

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

**November 19, 2014
At the South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, California 91765**

DIRECTORS PRESENT:

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

DIRECTORS ABSENT:

None

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
Jim Ciampa, Legal Counsel
Jose Martinez, Administrative Services Manager
Terry Lewis, Finance Manager
Sara Rodriguez, Customer Service Manager
Sherry Shaw, Engineering Manager/Production Superintendent
Ed Castanon, Field Superintendent
Tom Monk, Production Manager

The meeting was called to order at 5:05 p.m. with President Carrera presiding.

Guests and others in attendance: District customers as identified on the attached Guest Register

Item 3: Public Comment –President Carrera

- ◆ There were no requests for public comment.

Item 4: Reorder of Agenda –President Carrera

- ◆ There were no requests for reorder of the agenda.

Item 5: Public Hearing Regarding Proposed Increase in Water Rates**A. Open Public Hearing (5:06 p.m.)**

President Carrera opened the Public Hearing and advised those who wished to speak regarding the proposed increase in water rates to submit written protests to give to District staff in attendance. Legal Counsel then took a moment to review the rules of the public hearing process, gave an overview of Proposition 218's requirements and stated that the Public Hearing and related process is being conducted in compliance with those requirements.

B. Presentation of Rate Review Process by District Staff

The Board viewed a PowerPoint presentation as Mr. Michael Holmes, General Manager, provided an introduction to the proposed changes in rates and the rate analysis. The presentation was then continued by Mr. Brian Teuber, Director of Finance, and Mr. Greg Tobler of Raftelis Financial Consultants, Inc., as they provided a more detailed review and explanation of the Comprehensive Water Rate Study, including the drought rate surcharge analysis and rates as presented.

C. Receive Public Comments (6:31 p.m.)

President Carrera then stated that public comment would now be accepted. Comment cards were received from five (5) District customers wishing to address the Board.

The Board was addressed with comments (as highlighted below) by Ms. Deidre Vail, Mr. Matt Rzonca, Mr. John Harbaugh, Mr. Bruce Chittea, and Mr. Joseph Vail regarding the proposed rates and:

- ◆ The alleged inequity of a three-tiered rate for single-family residents, the financial impact to District residential customers, misleading Proposition 218 notice, proposing a flat water rate for all customers;
- ◆ Request to staff to consider meeting the challenge of not raising rates by seeking other alternatives of delivering water without rate increases, problems with subjective drought rates, and making recycled water available for residential use;
- ◆ The San Gabriel Valley Watermaster's basin water supply, and the use of chloramines as the primary disinfectant;
- ◆ Expressed gratitude for the five-year projected rate structure presented which will allow for financial planning and maintain revenue stability in the Home Owners Association, request that the District embark on a process of developing a strategic plan to provide meters on individual

irrigation connections and provide assistance to H.O.A.s experiencing internal water usage-related issues; and

- ◆ The disparity in private hydrant rate charges, proposing that the rate percentage increase over the next five years be a linear progression, and noting that the rate structure should reflect and be adjusted according to lot/property size.

Prior to closing the Public Hearing, President Carrera advised that a written protest against the proposed action must be submitted prior to closing the Public Hearing. She then invited anyone wishing to submit or withdraw a written protest do so at that moment.

D. Close Public Hearing (6:54 p.m.)

President Carrera closed the Public Hearing and indicated that a brief recess will take place so Legal Counsel may tabulate protest letters.

E. Advise Board on Determination of Whether Majority Protest Exists (7:05 p.m.)

Mr. Ciampa stated that the District has 27,082 total service connections, and fifty percent plus one (13,542) protests are needed to prevent the District from considering the proposed rate increase. More particularly, the District has 26,786 potable water connections and 296 recycled water connections. Under Proposition 218, only one vote per parcel is allowed. There were a total of 64 valid protests received, four being from potable water use customers and 60 from a recycled water use customer, and thus a majority protest did not exist under any of: (i) total service connections; (ii) solely potable water connections; and (iii) solely recycled water connections. With this, Mr. Ciampa indicated that the Board is authorized to proceed at its pleasure to consider possible action on the increase in water rates.

Item 6: Receive, Approve, and File the Comprehensive Water Rate Study Report

- ◆ The Board was asked to receive, approve, and file the Comprehensive Water Rate Study Report.

Motion No. 14-11-706: *Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and carried (4-1) by the roll call vote noted below, to receive, approve, and file the Comprehensive Water Rate Study Report. (Item 6)*

Aye: Carrera, Ebenkamp, Hilden, Kwong

No: Wu

Absent: None

President Carrera indicated Motion No. 14-11-706 was approved by a (4-1) vote, with Director Wu voting “No”

Item 7: Consider Approval of Resolution No. 11-14-612 Adopting Revised Rates and Charges for Water Service

- ◆ The Board was asked to consider adopting Resolution No. 11-14-612, Adopting Revised Rates and Charges for Water Service.

Motion No. 14-11-707: *Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and carried (4-1) by the roll call vote noted below, to receive, approve, and file WVWD Resolution No. 11-14-612, Adopting Revised Rates and Charges for Water Service. (Item 7)*

Aye: Carrera, Ebenkamp, Hilden, Kwong

No: Wu

Absent: None

President Carrera indicated Motion No. 14-11-707 was approved by a (4-1) vote, with Director Wu voting “No”

Adjournment at 7:13 p.m.

Motion No. 14-11-708: *Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried (5-0), to adjourn the meeting.*

President Carrera indicated Motion No. 14-11-708 was approved by a (5-0) vote