

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

**October 17, 2006
5:00 P.M. at the Offices of the District**

DIRECTORS PRESENT:

Donald L. Nettles, President
Ling Ling Chang
E. Fred Flores
Allen L. Wu
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
Cregg Zimmerman, Director of Operations
Sandra Olson, Director of Administrative Services
Denis Hernandez, Deputy Director of Administrative Services
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; and Nitin P. Patel of Diehl, Evans & Company, LLP.

Item 4: Communications to the Board

- ◆ **Written** – A letter from Rowland Unified School District thanking the District for its donation of \$1,770 to Rowland High School for their participation in the ULFT program was duly noted by President Nettles, after which Mr. Holmes provided the Board with a late-arriving letter from California Governor Arnold Schwarzenegger acknowledging the District for its letter in support of AB 2951.
- ◆ **Public Comment** – There was no public comment at this time.

Item 5: Audit Report

- ◆ Mr. Nitin Patel representing Diehl, Evans & Company, LLP, was introduced by Ms. Whallon, after which he reviewed the firm's audit findings for the District and the Building Corporation for fiscal year ending June 30, 2006. Mr. Holmes noted that the auditors made two suggestions, one regarding segregation of duties relative to purchasing and another establishing a procedure for checks and balances when making adjustments to customer accounts, both of which will be implemented immediately. Upon questioning by Director Flores, Mr. Patel advised that, because the Building Corporation is a financing mechanism, it is a bonding requirement that two separate audit reports are prepared for the District and the Building Corporation. Mr. Holmes noted that the District also receives separate audit reports for the Puente Basin Water Agency and the P-W-R Joint Water Line Commission of which they are members.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Chang and unanimously carried, to approve, receive, and file the audit for the District and Building Corporation for fiscal year ending June 30, 2006. (Item 5)

Item 6: Additions to Agenda – President Nettles

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

Item 7: Reorder of Agenda – President Nettles

- ◆ The Board received and approved a request from Director Wu to move Item 13-C regarding setting a date for a Board Workshop to review and discuss District water rates to Item 21-C under Board of Directors Business.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Flores and unanimously carried, to reorder the agenda by moving Item 13-C regarding setting a date for a Board Workshop to review and discuss District water rates to Item 21-C under Board of Directors Business. (Item 7)

Item 8: Consent Calendar – President Nettles

- ◆ The Board was asked to approve the Consent Calendar, including the Minutes of the Board Workshop held September 15th, the Regular Board Meeting held September 19th, the October Check Register, the Community Relations/Conservation/Website Activities Report, the Operations Report, and the Engineering Project Status Report. Mr. Holmes asked the

Board to make special note of the Community Relations Report, which has information on the District's many activities within the local community.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Wu and unanimously carried, with Director Chang, who was absent from the September 19 Board meeting, abstaining from Item 8-A-2, to approve the Consent Calendar consisting of the minutes of the Board Workshop held September 15, 2006, the Board Meeting held September 19, 2006, the October 2006 Check Register, the Community Relations/Conservation/Website Activities Report, the Operations Report, and the Engineering Project Status Report. (Items 8-A-1,2,3,4,5&6)

Item 9: Director Expense Reports

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

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 September 2006 meeting attendance. (Item 9)

Item 10: Treasurer's Report – Shawna Whallon – Financial reports were presented in accordance with Government Code Sections 5922 and 53601.

