

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

**April 18, 2013
At the Offices of the District**

DIRECTORS PRESENT:

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

STAFF PRESENT:

Mike Holmes, General Manager
Erik Hitchman, Assistant General Manager/Chief Engineer
Sandra Olson, Director of Administrative Services
Brian Teuber, Director of Finance
Gabriela Sanchez, Executive Secretary
Carmen Fleming, Executive Assistant
Tim Gosney, Legal Counsel

DIRECTORS ABSENT:

None

The meeting was called to order at 4:05 p.m. with President Hilden presiding.

Guests and others in attendance: Director Joe Ruzicka and Mr. James Linthicum of Three Valleys Municipal Water District.

Item 3: Public Comment – President Hilden

- ◆ There were no requests to make public comment.

Item 4: Additions to the 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 agenda.

Item 6: Introduction of New District Employee

- ◆ Ms. Sandra Olson introduced the District's newest employee, Mr. John Shute, Utility Service Worker I.

Item 7: Consent Calendar

- ◆ The Board was asked to approve the Consent Calendar, including the minutes of the Regular Board meeting held March 18, 2013 and Special Board meeting held March 21, 2013; the April Check Register; the Community Relations/Website Activities Report; the Operations Report; and the Engineering Project Status Report.

Motion No. 13-04-460: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Kwong and unanimously carried (5-0), to receive, approve, and file the Consent Calendar, including the minutes of the Regular Board meeting held March 18, 2013 and Special Board meeting held March 21, 2013; the April 2013 Check Register; the Community Relations/Website Activities Report; the Operations Report; and the Engineering Project Status Report. (Items 7-1, 2, 3, 4, 5)*

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.
- ◆ Director Wu noted a correction on his Meeting and Expense Reimbursement Form, stating the March 5, 2013, "Finance Committee" meeting should note the "Diamond Bar City Council meeting" instead.

Motion No. 13-04-461: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Carrera and unanimously carried (5-0), to receive, approve, and file the Board member expense reports for meeting attendance during the month of March 2013, as corrected. (Item 8)*

Item 9: Treasurer's Report

- ◆ Mr. Teuber reviewed the District Statement of Revenues, Expenses, and Change in Net Assets as of March 31, 2013; the Statement of Net Assets as of March 31, 2013; and the Summary of Cash and Investments as of March 31, 2013. (Items 9-1, 2, 3)

Motion No. 13-03-462: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Wu and unanimously carried (5-0), to receive and file the District Statement of Revenues, Expenses, and Change in Net Assets as of March 31, 2013; the Statement of Net Assets as of March 31, 2013; and the Summary of Cash and Investments as of March 31, 2013. (Items 9-1, 2, 3)*

Committee Chair Reports

Item 10: Engineering & Special Projects Committee –Director Kwong

- ◆ There were no Engineering Committee items to come before the Board at this time. (Item 10)

Item 11: Personnel Committee – President Hilden

- ◆ Ms. Olson provided the Board with an update on the Affordable Care Act. (Item 11-A)
- ◆ In considering the completion of the questionnaire as requested by the Los Angeles County Registrar-Recorder/County Clerk, the Board determined to continue in the same manner as from the last election, with candidates paying for statement printing, handling, and mailing costs at the time of filing with a maximum word limitation of 400, and to direct staff to complete and submit the questionnaire received by the Los Angeles County Registrar-Recorder/County Clerk's Election Coordination Unit. Mr. Holmes noted that the District would typically cover any costs that exceed the amount paid by candidates at the time of filing. (Item 11-B)

Motion No. 13-04-463: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Wu and unanimously carried (5-0), to continue to have candidates pay statement printing, handling, and mailing costs at the time of filing, to set the maximum word limitation at 400, and to direct staff to complete and submit the questionnaire received by the Los Angeles County Registrar-Recorder/County Clerk's Election Coordination Unit. (Item 11-C)

- ◆ The Board was then asked to consider adoption of Resolution No. 04-13-596, a resolution requesting the Los Angeles County Board of Supervisors to permit the Registrar-Recorder/County Clerk to render election services for the November 5, 2013 District election. The Board was also asked to approve the District paying its pro rata share of the election; a cost estimated at \$75,000. (Item 11-C)

Motion No. 13-04-464: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Wu and unanimously carried (5-0), to adopt Resolution No. 04-13-596, A Resolution of the Board of Directors of Walnut Valley Water District Requesting the Board of Supervisors of the County of Los Angeles Permit the Registrar-Recorder/County Clerk to Render Election Services for An Election of WVWD to be Held on November 5, 2013; and to approve paying the pro rata share of the election. (Item 11-C)

Item 12: Finance Committee – Director Wu

- ◆ The Board was asked to receive, accept, and file the District's Investment Transactions Report for the month ending March 31, 2013. (Item 12-A)

