

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

**October 24, 2013
At the Offices of the District**

DIRECTORS PRESENT:

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

DIRECTORS ABSENT:

Allen L. Wu

STAFF PRESENT:

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

The meeting was called to order at 4:00 p.m. with President Hilden presiding.

Guests and others in attendance: Mr. James Linthicum of Three Valleys Municipal Water District.

Item 3: Public Comment – President Hilden

- ◆ There were no requests to make public comment.

Item 4: Discussion, Consideration and Possible Water Rate Adjustment Effective January 1, 2014, with all Proposed Adjustments within the Parameters of the Previously Approved Rate Structure

- ◆ The Board was provided with a recap of the September 2013 Special Board meeting activities relating to the consideration of a water rate adjustment effective January 1, 2014. It was noted that at the conclusion of the September 19, 2013 meeting, staff was given direction to review the four proposed rate scenarios with Director Kwong, as she was not present at the meeting. Pursuant to discussions with Board members, staff developed one additional rate scenario for consideration.
- ◆ An analysis of five rate scenarios was provided. Factors such as bond covenants, customer financial impact, and reserve funding were taken into consideration.
- ◆ Upon completion of a review of the rate scenarios detail, the District's recent rate history, and the Asset Replacement Schedule (provided in the meeting packet), the Board approved the implementation of Rate Scenario No. 4 which includes the increase purchased water costs based on the January 1, 2014 rates.

Motion No. 13-10-549: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Carrera and carried by a roll call vote (4-0) with Directors Carrera, Ebenkamp, Hilden and Kwong voting 'yes' to approve Scenario No. 4, as set forth on the table attached to these minutes, as the District's new water rate structure effective January 1, 2014. (Item 4)*

Item 5. Consider Adoption of Policy Objectives for Guiding Water Rate Design

- ◆ The Board was asked to adopt the *Policy Objectives for Guiding Rate Design*. Staff noted that the Board-selected objectives detailed in the document will provide the primary emphasis for developing and selecting a rate design.
- ◆ Board President Hilden directed staff to defer consideration of this item to the November 18, 2013 Board meeting.

Adjournment at 4:40 p.m.