- ◆ Review of District Statement of Revenues, Expenses, and Change in Net Assets
- ◆ Review of District Statement of Net Assets
- ◆ Review of the Financial Position and Investment Portfolio for the District

Upon consideration of the Treasurer's report, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to approve, receive, and file the September 30, 2006, District Statement of Revenues, Expenses, and Changes in Net Assets, the District Statement of Net Assets, and the Financial Position and Investment Portfolio for the District, which were previously reviewed by the Finance Committee. (Item 10)

Committee Chair Reports

Item 11: 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 1035 1/2 Banning Way project in the City of Diamond Bar. 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 1035 1/2 Banning Way, Diamond Bar, Work Order 05-2907. (Item 11-A)

- ◆ The Board is asked to authorize the General Manager to use Reservoir Capacity Charge Funds in an amount not-to-exceed \$20,000 to fund a project to reduce the glare from the aluminum dome roof at Ridgecrest Reservoir. At the request of Director Wu, Mr. Hitchman discussed the reasons behind staff's recommendation that informal bids be requested from contractors to have the aluminum roof sandblasted as opposed to being painted to resolve the glare issue. The sandblasting media consists of a small glass bead that is non-hazardous and non-toxic, requires minimum prep-work, and will resolve the glare on both the plates and struts. In addition, he noted this will be the District's new standard for aluminum roof installations in the future.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Chang and unanimously carried, to authorize the General Manager to use Reservoir Capacity Charge Funds, not-to-exceed \$20,000, to fund a project to reduce the glare from the aluminum dome roof at Ridgecrest Reservoir, Work Order 01-2662. (Item 11-B)

- ◆ The Board is asked to approve and authorize the President of the Board to execute the Amended, Restated and Renewed Joint Powers Agreement between the City of Pomona, Walnut Valley Water District, and Rowland Water District and authorize the District's Joint Water Line Commissioner or Alternate to vote to approve the Commission's Bylaws and Capacity Transfer Policy. Mr. Hitchman provided a brief background on the renewal process. Upon questioning by President Nettles as to whether or not the pipeline itself will last another fifty years to coincide with the terms of the renewed agreement, it was noted that, according to the Commission's engineer, Mr. Terry Kerger, the pipeline was inspected

during recent construction in its immediate vicinity, is in excellent condition, and has one hundred more years of life.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Flores and unanimously carried, to approve and authorize the President of the Board to execute the Amended, Restated and Renewed Joint Powers Agreement between the City of Pomona, Walnut Valley Water District, and Rowland Water District and authorize the District's Joint Water Line Commissioner or Alternate to vote to approve the Commission's Bylaws and Capacity Transfer Policy. (Item 11-C-1&2)

- ◆ The Board is asked to receive and file the Twentieth Annual Report of the Puente Basin Watermaster for fiscal year 2005-06.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to receive and file the Twentieth Annual Report of the Puente Basin Watermaster for fiscal year 2005-06. (Item 11-D)

Item 12: Personnel Committee – Director Hilden

- ◆ The Board is asked to approve the revised District salary chart in conjunction with the revised Terms and Conditions of Employment adopted by the Board at its September meeting. Mr. Holmes provided a brief history of the need for an updated organizational chart and salary ranges due to PERS-recommended changes. He further discussed the need to revise the salary ranges for five positions within the District to reflect current salaries being paid, adjustments which will have no financial impact on the District.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Flores and unanimously carried, to approve the revised District salary chart. (Item 12-A)

Item 13: Finance Committee – Director Wu

- ◆ The Board is asked to receive and file the District's September 2006 monthly Investment Transactions Report and the Portfolio Holdings Report as of September 30, 2006.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Chang and unanimously carried, to receive and file the District's September 2006 monthly Investment Transactions Report and the Portfolio Holdings Report as of September 30, 2006. (Items 13-A&B)

- ◆ Item 13-C regarding setting a date for a Board Workshop to review and discuss the District's water rates was moved to Item 21-C at the request of Director Wu.
- ◆ The Board is asked to declare two District vehicles as surplus and, as recommended by staff, dispose of them through a local auction firm in accordance with past District practice.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Chang and unanimously carried, to concur with staff's recommendation to declare District Vehicles 41 and 48 as surplus and dispose of them through a local auction firm in accordance with past District practice. (Items 13-D)

Item 14: Public Information and Community Relations Committee – Director Chang

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

Item 15: Legislative Action Committee – Director Hilden

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

Other Items

Item 16: MWD/TVMWD – Director Hilden

- ◆ Director Hilden noted the September 20th Action Line as previously provided, after which Mr. Holmes briefly discussed the Pomona Valley Protective Association relating to the San Antonio Spreading Grounds and noted the TVMWD Board meeting scheduled for the following morning at 8:00 A.M.

