

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

**June 20, 2011  
At the Offices of the District**

**DIRECTORS PRESENT:**

Scarlett P. Kwong, President  
Barbara A. Carrera  
Theodore L. Ebenkamp  
Edwin M. Hilden  
Allen L. Wu

**DIRECTORS ABSENT:**

None

**STAFF PRESENT:**

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

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

Guests and others in attendance: Jose Martinez of Walnut Valley Water District; Director Joe Ruzicka, Director David De Jesus, and Finance Director James Linthicum of Three Valleys Municipal Water District; Ms. Beatrice Medina and Ms. Candace Heiser of Willdan Financial Services; Ms. Inge Wiersema, P.E., of Carollo Engineers.

**Item 3: Public Comment – President Kwong**

- ◆ There were no requests to make public comment.

**Item 4: Additions to the Agenda –President Kwong**

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

**Item 5: Reorder of Agenda – President Kwong**

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

**Item 6: Introduction of Guest**

- ◆ Mr. Holmes introduced the District's new Finance Supervisor, Sara Rodriguez, after which Mr. Teuber provided a brief biographical sketch of Ms. Rodriguez.

**Item 7: Public Hearing: Consideration to Adopt the 2010 Urban Water Management Plan**

*President Kwong opened the public hearing to receive comments regarding the Adoption of the 2010 Urban Water Management Plan prepared by Carollo Engineers. (Item 7-A)*

- ◆ The Board conducted a public hearing to receive comments regarding the 2010 Urban Water Management Plan prepared by Carollo Engineers. Mr. Martinez reviewed the staff report, noting staff's recommendation to adopt the 2010 Urban Water Management Plan. A representative from Carollo Engineers was present to answer questions; however, there were none. There were also no requests to make public comment.

*President Kwong then closed the public hearing. (Item 7-D)*

- ◆ The Board was asked to receive, accept, and adopt the 2010 Urban Water Management Plan prepared by Carollo Engineers.

**Motion No. 11-06-157:** *Upon consideration thereof, it was moved by Director Carrera, seconded by Director Hilden and unanimously carried (5-0), to receive, accept, and adopt the 2010 Urban Water Management Plan prepared by Carollo Engineers. (Item 7-E)*

**Item 8: Public Hearing: Consideration of Annual Approval of the District's Water Standby Charge**

*President Kwong opened the public hearing to receive comments regarding the District's Water Standby Charge Report prepared by Willdan Financial Services. (Item 8-A)*

- ◆ The Board conducted a public hearing to receive comments regarding the Water Standby Charge Report prepared by Willdan Financial Services. Mr. Teuber reviewed the report, noting staff is recommending no change in the current assessment. Representatives from Willdan Financial Services were present to answer questions; however, there were none. There were also no requests to make public comment.

*President Kwong then closed the public hearing. (Item 8-D)*

- ◆ The Board was asked to receive and file the Water Standby Charge Report prepared by Willdan Financial Services. It was noted that the Board would consider adoption of a Resolution Establishing Water Standby Charges at their July 18, 2011 Board meeting.

**Motion No. 11-06-158:** *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Wu and unanimously carried (5-0), to receive and file the Water Standby Charge Report prepared by Willdan Financial Services. (Item 8-E)*

**Item 9: Consent Calendar**

- ◆ The Board was asked to approve the Consent Calendar, including the minutes of the Regular Board Meeting held May 18, the June 2011 check register; the Community Relations/Website Activities Report; the Operations Report; and the Engineering Project Status Report

**Motion No. 11-06-159:** *Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried (5-0), to receive, approve, and file the Consent Calendar consisting of the minutes of the Regular Board Meeting held May 18; the June 2011 Check Register; the Community Relations/Website Activities Report; the Operations Report; and the Engineering Project Status Report (Items 9-1, 2, 3, 4, & 5)*

**Item 10: 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.

**Motion No. 11-06-160:** *Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried (5-0), to receive, approve, and file the Board member expense reports for meeting attendance. (Item 10)*

**Item 11: Treasurer's Report – Mr. Teuber**

- ◆ Mr. Teuber reviewed the District's Statement of Revenues, Expenses, and Change in Net Assets; the District's Statement of Net Assets; and the Summary of Cash and Investments as of May 31, 2011.

