

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

**December 20, 2016  
At the Offices of the District**

**DIRECTORS PRESENT:**

Theodore L. Ebenkamp  
Edwin Hilden  
Scarlett Kwong  
Theresa Lee  
Allen Wu

**STAFF PRESENT:**

Michael Holmes, General Manager  
Erik Hitchman, Assistant General Manager/Chief Engineer  
Brian Teuber, Director of Finance  
Sandy Olson, Director of Administrative Services  
Donna DiLaura, Executive Secretary  
Jim Ciampa, Legal Counsel

**DIRECTORS ABSENT:**

None

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

Guests and others in attendance: Ms. Jennifer Farr, Davis Farr LLP, Three Valleys Municipal Water District Directors David De Jesus and Joe Ruzicka, and Mr. Kirk Howie.

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

- ◆ There were no requests. (Item 3)

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

- ◆ There were no requests. (Item 4)

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

- ◆ There were no requests. (Item 5) Director Wu stated that Items 12A and 12B will be deferred to discussion at the January Finance Committee meeting and the January Board Meeting.

**Item 6: FY 2015-2016 Audited Financial Statements Prepared and Presented by Davis Farr, LLP – Ms. Jennifer Farr, C.P.A., M.B.A., Engagement Partner**

- ◆ The Board received a presentation by Ms. Jennifer Farr, C.P.A., M.B.A., of Davis Farr, LLP, on the District's 2015-16 audited financial statements. Following Ms. Farr's review of the audited financial statements, the Board was asked to receive, approve and file the 2015-16 Audited Financial Statements, the summary of Audit results, the Report on Internal Control, and the Independent Accountants' Report on Applying Agreed-Upon Procedures. (Item 6-1,2,3 and 4)

***Motion No. 16-12-1004: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Wu and unanimously carried (5-0), to receive, approve and file the 2015-16 Audited Financial Statements, the Summary of Audit Results, the Report on Internal Control, and the Independent Accountants' Report on Applying Agreed-Upon Procedures. (Item 6)***

**President Kwong indicated Motion No. 16-12-1004 was approved by a (5-0) vote**

**Item 7: Consider Approval of Consent Calendar**

- ◆ The Board was asked to approve the Consent Calendar, including: the minutes of the regular Board meeting held November 14, 2016, the check register, the WWWD Employee Expense Reimbursements Report indicating monthly WWWD employee expense reimbursements, and the Community Outreach Update. (Items 6-1, 2, 3, and 4)

***Motion No. 16-12-1005: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (5-0), to approve the Consent Calendar, including the minutes of the regular Board meeting held November 14, 2016, the check register, and the WWWD Employee Expense Reimbursements Report indicating monthly WWWD employee expense reimbursements, and the Community Outreach Update. (Items 6-1, 2, 3 and 4)***

**President Kwong indicated Motion No. 16-12-1005 was approved by a (5-0) vote**

**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 for events occurring during November 2016. (Item 8)

***Motion No. 16-12-1006: 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 and additional expenses incurred by the District on behalf of each Director for events occurring during the month of November 2016. (Item 8)***

**President Kwong indicated Motion No. 16-12-1006 was approved by a (5-0) vote**

**Item 9: Treasurer's Report**

- ◆ Mr. Teuber reviewed the District Statement of Revenues, Expenses, and Change in Net Assets as of November 30, 2016; the District's Statement of Net Assets as of November 30, 2016; and the Summary of Cash Investments as of November 30, 2016. (Items 9 A-C)

**Motion No. 16-12-1007:** *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Wu and unanimously carried (5-0), to receive, approve, and file the District's Statement of Revenues, Expenses, and Change in Net Assets as of November 30, 2016, the District Statement of Net Assets as of November 30, 2016, and the Summary of Cash and Investments as of November 30, 2016. (Item 9)*

