and file the District's June 2007 monthly Investment Transactions Report and the Quarterly Report for the Investments Portfolio as of June 30, 2007.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to approve, receive, and file the District's monthly Investment Transactions Report for June 2007 and the Quarterly Report for the Investments Portfolio as of June 30, 2007. (Items 14-A&B)

- ◆ The Board is asked to approve the District's proposed Walnut Valley Affordable Rate Program including the funding procedures, eligibility requirements, amount of discount, application form, and implementation schedule. The proposed program will assist qualified residential consumers by reducing the monthly meter charge. The program's main eligibility requirement is that a resident must qualify for Southern California Edison's or Southern California Gas Company's affordable rate program, California Alternative Rates for Energy (CARE Program), which is overseen by the state.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to approve the proposed funding procedures, eligibility requirements, amount of discount, application form, and implementation schedule for the District's Affordable Rate Program. (Items 14-C-1,2&3)

- ◆ The Board is asked to declare the fully-depreciated Xerox Document Centre Copier and one wooden desk as surplus property and to consider authorizing the General Manager to donate the items to a local public agency if a buyer cannot be found.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Nettles and unanimously carried, to declare the fully-depreciated Xerox Document Centre Copier and one wooden desk as surplus property and to direct the General Manager to donate the items to a local public agency if a buyer cannot be found. (Item 14-D)

- ◆ The Board is asked to deny the claim submitted by Ms. Ya-Ping Yang, direct staff to forward the claim to ACWA/JPIA for further handling, and direct legal counsel to notify the claimant of the Board's decision.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Flores and unanimously carried, to deny the claim submitted by Ms. Ya-Ping Yang, direct staff to forward it to ACWA/JPIA for further handling, and direct legal counsel to notify the claimant of the Board's decision. (Item 14-E)

Item 15: Public Information and Community Relations Committee – President Chang

- ◆ The Board is asked to approve the inclusion of the proposed Election Information Statement on the District's Website from July 24 to August 10, 2007, and to make an information packet available to those interested parties upon request.

Upon consideration thereof, it was moved by Director Flores, seconded by Director Chang and carried by a 4 to 1 vote, with Director Nettles voting against, to include the Election Information Statement on the District's Website from July 24 to August 10, 2007. (Item 15-A)

Item 16: Legislative Action Committee – Director Hilden

- ◆ The Board is asked to consider support for AB 1420 (Laird) as recommended to be amended by the Senate Natural Resources and Water Committee analysis – along with the ACWA amendments of July 9. Mr. Holmes provided background information on the District's reaction to the legislation, after which Mr. Senecal provided additional information and advised that it is imperative the District's support be contingent upon the Natural Resources and Water Committee and ACWA amendments being included in the final bill.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Wu and unanimously carried, to support AB 1420 (Laird) as recommended to be amended by the Senate Natural Resources and Water Committee analysis – along with the ACWA amendments of July 9, and to send a letter of support to the bill's author and to the District's local and legislative representatives. (Item 16-A)

Other Items

Item 17: TVMWD/MWD – Director Hilden

- ◆ Director Hilden reviewed the Action Line of the Special Board Meeting held on Friday, June 15, after which Mr. Ruzicka reminded the Board that the TVMWD Board is in a July and August recess and will resume their regular schedule of board and committee meetings in September.

Item 18: The P-W-R Joint Water Line Commission – Director Hilden

- ◆ Director Hilden noted the items included in the Board packet, specifically the Water Usage Report for the month of June.

Item 19: Puente Basin Water Agency – Director Nettles

- ◆ There was no meeting to report on at this time.

Item 20: General Manager Oral Report – Mike Holmes

- ◆ Mr. Holmes discussed the outcome of recent incidents of graffiti at District reservoir sites and plans for additional security to prevent future access to and vandalism of District facilities.

Item 21: Directors' Oral Reports

- ◆ Director Wu reported on his attendance at the TVMWD Leadership Breakfast on June 4th, and the AWWA Conference in Toronto, Canada from June 24th through June 28th.
- ◆ Director Flores had nothing to report at this time.
- ◆ Director Nettles reported on his attendance at the Rowland Water District's Open House on June 15th, and thanked District staff for their prompt attention to a sheared hydrant on Valley Blvd. and Grand Ave. he called in earlier in the day.
- ◆ Director Hilden also reported on his attendance at the AWWA Conference.
- ◆ President Chang reported on her attendance at the CSDA Governance Academy on June 7th and at the AWWA Conference, during which she volunteered to be a member of a standing public officials committee.

Item 22: Board of Directors Business – President Chang

- ◆ The Board is asked to review the final update of the General Manager's FY 2006-07 Work Plan, provide any further revisions/comments deemed appropriate and, at the Board's discretion, to receive and file the report. Director Flores acknowledged Mr. Holmes and staff for having achieved their extensive accomplishments as outlined in the work plan.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Flores and unanimously carried, to receive and file the General Manager's FY 2006-07 Work Plan. (Item 22-A)

- ◆ The Board is asked to review the General Manager's proposed FY 2007-08 Work Plan, make any recommendations or revisions deemed appropriate and, if deemed sufficient, approve the proposed work plan. Quarterly updates will be provided during the coming year.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Flores and unanimously carried, to approve the General Manager's proposed FY 2007-08 Work Plan. (Item 15-A)

Item 23: Legal Reports

- ◆ After echoing Director Flores by commending Mr. Holmes and staff on the extremely thoughtful and comprehensive layout of what is expected of staff, Mr. Senecal reported on State water issues and legislative matters of importance to the District.

Item 24: Activities Calendar Review – Mike Holmes

- ◆ Mr. Holmes noted the July/August/September 2007 calendars as previously provided.

Item 25: Subjects for Future Meetings

- ◆ There were no items for future discussion presented at this time.

Adjournment at 6:45 P.M.