

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

**September 19, 2006  
5:00 P.M. at the Offices of the District**

**DIRECTORS PRESENT:**

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

**DIRECTOR ABSENT:**

Ling Ling Chang

**OTHERS PRESENT:**

Timothy J. Gosney, 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 Administrative Services  
Denis Hernandez, Deputy Director of Administrative Services  
Jo Ann Angelico, Assistant Secretary  
Karen Miller, Recording Secretary

The meeting was called to order at 5:00 P.M. with President Nettles presiding.

Guests and others in attendance: David De Jesus, Dan Horan, and Joe Ruzicka, Board Members, TVMWD; Dr. Kent Bechler, Superintendent, Walnut Valley USD; Tim Bryant, Assistant Principal, and Rick Lorenzen, Band Director, Diamond Bar High School; Monica Principe, Principal, Diamond Ranch High School; Michael Ward, Vice Principal, Tracy Merrill, Teacher, and one student from Rowland High School; Russell Lee-Sung, Principal, Walnut High School; and District customers as shown under Item 4, Public Comment.

Mrs. Olson introduced the guests and Mr. Hernandez presented checks in the amount of \$1,770 each to Diamond Bar, Diamond Ranch, Rowland, and Walnut high schools for their participation in the District's ULFT distribution program.

**Item 4: Communications to the Board**

- ◆ **Written** – There were no written communications received by the Board.
- ◆ **Public Comment** – Mr. Mike Chen and Dr. J. Lee, who live in the Belgate Community in Walnut, addressed the Board and presented a petition, attached hereto as Exhibit "A," regarding the District's plans to build an additional water tank at the Arbor Ridge Reservoir site. President Nettles accepted the petition and advised that staff will be directed to investigate the matter. Mr. Phil Kisor, a Diamond Bar resident, also addressed the Board regarding a letter he received from the District relative to a damaged copper setter at his property that must be replaced. Mr. Holmes advised that staff will investigate the matter and respond to Mr. Kisor and, if necessary, add the matter to a future Board agenda.

**Item 5: Additions to Agenda – President Nettles**

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

**Item 6: Reorder of Agenda – President Nettles**

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

**Item 7: Consent Calendar – President Nettles**

- ◆ The Board was asked to approve the Consent Calendar, including the Minutes of the Regular Board Meeting held August 28th, the September Check Register, the Community Relations/Conservation/Website Activities Report, the Operations Report, the Engineering Project Status Report, and the proposed Bylaws of the Diamond Bar, Walnut, and Regional Chamber of Commerce.

*Upon consideration thereof, it was moved by Director Hilden, seconded by Director Wu and unanimously carried, to approve the Consent Calendar consisting of the minutes of the Board Meeting held August 28, 2006, the September 2006 Check Register, the Community Relations/Conservation/Website Activities Report, the Operations Report, the Engineering Project Status Report, and the proposed Bylaws of the Diamond Bar, Walnut, and Regional Chambers of Commerce. (Items 7-A-1,2,3,4,5&6)*

**Item 8: Director Expense Reports**

- ◆ The Board is asked to approve, receive, and file the Board member expense reports indicating per diem requests for August meeting attendance and to review the individual reports of additional expenses incurred by the District on behalf of each Director during the month of August.

*Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to approve, receive, and file the Board member expense reports for August 2006 meeting attendance. (Item 8)*

**Item 9: Treasurer's Report – Shawna Whallon** – Financial reports were presented in accordance with Government Code Sections 5922 and 53601. Due to the year-end audit, District Statements of Net Assets were not available.

- ◆ Review of Preliminary Statement of Revenues, Expenses, and Changes in Net Assets for the District as of August 31, 2006.
- ◆ Review of the General District's Financial Position and Investment Portfolio as of August 31, 2006.

*Upon consideration of the Treasurer's report, it was moved by Director Wu, seconded by Director Flores and unanimously carried, to approve, receive, and file the August 31, 2006, Preliminary Statement of Revenues, Expenses, and Changes in Net Assets for the District, 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 accept the work as installed and authorize the filing of a Notice of Completion for the Parcel Map 26218 project. At the request of Director Wu, Mr. Hitchman provided background information on the project.

