

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

**February 20, 2007
5:00 P.M. at the Offices of the District**

DIRECTORS PRESENT:

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

STAFF 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 Chang presiding.

Guests and others in attendance: David De Jesus, Dan Horan, and Joe Ruzicka, Board Members, TVMWD; and David Varnum representing Congressman Gary Miller.

Item 3: Communications to the Board – President Chang

- ◆ **Written** – President Chang noted a letter received from Fritz Stradling thanking the District for recognizing his service as special counsel for the Building Corporation.
- ◆ **Public Comment** – There was no public comment at this time.

Item 4: Additions to Agenda – President Chang

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

Item 5: Reorder of Agenda – President Chang

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

Item 6: Report of Action in Closed Session – President Chang

- ◆ It was reported that the Board met in closed session at 4:00 P.M., prior to regular session, in accordance with Government Code Section 54956.9[b] to discuss one case regarding potential litigation. The Board was briefed on the status of the matter, but no action reportable under the Brown Act was taken.

Item 7: Consent Calendar – President Chang

- ◆ The Board was asked to approve the Consent Calendar, including the minutes of the Regular Board Meeting held January 16th, the January 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 Nettles, seconded by Director Wu and unanimously carried, to approve the Consent Calendar consisting of the minutes of the Regular Board Meeting held January 16, 2007, the January 2007 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)

Item 8: Director Expense Reports

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

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 January 2007 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 Hilden and unanimously carried, to receive, and file the January 31, 2007, 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 approve Change Order No. 3 for the ACE Brea Canyon Road Grade Separation project at a cost of \$65,166.48, of which an invoice in the amount of \$9,929.33 will be forwarded to ACE for reimbursement. At Director Wu's request, Mr. Hitchman provided background information on the items covered by the change order.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Flores and unanimously carried, to approve Change Order No. 3 in the amount of \$65,166.48 for the ACE Brea Canyon Road Grade Separation project, Work Order 02-2726. (Item 10-A)

- ◆ The Board is asked to accept the work as installed and authorize the filing of a Notice of Completion for the ACE Brea Canyon Road Grade Separation project.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Nettles and unanimously carried, to accept the work and authorize the filing of a Notice of Completion for the ACE Brea Canyon Road Grade Separation project, Work Order 02-2726. (Item 10-B)

- ◆ The Board is asked to accept the work as installed and authorize the filing of a Notice of Completion for the Walnut Hills Tract 50867 Phase I project. Upon questioning by the Board, Mr. Hitchman confirmed this project is related to the District's Arbor Ridge Reservoir site and is 100% funded by the developer.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to accept the work as installed and authorize the filing of a Notice of Completion for the Walnut Hills Tract 50867 Phase I project, Work Order 06-2990. (Item 10-C)

- ◆ The Board is asked to authorize the appropriation of \$36,000 from the Reserve for Replacement Fund for repair of the Lycoming Well. At Director Wu's request, Mr. Hitchman provided background information on the reasons behind the needed repairs and how they were completed.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to authorize the appropriation of \$36,000 from the Reserve for Replacement Fund for repair of the Lycoming Well, Work Order 07-3021. (Item 10-D)

Item 11: Personnel Committee – Director Flores

- ◆ The Board is asked to approve the Executive Staff Terms and Conditions of Employment as amended, which would as once before mirror the Mid-Management Terms and Conditions and expire with all other terms and conditions on June 30, 2008. The new Executive Terms and Conditions would delete the longevity provision and return to the merit based salary steps and would also provide two additional days of administrative leave for the executive level employees for a total of eight days per year. Director Nettles questioned providing the two additional days of administrative leave and, after discussion by the Board and staff, made a second motion to only approve the return to merit based salary steps. This motion died for lack of a second.

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 Nettles opposed, to approve the Executive Staff Terms and Conditions of Employment as amended. (Item 11)

Item 12: Finance Committee – Director Nettles

- ◆ The Board is asked to receive and file the District's January 2007 monthly Investment Transactions Report.

