

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

June 22, 2009

At the Offices of the District

DIRECTORS PRESENT:

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

STAFF PRESENT:

Timothy J. Gosney, Legal Counsel
Michael Holmes, General Manager
Erik Hitchman, Assistant General Manager/Chief Engineer
Shawna Whallon, Director of Finance
Brian Teuber, Deputy Director of Finance
Jose Martinez, Management Analyst
Jo Ann Angelico, Assistant Secretary

The meeting was called to order at 6:00 p.m. with President Hilden presiding.

Guests and others in attendance: Director Joe Ruzicka and Assistant General Manager Kirk Howie, Three Valleys Municipal Water District; Mr. Ted Carrera, Rowland Water District; Mrs. Barbara Carrera, District resident; Ms. Beatrice Medina and Ms. Gladys Medina, Willdan Financial Services

Item 3: Communications to the Board – President Hilden

- ◆ Written communications were duly noted
- ◆ There were no requests to make public comment

Item 4: Additions to Agenda – President Hilden

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

Item 5: Reorder of Agenda – President Hilden

- ◆ There were no requests for reorder of the agenda.

Item 6: Public Hearings

- ◆ The meeting was opened to a public hearing, notice of which was published in the *San Gabriel Valley Tribune*, to receive comments regarding the District's Water Standby Charge Report prepared by Willdan Financial Services. Mr. Teuber provided background information and an overview of the report, noting that staff recommends the rates remain the same for this year. Director Ebenkamp suggested that staff also look at the possibility of shifting the Standby Charge assessment from the water bill to the property tax bill. Staff responded to questions from the Board and, there being no further public comment, the public hearing was closed.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Ebenkamp and unanimously carried, to receive, approve, and file the Water Standby Charge Report prepared by Willdan Financial Services. (Item 6-A)

- ◆ The meeting was then opened to public hearing, notice of which was published in the *Highlander* weekly newspaper, to receive comments regarding the District's proposed water conservation ordinance, Ordinance No. 06-09-07, entitled, "An Ordinance of Walnut Valley Water District to Establish Water Use Efficiency Requirements and Water Supply Shortage Stages." Mr. Martinez provided background information, noting that MWD requires water agencies to have an established water conservation ordinance in effect by July 2009 in order to qualify for Extraordinary Water Conservation (EWC) programs. Minor corrections were noted and deemed appropriate. Mr. Martinez also noted that conforming modifications to Article 4 of the District's Rules and Regulations would be considered under Engineering and Special Projects. There being no further comments, the public hearing was closed.

Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Chang, unanimously carried by roll call vote to adopt Ordinance No. 06-09-07, "An Ordinance of Walnut Valley Water District to Establish Water Use Efficiency Requirements and Water Supply Shortage Stages" as corrected. (Item 6-B)

Item 7: Consent Calendar

- ◆ The Board was asked to approve the Consent Calendar, including the minutes of the Regular Board Meeting held May 26, 2009 and the Minutes of the Special Board Meeting held June 4, 2009; the June 2009 check register; the Community Relations/Website Activities Report; the Operations Report; and the Engineering Project Status Report.

Upon consideration thereof, it was moved by Director Chang, seconded by Director Ebenkamp and unanimously carried, to receive, approve, and file the Consent Calendar consisting of the minutes of the Regular Board Meeting held May 26, 2009, and the Special Board Meeting held June 4, 2009; the June 2009 Check Register; the Community Relations/Website Activities Report; the Operations Report; and the Engineering Project Status Report. (Items 7-1, 2, 3, 4, 5 & 6)

Item 8: Director Expense Reports

- ◆ The Board was 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 Ebenkamp, seconded by Director Kwong and unanimously carried, to receive, approve, and file the Board member expense reports for meeting attendance. (Item 8)

Item 9: Treasurer's Report – Brian Teuber

- ◆ Mr. Teuber presented the District's Statement of Revenues, Expenses, and Change in Net Assets; Statement of Net Assets; and the Summary of Cash and Investments as of May 31, 2009.