Item 17: The P-W-R Joint Water Line Commission – Director Hilden

- ◆ Director Hilden noted the items as included in the Board packet and the Commission meeting scheduled for Thursday, October 26th, at 3:30 P.M.

Item 18: Puente Basin Water Agency – President Nettles

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

Item 19: General Manager Oral Report – Mike Holmes

- ◆ Mr. Holmes advised that the meeting of the Walnut Valley Building Corporation originally scheduled for 4:30 P.M. today was adjourned due to a lack of quorum and will be rescheduled to another day, time, and place with an appropriate notice posted in accordance with the Brown Act. He then provided an update on an issue involving a District consumer, Mr. Philip Kisor, and noted changes in the November committee meeting schedule. In conclusion, he noted his six-month review has been completed and his annual review will be reviewed by the Personnel Committee in November and completed by November 30th.

Item 20: Directors' Oral Reports

- ◆ Director Chang reported on her attendance at both the Upper San Gabriel Valley MWD Water-Fest and the Walnut Family Festival on October 14th.
- ◆ Director Flores reported on his attendance at the Rowland Heights Buckboard Days Parade.
- ◆ President Nettles reported he attended the Walnut Family Festival as a guest, not as a representative of the District, and also on his attendance at the CSDA Workshop in Santa Ana on October 13th.
- ◆ Director Hilden reported on his attendance at the CSDA Workshop, after which he provided various written materials to Mr. Holmes.
- ◆ Director Wu reported on his attendance at a Rowland Heights Chinese-American Association event, the Rowland Heights Buckboard Days Parade, and the Walnut Family Festival.

Item 21: Board of Directors Business – President Nettles

- ◆ The Board of Directors is asked to review, receive, and file the quarterly update of the General Manager's Work Plan for Fiscal Year 2006-07, which Mr. Holmes noted had been previously reviewed by four of the five committees with their suggestions added and provided for the Board's review.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Chang and unanimously carried, to receive and file the quarterly update of the General Manager's Work Plan for Fiscal Year 2006-07. (Item 21-A)

- ◆ As a follow-up to the District Reserve Workshop held on September 15th, Mr. Holmes advised he solicited comments from both Mr. Patel and Mr. Senecal related to the District's Reserve Policy, after which Mr. Senecal raised some excellent points that will be discussed at the Finance Committee meeting in November.
- ◆ Originally under Item 13-C, the Board is now asked to review staff's proposed schedule that complies with the recent Proposition 218 "Bighorn" decision and set a date for a Board Workshop to review and discuss the District's water rates. After discussion regarding various timing issues, it was decided to schedule the Workshop for Friday, November 17th, beginning with lunch at 1:00 P.M. and the meeting to follow at 2:00 P.M. In addition to water rates, the District's Reserve Policy will also be discussed at the Workshop.

Item 22: Legal Reports

- ◆ Legal counsel provided a report on both a local matter that he is currently working on with staff and on legislative matters of interest to the District.

Item 23: Activities Calendar Review – Mike Holmes

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

Item 24: Subjects for Future Meetings

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

Item 25: Adjourn to Closed Session at 6:15 P.M.

- ◆ The Board adjourned to closed session in accordance with Government Code Section 54956.9[b] to discuss one case regarding significant exposure to litigation.

Item 26: Reconvene in Open Session at 7:35 P.M.

- ◆ The Board met in closed session in accordance with Government Code Section 54956[b] to review one case of significant exposure to litigation. The Board was briefed on the matter and staff was given instruction on how to proceed. No action reportable under the Brown Act was taken.

Item 27: Adjournment at 7:36 P.M.