

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

**July 23, 2008
At the Offices of the District**

DIRECTORS PRESENT:

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

STAFF PRESENT:

H. Jess Senecal, Legal Counsel
Michael Holmes, General Manager
Cregg Zimmerman, Director of Operations
Brian Teuber, Deputy Director of Finance
Jose Martinez, Management Analyst
Sherry Shaw, Engineering/Planning Manager
Jo Ann Angelico, Assistant Secretary

STAFF ABSENT:

Erik Hitchman, Assistant General Manager (Excused)

The meeting was called to order at 5:00 p.m. with President Wu presiding.

Guests and others in attendance: Directors David DeJesus and Joe Ruzicka, and Assistant General Manager Kirk Howie of Three Valleys Municipal Water District.

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

- ◆ The Board is asked to approve the Consent Calendar, including the minutes of the Special meeting held June 19, minutes of the Regular Board meeting held June 23, the July check register, the Community Relations/Website Activities Report, a District letter of interest for participation in the 2009 MWD Solar Cup Program, the Operations Report, and the Engineering Project Status Report.
- ◆ Mr. Teuber advised that the District went “live” with the new banking services as of July 1st and provided a brief explanation regarding the resulting changes in the checks and check register.
- ◆ President Wu advised he would be abstaining on the June 23, 2008, Board meeting Minutes as he was not present at that meeting.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried, with President Wu abstaining on the June 23, 2008 Regular Board meeting Minutes, to receive, approve, and file the Consent Calendar consisting of the minutes of the Special Board Meeting held June 19 and the Regular Board Meeting held June 23; the July Check Register; the Community Relations/Website Activities Report; the District letter of interest for participation in the 2009 MWD Solar Cup Program; the Operations Report; and the Engineering Project Status Report. (Items 6-1, 2, 3, 4, 5, 6, & 7)

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.

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 – Brian Teuber

- ◆ Mr. Teuber explained that, due to the concentration on implementation of the new accounting system and establishing new banking accounts, with the Finance Committee’s approval the District’s preliminary Statement of Revenues, Expenses, and Change in Net Assets; and the Statement of Net Assets for June would be presented at the August Board meeting along with the July 2008 reports.
- ◆ Review of the Financial Position and Investment Portfolio for the District

Upon consideration of the Treasurer's report, it was moved by Director Chang, seconded by Director Kwong and unanimously carried, to receive and file the Financial Position and Investment Portfolio for the District. (Items 8-B)

Committee Chair Reports

Item 9: Engineering & Special Projects Committee – Director Hilden

- ◆ The Board is asked to accept the work as installed and authorize the filing of Notices of Completion for the Sylvan Glen Reservoir & Pump Station Project and the Stonepine Condominiums Project. Mr. Zimmerman noted that the projects had been completed on schedule and without any concerns voiced by local residents.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried, to accept the work as installed and authorize the filing of Notices of Completion for the Sylvan Glen Reservoir & Pump Station Project and the Stonepine Condominiums Project. (Item 9-A-1 & 2))

- ◆ The Board is asked to award contracts for materials for the Walnut Hills Tract 50867 Phase V Project. It was noted that this is a developer-funded project.

Upon consideration thereof, it was moved by Director Chang, seconded by Director Ebenkamp and unanimously carried to award materials contracts for the Walnut Hills Tract 50867 Phase V Project as follows: Gate Valves to C. Wells for \$8,097.10, Ductile Iron Pipe to D'Angelo Co. for \$108,413.89, DI-Misc. materials to D'Angelo Co. for \$14,237.91, Service Materials to C. Wells for \$5,446.38, Copper Tubing to Ferguson for \$6,692.02, and Setters/Saddles/Jumpers to C. Wells for \$10,723.25. (Item 9-B)

