

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

**May 26, 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: Directors David DeJesus and Joe Ruzicka, and Assistant General Manager Kirk Howie, Three Valleys Municipal Water District; Mr. Ted Carrera, District customer; Mrs. Barbara Carrera, District resident; Kim Paperin of Trammel Crowe, and Anne Doehne and Tom Worthington of Impact Sciences to hear the report on the Water Supply Assessment for the Canyon Residences Project

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 April 20, 2009 and the Minutes of the Special Board Meeting held April 23, 2009; the May 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 Wu, 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 April 20, 2009, and the Special Board Meeting held April 23, 2009; the May 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 April 30, 2009.

Upon consideration of the Treasurer's report, it was moved by Director Ebenkamp, seconded by Director Chang 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 April 30, 2009. (Items 8-1, 2, &3)

Committee Chair Reports

Item 9: Engineering & Special Projects Committee – Director Wu

- ◆ The Board was asked to approve the Water Supply Assessment (WSA) for the proposed Canyon Residences Project and direct staff to submit the WSA to the County of Los Angeles Department of Regional Planning. Director Ebenkamp excused himself from Board consideration of this item as a matter of possible conflict of interest and stepped down from the Board table. President Hilden called attention to the last paragraph on page 35 of the assessment, suggesting that the "may" should be changed to "shall" require the developer to directly fund its fair share of projects or programs the District may develop that will offset or reduce existing potable water demands, such as conservation or recycled water system expansion. Legal Counsel noted that the District does not currently have policies in place to enforce that requirement and suggested that the District's Rules and Regulations

could be modified to address that need. It was noted that the need to address that concern would not be relevant until an application for service is filed, when they will have to meet all the requirements of the District. Mr. Gosney said at this time the Board is only complying with CEQA requirements to determine if the District can meet the water demands of the project, not approving the project. Speaking as a member of the audience, Mr. Ebenkamp expressed concerns that new water demands would almost certainly put the District over its allocation as determined by MWD and cause the District to incur stiff penalties. He suggested this be considered when reviewing the District's Rules and Regulations. Mr. Hitchman noted that MWD's long-range water plan indicates they have sufficient supplies; however, as noted, the cost is increased considerably. He said the District is still obligated to meet the demands of its customers.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Chang and unanimously carried, 4-0, with Director Ebenkamp abstaining, to approve the Water Supply Assessment (WSA) for the Canyon Residences Project as presented, to direct staff to submit the WSA to the County of Los Angeles Department of Regional Planning, and to direct staff to develop the necessary changes to the District's Rules and Regulations as discussed to mitigate the increased water demands. (Item 9-A)

- ◆ The Board was asked to accept the work as installed and authorize the filing of a Notice of Completion for the Walnut Hills Tract 50867, Phases III and V, project.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Chang and unanimously carried, to accept the work as installed and authorize the filing of a Notice of Completion for the Walnut Hills Tract 59867, Phases III and V, project, W.O. 06-2990. (Item 9-B)

Item 10: Personnel Committee – President Hilden

- ◆ The Board was asked to review and consider revisions to the District's Standing Committee Selection Process and provide direction as deemed appropriate. It was noted that if the Board determined to change the selection process to follow a "chain of command" instead of a "seniority" rotation process, it would be necessary to amend the District's bylaws.

Upon consideration thereof, it was moved by President Hilden, seconded by Director Ebenkamp and unanimously carried to change the order of rotation for selecting standing committee assignments from a "seniority" to a "chain of command" basis, to stipulate that newly elected directors not serve as chair during his/her first year in office, to address a "pass" situation, and to include a provision for the President to appoint the chair for a committee vacancy if neither member is eligible for that position, effective December 1, 2009. (Item 10-A)

- ◆ In response to a questionnaire received from the Los Angeles County Registrar-Recorder's office regarding the upcoming election, the Board was asked to determine who will pay the costs to print and mail candidate statements, when such payment will be made, and the word limitation for candidate statements.

Upon consideration thereof, it was moved by Director Chang, seconded by Director Kwong and unanimously carried, to direct candidates, as in the past, to pay candidate statement printing, handling, and mailing costs at the time of filing, and to limit statements to 400 words, increased from the 200 words stipulated in prior years. (Item 10-B)

- ◆ The Board received information regarding the General Manager's intent to grant a cell phone stipend for selected executive staff members who are required to maintain cell phone service to conduct District business, effective June 1, 2009.

Item 11: Finance Committee – Director Kwong

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

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

- ◆ The Board was asked to receive, approve, and file the Puente Basin Water Agency Budget for fiscal year 2009-10 as approved at the April 13, 2009, Puente Basin Water Agency meeting.

Upon consideration thereof, it was moved by Director Kwong, seconded by Director Ebenkamp and unanimously carried, to receive, approve, and file the Puente Basin Water Agency Budget for fiscal year 2009-10 as presented. (Item 11-B)

- ◆ The Board was asked to schedule a public hearing to be held during the June 22, 2009, Board meeting to receive comments regarding the District's Standby Charge Assessment.