*Upon consideration thereof, it was moved by Director Wu, seconded by Director Flores and unanimously carried, to accept the work as installed and authorize the filing of a Notice of Completion for Parcel Map 26218, Work Order 02-2719. (Item 10-A)*

- ◆ The Board is asked to authorize the General Manager to execute a sole source contract with IDModeling, Inc. for the update of the potable and recycled water hydraulic models and GIS link at an estimated cost of \$102,850. Upon request by the Board, Mr. Hitchman provided information on the project, including IDModeling's qualifications to complete the work, the nature of the work to be done, and the timeline for completion.

*Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to authorize the General Manager to execute a sole source contract with IDModeling, Inc. for the update of the potable and recycled water hydraulic models and GIS link at an estimated cost of \$102,850, Work Order 06-2999. (Item 10-B)*

- ◆ The Board is asked to receive and file the Puente Narrows Underflow fiscal year 2005-06 annual report. Mr. Holmes noted that in accordance with the judgment in Upper San Gabriel Water District v. City of Alhambra and the Puente Narrows Agreement, each year the subsurface flow passing from the Puente Basin to the Main San Gabriel Basin must be determined by measuring water levels at two key wells and provided to the Puente Basin Water Agency.

*Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to receive and file the Puente Narrows Underflow Fiscal Year 2005-06 Annual Report. (Item 10-C)*

- ◆ The Board is asked to authorize staff to forward a letter to the Puente Basin Watermaster indicating the District's preference for Option 1 to be used to calculate the collective import return flow credit for fiscal year 2006-07. Mr. Hitchman explained the reason for and the history of the allocation of the import return flow credit between the District and Rowland Water District, after which Mr. Holmes noted that the issue has been discussed with Rowland and they are in agreement.

*Upon consideration thereof, it was moved by Director Wu, seconded by Director Flores and unanimously carried, to authorize staff to forward a letter to the Puente Basin Watermaster indicating the District's preference for Option 1 to be used to calculate the collective return flow credit for fiscal year 2006-07. (Item 10-D)*

**Item 11: Personnel Committee – Director Hilden**

- ◆ Upon advice from CalPERS and a detailed review by staff, the Board is asked to adopt revised Terms and Conditions of Employment for the Executive Staff, Mid-Management, and General Employees Unit in order to better conform with the California Public Employees Retirement reporting requirements. Mrs. Olson provided a brief explanation of the changes. Mr. Holmes advised that staff worked closely with legal counsel, labor counsel, and the PERS representatives and also noted that staff met with representatives from the three employee groups to advise them of the proposed changes, and that they are in agreement with those changes. Upon questioning by President Nettles, Mr. Holmes explained the EPMC benefit approved by the Board in November 2005.

*Upon consideration thereof, it was moved by Director Hilden, seconded by Director Flores and unanimously carried, to adopt the revised Terms and Conditions of Employment for the Executive Staff, Mid-Management, and General Employees Unit. (Item 11-A)*

- ◆ The Board is asked to approve the District's proposed Employees Salary Ranges Chart, Positions Chart, and Organizational Chart, which will be utilized for District reference, budget purposes, and, upon request, public review. It was noted that these materials will also further support the recommended changes to the Terms and Conditions of Employment. Director Flores initiated discussion as to the way the salary range is shown for the General Manager on the Employee Salary Ranges chart, after which it was determined that it would have the same individual range as the Assistant Chief Administrative Officer.

*Upon consideration thereof, it was moved by Director Hilden, seconded by Director Wu and unanimously carried, to approve the District's proposed Employee Salary Ranges Chart, subject to the recommended change that the salary range of the General Manager and the Assistant Chief Administrative Officer be reflected in the same manner, the Positions Chart, and the Organizational Chart. (Item 11-B-1,2&3)*

**Item 12: Finance Committee – Director Wu**

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

*Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to receive and file the District's August 2006 monthly Investment Transactions Report. (Item 12-A)*

**Item 13: Public Information and Community Relations Committee – Mr. Holmes**

- ◆ At Mr. Holmes request, Mr. Hernandez discussed the customer response to the August billing insert inviting District customers to attend a series of free landscape irrigation classes to be held at the District in conjunction with MWD's Protector del Agua program. The four classes (and residents registered) are Landscaping Design Basics (86) on September 30, California Friendly Plants (81) on October 21, Efficient Irrigation Systems (79) on November 4, and Soils, Fertilizers, and Watering (81) on November 18. Those attending the third class will have the opportunity to exchange an old irrigation control system for one of 100 available new systems to be given away. Mr. Holmes invited the members of the Board to attend any or all of the classes.

