

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

**April 20, 2009
At the Offices of the District**

DIRECTORS PRESENT:

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

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
Brian Teuber, Deputy Director of Finance
Jo Ann Angelico, Assistant Secretary

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

Guests and others in attendance: Director Joe Ruzicka and Assistant General Manager Kirk Howie, Three Valleys Municipal Water District; Mr. Ted Carrera, Rowland Water District; Mrs. Barbara Carrera, SGCWD customer

Item 3: Public Comment – President Hilden

- ◆ There were no requests to make public comment

Item 4: Additions to Agenda – President Hilden

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

Item 5: Reorder of Agenda – President Hilden

- ◆ There were no requests for reorder of the agenda.

Item 6: Consent Calendar

- ◆ The Board was asked to approve the Consent Calendar, including the minutes of the Regular Board Meeting held March 16, 2009 and the Minutes of the Special Board Meeting held April 3, 2009; the April 2009 check register; the Community Relations/Website Activities Report; the Operations Report; and the Engineering Project Status Report.

Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Wu and unanimously carried, to receive, approve, and file the Consent Calendar consisting of the minutes of the Regular Board Meeting held March 16, 2009, and the Special Board Meeting held April 3, 2009; the April 2009 Check Register; the Community Relations/Website Activities Report; the Operations Report; and the Engineering Project Status Report. (Items 6-1, 2, 3, 4, 5 & 6)

Item 7: Director Expense Reports

- ◆ The Board was 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.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Ebenkamp 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

- ◆ Ms. Whallon presented the District's Statement of Revenues, Expenses, and Change in Net Assets; Statement of Net Assets; and the Summary of Cash and Investments as of March 31, 2009.

Upon consideration of the Treasurer's report, it was moved by Director Chang, seconded by Director Ebenkamp and unanimously carried, to receive and file the District's Statement of Revenues, Expenses, and Change in Net Assets; Statement of Net Assets; and the Summary of Cash and Investments as of March 31, 2009. (Items 8-1, 2, & 3)

Committee Chair Reports

Item 9: Engineering & Special Projects Committee – Director Wu

- ◆ The Board was asked to authorize the General Manager to execute the labor contract in the amount of \$144,700 with F. T. Ziebarth Co. for equipping of Recycled Well No. 4.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Ebenkamp and unanimously carried, to authorize the General Manager to execute the labor contract in the amount of \$144,700 with F.T. Ziebarth Co. for equipping Recycled Well No. 4, W.O. 06-3002. (Item 9-A)

- ◆ The Board was asked to accept the work as installed and authorize the filing of a Notice of Completion for the Sylvan Glen Pump Station Emergency Generator project.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Ebenkamp and unanimously carried, to accept the work as installed and authorize the filing of a Notice of Completion for the Sylvan Glen Pump Station Emergency Generator project, W.O. 07-3017. (Item 9-B)

- ◆ The Board was asked to approve two Joint Resolutions between the County of Los Angeles and the Walnut Valley Water District and Walnut Valley Water Improvement District No. 5 for the District's participation in the exchange of ad valorem property tax in conjunction with the annexation of territory known as Petition No. 182-1107 to County Lighting Maintenance District (CLMD) 10006 located in the City of Diamond Bar. All new annexations to County-administered CLMDs now require the processing of ad valorem property tax exchange resolutions with all nonexempt taxing agencies.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Ebenkamp and unanimously carried to approve the two Joint Resolutions between the County of Los Angeles and the Walnut Valley Water District and Walnut Valley Water Improvement District No. 5. (Item 9-C)

Item 10: Personnel Committee – Director Hilden

- ◆ Ms. Shawna Whallon, Director of Finance, has traditionally served as the District's Treasurer and will be retiring at the end of June. As this position is appointed by the Board of Directors, the Board was asked to appoint Mr. Brian Teuber as District Treasurer, making the appointment effective May 1, 2009, to allow for a smooth transition of treasurer's duties while Ms. Whallon is available to assist.