Upon consideration thereof, it was moved by Director Kwong, seconded by Director Wu and unanimously carried, to schedule a public hearing to be held during the June 22, 2009 Board meeting to receive comments regarding the District's Standby Charge Assessment. (Item 11-C)

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

- ◆ The Board received an update on the District's Conservation Outreach Program, which has been enhanced to address the current water shortage. (Item 12)

Other Items**Item 13: TVMWD/MWD – President Hilden**

- ◆ The General Manager presented a letter submitted to TVMWD by a number of its member agencies identifying their recommendations for the TVMWD 2009-10 budget that would provide rate relief, and recommendations to promote more efficient collaboration on short- and long-term regional and interagency water supply projects.
- ◆ President Hilden reviewed activities from the TVMWD April and May Board meetings. He then invited the TVMWD representatives present to comment on various activities. Mr. Howie advised that a number of junior and senior students from Harvey Mudd College gave a presentation of a solar power panel project they are working on in cooperation with TVMWD. Mr. DeJesus provided an update on the MWD allocation plan, noting that the allocation from the State Water Project was increased. Mr. Ruzicka was then asked to show a medal he had received for finishing the 26-mile Los Angeles marathon on Memorial Day.

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 April.

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

- ◆ The Board received revised Minutes of the Puente Basin Water Agency meeting held on April 13, which Director Ebenkamp reviewed for the Board.

Item 16: General Manager Report – Mike Holmes

- ◆ The General Manager presented a letter received from MWD advising that the District had been credited for recycled water produced during FY 2007-08 and would receive an \$86,595 credit on the next water service invoice issued to Three Valleys and asked Mr. Hitchman to explain the process by which the credit is determined. He noted that the credit relates to the District's participation in the City of Industry Recycled Water Project under MWD's LRP program. The District receives credit for recycled water produced and delivered over 1,350 acre-feet.

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)

- ◆ Director Wu noted his judging of the posters entered in the District's poster contest and his attendance at a Climate Change meeting in March. He also attended the Solar Cup event at Lake Skinner.
- ◆ Director Ebenkamp reported on his attendance at the Citrus College Water Awareness Day program and the Arbor Ridge Dedication Ceremony
- ◆ Director Kwong attended the Arbor Ridge Ribbon Cutting Ceremony (Report given by Director Ebenkamp)
- ◆ Director Hilden noted his judging of the posters entered in the District's poster contest and his attendance at the ACWA/JPIA and the ACWA Spring Conference in Sacramento
- ◆ Other than committee and Board meetings for which reports were previously given, Director Chang attended no meetings reportable under the Brown Act

Item 18: Board of Directors Business

- ◆ The Board was asked to consider proposals submitted to the District for the performance of a Comprehensive Water Rate Study and award a Professional Services Agreement to PBS&J in the amount of \$61,522, the lowest cost proposal, and to approve funding for this study from the Water Rate Stabilization Fund. It was noted that the study is anticipated to be completed in the fall. Mr. Ebenkamp stressed the importance of having the study performed by an outside firm, considering the increased rates being passed down by MWD.

Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Kwong and carried by a 4-1 vote, with Director Wu opposed, to award a Professional Services Agreement to PBS&J in the amount of \$61,522 and to approve funding from the Water Rate Stabilization Fund for the performance of a Comprehensive Water Rate Study. (Item 18-A)

- ◆ The Board was asked to authorize the General Manager to execute an agreement with TVMWD for the purchase of 3,778 acre-feet of Main San Gabriel Basin Cyclic Storage Water, to be equally divided between Walnut and Rowland water districts, for the estimated amount of \$439,029 for the District's one-half share (1,889 AF).

Upon consideration thereof, it was moved by Director Wu, seconded by Director Chang and unanimously carried, to authorize the General Manager to execute an agreement with TVMWD for the purchase of Main San Gabriel Basin Cyclic Storage Water, with the funds coming from the Rate Stabilization account. (Item 18-B)

- ◆ The Board received a verbal update on the Water Resource Ad Hoc Committee activities.

Item 19: Legal Reports

- ◆ Mr. Gosney had no report but mentioned there would be a need for a brief closed session following the regular meeting.

Item 20: Activities Calendar Review – Mike Holmes

- ◆ Mr. Holmes referred to the May, June, and July 2009 calendars as previously provided, noting in particular the essay/poster contest awards and mixer scheduled for May 27 and 28, respectively, and the budget workshop meeting scheduled for 7:30 a.m. on June 4.
- ◆ Director Wu advised he had invited the media to a press conference prior to the mixer, at 5:00 p.m., to meet the Walnut Solar Cup Team.
- ◆ President Hilden asked for an update on subvention funds and was advised the State currently proposes taking 8% of what the District receives in property tax revenues.

Item 21: Subjects for Future Meetings

- ◆ Director Wu reminded staff of the request during the Water Supply Assessment discussion to review the District's Rules and Regulations in this regard.
- ◆ President Hilden reminded staff of his request for a review of GASB 45 requirements at a future date.

Item 22: Adjourn to Closed Session – 7:20 P.M.

Item 23: Closed Session – 7:35 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.

Item 24: Reconvene in Open Session/Report of Action Taken in Closed Session – 7:44 P.M.

- ◆ The Board met in closed session pursuant to Government Code §54956.9[a] to review 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.

Adjournment at 7:44 P.M.

The meeting was adjourned in memory of Mr. Randy Carter of the City of Glendora Water Department, who had recently passed away.