

WALNUT VALLEY WATER DISTRICT  
271 South Brea Canyon Road  
Walnut, California 91789

BOARD WORKSHOP  
TUESDAY, DECEMBER 12, 2017, 4:00 P.M.  
AGENDA

*NOTE: To comply with the Americans with Disabilities Act, if you need special assistance to participate in any Board meeting, please contact the General Manager's office at least 4 hours prior to a Board meeting to inform the District of your needs and to determine if accommodation is feasible.*

*Each item on the agenda shall be deemed to include any appropriate motion, resolution, or ordinance, to take action on any item.*

*Materials related to an item on this agenda submitted after distribution of the agenda packet are available for public review during regular business hours at the District office, located at: 271 S. Brea Canyon Road, Walnut, California.*

1. Flag Salute
2. Roll Call: Mr. Ebenkamp\_\_\_\_\_ Mr. Hilden\_\_\_\_\_ Ms. Kwong\_\_\_\_\_ Ms. Lee \_\_\_\_\_ Dr. Wu\_\_\_\_\_
3. Public Comment President Wu  
The Presiding Officer of the Board of Directors may impose reasonable limitations on public comments to assure an orderly and timely meeting.
  - A. **Agenda Items** - Any person desiring to address the Board of Directors on any Agenda item may do so at the time the item is considered on the Agenda by requesting the privilege of doing so at this time and stating the Agenda item to be addressed. At the time the item is discussed, those requesting to speak will be called to do so.
  - B. **Non-Agenda Items** - At this time, the public shall have an opportunity to comment on any non-agenda item relevant to the jurisdiction of the District. Reasonable time limits on each topic and on each speaker are imposed in accordance with Board policy.
4. Additions to Agenda President Wu
  - A. Discussion B. Action Taken
5. Reorder of Agenda President Wu
  - A. Discussion B. Action Taken

**OTHER ITEMS**

6. Consideration of Annual Board Reorganization / Appointments of Officers / Committee President Wu  
Selections for Calendar Year 2018
  - A. Members of the Board will make appropriate notifications related to "Exception No. 3" of the Board Rotation Policy
    1. Discussion 2. Action Taken
  - B. Rotate positions in accordance with the "Board Reorganization Rotation Policy"
    1. Discussion 2. Action Taken
  - C. Make appointments to the offices of:
    1. Secretary
    2. Treasurer
    3. Assistant Secretary
    4. Second Assistant Treasurer
      - a. Discussion b. Action Taken

- D. Select Chair/Member/Alternate positions in accordance with the District's *Standing Committee Selection Process* for the following standing committees:
  - 1. Engineering and Special Projects
  - 2. Personnel
  - 3. Finance
  - 4. Public Information and Community Relations/Legislative Action
    - a. Discussion
    - b. Action Taken
  
- 7. Discussion on the District's Pricing Objectives President Wu
  - A. Discussion
  - B. Action Taken
  
- 8. Public Comment on Closed Session
  
- 9. Adjourn to Closed Session
  
- 10. Closed Session
  - A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION [§54956.9(d)(4)]  
Initiation of Litigation –Three Potential Cases
  
- 11. Reconvene in Open Session
  - A. Report of Action, if any, Taken in Closed Session

Adjournment

# WVWD – Staff Report



**TO:** Board of Directors  
**FROM:** General Manager  
**DATE:** December 12, 2017  
**SUBJECT:** Consideration of Annual Board Reorganization / Appointments of Officers / Committee Selections for Calendar Year 2018

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Action/Discussion     Fiscal Impact     Resolution     Information Only

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## **Recommendation**

- A. Members of the Board will make any appropriate notifications related to “Exception No. 3” of the Board Rotation Policy (attached);
- B. Rotate their positions in accordance with the “Board Reorganization Rotation Policy;”
- C. Make appointments to the offices of:
  - 1. Secretary
  - 2. Treasurer
  - 3. Assistant Secretary
  - 4. Second Assistant Treasurer
- D. Select Chair/Member/Alternate positions in accordance with the District’s *Standing Committee Selection Process* (attached) for the following standing committees noted below.
  - 1. Engineering and Special Projects
  - 2. Personnel
  - 3. Finance
  - 4. Public Information and Community Relations/Legislative Action,

All changes, following approval, would be effective at the conclusion of the December 18, 2017, Regular Board Meeting.

## **Background Information**

Attached for your information and review is a roster showing the current composition of the District officer and Standing Committee assignments.