Item 10: Personnel Committee – Director Hilden

- ◆ The Board is asked to authorize the General Manager to execute the Employment Relations Consortium Agreement with Liebert Cassidy Whitmore (LCW), special labor counsel, for the fiscal year ending June 30, 2009, at a cost of \$2,407, which is a 5% (\$115) increase over the 2007-08 fee.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried, to authorize the General Manager to execute the Employment Relations Consortium Agreement with Liebert Cassidy Whitmore (LCW), special labor counsel, for the fiscal year ending June 30, 2009. (Item 10-A)

- ◆ The Board was advised that the biennial review of the District's Conflict of Interest Code is required to be completed by October 1, 2008. Mr. Holmes noted the item had been reviewed by the Personnel Committee; however, staff had subsequently been advised of potential changes that would be required for the District's code. Staff anticipates bringing this item back to the Board in August for consideration, pending additional information to be provided by Legal Counsel regarding the proposed Code amendments. (Item 10-B)
- ◆ The Board is asked to approve proposed amendments to the mileage reimbursement provision of the *Advance Payment to Directors for Attendance at Community Events* policy (Exhibit D to the "Policies for Ethical Conduct Regarding Board of Directors Compensation and Expenses) to allow mileage reimbursement for authorized events that take place outside the District's service area. Director Chang noted her preference for the policy to remain as it is.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and carried 4-1, with Director Chang voting "no," to approve amending the mileage reimbursement provision of the "Advance Payment to Directors for Attendance at Community Events" policy to allow mileage reimbursement for authorized events that take place outside the District's service area, effective July 24, 2008. (Item 10-C)

- ◆ The Board is asked to approve amendments to Sections 3, 6, and 9 of the District's bylaws. The proposed revisions would allow the opportunity to designate officers in addition to the President and Vice President (Sections 3 and 6), to note that the General Manager "and/or the Assistant General Manager" shall attend committee meetings (Section 9), and to discontinue naming standing committees in the Bylaws and, instead, reference the District's "Standing Committee Selection Process" to identify standing committees (Section 9). Mr. Senecal noted that certain things are required to be a part of the Bylaws, but a listing of committees is not one of them. After Board approval, the modified Bylaws are to be submitted to the Los Angeles County Board of Supervisors for approval.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Chang and unanimously carried to approve the proposed amendments to Sections 3, 6, and 9 of the District's bylaws to allow more flexibility in designating officers, to allow for the Assistant General Manager to attend committee meetings in the General Manager's absence, and to identify District standing committees in a separate document. (Item 10-D)

- ◆ The Board is asked to approve proposed amendments to Section 3 (committee structure) of the "Standing Committee Selection Process" policy to combine the Public Information and Legislative Action committees. It was noted that this document will be reviewed as needed to identify the District's standing committees, which will no longer be named in the District's Bylaws.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried, to approve amending the "Standing Committee Selection Process" policy to combine the Public Information and the Legislative Action committees. (Item 10-E)

- ◆ The Board is asked to adopt Resolution No. 07-08-544 to establish a Records Management Program for the District. It was noted that District Legal Counsel assisted in the development of the proposed Records Management Program. This program will provide guidance for the retention and/or destruction of District records in compliance with Government Code Section 60201(b)(2).

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried, to adopt Resolution No. 07-08-544 establishing a Records Management Program for the District. (Item 10-F)

- ◆ The Board is asked to approve the revised statement regarding the District's Employee Safety Committee. Upon inquiry regarding the change to cause safety inspections to be made by two Committee members that would not necessarily include the Safety Officer, the Board was assured that the Safety Officer inspects the District's facilities on a continuing basis. The change to state "two Committee members" is meant to allow for rotating individuals with the thought that a different set of eyes might see things others had not. Mr. Senecal, noting that the function of this policy is primarily internal, suggested that language be included to state that the findings be retained confidentially and not be released to outside third parties without the consent of the employee and the General Manager.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Kwong and unanimously carried, to approve the statement regarding the District's Employee Safety Committee with the modification suggested by Legal Counsel to include confidentiality language. (Item 10-G)

Item 11: Finance Committee – Director Ebenkamp

- ◆ Following a review by Mr. Teuber, the Board was asked to receive, approve, and file the June 2008 monthly Investment Transactions Report.