Upon consideration of the Treasurer's report, it was moved by Director Chang, seconded by Director Ebenkamp and unanimously carried, to receive and file the District's Statement of Revenues, Expenses, and Change in Net Assets; Statement of Net Assets; and the Summary of Cash and Investments as of May 31, 2009. (Items 9-1, 2, &3)

Committee Chair Reports**Item 10: Engineering & Special Projects Committee – Director Wu**

- ◆ The Board was asked to authorize the General Manager to execute the Mutual General Release and Settlement Agreement with Paso Robles Tank, Inc. for the Arbor Ridge Reservoir and Booster Pump Improvements project. Under the terms of the Mutual Release and Settlement Agreement, the District would retain \$16,808.83 and the remainder of the contract retention (\$79,146.17) would be paid to Paso Robles Tank.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Ebenkamp and unanimously carried, to authorize the General Manager to execute the Mutual General Release and Settlement Agreement with Paso Robles Tank, Inc. for the Arbor Ridge Reservoir and Booster Pump Improvements project – Work Order 06-2995. (Item 10-A)

- ◆ The Board was asked to receive and file the 2009-10 Puente Basin Watermaster 2009-10 Final Operating Safe Yield Determination report.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Ebenkamp and unanimously carried, to receive and file the 2009-10 Puente Basin Watermaster 2009-10 Final Operating Safe Yield Determination report. (Item 10-B)

- ◆ The Board was asked to approve modifications to Article 4, Section 4.02.04.03 (Apportionment of Supply During Times of Shortage) and Section 4.07.01 (Water Use Efficiency Requirements. Section 4.02.04.03 stipulates that the Board of Directors may implement the water supply shortage stages established in the District's Water Conservation Ordinance during times of a water supply shortage or threatened water shortage when it appears the demand for water consumption would exceed or threaten to exceed the District's available allocation. Section 4.07.01 spells out additional permanent water use restrictions established by the District to avoid serious and negligent waste of water. Mr. Holmes noted changes recommended by Legal Counsel to Section 4.02.04.03 to delete the words "due to drought" in the first sentence and strike the reference to the Ordinance number.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Kwong and unanimously carried, to approve the modifications to Article 4, Section 4.02.04.03 and Section 4.07.01 of the District's Rules and Regulations with the changes suggested by Legal Counsel. (Item 10-C)

Item 11: Personnel Committee – President Hilden

- ◆ The Board was asked to review and consider revisions to the District's Bylaws, Article II, Section 6, to allow flexibility for scheduling the annual Board organization meeting, Article II, Section 9, to coordinate with recent revisions to the District's Standing Committee Selection Process, and Article IV, Section 1, to allow flexibility for place of meetings.

Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Wu and unanimously carried to approve revisions to the District's Bylaws, Article II, Sections 6 and 9, and Article IV, Section 1, as proposed. (Item 11-A)

- ◆ The Board was asked to authorize the General Manager to execute the Employment Relations Consortium Agreement with the law firm of Liebert Cassidy Whitmore (LCW) special labor counsel, for the fiscal year ending June 30, 2010. The cost is the same as last year, \$2,407.

Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Wu and unanimously carried, to authorize the General Manager to execute the Employment Relations Consortium Agreement with the law firm of Liebert Cassidy Whitmore (LCW) in the amount of \$2,407. (Item 11-B)

Item 12: Finance Committee – Director Kwong

- ◆ The Board was asked to receive, approve, and file the May 2009 monthly Investment Transactions Report.

Upon consideration thereof, it was moved by Director Kwong, seconded by Director Wu and unanimously carried, to receive, approve, and file the monthly Investment Transactions Report for May 2009. (Item 12-A)

- ◆ The Board was asked to reject a claim submitted by Mr. Jose Martinez for damages sustained during an accident involving a District vehicle.

