

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

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

DIRECTORS PRESENT:

Theodore L. Ebenkamp, President
Barbara A. Carrera
Scarlett Kwong
Edwin Hilden
Allen Wu (arrived at 4:44 p.m.)

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
Jose Martinez, Administrative Services Manager
Jim Ciampa, Legal Counsel

The meeting was called to order at 4:30 p.m. with President Ebenkamp presiding.

Others in attendance: Mr. James Linthicum of TVMWD; Mr. Bruce Chitica, local resident

Item 3: Public Comment –President Ebenkamp

- ◆ There were no requests for public comment.

Item 4: Water Supply Update: Emergency Drought Regulations

- ◆ Staff provided a recap of the emergency drought regulations as discussed at the April 23, 2015, Board workshop.

Item 5: Fiscal Year 2015-16 Draft budget Overview

- ◆ Staff presented an overview of the FY 2015-16 Draft Budget consisting of major expense categories such as: purchased water, TVMWD assessments, WVWD personnel costs, WVWD operations and maintenance costs, debt service, and FY 2015-16 revenue summary. The Board was then informed that further review of the proposed budget and Capital Improvement Projects will be conducted at the May 21, 2015 Board workshop.
- ◆ Since this was an informational item only, no action was taken by the Board.

Item 6: Consideration and Possible Action to Implement Drought Rate Surcharge for FY 2015-16 in accordance with Previously Approved Resolution 11-14-612 and to Provide Customer Notice of Implementation of Drought Rate Surcharge

- ◆ The Board was asked to consider approval of implementation of a Stage 1 Drought Rate Surcharge, effective July 1, 2015, in accordance with the previously approved WVWD Resolution No. 11-14-612.
- ◆ Staff noted that to achieve the state-mandated conservation target of 25%, the District would need to reduce water purchases to approximately 15,600 acre-feet. Drought rate surcharges will assist the District in recovering costs that are projected not to be covered as a result of decreased revenues that result from the reduction in water sales and provide a price signal to provide the necessary incentive for District customers to conserve.
- ◆ Legal Counsel made note that WVWD's Drought rate surcharge dollar amounts, which were approved at the November 19, 2014 Public Hearing, are not arbitrary figures that have been respectively plugged in as a result of a standard percentage increase. The drought rate surcharge calculation is cost-based and it is the dollar amount in projected uncovered costs from which the percentages are derived.
- ◆ Discussion ensued regarding the impact of a Stage 1 and Stage 2 Drought Rate Surcharge for residential customers with varying consumption levels. Staff advised that at even a 10% conservation level (with the surcharge added) for most customers their overall bill will decrease.
- ◆ The Board was also asked to direct staff to provide customer notice of the implementation of the Drought Rate Surcharge, in accordance with Government Code Section 53756(d), no less than 30 days before the effective date of the adjustment.

Motion No. 15-05-772: *Upon consideration thereof, it was moved by Director Hilden, seconded by Director Kwong and carried (4-0, with one abstention) by the roll call vote noted below, to implement a Stage 1 Drought Rate Surcharge effective July 1, 2015, in accordance with the previously approved WVWD Resolution No. 11-14-612 and to direct staff to provide customer notice of implementation of the Drought Rate Surcharge.*

*Aye: Carrera, Ebenkamp, Hilden, Kwong
No: None
Abstain: Wu*

President Ebenkamp indicated Motion No. 15-05-772 was approved by a 4-0 vote, with Director Wu abstaining from the vote

Adjournment at 5:55 p.m.