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

- ◆ Mr. Teuber then reviewed the Portfolio Holdings Report, following which the Board was asked to receive, approve, and file the quarterly report.

Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Chang and unanimously carried, to receive, approve, and file the Portfolio Holdings Report as of June 30, 2008. (Item 11-B)

- ◆ The Board is asked to reject a claim for damages submitted by Mr. Michael Chen and direct staff to forward the claim to the JPIA for further investigation and processing. It was noted that Mr. Chen would be advised of the Board's action by Legal Counsel.

Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried to reject the claim submitted by Mr. Michael Chen and directed staff to forward the claim to the JPIA for further investigation and processing. (Item 11-C)

- ◆ The Board is asked to adopt Resolution No. 07-08-543, replacing Resolution No. 8-07-530, establishing the District's Investment Policy. It was noted that the Policy had been reviewed by Legal Counsel and revised as directed to bring it into conformity with current regulations.

Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Chang and unanimously carried, to adopt Resolution No. 07-08-543 Establishing the District's Investment Policy. (Item 11-D)

- ◆ The Board is asked to authorize a Business Membership with the Friends of the Rowland Heights Library at an annual cost of \$25. It was noted that this membership request is in the interest of participation throughout our service area and to recognize the libraries for including water education information in their reference materials.

Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried to authorize a Business Membership with the Friends of the Rowland Heights Library at an annual cost of \$25. (Item 11-E)

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

- ◆ The Board is asked to authorize the General Manager to execute the agreement for the National Theatre for Children to conduct live theatre performances to relate the importance of water conservation for schools within the District's service for fiscal year 2008-09. Following the conclusion of the program in May, as requested by the Committee, District staff will conduct an independent survey of the 2009 participating schools to determine teacher satisfaction. Additionally, staff will investigate other potential avenues for presenting the water conservation message in our area's schools and report back to the Board during the 2009-10 budget process. Directors noted that the learning process of today's students is different, more advanced, than it used to be and said they would like to see programs where students more actively engage in "hands-on" activities. Upon inquiry, Mr. Holmes advised that, although the cancellation provisions may appear to favor the National Theatre, the contract was reviewed by Legal Counsel and they must refund the District for any performances not held.

Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried, to authorize the General Manager to execute the agreement for water education services between the District and the National theatre for Children for fiscal year 2008-09 at a cost of \$966 per school. (Item 12-A)

- ◆ Mr. Martinez gave a brief Power Point presentation of the District's new website format, which included Directors' suggestions for enhancement. It is anticipated that the website will be ready to launch by September. In response to the question, staff advised that on-line payments would be available once a secure link is developed. (Item 12-B)

Item 13: Legislative Action Committee – Director Ebenkamp

- ◆ The Board discussed the Schwarzenegger/Feinstein proposal for a \$9.3 billion bond plan to provide safe, reliable, clean water for California. Staff was directed to bring the item back in August or September with additional information. Legal Counsel suggested inviting someone from ACWA to answer questions and address the Peripheral Canal and other concerns expressed by the Board.

Other Items

Item 14: TVMWD/MWD – Director Hilden

- ◆ Director Hilden noted that TVMWD's Board had not met in July or August and referred to the June 18, 2008, activity report included in the Board packet. He then invited Mr. Howie to address the items related to the appointment of officers for the TVMWD Annual Financing Corporation and the resolution adopted requesting the resignation of Director Xavier Alvarez.

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 June.

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

- ◆ There was nothing to report on the Puente Basin Water Agency.