**President Kwong indicated Motion No. 16-12-1007 was approved by a (5-0) vote**

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

- ◆ The Board was asked to authorize the General Manager to execute contracts for labor and materials per the bid results listed below for the Water Distribution System for Tract 49059 (P.N. 16-3430); to find the project is exempt pursuant to CEQA Guidelines Categorical Exemption Section 15282; and to authorize staff to file a Notice of Exemption for the subject project with the Office of the Los Angeles County Registrar-Recorder/County Clerk. (Item 10-A)

<b><u>Bid</u></b>	<b><u>Supplier</u></b>	<b><u>Price</u></b>	<b><u>Delivery</u></b>
Labor	Doty Bros. Equipment Co.	\$ 66,866.00	N/A
Ductile Iron Pipe.	D'Angelo Co., Inc.	7,342.24	25 Days
Resilient Wedge Gate Valves	United Water Works	1,746.18	10 Days
Saddles, Setters & Jumpers	United Water Works	3,515.25	28 Days
Service Materials	United Water Works Supply	3,384.70	7 Days
Ductile Iron Fittings & Misc. Matls.	United Water Works	4,346.15	10 Days

**Motion No. 16-12-1008:** *Upon consideration thereof, it was moved by Director Wu, seconded by Director Ebenkamp and unanimously carried (5-0), to authorize the General Manager to execute contracts for labor and materials per the bid results listed below for the Water Distribution System for Tract 49059 (P.N. 16-3430); to find the project is exempt pursuant to CEQA Guidelines Categorical Exemption Section 15282; and to authorize staff to file a Notice of Exemption for the subject project with the Office of the Los Angeles County Registrar-Recorder/County Clerk.*

<b><u>Bid</u></b>	<b><u>Supplier</u></b>	<b><u>Price</u></b>	<b><u>Delivery</u></b>
Labor	Doty Bros. Equipment Co.	\$ 66,866.00	N/A
Ductile Iron Pipe.	D'Angelo Co., Inc.	7,342.24	25 Days
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Saddles, Setters & Jumpers	United Water Works	3,515.25	28 Days
Service Materials	United Water Works Supply	3,384.70	7 Days
Ductile Iron Fittings & Misc. Matls.	United Water Works	4,346.15	10 Days

(Item 10-A)

**President Kwong indicated Motion No. 16-12-1008 was approved by a (5-0) vote**

- ◆ The Board was asked to authorize the General Manager to purchase a 2018 International Model 7400 Dump Truck, at a cost of \$146,679.79. Mr. Hitchman referred to the staff report included in the Board packet, and noted that the District's current dump truck does not meet the needs of the crews in the field. (Item 10-B)

**Motion No. 16-12-1009:** *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Wu and unanimously carried (5-0), to authorize the General Manager to purchase a 2018 International Model 7400 Dump Truck, at a cost of \$146,679.79. (Item 10-B)*

**President Kwong indicated Motion No. 16-12-1009 was approved by a (5-0) vote**

**Item 11: Personnel Committee – Director Kwong**

- ◆ The Board received an update on the 2017 WVWD Employee Recognition Event. As this was an informational item only, Board action was not needed. (Item 11)

**Item 12: Finance Committee – Director Wu**

At the request of Director Wu, Items 12-A and 12-B were deferred back to the Finance committee for further discussion at the January meeting.

- ◆ The Board was asked to approve adjustments to the District's wholesale potable water rate for water delivered through the Badillo-Grand transmission main. (Item 12-C)

**Motion No. 16-12-1010:** *Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried (5-0), to set the District's Monthly Wholesale Base Rate for a 20-inch meter at \$11,293, effective January 1, 2017 through December 31, 2017; and to set the Potable Water Wholesale Commodity Rate for Tier I at \$1,003 per acre foot and for Tier II at \$1,097 per acre foot for water delivered through the Badillo-Grand Transmission Main, effective January 1, 2017 through December 31, 2017. (Item 12-C)*

