

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

**December 14, 2015  
At the Offices of the District**

**DIRECTORS PRESENT:**

Theodore L. Ebenkamp, President  
Edwin Hilden  
Scarlett Kwong  
Allen Wu (arrived at 5:03 p.m.)

**DIRECTORS ABSENT:**

None

**STAFF PRESENT:**

Michael 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  
Jim Ciampa, Legal Counsel

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

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

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

- ◆ There were no requests.

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

- ◆ There were no requests.

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

- ◆ There were no requests.

**Item 6: FY 2014-2015 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 2014-15 audited financial statements. Following Ms. Farr's review of the audited financial statements, the Board was asked to receive, approve and file the 2014-15 Audited Financial Statements, the Report on Internal Control, and the Independent Accountants' Report on Applying Agreed-Upon Procedures. (Item 6)

***Motion No. 15-12-859: Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried (4-0), to receive, approve and file the 2014-15 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 Ebenkamp indicated Motion No. 15-12-859 was approved by a (4-0) 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 16, 2015, the check register, and the WVWD Employee Expense Reimbursements Report indicating monthly WVWD employee expense reimbursements exceeding the amount of \$100.

***Motion No. 15-12-860: Upon consideration thereof, it was moved by Director Hilden, seconded by Director Wu and unanimously carried (4-0), to receive, approve, and file the Consent Calendar including minutes of the regular Board meeting held November 16, 2015, the Check Register, and a WVWD Employee Expense Reimbursements Report indicating monthly WVWD employee expense reimbursements exceeding the amount of \$100. (Items 7-1, 2, 3)***

**President Ebenkamp indicated Motion No. 15-12-860 was approved by a (4-0) 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 2015. (Item 8)

***Motion No. 15-12-861: Upon consideration thereof, it was moved by Director Hilden, seconded by Director Kwong, and unanimously carried (4-0), to receive, approve, and file the Board member expense reports for meeting attendance during the month of November 2015. (Item 8)***

**President Ebenkamp indicated Motion No. 15-12-861 was approved by a (4-0) vote**

**Item 9: Treasurer's Report**

- ◆ Mr. Teuber reviewed the District Statement of Revenues, Expenses, and Change in Net Assets as of November 30, 2015; the District Statement of Net Assets as of November 30, 2015; and the Summary of Cash Investments as of November 30, 2015. (Items 9-1, 2, 3)

**Motion No. 15-12-862:** *Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried (4-0), to receive and file the District Statement of Revenues, Expenses, and Change in Net Assets as of November 30, 2015; the Statement of Net Assets as of November 30, 2015; and the Summary of Cash and Investments as of November 30, 2015. (Items 9-1, 2, 3)*

**President Ebenkamp indicated Motion No. 15-12-862 was approved by a (4-0) vote**

### Committee Chair Reports

#### **Item 10: Engineering & Special Projects Committee – Director Ebenkamp**

- ◆ The Board was asked to authorize the General Manager to execute contracts for labor and materials for ACE – Fairway Grade Separation (P.N. 12-3262) per the bid results listed below, to find that the project is exempt pursuant to CEQA Guidelines Categorical Exemption Section 15282, to authorize the filing of a Notice of Exemption for the subject project with the Office of the Los Angeles County Registrar-Recorder/County Clerk, and to authorize the appropriation of an additional \$446,000 from the Reserve for Replacement Fund. (Item 10-A)

<u>Bid</u>	<u>Supplier</u>	<u>Price</u>	<u>Delivery</u>
Labor	T.E. Roberts, Inc.	\$926,184.00	
Ductile Iron Fittings & Misc. Matls.	Western Water Works	\$15,354.70	20-30 days
Resilient Wedge Gate Valves	Western Water Works	\$34,407.21	20-30 days
Ductile Iron Pipe	S&J Supply Co. Inc.	\$5,570.07	2-3 days
Steel M.L. & C. Pipe	West Coast Pipe	\$226,035.04	30-40 work days
Service Materials	Western Water Works	\$14,058.60	30-45 days
Saddles, Setters & Jumpers	Western Water Works	\$4,750.60	30-45 days
Polyvinyl Chloride Pipe	Western Water Works	\$3,731.94	10-15 days

**Motion No. 15-12-863:** *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and carried (4-0), to execute contracts for labor and materials for ACE – Fairway Grade Separation (P.N. 12-3262) per the bid results listed below, to find that the project is exempt pursuant to CEQA Guidelines Categorical Exemption Section 15282, to authorize the filing of a Notice of Exemption for the subject project with the Office of the Los Angeles County Registrar-Recorder/County Clerk, and to authorize the appropriation of an additional \$446,000 from the Reserve for Replacement Fund. (Item 10-A)*