**Motion No. 11-06-161:** *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Wu and unanimously carried (5-0), to receive and file the District's Statement of Revenues, Expenses, and Change in Net Assets; the District's Statement of Net Assets; and the District's Summary of Cash and Investments as of May 31, 2011. (Item 11-1, 2, & 3)*

**Committee Chair Reports**

**Item 12: Engineering & Special Projects Committee – Director Wu**

- ◆ The Board was asked to receive and file the Puente Basin Watermaster 2011-12 Final Operating Safe Yield Determination Report.

**Motion No. 11-06-162:** *Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried (5-0), to receive and file the Puente Basin Watermaster 2011-12 Final Operating Safe Yield Determination Report. (Item 12-A)*

- ◆ The Board was asked to authorize the General Manager to award contracts for labor and materials per bid results for the South Pointe West Tract 063623 – Phase I project for the installation of recycled water distribution systems on Laskestone Drive and Diamond Crest Lane. The Board was also asked to consider finding the project exempt pursuant to Statutory Exemption section 15282 (K), and to authorize staff to file the Notice of Exemption.
- ◆ Mr. Hitchman specified that Walnut Valley Unified School District will be in summer recess during the duration of the project, which will last approximately four weeks. In addition, neighboring streets will be subject to possible lane closures. President Kwong expressed her concerns regarding the possible appearance of conflict of interest as a result of the project's proximity to her residence, and Legal Counsel recommended she recuse herself in this instance.

**Motion No. 11-06-163:** *Upon consideration thereof, it was move by Director Hilden, seconded by Director Wu and carried (4-0), with President Kwong recusing herself from approval due to the possible conflict of interest as a resident of the area, to authorize the General Manager to award contracts for labor and materials for South Pointe West Tract 063623 – Phase I project, and to authorize staff to file the Notice of Exemption with the Los Angeles County Registrar-Recorder. (Item 12-B)*

- ◆ The Board was asked to adopt the District's revised Standard Drawings, dated June 2011, for use in District water system improvement projects.
- ◆ The District's standard drawings were revised to address local jurisdiction requirements, such as residential fire sprinkler systems, and to incorporate material type or manufacturer changes.

**Motion No. 11-06-164:** *Upon consideration thereof, it was moved by Director Wu, seconded by Director Ebenkamp and unanimously carried (5-0), to adopt the District's revised Standard Drawings dated June 2011. (Item 12-C)*

**Item 13: Personnel Committee – President Kwong**

- ◆ There were no Personnel Committee matters to come before the Board.

**Item 14: Finance Committee – Director Wu**

- ◆ Mr. Teuber reviewed the District's Investment Transactions Report for May 2011, following which the Board was asked to receive, accept, and file the report.

**Motion No. 11-06-165:** *Upon consideration thereof, it was moved by Director Carrera, seconded by Director Hilden and unanimously carried (5-0), to receive, accept, and file the District's Investment Transactions Report as of May 31, 2011. (Item 14-A)*

- ◆ The Board was asked to authorize the General Manager to execute an addendum to the District's agreement with East West Bank, extending the term for an additional three years commencing on June 25, 2011 and terminating June 25, 2014.
- ◆ It was noted that, based on research, proposals provided by various banks, and East West Bank's overall continuous high level of customer service, staff recommends contracting with East West Bank for an additional three-year term.
- ◆ At the Board's request, staff will further explore opportunities for District customers to pay their water bills at additional bank branch locations.