Upon consideration thereof, it was moved by Director Nettles, seconded by Director Wu and unanimously carried, to receive and file the District's monthly Investment Transactions Report for January 2007. (Item 12-A)

- ◆ The Board is asked to award a contract to Cogsdale Corporation to provide the software and implementation services for the District's Accounting and Utility Billing System at a cost of \$485,350, and to authorize the General Manager to execute the engagement letter and license agreement. Upon the Board's request, staff clarified the selection process that resulted in their recommendation of Cogsdale, the various items included within the final contract price, and the agreed-upon annual maintenance and support costs that will be budgeted in subsequent years.

Upon consideration thereof, it was moved by Director Nettles, seconded by Director Wu and unanimously carried, to award a contract in the amount of \$485,350 to Cogsdale Corporation to provide software and implementation services for the District's Accounting and Utility Billing System, and to authorize the General Manager to execute the engagement letter and license agreement. (Item 12-B-1)

- ◆ The Board is asked to approve staff's recommendation to award a contract for the project management services related to the implementation of the Accounting and Utility Billing System to Client First Consulting in the amount of \$129,000. When questioned by Director Nettles as to why staff chose Client First instead of the lowest bid, Mr. Holmes advised their decision was based on Client First's involvement in the qualification and selection process, they submitted a bid to continue their support during this process, and their expertise versus the low bidder who had never been involved in a job of this magnitude. Mr. Hitchman noted that the District's Request for Proposal uses cost as only one of six general criteria, it also allows staff to look at the most qualified bidder. Mr. Senecal added that the lowest responsible bidder does not mean the lowest cost.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to approve staff's recommendation to award a contract in the amount of \$129,000 to Client First Consulting for the project management services related to the implementation of the Accounting and Utility Billing System. (Item 12-B-2)

- ◆ The Board is asked to approve staff's request to increase funding for the Financial and Utility Billing Software Solution from \$600,000 to \$800,000, with the additional \$200,000 to be funded from the Reserve for Replacement Fund as part of the 2007-08 Capital Investment Program budget.

Upon consideration thereof, it was moved by Director Nettles, seconded by Director Wu and unanimously carried, to approve staff's request to increase funding for the Financial and Utility Billing Software Solution from \$600,000 to \$800,000, with the additional \$200,000 to be funded from the Reserve for Replacement Fund as part of the 2007-08 Capital Investment Program budget. (Item 12-B-3)

- ◆ The Board is asked to accept, receive, and file the P-W-R Joint Water Line Commission Financial Statements and Audit Report for June 30, 2006 and 2005.

Upon consideration thereof, it was moved by Director Nettles, seconded by Director Flores and unanimously carried, to accept, receive, and file the P-W-R Joint Water Line Commission Financial Statements and Audit Report for June 30, 2006 and 2005. (Item 12-C)

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

- ◆ The Board is asked to authorize an \$800 contribution to the California Water Awareness Campaign, which is the same amount contributed during the previous five years.

Upon consideration thereof, it was moved by Director Flores, seconded by Director Hilden and unanimously carried, to authorize an \$800 contribution to the California Water Awareness Campaign. (Item 13)

Item 14: Legislative Action Committee – Director Hilden

- ◆ There were no matters from this Committee to come before the Board at this time.
- ◆ Mr. Holmes provided a report on his attendance at the ACWA Washington D.C. Conference, including information on both national and state legislative matters and on his meetings with local legislators during the conference. Mr. Senecal provided additional information on legislative matters of importance to the District, specifically on SB201 (Florez), Proposition 218, and the Big Horn decision.

Other Items

Item 15: TVMWD/MWD – Director Hilden

- ◆ Director Hilden reviewed the January 17th Action Line included in the Board packet. Mr. De Jesus added that increasing water costs that cause MWD to increase its rates and that the District will see somewhere between a 5% to 8% average increase over the ensuing five years.

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

- ◆ Director Hilden noted the quarterly meeting held on January 18th and the items included in the Board packet, particularly the Water Usage Report.

Item 17: Puente Basin Water Agency – Director Nettles

- ◆ Director Nettles advised there was nothing to report at this time, but that a meeting is scheduled for April 11.