<u>Bid</u>	<u>Supplier</u>	<u>Price</u>	<u>Delivery</u>
Labor	T.E. Roberts, Inc.	\$926,184.00	
Ductile Iron Fittings & Misc. Matls.	Western Water Works	\$15,354.70	20-30 days
Resilient Wedge Gate Valves	Western Water Works	\$34,407.21	20-30 days
Ductile Iron Pipe	S&J Supply Co. Inc.	\$5,570.07	2-3 days
Steel M.L. & C. Pipe	West Coast Pipe	\$226,035.04	30-40 work days
Service Materials	Western Water Works	\$14,058.60	30-45 days
Saddles, Setters & Jumpers	Western Water Works	\$4,750.60	30-45 days
Polyvinyl Chloride Pipe	Western Water Works	\$3,731.94	10-15 days

- ◆ The Board was asked to authorize the General Manager to execute the First Amendment to the Utility Agreement No. 7UA-12285 with Caltrans for the SR-60 and Lemon Avenue Interchange Project (P.N. 13-3310). (Item 10-B)

**Motion No. 15-12-864:** *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and carried (3-0), with Director Wu recusing himself from the approval due to his employment with Caltrans, to authorize the General Manager to execute the First Amendment to the Utility Agreement No. 7UA-12285 with Caltrans for the SR-60 and Lemon Avenue Interchange Project (P.N. 13-3310). (Item 10-B)*

**President Ebenkamp indicated Motion No. 15-12-864 was approved by a (3-0) vote, with one abstention from Director Wu**

#### **Item 11: Personnel Committee – Director Hilden**

- ◆ The Board was asked to consider approval of proposed amendments to Sick Leave provisions, ‘Exhibit D – Benefits Guideline for Part-Time Active and Retired Employees,’ Insurance provisions, and Exclusion of Temporary, Part-Time or Seasonal Employees provisions of the Terms of Conditions of Employment for the General Employees Unit, Mid-Management, and Executive Staff. (Item 11-A)

**Motion No. 15-12-865:** *Upon consideration thereof, it was moved by Director Hilden, seconded by Director Wu, and unanimously carried (4-0), to approve the proposed changes, as presented, to the Sick Leave provisions, ‘Exhibit D – Benefits Guideline for Part-Time Active and Retired Employees,’ Insurance provisions, and Exclusion of Temporary, Part-Time or Seasonal Employees provisions of the Terms of Conditions of Employment for the General Employees Unit, Mid-Management, and Executive Staff. (Item 11-A)*

**President Ebenkamp indicated Motion No. 15-12-865 was approved by a (4-0) vote**

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

- ◆ The Board was asked to receive, approve, and file the District’s Consolidated Investment Transactions Report for November 2015 included in the Board packet. (Item 12-A)

***Motion No. 15-12-866: Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried (4-0), to receive, approve, and file the District’s Consolidated Investment Transactions Report for the period of November 1, 2015 through November 30, 2015. (Item 12-A)***

**President Ebenkamp indicated Motion No. 15-12-866 was approved by a (4-0) vote**

- ◆ Mr. Teuber reviewed the Revenue Bond Funds Held in Trust and detailed disbursement of bond proceeds reports for November 2015. As this was an informational item only, Board action was not taken on this item. (Item 12-B)
- ◆ The Board was asked to approve staff’s recommendation for the FY 2014-15 Source and Application of Funds, to transfer from the General Operating Reserve \$2,489,000 to the Reserve for Replacement; \$750,000 to the Employee Liabilities Reserve related to the Employer OPEB liability; and authorize the transfer of these funds to the OPEB Trust; and \$500,000 to the Capital Improvement Reserve. (Item 12-C)

***Motion No. 15-12-867: Upon consideration thereof, it was moved by Director Wu, seconded by Director Kwong and unanimously carried (4-0), to approve staff’s recommendation for the FY 2014-15 Source and Application of Funds to transfer from the General Operating Reserve \$2,489,000 to the Reserve for Replacement; \$750,000 to the Employee Liabilities Reserve related to the Employer OPEB liability; and authorize the transfer of these funds to the OPEB Trust; and \$500,000 to the Capital Improvement Reserve. (Item 12-C)***