**Item 14: Legislative Action Committee – Director Hilden**

- ◆ The Board is asked to consider adoption of Resolution No, 9-06-520 in opposition to Proposition 90 relating to eminent domain. Mr. Holmes provided background information on the key provisions of the proposition, after which Mr. Gosney offered his views on the relativity of the proposition to the District.

*Upon consideration thereof, it was moved by Director Hilden, seconded by Director Wu and unanimously carried, to adopt Resolution No. 9-06-520, attached hereto as Exhibit "B," in opposition to Proposition 90 relating to eminent domain. (Item 14-A)*

Other Items

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

- ◆ Director Hilden noted there was nothing to report other than the TVMWD Board meeting scheduled for 8:00 A.M. the following morning. Mr. De Jesus added that TVMWD is sending representatives to Washington D.C. to preserve funding in an appropriation bill, hoping to keep \$5 million intact for planned projects.

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

- ◆ Director Hilden noted the items as included in the Board packet, after which Mr. Hitchman thanked Mr. Gosney for crafting the revisions to the 1956 Joint Powers Agreement in addition to Mr. Holmes and the managers of Rowland Water District and the City of Pomona for their efforts.

**Item 17: Puente Basin Water Agency – President Nettles**

- ◆ President Nettles advised there was nothing to report at this time.

**Item 18: General Manager Oral Report – Mike Holmes**

- ◆ Mr. Holmes noted that all District employees recently attended a JPIA workplace violence seminar at the District, after which he deferred to Mr. Zimmerman to discuss the recent major natural gas leak resulting from Caltrans accidentally drilling into an 8” gas main adjacent to the 57/60 freeway intersection in Diamond Bar. Although they were in close proximity, Caltrans was able to avoid damaging the District’s potable and recycled water mains in the same area. Mr. Zimmerman also reported on a recent incident where a sewer line contractor, working for a District resident, punched a 2” hole in an 8” potable water main. The contractor had not obtained a USA and, when staff responded to the scene, it was noted that the contractor was working in a 15’ deep trench with no shoring. The District will seek reimbursement for the repairs, which were subsequently completed by Doty Bros., from the property owner and their contractor.

**Item 19: Directors’ Oral Reports**

- ◆ Director Hilden reported on his attendance at the Urban Water Conference in San Diego.
- ◆ Directors Flores and Wu and President Nettles had nothing to report.

**Item 20: Board of Directors Business – President Nettles**

- ◆ There was no Board of Directors business presented at this time.

**Item 21: Legal Reports**

- ◆ Legal counsel provided a report on one legislative matter of interest to the District.

**Item 22: Activities Calendar Review – Mike Holmes**

- ◆ Mr. Holmes noted the calendars for September, October, and November 2006 that were previously provided.

**Item 23: Subjects for Future Meetings**

- ◆ There were no items requested for discussion at a future meeting.

**Item 24: Adjourn to Closed Session at 6:30 P.M.**

- ◆ The Board adjourned to closed session in accordance with Government Code Section 54956.9[b] to discuss three cases regarding significant exposure to litigation and Section 54957[a] to discuss security issues.

**Item 25: Reconvene in Open Session at 8:01 P.M.**

- ◆ The Board met in closed session in accordance with Government Code Section 54956[b] to review three cases of significant exposure to litigation. In all three instances the Board was briefed on the matter, staff and/or counsel were given instruction on how to proceed, and no action reportable under the Brown Act was taken.
- ◆ The Board also met under Government Code Section 54957[a] to confer with legal counsel about security matters. In this instance, the Board voted unanimously to appropriate an additional \$35,000 for security enhancements, bringing the total funding to \$70,000 in the current budget, and staff was directed to proceed with planning for the security enhancements.

**Item 26: Adjournment at 8:03 P.M.**