Motion No. 13-04-465: Upon consideration thereof, it was moved by Director Wu, seconded by Director Carrera and unanimously carried (5-0), to receive, accept, and file the District's Investment Transactions Report for the month ending March 31, 2013. (Item 12-A)

- ◆ The Board received a staff report detailing how the \$19.9 million water revenue bond proceeds would be accounted for and maintained. As this was an informational item only, no Board action was required. (Item 12-B)
- ◆ The Board was asked to approve revisions to the District's Cash Reserve Policy. Staff indicated that the policy was amended to include the establishment of a "Project Reserve." In an effort to ensure compliance with certain bond provisions or for other identified reasons the District may determine that it would be advantageous to fund certain "substitute projects" from bonds proceeds. In the event a substitute project is funded from bond proceeds, an amount equal to the actual expenses paid from bond proceeds will be taken from the reserve fund from which the substitute project was originally approved and moved to the Project Reserve as reimbursements are received. (Item 12-C)

Motion No. 13-04-466: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Wu and unanimously carried (5-0), to adopt the District's Cash Reserve Policy as revised. (Item 12-C)

- ◆ The Board was asked to authorize the use of bond proceeds for the architectural services for the District Administrative Facility Project (P.N. 08-3082). In addition, the Board was asked to authorize the use of bond proceeds for the Water Facilities Relocation ACE-Nogales (S) Grade Separation (W.O. 03-2820), as a substitute project, and to authorize staff to place the project cost reimbursements into the Project Reserve. (12-D)

Motion No. 13-04-467: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Carrera and unanimously carried (5-0), to authorize the use of bond proceeds for the District Administrative Facility Project (P.N. 08-3082) architectural services, and to authorize the use of bond proceeds for the Water Facilities Relocation ACE-Nogales (S) Grade Separation (W.O. 03-2820), as a substitute project, authorizing the placement of project cost reimbursements into the Project Reserve. (Item 12-D)

- ◆ The Board was asked to reject a claim received from Mr. Warren Sizemore requesting compensation for injuries he sustained after allegedly tripping on or near a District valve lid on March 11, 2013, and to forward the information to JPIA for further investigation and processing. (12-E)

Motion No. 13-04-468: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Carrera and unanimously carried (5-0), to reject Mr. Warren Sizemore's claim for injuries he allegedly sustained on March 11, 2013, and to direct staff to forward the information to JPIA for further investigation and processing. (Item 12-E)*

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

- ◆ The Board was asked to authorize the submittal of District letters expressing “support” for the following State legislation: SB 429 (Hernandez, et al) *San Gabriel Basin Water Quality Authority Act*; AB 687 (R. Hernandez) *Electricity*; and AB 1349 (Gatto) *CalConserve Water Use Efficiency Revolving Fund*. (Item 13-A)

Motion No. 13-04-469: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Kwong and unanimously carried (5-0), to approve expressing District “support” for SB 429 (Hernandez, et al) San Gabriel Basin Water Quality Authority Act; AB 687 (R. Hernandez) Electricity; and AB 1349 (Gatto) CalConserve Water Use Efficiency Revolving Fund. (Item 13-A)*

Other Items

Item 14: TVMWD/MWD – Director Hilden

- ◆ The Board received an “Action Line” Report for the Three Valleys Municipal Water District (TVMWD) Board meeting held on March 20, 2013. Following which, Mr. James Linthicum of TVMWD indicated the final draft of the FY 2013-14 TVMWD Strategic Plan was approved at their March 20, 2013 meeting.

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

- ◆ Director Kwong reviewed the P-W-R Joint Water Line Commission Water Use Report for March 2013.

Item 16: Puente Basin Water Agency –Director Carrera

- ◆ Director Carrera advised the Board that the PBWA met on April 4, 2013 to recommend a budget to cover accounting, engineering, legal and administrative expenses. The Board was then asked to receive, approve, and file the Puente Basin Water Agency’s Fiscal Year 2013-14 budget in the amount of \$115,000, as approved by the PBWA Commissioners. It was stated that the budget is allocated one-half (\$57,500) each to WVWD and to Rowland Water District.