**Motion No. 11-06-166:** *Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried (5-0), to authorize the General Manager to execute an addendum to the District's agreement with East West Bank, extending the term for an additional three years, commencing June 25, 2011 and terminating June 25, 2014. (Item 14-B)*

- ◆ The Board was asked to reject the claim submitted by Ms. Jeannette M. Petzold seeking compensation for the expense to fix a leak on the PVC main waterline serving her home, alleged to have been caused by routine District inspection and maintenance on her meter. The total claim for damages is \$750.
- ◆ The General Manager provided an overview of the standard activities performed during routine residential meter inspections and maintenance. In short, the claimant's PVC main waterline should not have failed due to this routine maintenance since it did not involve moving the meter box or any other activities. However, in the interest of customer service, the District prepared a comprise offer in the amount of \$350, which she rejected.
- ◆ Legal Counsel cautioned the Board regarding the parameters of the discussion and advised that in accordance with §54956.9(b), discussion of this one potential litigation matter involving a claim for damages should be further discussed in closed session. (Item 14-C)
- ◆ The Board was asked to declare miscellaneous furniture, office equipment, and three vehicles that are no longer needed as surplus property and authorize that the disposal of said declared surplus property be in accordance with District policy.

**Motion No. 11-06-167:** *Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried (5-0), to declare the specified furniture, office equipment, and vehicles as surplus property to be disposed of in accordance with District policy. (Item 14-D)*

**Item 15: Public Information/Community Relations/Legislative Action –Director Carrera**

- ◆ Director Carrera advised that the Committee had met on June 8 and discussed several matters, including federal legislation of interest, the State budget, and other miscellaneous items; however, there were no Public Information/Community Relations/Legislative Action matters to come before Board at this time.

**Other Items****Item 16: TVMWD/MWD – Director Hilden**

- ◆ Director Hilden reviewed the Action Line Reports of TVMWD Board meeting activities for their May 18 and June 1 Board meetings. He then invited Mr. James Linthicum of TVMWD to speak on the Development Services Agreement between TVMWD and NLine, a renewable energy development company. Mr. Linthicum highlighted the no-cost feasibility study which will be conducted to analyze improvements in their hydro-generation facilities.

**Item 17: The P-W-R Joint Water Line Commission – Director Carrera**

- ◆ Director Carrera noted that during the June 16 Commission meeting, the Professional Engineering Services Agreement renewal with Civiltec Engineering, the three-year audit agreement renewal with Diehl, Evans & Company, LLP, and the Fiscal Year 2011-12 Budget were approved. She also noted that JWL meter testing will be performed in June, and we are evaluating proposals for a new meter testing contract.

**Item 18: Puente Basin Water Agency –Director Ebenkamp**

- ◆ Director Ebenkamp advised that the Puente Basin Water Agency will meet on June 27.

**Item 19: General Manager Report – Mike Holmes**

- ◆ The Board received the Certificate of Dissolution, prepared by the Secretary of State, for the Walnut Valley Building Corporation. (Item 19-A)

- ◆ The General Manager advised that the 2010 Annual Water Quality Report was distributed to District residents. (*Item 19-B*)
- ◆ The Board received a verbal report on visits with Legislative Representatives in Washington, D.C. during the AWWA Annual Conference held June 12-16. The General Manager and Director Wu met with the Chief of Staff to Congresswoman Judy Chu, the Legislative Director to Congressman David Dreier, and an Aide to Congressman Gary Miller to review and discuss federal legislation of interest. A follow-up will be conducted with each congressional representative. (*Item 19-C*)
- ◆ The Board received an update on two upcoming District employee retirements, Mr. Cregg Zimmerman, Director of Operations; and Mr. Richard Gonzales, General Services Supervisor. Special recognition was made for the many accomplishments made during their tenure at the District. (*Item 19-D*)
- ◆ The General Manager reviewed the District's activities calendars for June-August 2011, noting in particular the recess of District committee meetings during August. (*Item 19-E*)

#### **Item 20: 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. Directors include reports of their participation in non-expense/per diem paid community events as a matter of information.)

