

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

**April 18, 2006
3:30 P.M. at the Offices of the District**

DIRECTORS PRESENT:

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

OTHERS PRESENT:

H. Jess Senecal, Legal Counsel
Michael Holmes, General Manager
Erik Hitchman, Assistant General Manager/Chief Engineer
Shawna Whallon, Director of Finance
Brian Teuber, Accounting Manager
Cregg Zimmerman, Director of Operations
Sandra Olson, Director of Human Resources/Risk Mgmt.
Denis Hernandez, Director of Administrative Services
Jo Ann Angelico, Assistant Secretary
Karen Miller, Recording Secretary

The meeting was called to order at 3:30 P.M. with President Nettles presiding.

Guests and others in attendance: David De Jesus, Dan Horan, and Joe Ruzicka, Board Members, TVMWD. Mr. Holmes welcomed the following new employees: Gabriel Gaytan, Utility Service Worker, hired September 21, 2005; Ginger Sarabia, Civil Engineering Assistant, hired September 26, 2005; and Alex Cabrera and Alvaro Ruvalcaba, Utility Service Workers, hired September 28, 2005.

Item 4: Communications to the Board

- ◆ **Written** – The written communications were duly noted by President Nettles.
- ◆ **Public Comment** – There was no public comment at this time.

Item 5: Additions to Agenda – President Nettles

- ◆ There were no additions at this time.

Item 6: Reorder of Agenda – President Nettles

- ◆ The Board received no requests to reorder the agenda at this time.

Item 7: Public Hearing

- ◆ The Board opened a public hearing to receive comments with regard to its adoption of an ordinance establishing compensation to members of the Board of Directors, specifically an increase from the current \$100 per day's service to \$150 per day's service, which shall be subject to referendum for sixty days following adoption. Absent any referendum, the ordinance adjusting the Board's new rate of compensation will become effective sixty days after its adoption. It was noted that the maximum number of days service for which Directors could be paid would remain at six (6) in a calendar month. The Board was advised that no prior public comment had been received and that the District had met all publication requirements with regard to adoption of the ordinance. Upon questioning by President Nettles, Mr. Holmes advised that an individual Director may accept or reject any amount up to the maximum of \$150 per day's service. At the completion of the discussion, the public hearing was closed.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Flores and carried by a 3 to 2 roll call vote, with Directors Chang and Wu voting against, to adopt Ordinance No. 04-06-01, attached to these Minutes as Exhibit A, increasing compensation to members of the Board of Directors from the current \$100 per day's service to \$150 per day's service for a maximum of six (6) days attendance or service in a calendar month. (Item 7-D)

Item 8: Consent Calendar – Mike Holmes

- ◆ The Board was asked to approve the Consent Calendar, including the Minutes of the Regular Board Meeting held March 21, 2006, the March 2006 Check Register, the Community Relations/Conservation/Website Activities Report, the Operations Report, and the Engineering Project Status Reports. Director Wu requested the Community Relations report be pulled from the consent calendar in order to obtain an update on the District's upcoming ULFT program, which was provided by Mr. Hernandez.

Upon consideration thereof, it was moved by Director Flores, seconded by Director Hilden and unanimously carried, to approve the Consent Calendar consisting of the minutes of the Regular Board Meeting held March 21, 2006, the March 2006 Check Register, the Operations Report, and the Engineering Project Status Reports. (Items 8-1,2,4,&5)

Upon consideration thereof, it was moved by Director Wu, seconded by Director Flores and unanimously carried, to approve the Community Relations/Conservation/Website Activities Report, which was pulled from the Consent Calendar in order to obtain an update on the District's upcoming ULFT program. (Item 8-3)

Item 9: Treasurer's Report – Shawna Whallon – Financial reports were presented in accordance with Government Code Sections 5922 and 53601.

- ◆ Review of Statement of Revenues, Expenses, and Changes in Net Assets and Statement of Net Assets for both the General District and Recycled Water System as of March 31, 2006.
- ◆ Review of the General District's Financial Position and Investment Portfolio as of March 31, 2006.

Upon consideration of the Treasurer's report, it was moved by Director Hilden, seconded by Director Chang and unanimously carried, to receive and file the General District and Recycled Water System Statement of Revenues, Expenses, and Changes in Net Assets and Statement of Net Assets, and to approve the activity that had occurred in the current month's investments portfolio, which were previously reviewed by the Finance Committee. (Item 9)

Committee Chair Reports

Item 10: Engineering & Special Projects Committee – Director Wu

- ◆ The Board is asked to approve two Joint Resolutions between the County of Los Angeles and the District and Improvement District No. 5 for the annexation of territory known as Petition No. 100-905 to CLMD 1687, which is due the Board of Supervisors by April 25, 2006.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Flores and unanimously carried, to approve two Joint Resolutions between the County of Los Angeles and the District and Improvement District No. 5 for the annexation of territory known as Petition No. 100-905 to CLMD 1687. (Item 10)

Item 11: Personnel Committee – Director Flores

- ◆ The Board is asked to consider changing the Board meeting start time to 5:00 P.M. for a six-month trial period from July through December 2006, at which time it will be reviewed again.