- The Board will rotate positions that will become effective following the December 18, 2017, Board meeting.
- At the annual reorganization meeting, the Board of Directors makes appointments, typically amongst staff members, to the offices of Secretary, Treasurer, Assistant Secretary, and Second Assistant Treasurer. The individuals currently holding those positions are shown on the attached roster.<sup>1</sup>

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<sup>1</sup> As stated in the District’s Bylaws, “At the annual organization meeting each year, the Board shall organize and elect a President, Vice-President(s), and such other officers as may be designated by the Board from among its own members and shall appoint a Secretary and Treasurer who shall not be members of the Board.”

- Standing committee (Finance, Engineering and Special Projects, Personnel, Public Information and Community Relations/Legislative Action) chair, member, and alternate positions may be selected by Board members at the December Board meeting on a “chain-of-command” basis in accordance with the District’s *Standing Committee Selection Process* policy.

In the absence of Director Kwong, she has provided her preferences for committee selections. This process, on behalf of Director Kwong, will be overseen by a member of staff and legal counsel.

Attachments:

- *Board Reorganization Process as amended December 4, 2017*
- *Standing Committee Selection Process*
- *Roster of Board Appointed Positions for 2017*

# WALNUT VALLEY WATER DISTRICT

## Board Reorganization Process

### Rotation Policy

The District's Bylaws state that District officers shall be a President, Vice-President(s), Secretary, and Treasurer, and such other officers as may be elected and appointed by the Board from time-to-time. The Bylaws further state that, at the December meeting of the Board in each calendar year, the Board shall organize and elect a President and Vice-President from among its own members and shall appoint a Secretary and a Treasurer who shall not be members of the Board. Interim reorganization may be undertaken by the Board as deemed necessary.

The Board of Directors, at its November 17, 2008, meeting, approved the implementation of a policy for the annual Board reorganization process to include an automatic rotation of Board members to serve as president, excepting that no member with less than two years' service may serve as president of the Board. Subject to the exceptions noted below, the new Board President rotation procedure will be as follows:

- The first vice president becomes president
- The second vice president becomes first vice president
- The assistant treasurer becomes second vice president
- The "director" member becomes assistant treasurer
- The president moves to the "director" position

#### Exception No. 1

No director with less than two years<sup>2</sup> service on the Board may become president

#### Exception No. 2

Newly elected/appointed officials shall hold the "director" position during their first year. When two or more new directors are elected at the same time, the Director receiving the highest percentage of votes will have seniority, or, if an equal percentage of votes is received, seniority will be determined by coin toss.

#### Exception No. 3

On a one-year basis, the first vice president may forego his or her ascension to the presidency and may remain as the first vice president, with the second vice president then ascending to president, and the other directors moving to their next positions in accordance with the rotation specified above. If the existing first vice president, in a second consecutive year, does not desire to ascend to president, then for the next year, the existing first vice president will rotate to the "director" position, the existing president will rotate to assistant treasurer, the existing second vice president will rotate to president, the existing assistant treasurer will rotate to first vice president and the existing "director" member will rotate to second vice president.

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<sup>2</sup> The minimum two-year term required before a Board member will be eligible to serve as president shall begin on the date the member is sworn in and end on the same day of the month two years later.

## **WALNUT VALLEY WATER DISTRICT Standing Committee Selection Process**

The Standing Committee Selection Process shall include the following provisions:

1. After the annual reorganization of officers, Board Members shall select their preferred standing committee assignments in the following order:

President  
1<sup>st</sup> Vice President  
2<sup>nd</sup> Vice President  
Assistant Treasurer  
Director

Newly elected or appointed directors shall not serve as chair of a committee during his/her first year in office, unless this provision is waived by the Board of Directors.

2. The process to be observed for filling standing committee assignments:

The incoming President will select a committee position, with each member following suit in a rotational order as identified under Section 1 above. Thereafter, until all positions are filled, the process will continue. Each Board member may select any open position, chair, committee member, or alternate, based on preference, subject to the exception for new directors during the first year of their service on the Board. If a Board member does not wish to select any position that remains when it is his/her turn, that Board member may pass and the choice moves to the next Board member in order of rotation until all the positions are filled. Any positions not filled through this process shall be appointed by the incoming President.

In the event that two of the three members that constitute a particular committee cannot attend the monthly meeting(s), the Board President may contact other Board members to appoint them on an as-needed basis.

Any committee vacancy created as a result of a Director resigning from the committee or leaving office shall be filled in the following manner:

- a. If the chair position is vacated, the Director filling the committee member position will ascend to the chair position, subject to the exception for new directors during the first year of their service on the Board (unless waived by the Board of Directors). If neither member is eligible, then the position of "chair" will be appointed by the president.
  - b. If the committee member position is vacated, the alternate Director will ascend to the member position.
  - c. If the alternate committee member position is vacated, the President shall appoint a replacement alternate committee member.
3. The following committee oversight responsibilities to be updated in the next revision of the District's Policy Guidelines:

**Engineering and Special Projects** – Operation, protection and maintenance of District facilities. Initiation of construction programs. Long-range planning.