Item 17: General Manager Oral Report – Mike Holmes

- ◆ The General Manager reported that the District's Consumer Confidence Report, required to be delivered to customers by July 1, was sent out in June to every mailing address in the District (approximately 30,000 different addresses).
- ◆ He also noted that the financial system implementation was completed and general banking services began July 1, 2008. He complimented staff on their hard work and mentioned that Cogsdale had said ours was "the best implementation they had been involved with."
- ◆ He further advised that there are no items to date that require committee review in August and that, with the possible exception of the Legislative Committee, no committee meetings would be held in August unless matters arise that require committee attention before September.
- ◆ He briefly commented on Proposition 1A and its probable impact on District subventions if provisions were enacted as part of the State's budget process.

Item 18: Directors' Oral Reports

- ◆ Director Chang reported on a meeting she had with the General Manager, Assistant General Manager, and Deputy Director of Finance regarding some questions she had pertaining to the budget. She mentioned that there were still some areas where she would like to see the budget tightened.
- ◆ Director Ebenkamp reported on an Urban Water Institute seminar he had attempted to attend, but the seminar was canceled without notice, which resulted in mileage expense. He also reported on his attendance at the TVMWD Leadership Breakfast and the July 8 ACWA Region 8 meeting. He noted that he had learned at that meeting that ACWA will be increasing its dues.
- ◆ Director Hilden reported on his attendance at the Special District Institute Conference and provided materials from that meeting to the General Manager.
- ◆ Director Kwong reported on her attendance at the Diamond Bar Chinese American Association meeting.
- ◆ President Wu reported on his attendance at the CSDA Strategic Planning Conference and at the AWWA Annual Conference.

Item 19: Legal Reports

- ◆ Legal Counsel mentioned he had heard a report over the radio on his way to the meeting that Governor Schwarzenegger, because he is so upset over the State budget process, had threatened to reduce state employees' pay to the federal minimum wage level, which would affect approximately 200,000 state employees.

Item 20: Activities Calendar Review – Mike Holmes

- ◆ Mr. Holmes referred to the July, August, and September 2008 calendars as previously provided. He noted a joint meeting with Rowland Water District for August 19 at 6:00 p.m. that was not on the calendar and proposed that the August Board meeting begin at 5:00 p.m. with a Board Workshop to discuss the alternative work schedule to follow.

Item 21: Subjects for Future Meetings

- ◆ Director Chang requested that the District's gift basket, plaques, and certificate program/policy be reviewed.
- ◆ Director Ebenkamp requested a workshop regarding SB 610 and SB 221 to discuss the requirement for preparing a water assessment study, our ability to provide water, and whether MWD can guarantee supplies for the next 20 years.
- ◆ Director Kwong requested that, for the 9/80 workshop, statistics on customer service issues be provided for review to assist in making a decision.

Item 22: Board of Directors Business

- ◆ Mr. Holmes presented the 2007-08 General Manager Work Plan Final Report and the Proposed General Manager Work Plan for 2008-09. If acceptable, he asked that the Board receive and file the 2007-08 work plan final report and approve the 2008-09 proposed work plan. He said if the Board had no recommendations for revision to the 2008-09 work plan, staff would move ahead with adding target dates and report back quarterly on the status of each item.

Upon consideration thereof, it was moved by Director Chang, seconded by Director Ebenkamp and unanimously carried to receive and file the 2007-08 General Manager Work Plan Final Report and to approve the proposed 2008-09 General Manager Work Plan. (Item 22-A & B)

- ◆ The President is asked to establish a Water Resources Ad Hoc Committee to advise regarding the potential for alternative water supplies for the District. President Wu appointed Director Hilden and Director Ebenkamp to the Water Resources Ad Hoc Committee, with Director Hilden as chair. (Item 22-C)

Item 23: Adjourn to Closed Session – 6:27 P.M.**Item 24: Closed Session – 6:37 P.M.**

- ◆ The Board met in 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 6:47 P.M.

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

Adjournment at 6:48 P.M.