Upon consideration thereof, it was moved by Director Flores, seconded by Director Hilden and carried by a 4 to 1 roll call vote, with President Nettles voting against, to change the Board meeting start time to 5:00 P.M. for a six-month trial period from July through December 2006, at which time it will be reviewed again. (Item 11-A)

- ◆ The Board is asked to consider appointing the General Manager or his/her designee as the District's Ethics Officer to assume the following responsibilities: (1) In consultation with District legal counsel, provide information to the members of the Board of Directors to assist them in complying with ethics related requirements; (2) Serve as filing officer for the Statement of Economic Interest Disclosures of District officers and designated employees; (3) Review the District's Conflict of Interest Code and submit any required changes in the Code biennially to the Board of Directors and County Board of Supervisor for approval; and (4) Provide for or arrange for ethics related education to District staff and members of the Board of Directors, and otherwise promote high standards of ethics within the District.

Upon consideration thereof, it was moved by Director Flores, seconded by Director Hilden and unanimously carried, to appoint the General Manager or his/her designee as the District's Ethics Officer. (Item 11-B)

- ◆ The Board is asked to authorize the General Manager to execute the Employment Relations Consortium Agreement with the law firm of Liebert Cassidy Whitmore, special labor counsel, for fiscal year ending June 30, 2007.

Upon consideration thereof, it was moved by Director Flores, seconded by Director Hilden and unanimously carried, to authorize the General Manager to execute the Employment Relations Consortium Agreement with Liebert Cassidy Whitmore for fiscal year ending June 30, 2007. (Item 11-C)

- ◆ The Board is asked to approve a request from TVMWD to use the District's Board Room the evening of May 24, 2006, from 7:00-8:00 P.M. for a special board meeting to hear public comment on its Standby Charge Assessment.

Upon consideration thereof, it was moved by Director Flores, seconded by Director Hilden and unanimously carried, to approve TVMWD's use of the District Board Room the evening of May 24, 2006, from 7:00-8:00 P.M. (Item 11-D)

Item 12: Finance Committee – Director Chang

- ◆ The Board is asked to receive and file the District's March 2006 monthly Investment Transactions Report.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Flores and unanimously carried, to receive and file the District's monthly Investment Transactions Report. (Item 12-A)

- ◆ The Board is asked to receive and file the District's Quarterly Report for the Investment Portfolios as of March 31, 2006.

Upon consideration thereof, it was moved by Director Chang, seconded by Director Wu and unanimously carried, to receive and file the District's Quarterly Report for the Investment Portfolios as of March 31, 2006. (Item 12-B)

- ◆ The Board is asked to receive, approve, and file the Puente Basin Water Agency budget for Fiscal Year 2006-07.

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 budget for Fiscal Year 2006-07. (Item 12-C-1)

- ◆ The Board is asked to receive, approve, and file the Puente Basin Water Agency audit report for fiscal years ending June 30, 2005 and 2004.

Upon consideration thereof, it was moved by Director Chang, seconded by Director Wu and unanimously carried, to receive, approve, and file the Puente Basin Water Agency audit report for fiscal years ending June 30, 2005 and 2004. (Item 12-C-2)

Item 13: Public Information and Community Relations Committee – Director Chang

- ◆ Director Chang provided an update on the Ridgecrest Reservoir Ribbon Cutting Ceremony scheduled for April 28 at 9:30 A.M. Ms. Olson also provided additional detail and background. At the request of Director Chang, Mr. Hernandez discussed the Solar Cup 2006 competition that will take place on May 19-21 at Lake Skinner near Temecula, the District's annual poster/art contest, and the various Administrative Services Department programs, tasks, and publications involving community relations, water conservation, and water education, for which an event planning calendar was provided.