- ◆ In addition to District committee and Board meetings previously reported, Director Carrera noted her attendance at a Puente Basin Water Agency meeting, a Diamond Bar City Council meeting, and the District's barbecue.
- ◆ In addition to the District committee and Board meetings, and the TVMWD Board meeting previously reported, Director Ebenkamp noted his attendance at a Puente Basin Water Agency meeting and a Water Quality Authority Conference. He also reported his participation in AWWA's webcast on The Future of Water, "A Startling Look Ahead," and a CSDA webinar on Controlling Health and Retirement Costs.
- ◆ In addition to District committee and Board meetings, and the TVMWD Board meeting previously reported, Director Hilden noted his attendance at the ACWA-JPIA conference in Sacramento and the District's Poster/Essay/HET/Solar Boat awards ceremony.
- ◆ In addition to District committee and Board meetings previously reported, Director Wu reported that he attended the MWD Green Expo, JPIA's Board of Directors meeting, the MWD Solar Cup event, and the District's Poster/Essay/HET/Solar Boat awards ceremony and barbecue. Additionally, his attendance was noted at the Walnut City Council meeting where he received a Water Awareness Proclamation. He also reported on his attendance at the June AWWA conference in Washington, D.C.
- ◆ In addition to District committee and Board meetings previously reported, Director Kwong advised that she participated in AWWA's webcast on the Future of Water, "A Startling Look Ahead." She also noted her attendance at the city council meetings for the City of Diamond Bar and Walnut, where she received Water Awareness Proclamations. She also attended the ACWA-JPIA conference in Sacramento, the MWD Solar Cup event, TVMWD OCMWD Replenishment System Inspection Tour, the Tzu-Chi Foundation Family Festival certificate presentation, and the District's Poster/Essay/HET/Solar Boat awards ceremony and barbecue. Director Kwong noted participation in Diamond Bar High School's Teachers Appreciation Luncheon as well as a Walnut Historical Society meeting.

#### **Item 20: Legal Reports**

- ◆ Mr. Gosney noted the Claim for Damages submitted by Ms. Jeanette Petzold would be reviewed during closed session, along with other closed session items, following the regular meeting.

#### **Item 21: Items for Future Discussion**

- ◆ There were no requests for future discussion items.

#### **Item 23: Board of Directors Business**

- ◆ The Board was asked to approve the revised Terms and Conditions of Employment, as reviewed and negotiated with the General Employees Unit, Mid-Management, and Executive Staff employee groups, for a term commencing July 1, 2011 through June 30, 2014.
- ◆ Ms. Olson presented key points to the proposed revisions to the Terms and Conditions. With this, she highlighted that effective January 1, 2012, any increase in PERS cost will be paid by District employees (up to the maximum amount allowed by PERS) and health benefits will be capped at \$1,750 monthly per employee. Inclusively, no parity adjustments will be proposed during the three-year contract period and a three-year fixed COLA rate will be implemented. Additionally, tuition reimbursement will be capped at \$6,700 annually.

***Motion No: 11-06-168: Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried (5-0), to approve the proposed revisions to the Terms and Conditions of Employment, July 1, 2011 to June 30, 2014, for the General Employees Unit, Mid-Management, and Executive Staff employee groups. (Item 23-A)***

- ◆ The Board was asked to approve the proposed 2011-12 FY Budget consisting of \$29,459,615 in Revenues, \$28,392,558 in Expenses, \$1,067,507 in Reserve Funding, District Chart Positions, District Organizational Chart, Employee Salary Ranges, and the Capital Investment Program Budget of \$23,680,300.
- ◆

**Motion No: 11-06-169:** *Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried (5-0), to approve the proposed Fiscal Year 2011-2012 budget as presented. (Item 23-B)*

- ◆ The Board was provided with a nomination ballot for two (2) ACWA Health Benefits Authority (HBA) Board member positions for Northern California Agencies and was asked to direct the District's ACWA HBA Representative, Director Wu, in casting the District's vote.
- ◆ Upon Ms. Olson's experience in working with both Ms. Tamara Wickland and Mr. Dennis Michum, she recommended that the District nominate Ms. Tamara Wickland for Position 1, and Mr. Dennis Michum for Position 2.