**President Kwong indicated Motion No. 16-12-1010 was approved by a (5-0) vote**

- ◆ The Board was asked to receive, approve, and file the November 2016 Consolidated Investments Transaction Report included in the Board packet. (Item 12-D)

**Motion No. 16-12-1011:** *Upon consideration thereof, it was moved by Director Wu, seconded by Director Ebenkamp and unanimously carried (5-0), to receive, approve, and file the District's Consolidated Investment Transactions Report for the period of November 1, 2016 through November 30, 2016. (Item 12-D)*

**President Kwong indicated Motion No. 16-12-1011 was approved by a (5-0) vote**

- ◆ Mr. Teuber reviewed the Revenue Bond Funds Held in Trust and detailed disbursement of bond proceeds report through September 2016. As this was an informational item only, Board action was not needed. (Item 12-E)

### **Item 13: Public Information/Community Relations/Legislative Action Committee**

- ◆ The General Manager and Legal Counsel provided a review of AB 1535 – Consolidation of District Elections, and the potential impacts to the District's current election schedule. The General Manager requested authorization to prepare a resolution adopting a new election schedule, and present it to the Board for consideration and possible approval at the January meeting. (Item 13-A)

**Motion No. 16-12-1012:** *Upon consideration thereof, it was moved by Director Hilden, seconded by Director Lee and unanimously carried (5-0), to authorize the General Manager to draft a resolution adopting a new election schedule, and present it to the Board for possible approval at the January meeting. (Item 13-A)*

**President Kwong indicated Motion No. 16-12-1012 was approved by a (5-0) vote**

- ◆ The General Manager provided an update on the State Water Resources Control Board Emergency Regulations Update: *Implementing Executive Order B-37-16*. As this was an informational item only, Board action was not needed. (Item 13-B)
- ◆ The General Manager reviewed the proposed State Water Resources Control Board Lead Sampling in Schools Program, and the District's responsibilities and tasks thereof. As this was an informational item only, Board action was not requested. (Item 13-C)

### **Other Items**

#### **Item 14: TVMWD/MWD – Director Hilden**

- ◆ The Board received the Three Valleys Municipal Water District (TVMWD) 'Action Line' reports for the Board meetings held on November 16, 2016 and December 7, 2016. (Item 14-A)
- ◆ The Board received a general update on TVMWD activities and TVMWD Director DeJesus reported briefly on current water supply related projects. (Item 14-B)

#### **Item 15: The P-W-R Joint Water Line Commission**

- ◆ Mr. Hitchman reviewed the P-W-R Joint Water Line Commission water use reports included in the Board packet. (Item 15)

#### **Item 16: Puente Basin Water Agency –Director Wu**

- ◆ The Board was informed that no action was taken at the December 8, 2016 PBWA Commission meeting. (Item 16)

#### **Item 17: General Manager's Report**

- ◆ The Board received a follow-up report on prior Board actions. (Item 17-A)
- ◆ The Board received the District's activities calendars for January, February and March 2017. (Item 17-B)

#### **Item 18: Water Supply and Drought**

- ◆ The Board received a report on the District's drought and water conservation outreach efforts. (Item 18-A)
- ◆ The Board received reports and graphs of the following items: District potable and recycled water use, FY 2015-16 purchase water projections, conservation goal summary, 2015-16 climate summary, and 2016 monthly water consumption versus the 2013 baseline year. Staff made note that the District's water usage for November 2016 was 14.27% lower than usage in November 2013. (Item 18-B)

- ◆ The Board viewed reports on California's water supply and reservoir conditions as of December 12, 2016. (Item 18-C)

