

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

**April 21, 2008
At the Offices of the District**

DIRECTORS PRESENT:

Allen L. Wu, President
Theodore L. Ebenkamp
Edwin M. Hilden
Scarlett P. Kwong
Ling Ling Chang

STAFF PRESENT:

Timothy J. Gosney, Legal Counsel
Michael Holmes, General Manager
Erik Hitchman, Assistant General Manager/Chief Engineer
Sandra Olson, Director of Administrative Services
Shawna Whallon, Director of Finance
Jo Ann Angelico, Assistant Secretary

The meeting was called to order at 6:00 p.m. with President Wu presiding.

Guests and others in attendance: Director Joe Ruzicka, General Manager Rick Hansen, and Assistant General Manager Kirk Howie of Three Valleys Municipal Water District.

Item 3: Communications to the Board – President Wu

- ◆ Written correspondence from the president of the Diamond Hills Ranch Homeowners Association thanking the District for participating in its open house was duly noted
- ◆ There were no public comments.

Item 4: Additions to Agenda – President Wu

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

Item 5: Reorder of Agenda – President Wu

- ◆ There were no requests to reorder the agenda.

Item 6: Consent Calendar – President Wu

- ◆ The Board was asked to approve the Consent Calendar, including the minutes of the Regular Board Meeting held March 17, the Special Board Meeting held March 20, and the Special Board Meeting held April 11; the March 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 Hilden, seconded by Director Ebenkamp and unanimously carried, to receive, approve, and file the Consent Calendar consisting of the minutes of the Regular Board Meeting held March 17, the Special Board Meeting held March 20, and the Special Board Meeting held April 11; the March Check Register, the Community Relations/Conservation/Website Activities Report, the Operations Report, and the Engineering Project Status Report. (Items 6-1, 2, 3, 4, 5, 6 & 7)

Item 7: Director Expense Reports

- ◆ The Board is asked to receive, approve, and file the Board member expense reports indicating per diem requests for meeting attendance and the individual reports of additional expenses incurred by the District on behalf of each Director. At the time he gave his oral report under Item 18, Director Ebenkamp noted an addition to his Expense Report, advising that he had also attended a Community Leaders Breakfast on March 28 (no per diem or expenses were requested for this meeting).

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Kwong and unanimously carried, to receive, approve, and file the Board member expense reports for meeting attendance. (Item 7)

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

- ◆ Review of District Statement of Revenues, Expenses, and Change in Net Assets for March 2008
- ◆ Review of District Statement of Net Assets for March 2008
- ◆ Review of the Financial Position and Investment Portfolio for the District

Upon consideration of the Treasurer's report, it was moved by Director Chang, seconded by Director Hilden and unanimously carried, to receive and file the District Statement of Revenues, Expenses, and Change in Net Assets and the District Statement of Net Assets for March 2008 and the Financial Position and Investment Portfolio for the District. (Items 8-1, 2, & 3)

Committee Chair Reports

Item 9: Engineering & Special Projects Committee – Director Hilden

- ◆ The Board is asked to award an \$82,092 labor contract to Doty Bros. and an \$8,766.63 materials contract to Inland Water Works for the Stonepine Condominiums project in Diamond Bar. Director Kwong mentioned that she had asked staff why there was such a big difference between the low bidder, Doty Bros., and the other bids submitted. Mr. Hitchman explained that the District provides specifications for what the job requires and contractors bid accordingly. He felt that Doty's familiarity and experience with the District's facilities may account for the difference.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried, to award a labor contract to Doty Bros. for \$82,092 and a service materials contract to Inland Water Works for \$8,766.63 for the Stonepine Condominiums project in Diamond Bar. (Item 9-A-1 & 2)

- ◆ The Board is asked to accept the work as installed and authorize the filing of a Notice of Completion for the Walnut Hills Tract 50867, Phase IV, project.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried, to accept the work as installed and authorize the filing of a Notice of Completion for the Walnut Hills Tract 50867, Phase IV, project. (Item 9-B-1 & 2)

Item 10: Personnel Committee – Director Hilden

- ◆ The Board is asked to adopt a resolution "Approving Adoption of California Public Employees' Deferred Compensation Plan" to allow employees the additional option of utilizing CalPERS as a deferred compensation provider. As discussed and noted in the staff report, this is a "no cost" item to the District.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Kwong and unanimously carried, to adopt Resolution No. 04-08-538, "Approving Adoption of California Public Employees' Deferred Compensation Plan." (Item 10-A)

- ◆ The Board is asked to authorize the General Manager to submit a formal membership request to the Chaffey Federal Credit Union to allow District employees the opportunity to participate in their banking programs. Again, this does not involve any District funds to participate.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried, to authorize the General Manager to submit an official membership request to the Chaffey Federal Credit Union. (Item 10-B)

Item 11: Finance Committee – President Wu

- ◆ After Ms. Whallon provided a review, the Board was asked to receive, approve, and file the March 2008 monthly Investment Transactions Report.

Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Kwong and unanimously carried, to receive, approve, and file the monthly Investment Transactions Report for March 2008. (Item 11-A)

- ◆ The Board was then asked to receive, approve, and file the quarterly Portfolio Holdings Report as of March 31, 2008.

Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Chang and unanimously carried, to receive, approve, and file the quarterly Portfolio Holdings Report as of March 31, 2008. (Item 11-B)

- ◆ In presenting the Puente Basin Watermaster Tentative Operating Budget for fiscal year 2008-09, the General Manager noted staff had concerns regarding some of the allocations in the budget, more specifically the "meetings" and "meeting preparation" amounts, and asked the Board to consent to his addressing these concerns at the Watermaster meeting on April 28.

Upon consideration thereof, it was moved by Director Chang, seconded by Director Hilden and unanimously carried, to direct the General Manager to comment regarding the Puente Basin Watermaster Tentative Operating Budget for fiscal year 2008-09 at the Watermaster meeting on April 28 and to bring the resolution back to the Board for consideration at the May 19 Board meeting. (Item 11-C)

- ◆ The Board is asked to receive, approve, and file the Puente Basin Water Agency Budget for fiscal year 2008-09.

Upon consideration thereof, it was moved by Director Chang, seconded by Director Hilden and unanimously carried, to receive, approve, and file the Puente Basin Water Agency 2008-09 budget. (Item 11-D-1)

- ◆ The Board is asked to receive, accept, and file the Puente Basin Water Agency Financial Statements for 2005-06, 2006-07, and 2007-08; and the Puente Basin Water Agency Audit Report for fiscal years ending June 30, 2006 and 2007.

Upon consideration thereof, it was moved by Director Chang, seconded by Director Ebenkamp and unanimously carried, to receive, accept and file the Puente Basin Water Agency Financial Statements for 2005-06, 2006-07, and 2007-08; and the Puente Basin Water Agency Audit Report for fiscal years ending June 30, 2006 and 2007. (Item 11-D-2)

- ◆ The Board is asked to deny a claim submitted by Ms. Joy Yu in the amount of \$6,165.01, to direct staff to submit the claim to the Joint Powers Insurance Authority (JPIA) for handling, and to direct Legal Counsel to notify Ms. Yu of the Board's action. In responding to questions raised by the Board regarding this process, Legal Counsel advised that the action to deny the claim is just a step in the process to establish the timeframe for the claimant to file suit, if necessary. He also noted that the District insurer, JPIA, has the experience and training to handle such matters. Staff assured the Board that this action would not delay the JPIA process to reach a mutually acceptable resolution with the claimant as expeditiously as possible.

Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried, to deny the \$6,165.01 claim submitted by Ms. Joy Yu, to direct staff to submit the claim to the JPIA for handling, and to direct Legal Counsel to notify Ms. Yu of the Board's action. (Item 11-E)

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

- ◆ The Board is asked to authorize the District to provide financial and labor assistance to Suzanne Middle School for the development of a xeriscape demonstration garden on the school campus. Projected costs are anticipated to be less than \$1,000 for plants and installation, and labor for technical and hands-on work is estimated at approximately ten hours.

Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried, to authorize the District to provide financial and labor assistance for the development of a xeriscape demonstration garden at Suzanne Middle School. (Item 12-A)

- ◆ The Board received an update on the District's efforts to pursue Metropolitan Water District's Public Sector Water Efficiency Project funding for the implementation of local water conservation programs for the District and other public entities within the District's service area. It was noted that, to-date in our service area, MWD has awarded funding in the amount of \$120,154.39 to Walnut Unified School District, \$42,508.30 to the City of Walnut, and \$35,066.57 to our District for the purchase of weather-based irrigation controllers.