Upon consideration thereof, it was moved by President Hilden, seconded by Director Chang and unanimously carried to appoint Mr. Brian Teuber as District Treasurer, effective May 1, 2009. (Item 10-A)

- ◆ A review of the most current resolution No. 10-83-134 affirming the District's deferred compensation agreement with ICMA designates the District Controller as the program coordinator. Given the fact that the "District Controller" position has been retitled to "Director of Finance," it will be necessary for the District to adopt a new resolution identifying the correct designee. To allow this designation to be amended more efficiently in the future, the Board was asked to adopt Resolution No. 04-09-550, naming the Walnut Valley Water District as the program coordinator for the District's deferred compensation program with the ICMA Retirement Corporation. The responsible personnel would then be designated on a separate administrative ICMA form, which does not require a resolution to make changes.

Upon consideration thereof, it was moved by President Hilden, seconded by Director Wu and unanimously carried, to adopt Resolution No. 04-09-550, Amending the District Designee to the ICMA Retirement Corporation 457 Plan, naming the Walnut Valley Water District as program coordinator. (Item 10-B)

Item 11: Finance Committee – Director Kwong

- ◆ The Board was asked to receive, approve, and file the March 2009 monthly Investment Transactions Report.

Upon consideration thereof, it was moved by Director Kwong, seconded by Director Chang and unanimously carried, to receive, approve, and file the monthly Investment Transactions Report for March 2009. (Item 11-A)

- ◆ The Board was asked to receive and file the Portfolio Holdings Report as of March 31, 2009.

Upon consideration thereof, it was moved by Director Kwong, seconded by Director Wu and unanimously carried, to receive and file the District's Portfolio Holdings Report as of March 31, 2009. (Item 11-B)

- ◆ The Board was asked to receive, accept, and file the Puente Basin Watermaster Tentative Operating Budget for fiscal year 2009-10 as approved at the March 12, 2009, Puente Basin Watermaster meeting. Mr. Holmes advised that District staff continues to have concerns regarding the "Meetings" and "Preparation for Meetings" budget items and has made Watermaster aware of these concerns.

Upon consideration thereof, it was moved by Director Kwong, seconded by Director Wu and unanimously carried, to receive, accept, and file the Puente Basin Watermaster Tentative Operating Budget for fiscal year 2009-10 as presented. (Item 11-C)

- ◆ The Board was asked to authorize the General Manager to execute an agreement with Diehl, Evans & Company for auditing services related to the District and the Walnut Valley Building Corporation for a three-year term, commencing with fiscal year 2008-09, with the understanding that a new audit manager will be assigned.

Upon consideration thereof, it was moved by Director Kwong, seconded by Director Wu and unanimously carried, to authorize the General Manager to execute an agreement with Diehl, Evans & Company for auditing services related to the District and the Walnut Valley Building Corporation for a three-year term, commencing with fiscal year 2008-09, with the understanding that a new audit manager will be assigned. (Item 11-D)

- ◆ The Board was asked to authorize the General Manager to execute a month-to-month contract with Chandler Asset Management for the management of the District's investment portfolio, effective July 1, 2009. For the past ten years the District's Treasurer has had the responsibility for investing District funds. The advantages to contracting with a professional investment management firm having the expertise and ability to devote full-time attention to an investment portfolio were noted. It was also noted that proposed reorganization of the Finance Department will include a reduction of one full-time equivalent position, which will offset the cost for outside investment management services. Mr. Holmes advised that the agreement is still being finalized and would be reviewed by Legal Counsel for approval before being executed. He also advised that the principals of Chandler Asset Management would be invited to a future Finance Committee and/or Board meeting to be introduced.

Upon consideration thereof, it was moved by Director Kwong, seconded by Director Ebenkamp and unanimously carried, to authorize the General Manager to execute a month-to-month contract, as approved by Legal Counsel, with Chandler Asset Management for the management of the District's Investment Portfolio, effective July 1, 2009. (Item 11-E)

- ◆ The Board was asked to reject and forward to JPIA for further investigation and processing a claim submitted by Allstate on behalf of Mr. Paul Tranquill for water damages resulting from a leaking toilet supply line at his residence alleged to have been caused by a District repair to a valve in the distribution system on July 1, 2008. The total claim for damages is \$7,317.56.