### **Item 19: 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.) (Item 19)

- ◆ In addition to District committee and Board meetings previously reported, Director Ebenkamp noted his attendance at two TVMWD Board meetings, Congresswoman Napolitano's Stormwater Forum, Diamond Bar Community Foundation Gala, and JPIA Harassment Training.
- ◆ In addition to District committee and Board meetings previously reported, Director Hilden stated that he attended two TVMWD Board meetings, the IMC HR Luncheon, Chamber of Commerce Business of the Year Awards and Expo, Congresswoman Napolitano's Stormwater Forum and the Diamond Bar Community Foundation Gala.
- ◆ In addition to attending District committee and Board meetings, Director Lee stated that she also attended the PBWA Commission Meeting.
- ◆ In addition to the District committee and Board meetings, Director Wu reported that he had attended a SCWUA monthly lunch meeting, ACWA/JPIA Board meetings and the ACWA Conference.
- ◆ In addition to the District committee and Board meetings, Director Kwong reported that she attended the Ed Royce App. Competition Awards Ceremony, the WVEF Teddy Bear Tea Fundraiser, Congresswoman Napolitano's Stormwater Forum, JPIA Harassment Training and the ACWA Conference.

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

- ◆ Mr. Ciampa wished everyone a very Merry Christmas and a Happy New Year.

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

- ◆ There were no requests made for future items of discussion.

### **Item 22: Board of Directors Business**

- ◆ **Discussion and Possible Approval of Purchase of 500 acre feet of Main San Gabriel Basin Replenishment Water by December 31, 2016**

After discussion, the Board was asked to authorize the General Manager to enter into an Agreement with TVMWD to secure the purchase of 500 acre-feet of MWD imported water and to transfer that water into TVMWD's Main San Gabriel Basin Cyclic Storage account at the cost of \$594/AF, with funding from the Reserve for Replacement fund. A staff report providing background information in support of this request was presented and discussed. (Item 22-A)

***Motion No. 16-12-1013: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (5-0) to authorize the General Manager to enter into an Agreement with TVMWD for the total purchase of 500 acre-feet of water at the cost of \$594/AF, to be funded from the Reserve for Replacement fund; and to authorize the General Manager to enter into an agreement with TVMWD for the transfer and storage of that water in TVMWD's Main San Gabriel Basin Cyclic Storage account. (Item 22-A)***

**President Kwong indicated Motion No. 16-12-1013 was approved by a (5-0) vote**

- ◆ The Board was asked to consider approval of the Thirteenth Amendment to the General Manager's Employment Contract, per the information and terms and conditions set forth in the corresponding Staff Report included in the Board packet. (Item 22-B)

***Motion No. 16-12-1014: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden, and unanimously carried (5-0) to approve the Thirteenth Amendment to the General Manager's Employment Contract, per the information and terms and conditions set forth in the corresponding staff report included in the Board packet. (Item 22-C)***

**President Kwong indicated Motion No. 16-12-1014 was approved by a (5-0) vote**

### **Item 23: Annual Board Reorganization**

- ◆ Officers were rotated in accordance with the "Board Reorganization Rotation Policy," as follows:
  - Allen L. Wu, President
  - Edwin M. Hilden, First Vice President
  - Theodore L. Ebenkamp, Second Vice President
  - Theresa Lee, Assistant Treasurer
  - Scarlett P. Kwong, Director
 (Item 23-A)

President Wu then assumed the duty of chairing the remainder of the meeting.

- ◆ It was determined that Board appointments to the offices of Secretary, Assistant Secretary, Treasurer and Second Assistant Treasurer would be as follows: Mr. Mike Holmes, Secretary; Ms. Donna DiLaura, Assistant Secretary; Mr. Brian Teuber, Treasurer; Mr. Erik Hitchman, Second Assistant Treasurer. (Item 23-B)

**Motion No. 16-12-1015:** *Upon consideration thereof, it was moved by Director Kwong, seconded by Director Hilden and unanimously carried (5-0), to approve the Rotation of Officers and Board Appointments schedule as noted. (Item 23-A & B)*