Item 13: Legislative Action Committee – Director Hilden

- ◆ The Board is asked to authorize sending letters to our state legislators noting the District's "support" for two MWD-sponsored bills: AB 2938 (DeLeon), a bill that would create a baseline of water diversion information, and SB 1391 (Padilla), a bill that would remove restrictions to recharging groundwater basins with recycled water. The Board is also asked to authorize sending letters to our state legislators noting the District's "support" for AB 2823 (Eng), a bill that would create the San Gabriel Basin Restoration Fund.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried, to authorize sending letters to the District's state legislators advising of the District's support for AB 2938, SB 1391, and AB 2823. (Item 13-A, B & C)

Other Items

Item 14: TVMWD/MWD – Director Hilden

- ◆ Director Hilden noted the TVMWD Action Line report of Board meeting activities for March 21, 2008 and the MWD report of Board meeting activities for April 8, 2008, as provided in the Board meeting materials. Director Ebenkamp then gave a brief report of the April 18 TVMWD Board meeting activities. Mr. Ruzicka, speaking from the audience, noted that a budget meeting had followed the April 18 Board meeting and that he felt "a lot had been accomplished in responding to member agency concerns." Mr. Hansen, also as a member of

those viewing the meeting, reported that, although MWD had adopted its allocation plan in March, he had been assured they were not going to implement it this year. He noted they would look at it again in April/March of 2009. He further advised that TVMWD is continuing to work with this District on additional water supply options in order to secure water sources that could prove to be less expensive over time. He passed on the “good news” that TVMWD will reduce its fixed charges, capacity charges, and the water surcharge and that they would be setting rates on a calendar year basis. He said they were also recommending a reduction in the administrative surcharge.

Item 15: 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 March.

Item 16: Puente Basin Water Agency – Directors Ebenkamp/Chang

- ◆ Director Ebenkamp reviewed the Minutes of the Puente Basin Water Agency’s April 9, 2008 meeting, a copy of which was included in the Board meeting materials. He noted that he had been elected vice-chair and that Mr. Anthony Lima of Rowland Water District had been elected chair.

Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried, to receive and file the Minutes of the Puente Basin Water Agency April 9, 2008, meeting. (Item 16)

Item 17: General Manager Oral Report – Mike Holmes

- ◆ The General Manager reminded the Board of the April 25, 7:30 a.m., special Board meeting scheduled to consider the selection of an architect for the Administration facilities and to review the major expense line items for the 2008-09 District budget. He also advised that one of the District’s long-time employees, Diana Wentworth, would be retiring at the end of this week after 33 years of service with the District.

Item 18: Directors’ Oral Reports

- ◆ Director Chang had no report
- ◆ Director Hilden reported on his attendance at the April Regional Chamber Governmental Affairs Committee meeting
- ◆ President Wu reported on his attendance at the L.A. County seminar on FPPC filing requirements
- ◆ Director Ebenkamp reported on his attendance at the L.A. County seminar on FPPC filing requirements, CSDA Board Training Workshop, TVMWD Colorado River Ag Tour, ACWA Legislative Symposium, and the Community Leaders Breakfast sponsored by MWD
- ◆ Director Kwong reported on her attendance at the Diamond Bar City Council meeting and the Diamond Bar State of the City Address

Item 19: Legal Reports

- ◆ Legal Counsel provided brief summaries regarding legislation of current interest to the water industry: AB 2153 (Krekorian) Water Conservation; AB 2175 (Laird) Water Conservation; AB 2723 (De La Torre) Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection bond Act of 2006: Dual Piping; SB 1642 (Yee) Public Contracts: Claims; AB 2046 (Jones) Water Supply Assessments: Groundwater; and Proposition 98 – eminent domain.

Item 20: Activities Calendar Review – Mike Holmes

- ◆ Mr. Holmes noted the April, May, and June 2008 calendars as previously provided.

Item 21: Subjects for Future Meetings

- ◆ There were no requests for items to be discussed at a future meeting.

Item 22: Board of Directors Business

- ◆ The winning posters in this year’s poster contest were on display at the Board meeting. Staff provided background history on the program and advised that the posters will later be sent to MWD to be entered in their competition. The winning students, their families, and school officials will be invited to the District’s awards ceremony being held on May 21st to recognize their achievements. The District’s essay contest awards will also be presented at that time; however, the winners will not be revealed until the day of the ceremony.
- ◆ The General Manager presented the quarterly update of the 2007-08 Work Plan and asked for Board member comments, noting that each committee had reviewed their specific areas of oversight. The Board had nothing further to add.

Upon consideration thereof, it was moved by Director Chang, seconded by Director Hilden and unanimously carried, to receive and file the General Manager’s 2007-08 Work Plan, quarterly update. (Item 22-B)

Item 23-24: Adjournment to Closed Session at 7:34 P.M.

- ◆ The Board then met in closed session in accordance with Government Code Section 54956.9[a] to discuss one case of pending litigation, Karen Powers v. Walnut Valley Water District and Does 1-25, Case No. KC052479R.

Item 25: Report of Action in Closed Session at 7:45 P.M.

- ◆ Upon reconvening in open session, Mr. Gosney reported that the Board met in closed session in accordance with Government Code Section 54956.9[a]. The Board was briefed by Legal Counsel on the status of litigation and no action reportable under the Brown Act was taken.

Adjournment at 7:46 P.M.