Upon consideration thereof, it was moved by Director Kwong, seconded by Director Wu and unanimously carried, to reject the claim submitted by Mr. Jose Martinez for damages sustained during an accident involving a District vehicle and forward the claim to the JPIA for further investigation and processing. (Item 12-B)

Item 13: Public Information/Community Relations/Legislative Action – Director Chang

- ◆ The Board received an update on the District's Water Use Reduction Outreach Program. Director Kwong asked if the District could utilize the Solar Cup video produced by Walnut High School and Mr. Holmes advised that staff would look into it. (Item 13-A)
- ◆ The Board was asked to approve sending letters to legislators in support of AB 474 (Blumenfield), "Water Use Efficiency," a bill that would expand the authorization that allows public agencies to enter into contractual agreements to finance the installation of specific improvements to now include water conservation improvements.

Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Chang and unanimously carried to approve sending a letter to legislators in support of AB 474 (Blumenfield) "Water Use Efficiency." (Item 12-B)

- ◆ The Board received a verbal report on a new Federal biological opinion for salmon and steelhead (State Water Project and Central Valley Project). Mr. Holmes said legislators, joined by water agencies across the state, are looking for a comprehensive solution to the Delta.
- ◆ The Board received a verbal report on the California State Budget. Mr. Holmes noted that it has been decided, for now, not to take subvention monies and that other areas will be looked at to make cuts.

Other Items**Item 14: TVMWD/MWD – President Hilden**

- ◆ President Hilden referred to information provided in the Board packet regarding MWD activities related to water supply and delivery challenges, MWD's Water Surplus and Drought Management Plan, the Bay-Delta, and the Colorado River. He then invited TVMWD representatives in attendance to offer their comments regarding TVMWD activities. Mr. Howie mentioned that TVMWD would be having a Board meeting at 6:00 p.m. on Wednesday, June 23, to discuss their Standby Charge, which is put on the property tax rolls. He said a \$3.00 increase is being proposed. He also noted that TVMWD is adopting a water rate resolution, effective September 1, 2009, with a pass-through of MWD rates and reducing the TVMWD rates by \$30 per acre-foot to help minimize some of the expense being borne by its member agencies.

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

- ◆ President Hilden noted the items included in the Board packet, specifically the Water Usage Report for the month of May. Mr. Hitchman reported that the P-W-R budget had been adopted at the June 18 Commission meeting.

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

- ◆ The Puente Basin Water Agency did not meet in May.

Item 17: General Manager Report – Mike Holmes

- ◆ The General Manager reminded those present of Ms. Whallon's June 26 retirement date, noting that she will be missed, and invited the Directors to her farewell luncheon at the District on Wednesday, June 24.

Item 18: Directors' Oral Reports

(NOTE: Board meeting Minutes provide written reports of Board meeting activities and committee meeting reports are given during the course of regular Board meeting activities)

- ◆ Director Hilden advised of a meeting he had with the JPIA special counsel, his attendance at the ACWA/JPIA and ACWA Spring Conference, the TVMWD Leadership Breakfast meeting held June 11, and the AWWA Annual Conference held June 14-19.
- ◆ Director Chang also noted her attendance at the AWWA Conference and participation in the Public Officials meetings at that event. She also reported on her attendance at the District's Poster/Essay contest awards ceremony and the District-sponsored Chamber mixer.
- ◆ Director Kwong reported on the Solar Cup event and Chamber mixer. With regard to the Chamber mixer, she suggested that in the future dignitaries be recognized first due to time constraints on their

schedules. She also noted her attendance at the National Theater for Children performance at Vejar Elementary School.

- ◆ Director Ebenkamp reported on the Water Resources Ad Hoc Committee activities, his attendance at the District's Poster/Essay Awards Ceremony, and the Regional Chamber Legislative Committee meeting.
- ◆ Director Wu advised of a meeting he had with the JPIA special counsel, a meeting with the Walnut City Council regarding the NFL stadium, his attendance at the Finance and Engineering committee meetings, the Solar Cup event, and the District's May Board meeting.