Motion No. 13-04-470: *Upon consideration thereof, it was moved by Director Carrera, seconded by Director Ebenkamp and unanimously carried (5-0), to receive, approve, and file the Puente Basin Water Agency’s FY 2013-14 Budget in the amount of \$115,000, as approved by the PBWA Commissioners at their April 4, 2013 regular meeting. (Item 16)*

Item 17: General Manager Report – Mike Holmes

- ◆ The Board was informed that signage for the Board room is in the design phase and should be installed by May’s Board meeting. (Item 17-A)
- ◆ The General Manager presented the Board with a follow-up report on previous Board actions. (Item 17-B)
- ◆ The General Manager reviewed the District’s activities calendars for April, May and June 2013. (Item 17-C)

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

- ◆ Director Carrera noted her attendance at District Board and committee meetings, and the PBWA meeting previously reported.
- ◆ In addition to the District Board and committee meetings, and the PBWA meeting previously reported, Director Ebenkamp noted his attendance at the PBWA Pipe Groundbreaking Ceremony and a TVMWD ethics and harassment training class. In addition, he noted his attendance at a Rowland Heights Community Coordinating Council meeting, a SGV Regional Chamber lunch meeting, and TVMWD Board and joint meetings.
- ◆ In addition to the District Board and committee meetings previously reported, Director Hilden noted his attendance at TVMWD Board and joint meetings, the CAAW Lunar New Year Celebration, the Miss Diamond Bar Pageant, and a lunch with WVWD ‘Employee of the Year’ recipients. In addition, he noted his participation in a Liebert Cassidy Whitmore webinar.
- ◆ In addition to District Board and committee meetings previously report, Director Kwong noted her attendance at an Industry Manufacturers Council lunch meeting, a Diamond Bar City Council meeting, a SGV Chamber Government Affairs Committee meeting. She also indicated presentation of certificates at the Chinese American Teaches Association Installation Dinner, the SAT Professionals grand opening, and the Chinese American Engineers & Scientists Association of Southern California Annual Banquet.
- ◆ In addition to the District Board and committee meetings, Director Wu noted his attendance at the CAAW Lunar New Year Celebration, a Diamond Bar City Council meeting, and his participation in the judging of ‘Water is Life’ posters.

Item 19: Legal Reports

- ◆ Mr. Gosney noted there would be a closed session following the regular business meeting.

Item 20: Items for Future Discussion

- ◆ Director request was made to consider holding a series of informal town hall meetings for the purpose of allowing a platform for discussion of various District-related issues.

Item 21: Board of Directors Business

- ◆ The Board was asked to consider adoption of a District resolution of nomination for Ms. Kathleen Teigs, Board member of the Cucamonga Valley Water District, for the Association of California Water Agencies (ACWA) 2014-2015 Vice President slate. (Item 21-A)

Motion No. 13-04-471: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Carrera and unanimously carried (5-0), to adopt District resolution of nomination for Ms. Kathleen Teigs for the Association of California Water Agencies 2014-2015 Vice President slate. (Item 21-A) [WVWD Resolution number 04-13-597applied upon approval]*

- ◆ The Board was asked to authorize the General Manager to execute an agreement with Raftelis Financial Consultants for an amount not-to-exceed \$75,080, for the purpose of conducting a Comprehensive Rate Study. Discussion was held regarding the overall evaluations of the other qualified consulting firms that responded to the District's Request for Proposal. Staff indicated that based on the organizational qualifications of each firm, the assigned team members experience and qualifications, and the firms approach and understanding of the scope-of-work, Raftelis ranked higher overall. (Item 21-B)

Motion No. 13-04-472: *Upon consideration thereof, it was moved by Director Carrera, seconded by Director Wu and unanimously carried (5-0), to authorize the General Manager to execute an agreement with Raftelis Financial Consultants to conduct a Comprehensive Rate Study for an amount not-to-exceed \$75,080. (Item 21-B)*

- ◆ The Board was asked to review the General Manager's Fiscal Year 2012-13 Work Plan quarterly update, make any recommendations and/or revisions, and receive, accept, and file the FY 2012-13 Work Plan quarterly update. (Item 21-C)

Motion No: 13-04-473: *Upon consideration thereof, it was moved by Director Wu, seconded by Director Kwong and unanimously carried (5-0), receive, accept, and file the General Manager's Fiscal Year 2012-2013 Work Plan Quarterly Update. (Item 21-C)*

Item 21: Public Comment on Closed Session

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

Item 22: Adjourn to Closed Session – 5:06 p.m.**Item 23: Closed Session – 5:14 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, and
- ◆ The Board also met in closed session in accordance with Government Code §54956.8 to discuss real property negotiation matters pertaining to the acquisition and/or lease of water resources. The negotiating parties are Michael Holmes and Erik Hitchman.

Item 24: Reconvene in Open Session/Report of Action Taken in Closed Session – 5:26 p.m.

- A. 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 also met in closed session in accordance with Government Code §54956.8 to discuss real property negotiation matters pertaining to the acquisition and/or lease of water resources with various water right holders in Central Basin and Main San Gabriel Basin. The negotiating parties are Michael Holmes and Erik Hitchman. District approval was given to go out and seek negotiations for rates better or competitive to those of Metropolitan Water District's tier 1 untreated water rate.

Adjournment at 5:27 p.m.