

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

**February 19, 2008
6:00 P.M. at the Offices of the District**

DIRECTORS PRESENT:

Allen L. Wu, President
Theodore L. Ebenkamp
Edwin M. Hilden
Scarlett P. Kwong
Ling Ling Chang

STAFF PRESENT:

Timothy J. Gosney, Legal Counsel
Michael Holmes, General Manager
Erik Hitchman, Assistant General Manager/Chief Engineer
Shawna Whallon, Director of Finance
Sandra Olson, Director of Administrative Services
Jo Ann Angelico, Assistant Secretary

The meeting was called to order at 6:03 P.M. by President Wu.

Guests and others in attendance: Directors David DeJesus, Dan Horan, and Joe Ruzicka, General Manager Richard W. Hansen, and Assistant General Manager Kirk Howie of Three Valleys Municipal Water District; and Reed Wyr of Lagerlof, Senecal, Gosney, and Kruse.

Item 3: Public Comment – President Wu

- ◆ There were no public comments.

Item 4: Additions to Agenda – President Wu

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

Item 5: Reorder of Agenda – President Wu

- ◆ There were no requests to reorder the agenda.

Item 6: Consent Calendar – President Wu

- ◆ The Board was asked to approve the Consent Calendar, including the minutes of the Regular Board Meeting held January 22, 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 Hilden, seconded by Director Kwong and unanimously carried, with Director Chang abstaining from voting on the Minutes (Item 6-1) as she did not attend the January Board meeting, to receive, approve, and file the Consent Calendar consisting of the minutes of the Regular Board Meeting held January 22, the January Check Register, the Community Relations/Conservation/Website Activities Report, the Operations Report, and the Engineering Project Status Report. (Items 6-1, 2, 3, 4, & 5)

Item 7: Director Expense Reports

- ◆ The Board is asked to receive, approve, and file the Board member expense reports indicating per diem requests for meeting attendance and the individual reports of additional expenses incurred by the District on behalf of each Director. Director Ebenkamp submitted a revised Expense Report Form for the month of January, stating that there were typographical errors on the one contained in the Board book.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Chang and unanimously carried, to receive, approve, and file the Board member expense reports for meeting attendance. (Item 7)

Item 8: 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 for January 2008
- ◆ Review of District Statement of Net Assets for January 2008
- ◆ Review of the Financial Position and Investment Portfolio for the District

Upon consideration of the Treasurer's report, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried, to receive and file the District Statement of Revenues, Expenses, and Change in Net Assets and the District Statement of Net Assets for January 2008 and the Financial Position and Investment Portfolio for the District. (Items 8-1, 2, & 3)

Committee Chair Reports

Item 9: Engineering & Special Projects Committee – Director Hilden

- ◆ The Board is asked to authorize the appropriation of an additional \$13,000 from the Reserve for Replacement Fund for the exterior coating of Sylvan Glen Reservoir, and to award a contract in the amount of \$98,000 to RPI Coating, Inc. to furnish labor and materials for the project.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Wu and unanimously carried, to authorize the appropriation of an additional \$13,000 from the Reserve for Replacement Fund and to award a contract in the amount of \$98,000 to RPI Coating, Inc. to furnish labor and materials for the Sylvan Glen Reservoir exterior coating project. (Item 9-A)

- ◆ The Board is asked to approve two Joint Tax Sharing Resolutions between the County Sanitation Districts of Los Angeles County and the Walnut Valley Water District and the District's Improvement District No. 5 to participate in the exchange of ad valorem property tax in conjunction with the annexation of property into County Sanitation District No. 21 in order for the property to receive off-site disposal of sewage. It was noted that for every \$100 received, the District would receive \$0.08372 and the Improvement District No. 5 would receive \$0.2445, with the County Sanitation District No. 21 receiving \$0.000006 and \$0.000019 respectively. Director Ebenkamp advised District Counsel that he resides within close proximity of both projects and asked if he should "abstain" from voting. Mr. Gosney advised that Director Ebenkamp is not disqualified to vote on this matter under the Political Reform Act as he is not treated any differently from any other member of the public with respect to these issues.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Wu and unanimously carried, to approve two Joint Tax Sharing Resolutions between the County Sanitation Districts of Los Angeles County and the Walnut Valley Water District and the District's Improvement District No. 5 to participate in the exchange of ad valorem property tax in conjunction with the annexation of property into County Sanitation District No. 21. (Item 9-B)

