

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

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

DIRECTORS PRESENT:

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

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 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: Rick Hansen, General Manager, and David De Jesus, Dan Horan, and Joe Ruzicka, Board Members, TVMWD; and Jody Roberto, office of Assemblyman Bob Huff.

Item 3: Introduction of New District Employees – Mike Holmes

- ◆ Mr. Holmes noted the four new District employees, after which he gave the floor to Mrs. Olson who formally introduced and provided a brief biographical sketch on Andy Chan, Utility Service Lead; Chris Sanders, Utility Service Worker; Jose Martinez, Management Analyst; and Ashlee Esposito, Receptionist/Administrative Clerk.

Item 4: Communications to the Board – President Nettles

- ◆ **Written** – Mr. Holmes noted the thank you note from a participant in the District's Protector del Agua classes, which were very well received.
- ◆ **Public Comment** – There was no public comment at this time.

Item 5: Additions to Agenda – President Nettles

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

Item 6: Reorder of Agenda – President Nettles

- ◆ There were no requests from staff or the Board to reorder the agenda.

Item 7: Consent Calendar – President Nettles

- ◆ The Board was asked to approve the Consent Calendar, including the minutes of the Special Board Meeting held November 17th and the Regular Board Meeting held November 20th, the November Check Register, the Community Relations/Conservation/Website Activities Report, the Operations Report, and the Engineering Project Status Report.

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 Special Board Meeting held November 17, and the Regular Board Meeting held November 20, 2006, the November 2006 Check Register, the Community Relations/Conservation/Website Activities Report, the Operations Report, and the Engineering Project Status Report. (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 November meeting attendance and to review the individual reports of additional expenses incurred by the District on behalf of each Director during the month of November.

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 November 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.

- ◆ 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 Flores and unanimously carried, to receive, and file the November 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. (Item 9)

Committee Chair Reports

Item 10: Engineering & Special Projects Committee – Director Wu

- ◆ The Board is asked to award the contract in the amount of \$676,080 to Cora Constructors, Inc. to furnish labor and materials for the Grand Crossing Parkway Groundwater Pump Station project. Director Wu deferred to Mr. Hitchman who advised that, although PPC Construction was the apparent low bidder, the company had experience on only one similar project. As a result of Cora Constructors' significant experience in pump station improvements and PPC Construction's lack of similar experience, staff recommends that the project be awarded to Cora Constructors. Mr. Hitchman also noted that the project, which will be beneficial to both the District and the City of Industry, is being funded by the Industry Urban Development Agency.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to award the contract in the amount of \$676,080 to Cora Constructors, Inc. to furnish labor and materials for the Grand Crossing Parkway Groundwater Pump Station project, Work Order 04-2843. (Item 10-A)

- ◆ The Board is asked to authorize the appropriation of \$220,000 from the Reservoir Capacity Charge Fund and authorize the award of a contract to LEE & RO to prepare the preliminary design report, final design, and provide construction oversight services for the Arbor Ridge Reservoir and Pump Station project at a cost of \$199,631. President Nettles said the Committee couldn't reach a consensus because there was a question as to the amount and type of input that would be allowed from local residents who previously voiced their objection to the site being built. After further discussion regarding this issue, Mr. Senecal stated he recalled no specific commitment by staff to the residents who attended a previous Board meeting and added he felt the issue had been considered when developing the Request for Proposal for the project. Mr. Holmes advised that the RFP calls for three design options and that he and Mr. Hitchman would schedule a meeting with the local residents to obtain their input regarding each of the design options. At the conclusion, Director Wu advised he had previously been employed by LEE & RO but had no current connection with the agency.

Upon consideration thereof, it was moved by Director Flores, seconded by Director Hilden and carried by a 4 to 1 vote, with Director Wu opposed, to authorize the appropriation of \$220,000 from the Reservoir Capacity Charge Fund and authorize the award of a contract to LEE & RO to prepare the preliminary design report, final design, and provide construction oversight services, to include alternative input from local residents, for the Arbor Ridge Reservoir and Pump Station project, Work Order 06-2995, at a cost of \$199,631. (Items 10-B-1&2)

Item 11: Personnel Committee – Director Hilden

- ◆ The Board is asked to approve a cost of living salary adjustment of 0.73% to be implemented with the first paycheck issued in January 2007. The calculation adjustment is actually 1.73%; however, based on the Terms and Conditions of Employment, 1.00% is allocated towards the PERS Cost Recovery.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Flores and unanimously carried, to approve a cost of living salary adjustment of 1.73%, minus 1% for the PERS Cost Recovery commitment, to be implemented with the first paycheck issued in January 2007. (Item 11-A)

- ◆ The Board is asked to consider continuing the current 5:00 P.M. Board meeting start time, continuing the current start time with, if necessary, the closed session being held prior thereto, or modify the Board meeting start time to start earlier than 5:00 P.M.