Upon consideration thereof, it was moved by Director Kwong, seconded by Director Wu and unanimously carried, to reject and forward to JPIA for further investigation and processing a claim submitted by Allstate on behalf of Mr. Paul Tranquill for water damages resulting from a leaking toilet supply line at his residence alleged to have been caused by a District repair to a valve in the distribution system. (Item 11-F)

- ◆ The Board was asked to declare the Toshiba phone system, one 2002 GMC Sonoma Truck, and two trailer mounted Smith air compressors as surplus property for disposal in accordance with District procedures.

Upon consideration thereof, it was moved by Director Kwong, seconded by Director Ebenkamp and unanimously carried, to declare the Toshiba phone system, one 2002 GMC Sonoma Truck, and two trailer mounted Smith air compressors as surplus property for disposal in accordance with District procedures. (Item 11-G)

Item 12: Public Information/Community Relations/Legislative Action – Director Chang

- ◆ The Board was asked to approve sending a letter to the District's congressional representatives opposing a chemical facility security bill that is currently being drafted by the House Energy and Commerce Committee. Mr. Holmes explained the bill would give federal regulators in Washington the decision-making authority over what chemicals and treatment processes a drinking water utility may use. Drinking water utilities are currently exempt from this program and need to retain this authority as it is the local officials who are ultimately responsible for the safety of the water delivered to customers.

Upon consideration thereof, it was moved by Director Chang, seconded by Director Ebenkamp and unanimously carried, to approve sending a letter to the District's congressional representatives opposing a chemical facility security bill currently being drafted by the House Energy and Commerce Committee. (Item 12)

Other Items

Item 13: TVMWD/MWD – President Hilden

- ◆ The General Manager presented and reviewed information regarding the MWD Water Supply Allocation Plan and rate increase. He said this information would be reviewed in greater detail at the Budget Workshop meeting on April 23. He then called attention to the letter sent to TVMWD by some of its member agencies regarding the TVMWD proposed fiscal year 2009-10 budget and advised that a meeting had been scheduled with TVMWD to discuss this letter.
- ◆ President Hilden reviewed activities from the TVMWD February 2009 Board meeting. Mr. Holmes noted that Director DeJesus had voted against the rate proposal and Director Ruzicka had voted against the \$600,000 landscaping project.

- ◆ Mr. Kirk Howie, TVMWD Assistant General Manager, advised that TVMWD had received an award from the GFOA for its annual financial report. He also mentioned that TVMWD would be holding a budget workshop on Wednesday, April 23, and would meet with the member agency managers after that meeting to discuss the budget in more detail. He said a response to the member agency letter was being prepared and would be sent to the member agencies prior to the meeting.

Item 14: The P-W-R Joint Water Line Commission – President Hilden

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

Item 15: Puente Basin Water Agency – Directors Ebenkamp/Chang

- ◆ Director Ebenkamp provided a report on the activities of the Puente Basin Water Agency meeting held on April 13. He noted that the Agency had approved combining its audit with that of the Walnut Valley Water District and had approved the 2009-10 budget.

Item 16: General Manager Report – Mike Holmes

- ◆ As a follow-up to the April 3, 2009, Board discussion regarding the Proposition 218 process for implementing a rate increase, and the Board's direction to proceed with an outside rate study before scheduling a Proposition 218 public hearing, Mr. Holmes advised that three firms had been identified for soliciting an RFP's for the performance of a District rate study. Upon being advised the cost was estimated at \$50,000-75,000, Director Wu asked if the study could be performed in-house. It was noted that one of the State Auditor's review points was that the District had not done a formal rate study. Another consideration is the perception of impartiality that would be apparent with a review by an outside professional agency. Mr. Holmes asked for clarification of the Board's direction regarding final approval of the proposals, and was advised that the Board's direction was to bring them back for approval before award of contract.
- ◆ Mr. Holmes then provided a report on two lawsuits that had been filed against the City of Industry regarding the proposed NFL stadium. There was some discussion regarding the water assessment for the project. It was noted that the original EIR had included a water assessment provided by the District and, to date, a new one has not been requested for the NFL project; however, should the District be asked to do another water assessment we would comply.