**Finance** – Annual budget, quarterly budget reports, fiscal master plan, audits, investments, risk management, insurance, revenues and expenses.

**Personnel** – Staffing and organizational issues, employment related policies, Terms and Conditions of Employment, and Board Policies and Ethics issues.

**Public Information/Community Relations and Legislative Action** – Public information goals, objectives and methods, community relations programs, and Best Management Practices; and District liaison for legislative activities relating to the water industry.

4. Consistent with long-standing District practice, committee meetings will be scheduled by District staff during regular working hours whenever possible, with consideration given to the committee chair's schedule.

This Standing Committee Selection Process shall be reviewed by the Personnel Committee on an annual basis.



# Walnut Valley Water District

## Board of Directors

January-December 2017

### 2017 Elected Offices

President  
First Vice President  
Second Vice President  
Assistant Treasurer  
Director

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

### 2017 Board Appointments

Secretary  
Treasurer  
Assistant Secretary  
Second Assistant Treasurer

Michael K. Holmes  
Brian Teuber  
Donna DiLaura  
Erik Hitchman

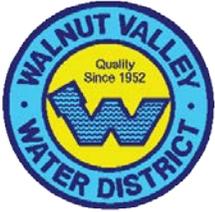
### 2017 Standing Committees

<b><i>Finance</i></b>
Allen L. Wu, <i>Chair</i>
Theresa Lee
Scarlett P. Kwong, <i>Alternate</i>

<b><i>Engineering and Special Projects</i></b>
Theodore L. Ebenkamp, <i>Chair</i>
Theresa Lee
Allen L. Wu, <i>Alternate</i>

<b><i>Public Information/Community Relations/Legislative Action</i></b>
Allen L. Wu, <i>Chair</i>
Edwin M. Hilden
Theodore L. Ebenkamp, <i>Alternate</i>

<b><i>Personnel</i></b>
Edwin M. Hilden, <i>Chair</i>
Scarlett P. Kwong
Theodore L. Ebenkamp, <i>Alternate</i>



# Walnut Valley Water District

## Commission and Agency Members

*January-December 2017*

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

### OTHER COMMITTEES

Building Ad Hoc Committee	Allen L. Wu, Chair
	Edwin M. Hilden



# Walnut Valley Water District

## Board of Directors

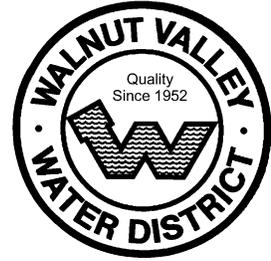
*January-December 2017*

<b>Elected Offices</b>	<b>Term Expires</b>	<b>Years on Board</b>	<b>Date First Elected/Appointed*</b>	<b>Div.</b>	
President	12/06/20	14**	11/04/03	I	Allen L. Wu
First Vice President	12/06/18	15**	08/20/02	II	Edwin M. Hilden
Second Vice President	12/06/20	10**	11/06/07	IV	Theodore L. Ebenkamp
Assistant Treasurer	12/06/18	2**	01/11/16	III	Theresa Lee
Director	12/06/20	10**	11/06/07	V	Scarlett P. Kwong

\*\*On anniversary date

REVISED 12/29/16

# WVWD – Staff Report



**TO:** Board of Directors  
**FROM:** General Manager  
**DATE:** December 12, 2017  
**SUBJECT:** Discussion on the District's Pricing Objectives

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Action/Discussion     Fiscal Impact     Resolution     Information Only

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## **Recommendation**

At the conclusion of the discussion, provide direction to staff.

## **Background**

Following the October 2017 Board Workshop, staff prepared and distributed an evaluation sheet for purposes of obtaining Board member input related to various pricing objectives. The pricing objectives are a critical element of the rate design process, and will be incorporated into the District's "Policy Objectives for Guiding Rate Design (Policy)". This policy formalizes the priorities of the Board, and serves as the foundation in the development of the District's rate structure.

Staff received completed evaluation forms from all Board Members and has attached the summarized results that will be discussed in more detail at the meeting. Once the policy objectives have been finalized by the Board, staff would recommend that the Policy be updated to reflect these changes.

