

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

**December 15, 2008  
At the Offices of the District**

**DIRECTORS PRESENT:**

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

**STAFF PRESENT:**

H. Jess Senecal, Legal Counsel  
Michael Holmes, General Manager  
Erik Hitchman, Assistant General Manager/Chief Engineer  
Sandy 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 Wu presiding.

Guests and others in attendance: Director David DeJesus, Director Joe Ruzicka, and Assistant General Manager Kirk Howie of Three Valleys Municipal Water District; Mr. Nitin Patel, CPA, of Diehl, Evans & Company; and Mr. Ken Harlow of Brown and Caldwell

**Item 3: Public Comment – President Wu**

- ◆ 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**

*It was moved by President Wu, seconded by Director Hilden and unanimously carried, to move Item 21, Directors' Oral Reports, to follow Item 10, Director Expense Reports.*

**Item 6: Audit Report**

- ◆ Mr. Nitin Patel, CPA for Diehl, Evans & Company, reviewed his firm's audit findings for the District and the Building Corporation for the fiscal year ending June 30, 2008. He said the audit was conducted in accordance with general auditing standards and that Diehl, Evans & Company had issued an "unqualified opinion" that the District's financial statements were fairly presented in accordance with accounting principles. He said they were also required to review SAS (Statement of Auditing Standards) 114, which was done at the September 2008 Finance Committee meeting. He also reported that his firm had issued an opinion on the net revenue coverage, which is 3.28 percent, noting that the actual bond requirement is for 1.1%.

*Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried to receive, approve, and file the audit reports for the District and the Building Corporation for the fiscal year ending June 30, 2008.*

**Item 7: Asset Replacement Funding Model Demonstration**

- ◆ Mr. Ken Harlow of Brown and Caldwell provided a demonstration of the Asset Replacement Funding Model his firm had developed for the District to use in estimating refurbishment and replacement costs for all of the District's assets over the next 20 years. The model includes over 68,000 assets that had been identified in the District's system, such as valves, pipes, reservoirs, etc., and is an excellent planning tool for maintaining the District's water facilities in good condition. Mr. Holmes noted that the model would be utilized in the Board's review of reserves and rates beginning next month.

**Item 8: Annual Board Reorganization**

- ◆ In beginning the reorganization process, Mr. Holmes asked the Board to adopt the *Board Reorganization Rotation Policy* developed in response to the Board's decision at the November Board meeting to conduct the annual reorganization on a rotational basis.

*Upon consideration thereof, it was moved by Director Kwong, seconded by Director Hilden and unanimously carried to adopt the "Reorganization Rotation Policy" as presented. (Item 8-A)*

- ◆ The Board members then assumed their positions in the following order of rotation (Item 8-B):

President:	Edwin M. Hilden
1 <sup>st</sup> Vice President:	Theodore L. Ebenkamp
2 <sup>nd</sup> Vice President:	Scarlett P. Kwong
Assistant Treasurer:	Ling Ling Chang
Director:	Allen L. Wu

*It was then moved by Director Ebenkamp, seconded by Director Chang and unanimously carried, that appointments to the following offices continue as before, namely: Secretary, Mike Holmes; Treasurer, Shawna Whallon; Assistant Secretary, Jo Ann Angelico; and Second Assistant Treasurer, Erik Hitchman. (Item 8-C-1,2,3&4)*

- ◆ In discussing the current Standing Committee selection process, President Hilden asked the Directors if they would be agreeable to keeping their current assignments; however, some of the Directors wanted the option to change in order to gain experience on other committees. It was also suggested that a different process of rotating the order of selection so that the newest member does not always have last choice be considered. Noting the need to revise the existing policy to accommodate such a change, it was requested that the policy be reviewed at a future Personnel Committee meeting to consider a rotation in the order of selection, i.e., by Director hierarchy with the president having first choice and so on down the chain of command. Any contemplated changes would be considered for calendar year 2010. For 2009, however, the Board decided to continue, as described in the current *Standing Committee Selection Process*, to make their selections in order of seniority. Following this procedure each Director selected their choices for the various Standing Committee positions with Director Hilden, Director Wu, Director Chang, Director Ebenkamp, and Director Kwong proceeding in that order.

*Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Chang and unanimously carried, to accept the Standing Committee selections. Attached to these minutes as Exhibit "A" is a table of the 2009 standing committee assignments. (Item 8-D)*

- ◆ President Hilden noted the appointment of Directors to serve as District representatives on various commissions and agencies will be made at the January Board meeting upon review of individual Director requests, which he requested be forwarded to Ms. Angelico.

