

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

**October 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
Sandra Olson, Director of Administrative Services
Donna DiLaura, Executive Secretary
Jim Ciampa, Legal Counsel (by telephone)

DIRECTORS ABSENT:

None

The meeting was called to order at 4:32 p.m. with President Scarlett Kwong presiding.

Item 3: Public Comment – President Kwong

- ◆ There were no requests for public comment. (Item 3)

Item 4: Discussion, Consideration and Action on Possible Water Rate Adjustment to be Effective January 1, 2017, with all Proposed Adjustments within the Parameters of the Previously Approved Rate Structure.

- ◆ After a review of the 2014 rate setting process and a staff presentation on the proposed new rates, the Board was asked to consider adoption of a water rate increase effective January 1, 2017 that conforms to the rate increases included in the District's previously approved Proposition 218 process. A general discussion followed relative to components of the Fiscal Year 2016-17 budget; including surcharges, revenues, cost-of-service, reserve funding, and reductions in expenses due to staff vacancies. It was noted by Legal Counsel that a roll call vote was not required for this item. (Item 4)

Motion No. 16-10-991: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (5-0), to implement the previously approved water rate increase as presented to the Board, to be effective January 1, 2017.*

President Kwong indicated Motion No. 16-10-991 was approved by a (5-0) vote

Item 5: Current Water Supply Conditions and a Review of Local Agencies' Drought Responses

- ◆ Mr. Holmes stated that this item is in response to a request by the Board at the September meeting. He referred to the staff report included in the board packet, and noted that the Metropolitan Water District has cautioned that "the state is still in a drought, but not at the emergency level it once was, and that there are still uncertainties with the water supply." Mr. Holmes added that the State of California is considering making changes to current drought restrictions if the state does not receive significant rain or snowfall this winter. As this was an informational item only, Board action was not needed. (Item 5)

Item 6: Discussion and Possible Action Regarding Drought Rate Surcharge to Remain Effective through January 31, 2017

- ◆ After a presentation and discussion on the State Water Resources Control Board's (SWRCB) emergency regulations related to mandated statewide reduction in water use, and the District's response to the mandates, the Board was asked to consider continuing the Drought Rate Surcharge (Stage 1) through at least January 31, 2017. Mr. Holmes indicated that this would allow the District additional time to evaluate consumption patterns relative to the District's conservation goal of 15%. Staff noted that there are many unknown factors facing water suppliers in the coming months; including, future local, regional and statewide hydrologic conditions, and potential new restrictions to be implemented and enforced by the State of California.

In response to questions by the Board, staff clarified that the Stage 1 Drought Rate Surcharge for residential customers will in fact lower a customer's bill if a 10% level of conservation is achieved. Ms. Olson noted that even with a significant amount of rainfall, water supply restrictions are expected to be tightened. (Item 6)

Motion No. 16-10-992: *Upon consideration thereof, it was moved by Director Lee, seconded by Director Hilden and unanimously carried (5-0), to approve the new water rates effective January 1, 2017, in according with the rates previously approved in the District's prior Proposition 218 process, but to exclude an increase to the Drought Rate Surcharges, thereby keeping that surcharges at the current amounts.*

President Kwong indicated Motion No. 16-10-992 was approved by a (5-0) vote

Following action on Item 6, Director Wu requested that the Board reconsider its vote on Item 4. He noted that his vote was made with the understanding that the water rates for 2017 did not include the Drought Rate Surcharges. Staff clarified this matter, and, the Item 4 was amended as follows:

Motion No. 16-10-991: *Upon consideration thereof, it was moved by Director Lee, seconded by Director Wu and unanimously carried (5-0), to implement the previously approved water rate increase as presented to the Board, to be effective January 1, 2017.*

President Kwong indicated Amended Motion No. 16-10-991 was approved by a (5-0) vote

Adjournment at 5:34 p.m.

Motion No: 16-10-993: *Upon consideration thereof, it was moved by Director Lee, seconded by Director Hilden and unanimously carried (5-0), to adjourn the meeting.*

President Kwong indicated Motion No. 16-10-993 was approved by a (5-0) vote