**President Ebenkamp indicated Motion No. 15-12-867 was approved by a (4-0) vote**

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

- ◆ As a matter of information only, the Board was provided with an outline of goals and objectives proposed by the Brown Administration to further advance their Drinking Water Framework. No action was taken on this matter. (Item 13-A)
- ◆ The Board was provided with a copy of District comments to various elected officials regarding the IRS Water Conservation Tax Break. No action was taken on this matter. (Item 13-B)

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

- ◆ The Board was briefed on matters concerning TVMWD and MWD by Directors De Jesus and Ruzicka. (Item 14)

**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 included in the Board packet. (Item 15)

**Item 16: Puente Basin Water Agency –Director Ebenkamp**

- ◆ The Board received an update on matters discussed at December 10, 2015, 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 General Manager reviewed the District’s activities calendars for the remainder of December 2015, and January - February 2016. (Item 17-B)
- ◆ Staff noted the upcoming February 29-March 9, 2016, MWD Weymouth Treatment Plant Shutdown. (Item 17-C)
- ◆ The Board received a verbal update on Main San Gabriel Basin replenishment water. (Item 17-D)
- ◆ Ms. Olson’s participation in Rowland Unified School District’s ‘Career Certification Program’ was noted. (Item 17-E)
- ◆ The Board scheduled a reception in honor of former Director Carrera for Tuesday, January 19, 2016, 5:00 p.m. - 5:30 p.m., to be held at the District Board room. (Item 17-F)

**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, 2014-15 climate summary, and 2015 monthly water consumption versus the 2013 baseline year. Staff made note that the District’s water usage for November 2015 was 17.77% lower than usage in November 2013. (Item 18-B)
- ◆ The Board viewed reports on California’s water supply and reservoir conditions as of December 8, 2015. (Item 18-C)

- ◆ By recommendation of the Public Information/Legislative Action committee, the Board received a report on the potential extension and modification of the existing Emergency Regulation for Statewide Urban Water Conservation. (Item 18-D)

#### **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.)

- ◆ Director Hilden noted that in addition to District committee and Board meetings, and the TVMWD Board meeting previously reported, he attended the Diamond Bar Community Foundation's Gala and a Regional SGV Chamber of Commerce Power Luncheon.
- ◆ In addition to District Board and committee meetings previously reported, Director Wu reported on his attendance at a Diamond Bar City Council meeting, the MWD 'Water is Life' student recognition event, and the ACWA/JPIA fall conference.
- ◆ Director Kwong indicated that she attended the WVWD Engineering committee meeting and a SGV Regional Chamber Legislative Power luncheon during the month of November. Additionally, she met with the General Manager to discuss Board meeting activities.
- ◆ In addition to District the committee and Board meetings, the PBWA Commission meeting, and the TVMWD Board meetings previously reported, President Ebenkamp attended a Regional Chamber Government Affairs Committee meeting, and a SCWUA lunch meeting.

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

- ◆ Mr. Ciampa updated the Board on the conclusion reached by the Government Accountability Office that the Environmental Protection Agency had engaged in impermissible lobbying activities in connection with its efforts to garner support for its changes to regulations setting forth the revised definition of "Waters of the United States." He then noted where would be a Closed Session following the regular business meeting.

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

- ◆ The Board was informed that Directors Ebenkamp, Kwong, and Wu subscribed their Oath of Office to Ms. Sanchez, Notary Public, and that formal documentation of this action has been filed with the Los Angeles County Board of Supervisors. (Item 22-A)
- ◆ The Board acknowledge receipt of two letters of interests, submitted by Ms. Theresa Lee and Ms. Jody Roberto, indicating their interest in filling the vacancy on the Board for WVWD Division III. [Item 22-B-(1)]
- ◆ Following review of the submittals, discussion ensued regarding the process to fill the vacancy. The Board was advised that a public meeting to interview the two interested applicants must be scheduled and that the action to fill the Board vacancy must be done on or before January 12, 2016. A meeting was therefore scheduled, by Board consensus, for Tuesday, January 5, 4:00 p.m., to interview the applicants. [Item 22-B(2)]
- ◆ The Board was asked to consider approval of the Twelfth Amendment to the General Manager's Employment Contract which reflects a salary adjustment which is inclusive of the 2% Cost of Living Adjustment given to all other District employees, effective January 1, 2016, as stipulated in the Terms and Conditions of Employment, and a one-year contract extension which makes the contract effective until December 31, 2017. Ms. Olson added that the General Manager's contract allows him to join the other employees with their approved Cost of Living Adjustments (COLA) and other salary adjustments, pursuant to the Terms and Conditions of Employment. A 2% COLA will take effect for all District employees on January 1, 2016, less one percent for retiree medical buyback, and a 2% salary adjustment in July 2016 with a corresponding 2% reduction for PERS pension costs. (Item 22-C)