#### **Item 9: Consent Calendar**

- ◆ The Board was asked to approve the Consent Calendar, including the minutes of the Regular Board Meeting held November 17, 2008; the December 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 November 17, 2008; the December Check Register; the Community Relations/Website Activities Report; the Operations Report; and the Engineering Project Status Report. (Items 9-1, 2, 3, 4, and 5)*

#### **Item 10: 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 10)*

#### **Item 21: Directors' Oral Reports**

- ◆ Director Wu reported on his attendance at the California Water Conference
- ◆ Director Chang had nothing to report but wanted to thank Director Wu for his leadership this past year
- ◆ President Hilden reported on his attendance at the Public Safety Appreciation Luncheon and the Water Resources Ad Hoc Committee's tour of the San Antonio Spreading Grounds. He also thanked Director Wu on behalf of the Board for a "job well done"
- ◆ Director Ebenkamp reported he had also attended the Public Safety Appreciation Luncheon, the California Water Conference, and the Water Resources Ad Hoc Committee San Antonio Spreading Grounds tour
- ◆ Director Kwong reported on her attendance on the Water Education San Joaquin River Restoration Tour

#### **Item 11: 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 November 30, 2008.

*Upon consideration of the Treasurer's report, it was moved by Director Wu, 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 November 30, 2008. (Items 11-1,2,&3)*

## Committee Chair Reports

### Item 12: Engineering & Special Projects Committee – Director Hilden

- ◆ The Board was asked to authorize the General Manager to negotiate and execute a \$105,100 sole source contract with HDR Engineering, Inc. and to authorize the additional appropriation of \$21,000 from the Reserve for Replacement fund for the update of the District's Recycled Water Master Plan.

*Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Wu and unanimously carried, to authorize the General Manager to negotiate and execute a sole source contract with HDR Engineering, Inc. and to authorize the additional appropriation of \$21,000 from the Reserve for Replacement fund for the update of the District's Recycled Water Master Plan. (Item 12-A)*

- ◆ The Board was asked to award labor and materials contracts for the Institute of Knowledge project to install a domestic water distribution system to serve the proposed commercial building at 1009 Via Sorella in Diamond Bar.

*Upon consideration thereof, it was moved by Director Chang, seconded by Director Ebenkamp and unanimously carried, to award labor and materials contracts for the installation of a domestic water distribution system to serve the Institute of Knowledge commercial building at 1009 Via Sorella in Diamond Bar as follows: Labor to Brkich Construction for \$44,000; Ductile Iron-Miscellaneous materials to D'Angelo Co. for \$9,623.72; and service materials to Western Water Works for \$790.82. (Item 12-B)*

- ◆ The Board was asked to continue its membership with the WateReuse Association for 2009 at the historical dues payment of \$1,450, plus a \$250 contribution to the WateReuse Foundation, for a total of \$1,700.

*Upon consideration thereof it was moved by Director Ebenkamp, seconded by Director Chang and unanimously carried to continue the District's membership with the WateReuse Association for 2009 at the historical dues payment of \$1,450, plus a \$250 contribution to the WateReuse Foundation, for a total of \$1,700. (Item 12-C)*

### Item 13: Personnel Committee – Director Hilden

- ◆ The Board was asked to ratify a 3.53% cost of living salary adjustment, less the 1% allocated to recover the cost of funding the retiree spousal medical coverage as provided for in the approved Terms and Conditions of Employment for 2008-2011, resulting in a 2.53% cost of living salary adjustment for all general unit, mid-management, and executive staff employees.

*Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Chang and unanimously carried, to ratify a 3.53% cost of living salary adjustment, less the 1% allocated to recover the cost of funding the retiree spousal medical coverage as provided for in the approved Terms and Conditions of Employment for 2008-2011, resulting in a 2.53% cost of living salary adjustment for all general unit mid-management, and executive staff employees. (Item 13)*

### Item 14: Finance Committee – Director Wu

- ◆ Following a review by Ms. Whallon, the Board was asked to receive, approve, and file the November 2008 monthly Investment Transactions Report.

*Upon consideration thereof, it was moved by Director Wu, seconded by Director Chang and unanimously carried, to receive, approve, and file the monthly Investment Transactions Report for November 2008. (Item 14)*

### Item 15: Public Information and Community Relations Committee – Director Chang

- ◆ The Board was asked to review and consider approval of the draft policy for distribution of conservation baskets, District Tiles, and Certificates of Recognition as revised by the Public Information Committee following Board discussion at its November meeting. With regard to the proposed elimination of the Martinelli's and the gift card from the conservation baskets, Mr. Holmes advised that the District would use its existing supply and then discontinue including those items.

*Upon consideration thereof, it was moved by Director Chang, seconded by Director Ebenkamp and unanimously carried, to adopt the Conservation Basket/Certificate of Recognition/District Tile Program policy as presented, to be effective January 1, 2009. (Item 15)*

### Item 16: Legislative Action Committee – Director Hilden

- ◆ There were no legislative matters to come before the Board at this time.

## Other Items

**Item 17: TVMWD/MWD – Director Ebenkamp**

- ◆ Director Ebenkamp referred to the Action Line report of TVMWD's November 19 Board meeting activities that was included in the Board packet. He then noted that of significance is the announcement that TVMWD has started spreading water at the San Antonio Spreading Grounds as mentioned earlier during the Directors' Oral Reports portion of the meeting. Director Ebenkamp then asked Mr. Howie to provide an update on the situation with Mr. Alvarez of their Board. He advised that Mr. Alvarez had been assigned a new public defender and the arraignment was postponed to December 18. He then reported that they were spreading 20 acre-feet per day in the San Antonio Spreading grounds, keeping it at that level to ensure they don't get into Tier II water. Mr. DeJesus then referenced the MWD letters contained in the District's Board packet and reviewed some of the discussion taking place at MWD regarding future rates and water allocation planning. Mr. Holmes then mentioned information coming from ACWA regarding the impact of the biological opinion to protect the Delta smelt will have on our water supplies.
- ◆ Director Wu excused himself from the meeting at this time (7:25 p.m.) as he had another commitment.