**Motion No: 11-06-170:** *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (5-0), to direct ACWA HBA Representative, Director Wu, to cast the District's vote nominating Ms. Tamara Wickland for Position 1 and Mr. Dennis Michum for Position 2. (Item 23-C)*

**Item 24: Public Comment on Closed Session**

- ◆ There were no requests to comment on either open or closed session items at this time.

**Item 25: Adjourn to Closed Session – 6:58 P.M.**

- ◆ The Board adjourned to closed session in accordance with Government Code §54956.9(a) to discuss one existing litigation matter concerning Michelle Lin, Esther Hong, D.H. Hwang and Isabella Hwang for decedent Jessica Hwang vs. Dachan Kim, Kyung Lee Kim, City of Industry, Walnut Valley Water District, County of Los Angeles, Doty Bros. Construction Co., and DOES 1 through 25, Inclusive, Case No. BC433130, and
- ◆ In accordance with Government Code §54956.9(b) to discuss one possible litigation matter concerning a claim for damages, and
- ◆ In accordance with Government Code §54956.8 to discuss real property negotiation matters pertaining to the acquisition of water resources. The negotiating parties are Michael Holmes, Erik Hitchman, and Sierra Water Group, and
- ◆ In accordance with Government Code §54957 to discuss security issues with Legal Counsel.

**Item 26: Closed Session – 7:15 P.M.**

- ◆ The Board met in closed session in accordance with Government Code §54956.9(a) to discuss one existing litigation matter concerning Michelle Lin, Esther Hong, D.H. Hwang and Isabella Hwang for decedent Jessica Hwang vs. Dachan Kim, Kyung Lee Kim, City of Industry, Walnut Valley Water District, County of Los Angeles, Doty Bros. Construction Co., and DOES 1 through 25, Inclusive, Case No. BC433130
- ◆ The Board also met in closed session in accordance with Government Code §54956.9(b) to discuss one possible litigation matter concerning a claim for damages.
- ◆ The Board also met in closed session in accordance with Government Code §54956.8 to discuss real property negotiation matters pertaining to the acquisition of water resources. The negotiating parties are Michael Holmes, Erik Hitchman, and Sierra Water Group.
- ◆ The Board also met in closed session in accordance with Government Code §54957 to discuss security issues with Legal Counsel.

**Item 27: Reconvene in Open Session/Report of Action Taken in Closed Session – 7:55 P.M.**

- ◆ It was reported that the Board met in closed session in accordance with Government Code §54956.9(a) to discuss one litigation matter concerning Michelle Lin; Esther Hong; D.H. Hwang and Isabella Hwang for decedent Jessica Hwang vs. Dachan Kim; Kyung Lee Kim; City of Industry; Walnut Valley Water District; County of Los Angeles; Doty Bros. Construction Co.; and DOES 1 through 25, Inclusive, Case No. BC433130. The Board was briefed on the status of the case; no action reportable under the Brown Act was taken.
- ◆ The Board met in closed session in accordance with Government Code §54956.9(b) to discuss one possible litigation matter concerning a Claim for Damages. The Board voted unanimously to reject the claim from Ms. Petzold and directed staff to forward the claim to the JPIA for further handling.
- ◆ The Board also met in closed session in accordance with Government Code §54956.8 to discuss real property negotiation matters pertaining to the acquisition of water resources with various water right holders in the Sacramento Valley. The negotiating parties are Michael Holmes, Erik Hitchman, and Sierra Water Group. The Board was briefed on the status of this matter; no action reportable under the Brown Act was taken.
- ◆ The Board also met in closed session in accordance with Government Code §54957 to discuss security issues with Legal Counsel. No action reportable under the Brown Act was taken.

(Director Wu excused himself from the meeting at 7:30 p.m.)

**Adjournment at 7:55 P.M.**

**Motion No. 11-06-171:** *It was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried (4-0), to adjourn the meeting.*