Item 14: Legislative Action Committee – Director Hilden

- ◆ The Board is asked to provide direction to staff for responding to the ACWA Outreach Program request for letters of opposition for SB 1317 (Torlakson), the Property Tax Reallocation Bill scheduled to be heard in the Senate Local Government Committee on April 19. Mr. Holmes advised that, although the District's letter of opposition will not meet the April 19 deadline, there will still be plenty of time for the District to voice its concerns prior to the bill going to the Governor for signature. He then provided a status update on the legislation noting that, even though the bill will have no impact on the District, it is important that the District support ACWA in this taxation issue.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Wu and unanimously carried, to direct staff to forward a letter of opposition to SB 1317 (Torlakson) as requested by the ACWA Outreach Program. (Item 14-A)

Other Items**Item 15: MWD/TVMWD – Director Hilden**

- ◆ Director Hilden deferred to Mr. De Jesus who noted it is the TVMWD Board's understanding that its member agencies are in agreement with its plans regarding the TVMWD budget approval to be discussed at its Board meeting on April 19. He further discussed, at length, the current labor issues being faced by MWD, after which he confirmed to President Nettles that the information is available on MWD's website for further review.

Item 16: The P-W-R Joint Water Line Commission – Director Hilden

- ◆ Director Hilden noted the next meeting is scheduled for Thursday, April 20, at 3:00 P.M., after which he deferred to Mr. Hitchman who advised he is working on the current budget that will be presented to the managers at the meeting and on updating the Joint Powers Agreement for the Commission.

Item 17: Puente Basin Water Agency – President Nettles

- ◆ President Nettles provided a report on the meeting held on March 28, particularly noting the election process and his being Chairman for the ensuing two-year term.

Item 18: General Manager Oral Report – Mike Holmes

- ◆ Mr. Holmes reported that the amended District Bylaws have been approved by the County of Los Angeles and a resolution will be brought back to the Board for adoption on May 16. He also noted the upcoming ACWA Conference in Monterey with a reminder of the District's new meal reimbursement policy (Exhibit "F" of the Board Policies). He further advised that materials for the Special Finance Committee preliminary budget review scheduled for 1:00 P.M. on April 21 would be handed out at the end of the Board meeting and legislative updates are available from his office upon the Board's request.

Item 19: Directors' Oral Reports

- ◆ Director Chang reported on her attendance at the Water Education Foundation Executive Briefing in Sacramento, which touched primarily on Bay Delta issues.
- ◆ Director Flores had nothing to report and thanked staff for their hard work.
- ◆ President Nettles reported on his attendance at the IMC Executive Quarterly luncheon, Citrus College Water Awareness Day, and the MWD/TVMWD Diamond Valley Lake Tour.
- ◆ Director Wu reported on his attendance at the Northern California Water Utility Association Meeting and the Puente Basin Watermaster Annual Meeting.
- ◆ Director Hilden reported on his participation with staff, Ken Deck of Rowland Water District, and TVMWD Board members in a meeting to discuss TVMWD rate issues and his attendance at the Citrus College Water Awareness Day. He also provided information on issues discussed at the recent meeting of the District's Building Ac Hoc Committee.

Item 20: Board of Directors Business – President Nettles

- ◆ The Board is asked to establish a consistent schedule for monthly committee meetings through the end of 2006, which would provide several advantages for Board and staff, including the ability to arrange schedules well in advance and ample time to prepare items for discussion. Additional discussion and approval was provided regarding the proposed committee meeting dates for May and June that were adjusted to correspond with conference schedules.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Wu and unanimously carried, to accept the monthly committee meeting schedule as provided and the proposed committee meeting dates for May and June 2006. (Items 20-A-1&2)

- ◆ The results of the District's annual poster contest, attached to these Minutes as Exhibit "B," were discussed and the posters displayed at the Board meeting. It was noted that the winning students, their families, teachers, principals, and school superintendents will be invited to participate in the District's annual poster/essay contest awards ceremony scheduled for 3:30 P.M. on Wednesday, May 24.

Item 21: Legal Reports

- ◆ Mr. Senecal had no comments regarding SB 1317 in addition to those previously provided by Mr. Holmes. Regarding the District's receipt of future legislative alerts, he recommended that the District set up a process whereby the Board can obtain information from the General Manager or legal counsel to make a decision to move forward in a timely manner. Mr. Holmes advised that the Legislative Action Committee is currently working on a policy to allow him to make a decision without obtaining Board approval when time is of the essence.

Item 22: Activities Calendar Review – Mike Holmes

- ◆ Calendars for April, May, and June 2006 were provided and discussed with the Board.

Item 23: Subjects for Future Meetings

- ◆ Director Chang advised she received a communication from a Diamond Bar resident asking if the District would work with the City's Los Angeles County Fair Committee on a bill stuffer for Diamond Bar Day at the fair. Mr. Holmes asked that it be forwarded to his office for review.

Item 24: Adjournment at 5:05 P.M.

- ◆ The meeting was adjourned in the memory of Antonio Diliberti, Director, Rowland Water District, and Commissioner, Pomona-Walnut-Rowland Joint Water Line.