Item 18: General Manager Oral Report – Mike Holmes

- ◆ Mr. Holmes asked the Board to advise staff if they are interested in attending the ACWA Region 8 tour of the Long Beach Desalinization Plant. At Mr. Holmes' request, Mr. Hernandez provided an update on MWD's Solar Cup 2007 and Ultra Low Flush Toilet programs, both of which the District is again participating in this year. Mr. Holmes thanked Mr. De Jesus for assisting the District in planning the March 5th P-W-R signing ceremony at the Weymouth Filtration Plant. In closing, he provided an update on local law enforcement's efforts relative to the recent graffiti the District has been experiencing and the ensuing arrests. Also, the District has mailed out approximately 1,000 notices to customers owning backflow devices notifying them of recent thefts.

Item 19: Directors' Oral Reports

- ◆ Director Hilden reported on his attendance at the TVMWD Quarterly Leadership Breakfast.
- ◆ Director Nettles also reported on his attendance at the TVMWD Quarterly Leadership Breakfast.
- ◆ Director Wu had nothing to report at this time.
- ◆ Director Flores had nothing to report at this time.
- ◆ President Chang reported on her presentation of a water resources overview to the Chinese-American Environmental Association with assistance from Mr. Holmes and Mr. Garcia during the preparation process.

Item 20: Board of Directors Business – President Chang

- ◆ The Board is asked to adopt a resolution concurring in the nomination of incumbent candidate Joan C. Finnegan of MWD of Orange County to the office of ACWA/JPIA Vice President, and to adopt resolutions concurring in the nomination of incumbent candidates Merle Aleshire of Valley Center MWD and Melody Henriques-McDonald of San Bernardino Valley WCD to the ACWA/JPIA Executive Committee, and/or direct staff to follow-up as deemed appropriate.

Upon consideration thereof, it was moved by Director Nettles, seconded by Director Wu and unanimously carried, to adopt Resolution No. 2-07-523 in support of Joan C. Finnegan of MWD of Orange County to the office of ACWA/JPIA Vice President, Resolution No. 2-07-524 in support of Merle Aleshire of Valley Center MWD to the ACWA/JPIA Executive Committee, and Resolution No. 2-07-525 in support of Melody Henriques-McDonald of San Bernardino Valley WCD to the ACWA/JPIA Executive Committee, attached to these Minutes as Exhibits A, B, and C, respectively. (Items 20-A-1,2&3)

- ◆ The Board is asked to cast its vote for one of the candidates nominated to fill the unexpired term for the office of Special District LAFCO Alternate Representative.

Upon consideration thereof, it was moved by Director Nettles, seconded by Director Hilden and unanimously carried, to authorize the President of the Board of Directors to cast the District's vote for Joseph T. Ruzicka of Three Valleys Municipal Water District to fill the unexpired term for the office of Special District LAFCO Alternate Representative. (Item 20-B)

- ◆ Mr. Holmes discussed the costs, totaling \$41,093.38, that the District incurred as a result of MWD's December 2006 shutdown of its Weymouth Treatment Plant for five days to complete maintenance. Staff will use this experience for what MWD has announced will be a 10-12 day shutdown in 2009 or 2010.
- ◆ Mr. Holmes provided a verbal update on the administration building project, including staff's meeting with the architect and their discussion to keep the building design within the budget while still taking into consideration the results of the CPS staffing study.

Item 21: Legal Reports

- ◆ Legal counsel had nothing further to report at this time.

Item 22: Activities Calendar Review – Mike Holmes

- ◆ Mr. Holmes reviewed the February/March/April 2007 calendars, specifically noting the P-W-R signing ceremony on March 5th..

Item 23: Subjects for Future Meetings

- ◆ Director Wu requested a review of the Parker Canyon Reservoir telecommunications site being leased from the District.

Item 24: Adjournment at 6:20 P.M.

- ◆ President Chang adjourned the meeting in memory of Councilman Bob Zirbes of the City of Diamond Bar who passed away on February 8, 2007.