***Motion No. 15-12-868: Upon consideration thereof, it was approved by a roll call vote (4-0), with Directors Ebenkamp, Hilden, Kwong, and Wu voting "yes," to authorize the General Manger to receive all salary adjustments given to all other District employees as stipulated in the Terms and Conditions of Employment, which is inclusive of the 2% Cost of Living Adjustment effective January 1, 2016, less one percent retiree medical buyback, effective January 1, 2016, and the 2% salary adjustment in July 2016 minus the 2% payment for PERS pension costs; and to approve a one-year contract extension to the General Manager's employment contract, expiring December 31, 2017. (Item 22-C)***

**President Ebenkamp indicated Motion No. 15-12-868 was approved by a (4-0) roll call vote**

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

- ◆ Officers were rotated in accordance with the "Board Reorganization Rotation Policy," as follows, noting the position of "Director" remains vacant until the filling of the vacancy of WVWD Division III, at which time the newly appointed official will assume the position of "Director" in accordance with the Rotation Policy:  
Scarlett P. Kwong, President  
Allen L. Wu, First Vice President  
Edwin M. Hilden, Second Vice President  
Theodore L. Ebenkamp, Assistant Treasurer  
Director, (vacant)  
(Item 23-A)

President Kwong 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 remain the same: Mr. Mike Holmes, Secretary; Ms. Gabriela Sanchez, Assistant Secretary; Mr. Brian Teuber, Treasurer; Mr. Erik Hitchman, Second Assistant Treasurer. (Item 23-B)
- ◆ It was determined that Director selection of chair/member/alternate positions for District committees be deferred to the January 2016 Board meeting to allow the newly appointed official to participate in the process. (Item 23-C)

**Motion No. 15-12-869:** *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden, and unanimously carried (4-0), to defer the selection of chair/member/alternate positions for District committees to the January 2016 Board meeting. (Item 23-C)*

**President Kwong indicated Motion No. 15-12-869 was approved by a (4-0) vote**

**Item 24: Ad hoc Committee and Commission/Agency Assignments**

- ◆ The Board deferred the appointment of the Ad hoc committee and commission/agency assignments for CY 2016 to the January Board meeting to allow the newly appointed director to participate in the process. (Item 24)

**Motion No. 15-12-870:** *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (4-0), to defer the appointment of Ad hoc committee and commission/agency assignments to the January 2016 Board meeting. (Item 23-C)*

**President Kwong indicated Motion No. 15-12-870 was approved by a (4-0) vote**

**Item 25: 2016 Calendar**

- ◆ The Board scheduled a Regular Board meeting for January 19, 2016, and deferred approval of the remainder of the proposed CY 2016 Board and workshop meeting schedule for the January 2016 meeting. (Item 25-A)

**Motion No. 15-12-871:** *Upon consideration thereof, it was moved by Director Wu, seconded by Director Ebenkamp and unanimously carried (4-0), to schedule a Regular Board meeting for January 19, 2016, and to defer approval of the remainder of the CY 2016 Board and workshop meeting schedule for such meeting. (Item 25-A)*

**President Kwong indicated Motion No. 15-12-871 was approved by a (4-0) vote**

- ◆ The Board received a schedule of 2016 key conferences and events as a matter of information only. (Item 25-B)

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

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

**Item 27: Adjourn to Closed Session – 6:17 p.m.**

**Item 28: Closed Session – 6:39 p.m.**

- A. The Board met in closed session in accordance with Government Code [§54957] to discuss public employee discipline/dismissal/release with Legal Counsel.
- B. The Board met in closed session in accordance with Government Code [§54956.9(d)(4)] to discuss one anticipated litigation matter with Legal Counsel.

**Item 29: Reconvene in Open Session/Report of Action Taken in Closed Session – 6:46 p.m.**

- A. It was reported that the Board met in closed session in accordance with Government Code [§54957] to discuss public employee discipline/dismissal/release with Legal Counsel. No reportable action under the Brown Act was taken.

The Board also met in closed session in accordance with Government Code [§54956.9(d)(4)] to discuss one anticipated litigation matter with Legal Counsel. No reportable action under the Brown Act was taken on this matter.

**Adjournment at 6:46 p.m.:** In memory of former WVWD Board of Director W.G. Wentworth and the victims of the December 2, 2015, San Bernardino Shooting.