Item 19: Board of Directors Business

- ◆ The Board was asked to determine whether or not there was any interest in serving on the ACWA Region 8 Board of Directors for the 2010-2011 term. Staff advised that, should any of the Directors wish to serve, it would be necessary to adopt a resolution in support of the District's nominee. The Board members had no interest in being considered for nomination to the ACWA Region 8 Board of Directors and, therefore, no action was required for this item. (Item 19-A)
- ◆ The Board was asked to approve the Operations & Maintenance (O&M) Budget in the amount of \$31,200,161 (excluding depreciation); the Revenue Budget of \$26,420,955; a transfer of \$1,000,000 from the General Operating Account to the Rate Stabilization Account to meet the FY 2009-10 bond covenants; the Capital Investment Program Budget of \$21,107,000 (including carryovers); the District Chart of Positions for FY 2009-10; the District Organizational Chart for FY 2009-10; and the District's Salary Ranges for FY 2009-10.

Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Kwong and unanimously carried to approve the Operations & Maintenance (O&M) Budget in the amount of \$31,200,161 (excluding depreciation); the Revenue Budget of \$26,420,955; a transfer of \$1,000,000 from the General Operating Account to the Rate Stabilization Account to meet the FY 2009-10 bond covenants; the Capital Investment Program Budget of \$21,107,000 (including carryovers); the District Chart of Positions for FY 2009-10; the District Organizational Chart for FY 2009-10; and the District's Salary Ranges for FY 2009-10. (Item 19-B)

- ◆ Mr. Kirk Howie presented a TVMWD tile to Ms. Shawna Whallon, recognizing her service as Director of Finance for the Walnut Valley Water District and expressing appreciation of the assistance she had provided in TVMWD matters during her 7-year tenure with the District.
- ◆ The Board presented a Certificate of Recognition to Ms. Shawna Whallon, who will be retiring from the District on June 26, 2009. They thanked her for her seven years of dedicated service to the District.

Item 20: Legal Reports

- ◆ Mr. Gosney noted there would be a brief closed session following the regular meeting.
- ◆ Mr. Gosney then provided a report on the Butte Environmental Council, et al. v. California Department of Water Resources, et al., Alameda County Superior Court Case No.: RG09-446708, a class action related to Drought Water Bank violations.

Item 21: Activities Calendar Review – Mike Holmes

- ◆ Mr. Holmes reminded the Board that, for August, staff is planning no committee meetings and the Board meeting is scheduled for the fourth Monday, August 24, at 6:00 p.m.

Item 22: Subjects for Future Meetings

- ◆ Following up on discussion earlier in the meeting, Mr. Holmes asked if the Board would like further discussion regarding the process for assessing the taxpayers for the District's Standby Charge at a future Board meeting, and Director Ebenkamp replied "yes."
- ◆ President Hilden suggested the Board be involved in discussions pertaining to the water rate study, and the General Manager advised an update would be provided at the July Board meeting.

Item 23: Adjourn to Closed Session – 7:43 P.M.

Item 24: Closed Session – 8:03 P.M.

- ◆ The Board met in closed session in accordance with Government Code §54956.9[a] to discuss one case of pending litigation: (1) Karen Powers v. Walnut Valley Water District and Does 1-25, Los Angeles Superior Court Case No. KC052479R.

Item 25: Reconvene in Open Session/Report of Action Taken in Closed Session – 8:16 P.M.

- ◆ The Board met in closed session pursuant to Government Code §54956.9[a] to review one case of pending litigation, Karen Powers v. Walnut Valley Water District and Does 1-25, Los Angeles Superior Court Case No. KC052479R. The Board was briefed on the current circumstances. No action reportable under the Brown Act was taken.

Adjournment at 8:17 P.M.