

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

**November 21, 2013
At the Offices of the District**

DIRECTORS PRESENT:

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

STAFF PRESENT:

Michael Holmes, General Manager
Erik Hitchman, Assistant General Manager/Chief Engineer
Brian Teuber, Director of Finance
Gabriela Sanchez, Executive Secretary
Terry Lewis, Finance Manager
Tim Gosney, Legal Counsel

DIRECTORS ABSENT:

None

The meeting was called to order at 4:07 p.m. with President Hilden presiding.

There were no guests in attendance.

Item 3: Public Comment –President Hilden

- ◆ There were no requests to make public comment on agenda or non-agenda items.

Item 4: Consider Adoption of Policy Objectives for Guiding Water Rate Design – President Hilden

- ◆ The Board was asked to consider adoption of *Policy Objectives for Guiding Water Rate Design*. In July 2013, the Board participated in a survey where they ranked and prioritized pricing objectives to be used as a foundation for developing and selecting a rate structure. Results were tallied and used to develop the *Policy Objectives for Guiding Water Rate Design*. Two pricing objectives were selected as “most important:” Enhance Revenue Stability and Affordability for Essential Use. The following were selected to be “very important:” Consistent with Drought Action Plan, Fair to Public, Mitigate Customer Impact, Rate Stability, and Customer Understanding.
- ◆ Based on the selected pricing objectives, it was determined that Administration, Equity, Funding Mechanism, Rate Stability/Affordability, and Water-Use Efficiency/Conservation will serve as the foundation for the rate design process.

Motion No. 13-11-565: *Upon consideration thereof, it was moved by Director Carrera, seconded by Director Kwong and unanimously carried (5-0), to adopt the “Policy Objectives for Guiding Rate Design,” and approve using the pricing objectives listed below as the primary emphasis for developing and selecting a rate design:*

Most Important:

- *Enhance Revenue Stability*
- *Affordability*

Very Important:

- *Consistent with Drought Action Plan*
- *Fair to the Public*
- *Mitigate Customer Impact*
- *Rate Stability*
- *Customer Understanding*

(Item 4)

Item 5: Proposed Revision to the Cash Reserve Policy.

- ◆ The Board was asked to review and comment on the proposed changes to the District’s Cash Reserve Policy. Modifications to the policy include formatting of the document and added language to better articulate the purpose of the policy, the types of reserves maintained by the District, established reserve levels, and the management of those reserves.
- ◆ Discussion was held regarding the revised targeted funding levels of the Capital Improvement Reserve, Reserve for Replacement, Employee Liabilities Reserve, and Rate Stabilization Reserve.
- ◆ As this matter was presented for discussion only, it was agreed that approval of the Cash Reserve Policy would be deferred to the January 2014 Board meeting to allow Board members an opportunity to further review the proposed changes and in the interim, meet with staff should they require additional information.

Adjournment at 5:00 p.m.