**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 November.

**Item 19: Puente Basin Water Agency – Directors Ebenkamp/Chang**

- ◆ There was nothing to report on the Puente Basin Water Agency.

**Item 20: General Manager Report – Mike Holmes**

- ◆ Mr. Holmes wished all a happy holiday season.

**Item 21: Directors' Oral Reports**

(Directors' oral reports were given earlier in the meeting following agenda item 10.)

**Item 22: Legal Reports**

- ◆ Mr. Senecal said he had nothing to report other than that there would be a brief closed session following the regular meeting.

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**Item 23: Activities Calendar Review – Mike Holmes**

- ◆ Mr. Holmes referred to the December 2008, and January and February 2009 calendars as previously provided. President Hilden noted he could not be available for committee meetings on January 13.

**Item 24: Subjects for Future Meetings**

- ◆ Director Kwong requested that the policy for selecting committee assignments be reviewed, and Mr. Holmes advised it would be scheduled for discussion at the January 2009 Personnel Committee meeting.

**Item 25: Board of Directors Business**

- ◆ The Board was asked to consider adopting a resolution in recognition of the City of Walnut's 50<sup>th</sup> anniversary for presentation at the appropriate time.

*Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Chang and unanimously carried (4-0, Director Wu absent), to adopt Resolution No. 12-08-547 Honoring the City of Walnut for Fifty Years of Dedicated Service. (Item 25-A)*

- ◆ The Board was asked to establish a discretionary committee meeting schedule that would set, when possible, two committee meetings for Monday and two committee meetings for Tuesday during the week before the District's regular Board meeting each month, with the understanding that there may be occasional changes to accommodate schedules.

*Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Kwong and unanimously carried (4-0, Director Wu absent) to schedule committee meetings, when possible, for the Monday and Tuesday of the week before the District's regular Board meeting each month. (Item 25-B)*

- ◆ The Board was asked to approve the proposed regular Board meeting schedule for 2009. Mr. Holmes noted that, in addition to the regular Board meetings, staff will also be proposing a series of special workshops for January and February to look at rates and reserves. Director Ebenkamp advised that he had conflicts with the May 11 and December 14 proposed Board meeting dates, mentioning that he could meet on Tuesday instead. Mr. Holmes advised that staff would review the District's calendar for possible alternate dates but asked that, in the meantime, the Board approve the schedule as presented for January through April of 2009. He said staff would present the remainder of the year at a later date after having an opportunity to review the District's calendar.

*Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Chang and unanimously carried (4-0, Director Wu absent) to approve the 2009 regular Board meeting schedule as presented for the months of January through April of 2009. (Item 25-C)*

- ◆ In continuing the discussion regarding the building design services for the District's headquarters facilities, the Board was presented with two options to consider for proceeding with the project: 1) consider selection of one of the two proposals submitted for the project; 2) direct staff to address District needs, current and future, that would consider constructing a new building and/or remodeling the back building, and investigate the possibility of utilizing other locations within the District's boundaries.

*Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Kwong and unanimously carried (4-0, Director Wu absent), to direct staff to consider the options that include addressing the District's needs utilizing the District's current site and to research the potential for utilizing other locations within the District's boundaries and report back to the Board in conjunction with the Building Ad Hoc Committee at a later date. (Item 25-D)*

- ◆ In reporting on the District's Water Resource activities, Mr. Holmes reviewed the MWD December 2008 board reports included in the Board packet concerning MWD's 2008 Long-Range Finance Plan and 2009 Water Supply Allocation Plan.

**Item 26: Adjourn to Closed Session – 7:45 P.M.**

**Item 27: Closed Session – 7:55 P.M.**

- ◆ The Board met in closed session in accordance with Government Code §54956.9[a] to discuss two cases of pending litigation: (1) Karen Powers v. Walnut Valley Water District and Does 1-24, Los Angeles Superior Court Case No. KC052479R, and (2) Walnut Valley Water District v. Nationwide Auction Systems, Los Angeles Superior Court Case No. POM08C03198.

**Item 28: Reconvene in Open Session/Report of Action Taken in Closed Session – 8:05 P.M.**

- ◆ The Board met in closed session in accordance with Government Code §54956.9[a] to discuss two cases of pending litigation. The Board was briefed by Legal Counsel on the status of the Karen Powers v. Walnut Valley Water District and Does 1-24, Los Angeles Superior Court Case No. KC052479R, litigation, and the Walnut Valley Water District v. Nationwide Auction Systems, Los Angeles Superior Court Case No. POM08C03198, litigation. No action reportable under the Brown Act was taken.

**Adjournment at 8:08 P.M.**