Item 17: Directors' Oral Reports

(NOTE: Board meeting Minutes provide written reports of Board meeting activities and committee meeting reports are given during the course of regular Board meeting activities)

- ◆ Other than committee and Board meetings for which reports were previously given, Director Chang attended no meetings reportable under the Brown Act
- ◆ Director Kwong noted her attendance on the Colorado River Aqueduct Inspection Tour
- ◆ Director Hilden noted his attendance at the March TVMWD Board meeting as previously reported
- ◆ Director Ebenkamp reported on his participation in the Colorado River Aqueduct Inspection Tour, attendance at the TVMWD Board meeting, a Groundwater Salinity Conference, and the Chamber Governmental Affairs Committee meeting
- ◆ Director Wu reported on his attendance at the WEF Executive Briefing and the WEF Drought Seminar

Item 18: Board of Directors Business

- ◆ The Board received information regarding the Local Agency Formation Commission's proposed preliminary budget for fiscal year 2009-10. No action was taken on this matter.
- ◆ The Board was asked to approve a change in Personnel Committee assignments, switching the member and alternate positions, with Director Ebenkamp becoming the member and Director Chang the alternate. It was noted the recommendation in the staff report incorrectly stated the positions as "chair" and "alternate" and should read "member" and "alternate."

Upon consideration thereof, it was moved by Director Wu, seconded by Director Chang and unanimously carried, to approve Director Ebenkamp as the "member" and Director Chang as the "alternate" for the Personnel Committee. (Item 18-B)

- ◆ The Board was asked to receive, review, advise of any suggested revisions, and file the General Manager's Fiscal Year 2008-09 Work Plan Quarterly Update. There were no requests for modification to the report.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Chang and unanimously carried, to receive and file the General Manager's Fiscal year 2008-09 Work Plan Quarterly Update. (Item 18-D)

- ◆ Ms. Olson reported on the District's 19th annual poster contest, which had been expanded to include high schools this year. She advised there had been 779 participants, representing 33 teachers in nine schools. A total of 100 posters had been submitted by the schools for consideration in this year's contest. She then called attention to the winning posters that were on display for the Board members to see the results of their judging efforts.

Item 19: Legal Reports

- ◆ Mr. Gosney advised that there would be a brief closed session following the regular meeting. He then said he would be attending an ACWA Legislative Committee meeting in Sacramento and planned to provide a detailed legislative report to PWAG following that meeting. He noted there are three legislative items being proposed to implement the Governor's 20% reduction in water use, one of which is sponsored by ACWA.

Item 20: Activities Calendar Review – Mike Holmes

- ◆ Mr. Holmes referred to the April, May, and June 2009 calendars as previously provided. In noting difficulties some of the Directors had with the 4:30 start time for the April 23 Special Board meeting, the meeting time was moved up to 4:45 p.m.

Item 21: Subjects for Future Meetings

- ◆ President Hilden asked that, after the budget is finalized, information be presented on GASB.
- ◆ Director Wu again asked if, to save money, staff could come up with a number for the rate increase rather than do an outside rate study. It was noted that the Board had approved commissioning for an outside rate study at their special meeting on April 3, 2009, for which Director Wu had voted 'no.'

Item 22: Adjourn to Closed Session – 7:14 P.M.**Item 23: Closed Session – 7:36 P.M.**

- ◆ The Board met in closed session in accordance with Government Code §54956.9[a] to discuss one case of pending litigation: (1) Karen Powers v. Walnut Valley Water District and Does 1-25, Los Angeles Superior Court Case No. KC052479R.
- ◆ The Board also met in closed session in accordance with Government Code §54957 to discuss one employee discipline matter.

Item 24: Reconvene in Open Session/Report of Action Taken in Closed Session – 7:48 P.M.

- ◆ The Board met in closed session in accordance with Government Code §54956.9[a] to discuss one case of pending litigation, Karen Powers v. Walnut Valley Water District and Does 1-25, Los Angeles Superior Court Case No. KC052479R. The Board was briefed on the current circumstances. No action reportable under the Brown Act was taken.
- ◆ The Board also met in closed session in accordance with Government Code §54957 to discuss one employee discipline matter. The Board was briefed on the current circumstances and proposed plan of action. No action reportable under the Brown Act was taken.

Adjournment at 7:51 P.M.