Upon consideration thereof, it was moved by Director Flores, seconded by Director Chang and unanimously carried, to continue the Board meeting start time at 5:00 P.M.; however, the closed sessions will be scheduled to begin earlier, anywhere from 3:30 to 4:30 P.M., dependent upon the business to be discussed. (Item 11-B)

- ◆ The Board is asked to adopt a resolution honoring Fritz Stradling, who served as Bond Counsel to the Building Corporation since April 1977 and is retiring at the end of this month, to recognize his 29 years of service in this capacity. Mr. Stradling will be invited to the District's annual Awards Banquet in January 2007 for presentation of the resolution and recognition of his contribution to the success of the Building Corporation.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Wu and unanimously carried, to adopt Resolution No. 12-06-522, attached hereto as Exhibit "A," honoring Fritz Stradling in recognition of his 29 years of service to the Building Corporation. (Item 11-C)

Item 12: Finance Committee – Director Wu

- ◆ The Board is asked to receive and file the District's November 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 for November 2006. (Item 12-A)

- ◆ The Board is asked to deny the claim for damages received from Mr. Adam H. Jaridly and direct District legal counsel to notify the claimant of the Board's decision. District staff provided background information on the matter, including the District's need for and use of the copper setter within its system, and reviewed the correspondence between the District and Mr. Jaridly.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Flores and unanimously carried, to deny the claim for damages received from Mr. Adam H. Jaridly and direct District legal counsel to notify the claimant of the Board's decision. (Item 12-B)

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

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

Item 14: Legislative Action Committee – Director Hilden

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

Other Items

Item 15: TVMWD/MWD – Director Hilden

- ◆ Director Hilden deferred to Mr. Hansen who provided an update on Prop 50 and the regional projects that local agencies are requesting funding for, discussed the current MWD shutdown of the Weymouth Treatment Plant, and advised that MWD is projecting a 6.9% rate increase for January 2008, which will be passed through to the District, that is primarily driven by power costs to bring the water through the State water system from Northern California.

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

- ◆ Director Hilden noted the items included in the Board packet, particularly the Water Use Distribution and Billing Report.

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 the leak at the Cimmaron Oaks complex at 1000 Golden Springs, Diamond Bar, which was on the customer's side of the line, has been repaired by a private contractor and should be back on line at this time. He next advised the Board that the Building Corporation meeting is scheduled for Thursday, December 28th, at 12:00 P.M. He also noted that the extensive graffiti at the District's Ridgecrest Reservoir has, except for some minor items, been cleaned by District staff and is almost back to normal. In this same regard, the gated community surrounding the site is going to be installing a guard structure at the entrance that should give some additional sense of security to the area. He then deferred to Mr. Hitchman who provided an update on the District's sandblasting of the reservoir's roof to

remediate the reflective glare, which has been completed except for some minor darkening of areas of the panels, at a cost of \$8,200 versus the \$20,000 approved for the project.

Item 19: Directors' Oral Reports

- ◆ Director Chang reported on her attendance at the WEF Delta Workshop and the California Water Policy Conference. She also noted her visit with District crews repairing a "blown saddle" on Kiowa Crest and reported on her conversation with the City of Diamond Bar regarding the graffiti problem at Ridgecrest Reservoir.
- ◆ Director Flores reported on his attendance at the recent ACWA Conference, commended District staff on its efforts during the current MWD shutdown, and thanked President Nettles for his leadership of the Board during the past year.
- ◆ Director Nettles reported on his attendance at the ACWA Conference.
- ◆ Director Wu reported on his attendance at WEF Delta Workshop and the California Water Policy Conference.
- ◆ Director Hilden reported on his attendance at the ACWA/JPIA meetings at the ACWA Conference and provided literature he received to Mrs. Olson.

Item 20: Board of Directors Business – President Nettles

- ◆ The Board is asked to approve the proposed schedule of Board meeting dates for the year 2007. Of the dates presented, April 17th was moved to April 23rd, May 22nd was moved to May 21st, and July 31st was moved to July 23rd.

Upon consideration thereof, it was moved by Director Chang, seconded by Director Hilden and unanimously carried, to approve the proposed schedule of 2007 Board meeting dates with the three changes as requested. (Item 20-A)

- ◆ The Board is asked to make a determination with regard to submitting a nominee from its members for the LAFCO Special District Alternate representative position. After discussion determining there was no interest by a member of the Board and a request by Joe Ruzicka for the Board's support of his nomination, it was so decided. Upon questioning, Mr. Senecal advised there was no need for a motion at this time as the Board would ultimately receive a ballot from LAFCO for its vote and approval by motion at that time.
- ◆ Staff provided a verbal update as to the District's response during the MWD shutdown that began on December 16th and will conclude at midnight tonight, at which time the District's system would resume normal seasonal operation. During the shutdown, the system was taken off automatic response and staff was on 24-hour duty for monitoring purposes.

