

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

**August 21, 2014
At the Offices of the District**

DIRECTORS PRESENT:

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

DIRECTORS ABSENT:

Allen L. Wu

STAFF PRESENT:

Michael Holmes, General Manager
Erik Hitchman, Assistant General Manager/Chief Engineer
Brian Teuber, Director of Finance
Sandra Olson, Director of Administrative Services
Gabriela Sanchez, Executive Secretary
Jose Martinez, Administrative Services Manager
Jim Ciampa, Legal Counsel

The meeting was called to order at 4:01 p.m. with President Carrera presiding.

Guests and others in attendance: Mr. Alex Altman and Ms. Erin Gilhuly of CV Strategies

Item 3: Public Comment –President Carrera

- ◆ There were no requests.

Item 4: Review of Proposed Drought Rate Surcharges

- ◆ The Board was asked to include drought rate surcharges as an appendix in the rate study and to direct staff to incorporate drought rate surcharges in the Proposition 218 Notice.
- ◆ Discussion was entertained regarding proposed drought rates linked to the District’s four Water Supply Shortage stages. Staff indicated that drought rates were developed based on the existing stages of the District’s Water Conservation Ordinance No. 06-09-07, *An Ordinance of the WVWD to Establish Water Use Efficiency Requirements and Water Supply Shortage Stages*. However, separate action by the Board would be necessary to trigger the implementation of those drought rate surcharges, which are designed to ensure sufficient revenues are collected to fund the District’s core operations. Also, through price signaling, the drought rate surcharges provide the necessary incentive for the District’s customers to further conserve.
- ◆ Staff indicated drought rates are not anticipated to be utilized unless necessary to make reductions in water usage. Incorporation of drought rate surcharges into the rate study will prepare the District for any potential drought scenario. (Item 4-A)

Motion No. 14-08-662: Upon consideration thereof, it was moved by Director Kwong, seconded by Director Hilden and carried (4-0), to incorporate the four (4) Water Supply Shortage Stages of drought rate surcharges as an appendix in the WVWD rate study with the variation of converting dollar amounts into percentages, and to direct staff to incorporate the drought rate surcharges in the Proposition 218 Notice. (Item 4-A)

President Carrera indicated Motion No. 14-08-662 was approved by a (4-0) vote

Item 5: Review of Proposition 218 Process**A. Review of the Draft Proposition 218 Notice**

- ◆ Mr. Holmes explained that in conjunction with the development of the new rate study and resulting rate adjustments, a new Proposition 218 process must be conducted. The Proposition 218 process for adopting a rate adjustment requires written notice to each affected customer and property owner at least 45-days prior to the public hearing at which a water rate adjustment would be considered.
- ◆ In light of this requirement, staff has been working closely with the District’s public outreach consultants, Mr. Alex Altman and Ms. Erin Gilhuly of CV Strategies, to finalize the development of the District’s Proposition 218 Notice. In order to meet the proposed October 1, 2014 distribution date, Mr. Altman presented a draft notice for Board review and comment. It was noted that a “final” draft will be presented at the September Board meeting or Board workshop for consideration of approval. (Item 5-A)

B. Review of Proposed Internet “Micro-Site”

- ◆ A virtual tour of the District’s water rates “microsite” was conducted by Mr. Altman. He explained that the District’s outreach campaign related to the adoption of a new rate structure includes an interactive website (wwwdrates.com) which provides the public with detail and background on the District’s proposed rate increases and allows for customer comment and feedback. As this was an informational item only, no action was taken. (Item 5-B)

C. Consider Scheduling of Public Meeting(s) for Proposition 218 Public Hearing

- ◆ The Board was provided with a list of possible dates to hold a public hearing, assuming Proposition 218 Notices are mailed out by October 1, 2014. Staff indicated consideration of holding the hearing at the AQMD facility to accommodate a larger attendance. (Item 5-C)

Motion No. 14-08-663: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and carried (4-0), to direct staff to schedule the public hearing for consideration of a water rate adjustment at 5:00 p.m. on either Wednesday, November 19, or Thursday, November 20, 2014 depending on availability of the AQMD facility, and to schedule an adjourned public meeting that would be held on Monday, November 24, 2014, if needed. (Item 5-C)*

President Carrera indicated Motion No. 14-08-663 was approved by a (4-0) vote

Adjournment at 5:34 p.m.