### Attachments:

- Summary of the Pricing Objectives Rankings
- Pricing Objectives Definitions

## Summary of Pricing Objectives Rankings

Pricing Objectives (Ranked from: 1=Most Important to 4=Least Important)	Board Member #1	Board Member #2	Board Member #3	Board Member #4	Board Member #5	Total	2013
Fair to the Public	2	1	1	1	1	6	10
Customer Understanding	1	1	1	2	1	6	12
Affordability for Essential Use	1	1	1	1	2	6	7
Rate Stability	1	1	2	2	1	7	11
Equitable in Allocating CIP Cost	2	2	1	1	2	8	13
Equitable in Allocating Water Resource Cost	2	2	1	2	1	8	13
Ease-of-Implementation	1	2	2	2	2	9	13
Mitigate Customer Impact	2	2	1	3	1	9	10
Ease-of-Administration	1	2	2	3	2	10	13
Enhance Revenue Stability	1	2	2	3	2	10	6
Promotes Efficiency	2	2	2	1	3	10	14
Provide Revenue Source for Recycling/Conservation	2	2	3	2	4	13	16
Consistent Residential Rates - Small Family & Multi-Family	3	3	1	4	3	14	17
Consistent with Drought Management Action Plan	3	1	4	3	3	14	10
Promotes Conservation	3	1	4	4	3	15	15
Target Outdoor Water Use	3	2	4	4	4	17	18

# PRICING OBJECTIVES DEFINITIONS

## ADMINISTRATION

### Ease-of-Administration

*An easy-to-administer rate structure decreases the ongoing costs of administering the structure, made up predominantly of additional staffing costs.*

### Ease-of-Implementation

*Implementing a new rate structure merits careful consideration, as rate structure implementation may require upfront (one-time) costs for data gathering or billing system changes.*

### Fair to the Public

*This objective recognizes the relevance of the public's perception of how equitable a rate structure is and that managing that perception sometimes calls for informing/educating the public and other stakeholders.*

## EQUITY

### Equitable in Allocating CIP Cost

*This objective states that a rate structure achieves equity by allocating the cost of capital (infrastructure) to each customer class based on each class' consumption patterns and peaking characteristics.*

### Equitable in Allocating Water Resource Cost

*This objective states that a rate structure achieves equity by reflecting the makeup of the demands on the District's water supply in terms of allocation to each customer and the price each customer pays for it.*

## APPROPRIATE FUNDING MECHANISMS

### Customer Understanding

*The ability for the rate structure to be explained in a manner that can be understood by customers and other stakeholders can have important impacts on the ability to build acceptance of rate adjustments. The degree of customer understanding can be measured through their understanding between current and proposed new rate structure.*

## RATE STABILITY & AFFORDABILITY

### Affordability for Essential Use

*This objective addresses the importance of maintaining the price of water for essential use - i.e. that which is used for health and safety - at the lowest cost possible while considering the needs of the utility, industry practice, and regulatory conditions.*

### Consistent Residential Rates - Small Family & Multi-Family

*This objective would strive to have similar rate structures for all residential customer types - both single-family (SF) and multi-family (MF), if administratively possible.*

### Enhance Revenue Stability

*The ability of the rate structure to generate stable and predictable revenues from year to year can be an important consideration, particularly with regard to maintaining a good credit rating for borrowing money to address infrastructure needs, when needed or desired. It should be recognized that certain types of rate structures are more effective at maintaining revenue stability than others.*

### Mitigate Customer Impact

*Any new rate structure may result in different impacts to different customers. This objective recognizes these impacts and aim to minimize them.*

### Rate Stability

*This objective aims to minimize rate increases. Careful capital and financial planning can help ensure rate stability and avoid erratic changes in rates and charges from one year to the next. Also, a steady or consistent program of smaller annual rate adjustments is generally recognized as more preferable when compared to significantly larger increase once every three or four years.*

## WATER-USE EFFICIENCY/CONSERVATION

### Consistent with Drought Management Action Plan

*This objective encourages the District remain consistent with the drought management plan that it has in place. Commitment to the plan allows a mechanism to allocate both water and drought penalty rates during drought conditions.*

### Promotes Conservation

*The objective of water conservation aims to reduce total water use through a focus on reducing individual accounts that use above-average water use.*

### Promotes Efficiency

*The objective of water efficiency includes development of benchmark standards associated with the appropriate amount of water usage for indoor and outdoor needs based on local characteristics of the District. Standards are set on an individual basis and on indoor and outdoor use parameters.*

### Provide Revenue Source for Recycling/Conservation

*The rate structure should provide a funding mechanism to expand the recycling program of the agency, and in so doing, also determine the allocation of the program's costs among customers.*

### Target Outdoor Water Use

*This objective targets outdoor water customers and their use by determining the appropriate amount of water to allocate for outdoor needs.*