Item 10: Personnel Committee – Director Hilden

- ◆ The Board is asked to approve revisions to the *Guidelines for Board Compensated Meetings and Activities* policy to allow for payment of per diem and expenses to Directors for attendance at chamber events "dealing with substantive issues of importance to the District" as identified in the revised policy and the inclusion of the Special District Institute as permitted compensation. Chamber mixers and other Chamber events which are mainly social in nature would qualify for reimbursement of expenses only.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried, to approve revisions to the "Guidelines for Board Compensated Meetings and Activities" to allow for payment of per diem and expenses to Directors for attendance at chamber events "dealing with substantive issues of importance to the District" and for attendance at Special District Institute meetings. Chamber mixers and other events which are mainly social in nature would qualify for reimbursement of expenses only. (Item 10-A)

- ◆ The Board is asked to approve the Building Corporation's appointment of Mr. Edwin M. Hilden to fill the vacancy on its Board and direct staff to notify the Building Corporation members of this action.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Ebenkamp and unanimously carried, to approve the Building Corporation's appointment of Mr. Edwin M. Hilden to fill the vacancy on its Board and to direct staff to notify the Building Corporation members of this action. (Item 10-B)

Item 11: Finance Committee – President Wu

- ◆ After Ms. Whallon provided a review, the Board was asked to receive, approve, and file the January 2008 monthly Investment Transactions Report.

Upon consideration thereof, it was moved by President Wu, seconded by Director Ebenkamp and unanimously carried, to receive, approve, and file the monthly Investment Transactions Report for January 2008. (Item 11-A)

- ◆ Three Valleys Director David De Jesus and General Manager Rick Hansen were asked to address the information item pertaining to MWD's proposal for fiscal year 2008-09 water rates. Mr. De Jesus noted that the January MWD memorandum included in the Board packet

is the basis for current discussions and that Option 2 appears to be the plan favored by MWD. However, he said, discussion among some agency members indicate their preference is for Option 3. Mr. Hansen agreed there has been a lot of discussion, considering increases all the way from “0” to “30%,” which, he thinks boils down to Option 2 as a compromise. Mr. Holmes added that, based on our long-term average purchases of 23,500 acre-feet, Option 2, if approved, would increase our rates by approximately \$1.7 million, starting January 1, 2009. **(Item 11-B)**

Item 12: Public Information and Community Relations Committee – Director Chang

- ◆ At Director Chang’s request, Mrs. Olson provided background information pertaining to the proposal to implement a “Water 101” class for District customers to provide them with a greater understanding of District operations, the sources of our water supplies, water supply conditions throughout the state, and the importance of water conservation. If approved, the first class would be held on Saturday, April 26, in the District’s training room and would be conducted by District staff. The level of response received would determine whether or not to expand the program. She noted that funds are available in the community relations budget.

Upon consideration thereof, it was moved by Director Chang, seconded by Director Hilden and unanimously carried, to authorize staff to move forward with the implementation of a “Water 101” class for District customers. (Item 12-A)

- ◆ In January 2008 MWD allocated \$15 million for its Public Sector Water Efficiency Program, designed to assist public agencies in the implementation and promotion of water conservation measures. The District is proposing to take advantage of this funding to replace existing equipment with central irrigation controllers at thirteen of our locations with total irrigated acreage estimated at 21 acres. These controllers are a proven technology that could potentially reduce the overall water usage at each facility by an estimated 30%. These controllers qualify the District to receive funding for the purchase of these devices under the *Enhanced Device Incentive* portion of MWD’s program. The Board is, therefore, asked to approve the appropriation of \$50,000 from the Reserve for Replacement fund for the purchase and installation of Central Irrigation Controllers. Additionally, staff is evaluating the possibility of a concurrent District “incentive” program that would assist local public agencies with the installation costs of the conservation devices. In that regard, the Board is also asked to approve the development of a District program, with the possible use of District funds, to assist local agencies with water conservation projects. (No funds requested as of yet for public agencies.)

Upon consideration thereof, it was moved by Director Chang, seconded by Director Hilden and unanimously carried, to approve the appropriation of \$50,000 from the Reserve for Replacement fund for the purchase and installation of Central Irrigation Controllers, and to approve the development of a District program to assist local agencies with water conservation projects. (Item 12-B-1&2)

Item 13: Legislative Action Committee – Director Hilden

- ◆ The Board is asked to authorize sending a letter to our Congressional representatives expressing concerns that proposed legislation on chemical security unnecessarily duplicates existing federal programs and other long-standing protections in the water sector.

Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried to authorize sending a letter to the District’s Congressional representatives expressing concerns pertaining to proposed chemical security legislation. (Item 13)

Other Items

Item 14: TVMWD/MWD – Director Hilden

- ◆ Director Hilden noted that Three Valleys’ February Board meeting would not be held until the next day (February 20). He then referred to an MWD News Release provided in the Board meeting packet that announced the adoption of their Water Supply Allocation Plan. Mr. De Jesus advised that, given the favorable rainfall, the Plan probably would not be implemented this year.