Item 21: Legal Reports

- ◆ Legal counsel reported on one item of interest to the Board regarding rules for meetings of standing committees.

Item 22: Activities Calendar Review – Mike Holmes

- ◆ Mr. Holmes reviewed the calendars for December 2006 and January/February 2007 that were provided in the Board book.

Item 23: Subjects for Future Meetings

- ◆ Director Wu requested staff (1) establish a privacy policy with regard to customer information to be reviewed by Personnel Committee, and (2) review and recommend an update of the District's web page to be reviewed by Public Information Committee.
- ◆ President Nettles requested that staff translate all future non-English interviews or press articles and provide a copy to each member of the Board, to which Mr. Holmes agreed.

Item 24: Board Reorganization

- ◆ President Nettles requested Mr. Senecal assume the gavel and act as Chairman Pro tem to accept nominations for President of the Board of Directors for the 2007 calendar year, to which he acquiesced and conducted the election. Director Flores nominated Director Chang for President, after which Director Wu nominated himself for the office, the nominations were closed, and a roll call vote taken.

Upon consideration thereof, it was moved by Director Flores, seconded by Director Hilden and carried by a 4 to 1 roll call vote, with Director Wu opposed, to elect Director Ling Ling Chang as President of the Board of Directors for the 2007 calendar year. (Items 24-A,B,C,D&E)

- ◆ Upon accepting the gavel from legal counsel, newly-elected President Chang proceeded to chair the Board and accepted nominations and conducted the following election.

- ◆ Director Hilden nominated Director Flores for First Vice President.

There being no other nominations, it was moved by Director Nettles, seconded by Director Hilden and carried by a 4 to 1 vote, with Director Wu opposed, to close the nominations and elect E. Fred Flores as First Vice President of the Board of Directors for the 2007 calendar year. (Item 24-F-1)

- ◆ Director Hilden nominated Director Nettles for Second Vice President.

There being no other nominations, it was moved by Director Flores, seconded by Director Nettles and carried by a 4 to 1 vote, with Director Wu opposed, to close the nominations and elect Donald L. Nettles as Second Vice President of the Board of Directors for the 2007 calendar year. (Item 24-F-2)

- ◆ Director Nettles nominated Director Hilden for Assistant Treasurer.

There being no other nominations, it was moved by Director Nettles, seconded by Director Hilden and carried by a 4 to 1 vote, with Director Wu opposed, to close the nominations and elect Edwin M. Hilden as Assistant Treasurer of the Board of Directors for the 2007 calendar year. (Item 24-F-3)

- ◆ Discussion was held as to appointments to various offices traditionally held by District staff, which will become effective January 1, 2007.

Upon consideration thereof, it was moved by Director Nettles, seconded by Director Hilden and unanimously carried, that appointments to the following offices be as shown: Secretary, Mike Holmes; Treasurer, Shawna Whallon; Assistant Secretary, Jo Ann Angelico; and Second Assistant Treasurer, Erik Hitchman. (Item 24-G)

- ◆ President Chang 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.
- ◆ Regarding the standing committee appointments, the Board followed the District's procedure whereby each Director, in order of seniority, selected the committee of his/her choice and all positions were filled. The Directors selected their choices for the various positions with Director Nettles, Director Hilden, Director Wu, Director Flores, and Director Chang proceeding in that order. Attached to these minutes as Exhibit "B" is a table of the 2007 standing committee selections.
- ◆ President Chang then advised the Board that ad hoc committee appointments will also be made at the January Board meeting. Director Nettles suggested to President Chang that she consider dissolving the Recycled Water Ad Hoc Committee as it is no longer necessary.

Item 25: Adjourn to Closed Session

- ◆ After a brief break from 7:00 to 7:15 P.M., the Board met in closed session in accordance with Government Code Section 54957 to discuss the General Manager's performance evaluation and Section 54956.9[b] to discuss one case regarding significant exposure to litigation.

Item 26: Reconvene in Open Session at 7:44 P.M.

- ◆ The Board met in closed session in accordance with Government Code Section 54957 to discuss the General Manager's performance evaluation.
- ◆ The Board also met in accordance with 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 26-B: Consider Compensation Adjustment for General Manager

- ◆ Upon concurring that the General Manager had provided a satisfactory performance during his first year as General Manager of the District, the Board elected to amend his contract to increase his annual salary by 8% to \$140,065, which also includes the .73% COLA given to all District employees, effective the first pay period in January, pursuant to the Terms and Conditions of Employment.

Item 27: Adjournment at 7:50 P.M.