**President Wu indicated Motion No. 16-12-1015 was approved by a (5-0) vote**

- ◆ Standing Committee positions were selected on a “chain of command” basis in accordance with the Standing Committee Selection Process, with the first choice going to the Board President, second choice to the First Vice President, third choice to the Second Vice President, and so on down the line, repeating in the same order, until all positions were filled as follows:

Committee	Chair	Member	Alternate
Engineering	Director Ebenkamp	Director Lee	Director Wu
Finance	Director Wu	Director Lee	Director Kwong
Personnel	Director Hilden	Director Kwong	Director Ebenkamp
Public Info/Legislative	Director Wu	Director Hilden	Director Ebenkamp

(Item 23C)

#### **Item 24: 2017 Calendar**

- ◆ The Board approved the 2017 WVWD Board meeting and workshop schedule, noting that subsequent adjustments may be made by the Board and in accordance with the Brown Act. (Item 27-A)

**Motion No. 16-12-1016:** *Upon consideration thereof, it was moved by Director Wu, seconded by Director Lee and unanimously carried (5-0), to approve the CY 2017 Board and workshop meeting schedule as presented. (Item 26)*

**President Wu indicated Motion No. 16-12-1016 was approved by a (5-0) vote**

- ◆ The General Manager reviewed the 2017 Key Conferences and Events. As this was an informational item only, Board action was not requested. (Item 24-B)

#### **Item 25: Ad hoc Committee and Commission-Agency Member Appointments**

- ◆ President Wu assigned the Ad hoc Committee and Commission/Agency positions as follows:

Joint Water Line Commissioner	Scarlett P. Kwong
Joint Water Line Commissioner - Alternate	Edwin Hilden
Puente Basin Water Agency Representative	Theodore Ebenkamp
Puente Basin Water Agency Representative	Theresa Lee
Puente Basin Water Agency Representative - Alternate	Scarlett P. Kwong
T.V.M.W.D. Representative	Edwin Hilden
T.V.M.W.D. Representative - Alternate	Theodore Ebenkamp
J.P.I.A. Board Member	Allen Wu
J.P.I.A. Board Member - Alternate	Edwin Hilden
ACWA Voting Delegate	Edwin Hilden
ACWA Voting Delegate - Alternate	Theodore Ebenkamp
ACWA Region 8 Delegate	Theresa Lee
ACWA Region 8 Delegate - Alternate	Allen Wu
Regional Chamber Representative	Theodore Ebenkamp
Regional Chamber Representative - Alternate	Allen Wu

The General Manager noted that, typically, ratification of the Commission/Agency assignments takes place at the January Board meeting. At President Wu’s request, the Board was asked to ratify the assignments at this time. He added that staff will present resolutions for the Puente Basin Water Agency and Pomona-Walnut-Rowland Joint Water Line Commissions positions at the January Board meeting.

**Motion No. 16-12-1017:** *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (5-0), to ratify the Commission/Agency assignments. (Item 26)*

**President Wu indicated Motion No. 16-12-1017 was approved by a (5-0) vote**

#### **Item 26: Public Comment on Closed Session**

- ◆ There were no requests to comment on either open or closed session items. (Item 23)

#### **Item 27: Adjourn to Closed Session – 6:38 p.m. (Item 27)**

#### **Item 28: Closed Session**

- The Board met in closed session in accordance with Government Code [§54956.9(d)(4)] to discuss anticipated litigation matters with Legal Counsel – Three Potential Cases. (Item 24-A)

**Item 29: Reconvene in Open Session/Report of Action Taken in Closed Session – 7:06 p.m.**

- A. The Board met in closed session in accordance with Government Code [§54956.9(d)(4)] to discuss three anticipated litigation matters with Legal Counsel. The Board was briefed on the facts and circumstances of those three matters and no reportable action under the Brown Act was taken on these matters. (Item 28-A)

**Adjournment at 7:07 p.m.**

**Motion No: 16-12-1018:** *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (5-0), to adjourn the meeting.*

**President Wu indicated Motion No. 16-12-1018 was approved by a (5-0) vote**