Item 15: The P-W-R Joint Water Line Commission – Director Hilden

- ◆ Director Hilden noted the items included in the Board packet, specifically the Water Usage Report for the month of December.

Item 16: Puente Basin Water Agency – Directors Ebenkamp/Chang

- ◆ Director Ebenkamp advised that there would be a Puente Basin Water Agency meeting on April 9, 2008.

Item 17: General Manager Oral Report – Mike Holmes

- ◆ Mr. Holmes proposed that former District Directors Flores and Nettles and former Building Corporation Director be invited to the March Board meeting to be recognized for their service, and the Board concurred.
- ◆ He then advised that staff had been meeting regarding water resource development projects and would, hopefully, be able to present more specific information to the Engineering Committee in the near future.
- ◆ He also reported, as a follow-up to the discussion at the January Closed Session meeting, that San Diego informed the District that they are unable to meet their projected needs and would, therefore, not be a potential water resource for the District.
- ◆ He said he would be attending the ACWA Washington, D.C., conference with Directors Chang and Ebenkamp and will take some of our concerns regarding the Delta and other issues to our federal legislative delegation.
- ◆ In closing, Mr. Holmes advised that former employee Harry Bailey, who worked for the District for many years, had recently passed away.

Item 18: Directors' Oral Reports

- ◆ Director Chang had no report.
- ◆ Director Hilden reported on his attendance at the TVMWD Leadership Breakfast.
- ◆ Director Ebenkamp reported on his attendance at the Special Districts Institute Conference.
- ◆ Director Kwong reported on a meeting she had with the General Manager to review the calendar and gain a better understanding of associations and conferences to help determine attendance priorities. She said she also attended the Diamond Bar Chinese News Years event where the District had a booth and a Tzu Chi Foundation event.
- ◆ Director Wu reported on his attendance at the TVMWD Leadership Breakfast and the Special District Institute Proposition 218 Workshop.

Item 19: Legal Reports

- ◆ Legal Counsel had nothing to report at this time; however, he mentioned that he would be giving a presentation later in the meeting on the Brown Act and other matters, as time permits, related to Board member responsibilities. He then introduced his associate, Mr. Reed Wyer.

Item 20: Activities Calendar Review – Mike Holmes

- ◆ Mr. Holmes noted the February, March, and April 2008 calendars as previously provided. In reviewing the schedule, President Wu requested that the time for the Engineering Committee be changed to 4:30 p.m. and to 5:00 p.m. for the Finance Committee.

Item 21: Subjects for Future Meetings

- ◆ There were no requests for items to be discussed at a future meeting.

Item 22: Board of Directors Business

- ◆ The Board was asked to check their calendars for a mutually convenient date for a Budget Workshop meeting, possibly during the week of March 25-28. As President Wu is not available that week, he suggested March 20 at 4:00 p.m. as a possible alternative. Staff indicated that calendars would be reviewed and the Board consulted for other options. (Item 22-A)
- ◆ Mr. Hitchman provided a report on the recent Building Ad Hoc Committee meeting, advising that the Committee had reviewed the Request for Proposals (RFP) and the list of recommended firms to be contacted. He said that the RFP was subsequently sent to eight architectural firms and that any proposals received would be reviewed with the Committee, following which the top two or three firms would be invited to a Board workshop, probably in mid-April, to present their ideas to the Board for consideration. (Item 22-B)
- ◆ The next item on the agenda being a Director Orientation presentation by Mr. Gosney, guests and staff members Ms. Olson, Ms. Whallon, and Ms. Angelico were given the opportunity to stay or not, and they chose to leave the meeting.
- ◆ As he was leaving, Mr. Hansen extended an invitation to the Directors to attend a Sexual Harassment workshop being held at Three Valleys the next day.
- ◆ Following a brief break, Mr. Gosney presented information on the Brown Act to assist Directors in complying with the requirements of the open meeting law. As the time needed to cover this segment of his presentation was longer than anticipated, it was determined that the other topics intended for discussion would be continued at a future Board meeting. (Item 22-C)

Item 23: Adjournment to Closed Session at 8:45 P.M.

- ◆ The Board then entered into closed session in accordance with Government Code Section 54956.9[a] to discuss one case of pending litigation, Karen Powers v. Walnut Valley Water District and Does 1-25, Case No. KC052479R.

Item 25: Report of Action in Closed Session at 8:51 P.M.

- ◆ Upon reconvening in open session, Mr. Gosney reported that the Board met in closed session in accordance with Government Code Section 54956.9[a]. The Board was briefed on the status of litigation by General Counsel and no action reportable under the Brown Act was taken.

Adjournment at 8:52 P.M.

- ◆ President Wu adjourned the meeting in memory of Harry Bailey, a retired former employee of the District.