

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

**December 16, 2019
At the Offices of the District**

DIRECTORS PRESENT:

Edwin Hilden
Theodore L. Ebenkamp
Scarlett Kwong
Theresa Lee
Jerry Tang

DIRECTORS ABSENT:

None

STAFF PRESENT:

Erik Hitchman, General Manager/Chief Engineer
Brian Teuber, Assistant General Manager
Sherry Shaw, Director of Engineering
Lily Lopez, Director of External Affairs
Thomas Monk, Director of Operations
Alanna Diaz, HR/Risk/Safety Manager
Josh Byerrum, Finance Manager
Gabriela Sanchez, Executive Secretary
Jim Ciampa, Legal Counsel

The meeting was called to order at 5:00 p.m. with President Hilden presiding.

Guests and others in attendance: Three Valleys Municipal Water District (TVMWD) Director Denise Jackman and General Manager/Chief Engineer Matthew Litchfield, P.E.; Katrina Lumague, Lisa Ho, and Sara Rodriguez of the Walnut Valley Water District.

Item 3: Public Comment

- ◆ There were no requests (Item 3)

Item 4: Additions to the Agenda

- ◆ There were no requests for additions to the agenda. (Item 4)

Item 5: Reorder of Agenda

- ◆ There were no requests. (Item 5)

Item 6: Special Recognition

- ◆ Mr. Byerrum introduced Ms. Katrina Lumague, Accounting Technician, on the occasion of her completing the probationary period for new employees. (Item 6-A)
- ◆ Ms. Rodriguez introduced Ms. Lisa Ho, Customer Service Representative I, on the occasion of her completing the probationary period for new employees. (Item 6-B)

Item 7: Consider Approval of Consent Calendar

- ◆ The Board was asked to approve the Consent Calendar consisting of the minutes of the Regular Board meeting held November 18, 2019, minutes of the Special Board meeting held November 21, 2019, the Check Register, the Employee Expense Reimbursement Report, and the Community Outreach Update. (Item 7-1, 2, 3, 4, and 5)

Motion No. 19-12-1458: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Kwong, and unanimously carried (5-0), to approve the Consent Calendar, consisting of the minutes of the Regular Board meeting held November 18, 2019, minutes of the Special Board meeting held November 21, 2019, the Check Register, the Employee Expense Reimbursement Report, and the Community Outreach Update. (Items 7-1, 2, 3, 4, and 5)

President Hilden indicated Motion No. 19-12-1458 was approved by a (5-0) vote

Item 8: Director Expense Reports

- ◆ The Board was asked to receive, approve, and file the Board member expense reports indicating per diem requests for meeting attendance and individual reports of additional expenses incurred by the District on behalf of each Director for events occurring during the month of November 2019. (Item 8)

Motion No. 19-12-1459: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Lee and unanimously carried (5-0), to receive, approve, and file the Board member expense reports for meeting attendance and additional expenses incurred by the District on behalf of each Director for events occurring during the month of November 2019. (Item 8)

President Hilden indicated Motion No. 19-12-1459 was approved by a (5-0) vote

Item 9: Treasurer's Report

- ◆ Mr. Byerrum presented the Financial Dashboard as of October 31, 2019, the District Statement of Revenue, Expenses, and Change in Net Assets as of October 31, 2019, the District Statement of Net Assets as of October 31, 2019, and Summary of Cash and Investments as of October 31, 2019. (Items 9-A, B, C, D)

Motion No. 19-12-1460: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Lee and unanimously carried (5-0), receive, approve, and file the Financial Dashboard as of October 31, 2019, the District Statement of Revenue, Expenses, and Change in Net Assets as of October 31, 2019, the District Statement of Net Assets as of October 31, 2019, and Summary of Cash and Investments as of October 31, 2019. (Items 9-A, B, C, D)

President Hilden indicated Motion No. 19-12-1460 was approved by a (5-0) vote

Committee Chair Reports

Item 10: Engineering Committee – Director Lee

- ◆ The Board was asked to authorize the General Manager to execute Change Order No. 1 for \$83,039.17 for the 8-inch Recycled Water Main Loop on Lemon Avenue (P.N. 18-3517) and to authorize the appropriation of an additional \$55,000 from the Acreage Supply Charge (ASC) fund. (Item 10-A)

Motion No. 19-12-1461: Upon consideration thereof, it was moved by Director Lee, seconded by Director Ebenkamp and unanimously carried (5-0), to authorize the General Manager to execute Change Order No. 1 in the amount of \$83,039.17 for the 8-inch Recycled Water Main Loop on Lemon Avenue (P.N. 18-3517) and to authorize the appropriation of an additional \$55,000 from the Acreage Supply Charge (ASC) fund. (Item 10-A)

President Hilden indicated Motion No. 19-12-1461 was approved by a (5-0) vote

- ◆ The Board was asked to accept the work as installed for the Casing Extension Route 10 HOV Widening Project at Grand Avenue (P.N. 14-3335) and to authorize the filing of a Notice of Completion for the subject project. (Item 10-B)

Motion No. 19-12-1462: Upon consideration thereof, it was moved by Director Lee, seconded by Director Ebenkamp and unanimously carried (5-0), to accept the work as installed for the Casing Extension Route 10 HOV Widening Project at Grand Avenue (P.N. 14-3335) and authorize the filing of a Notice of Completion for the subject project. (Item 10-B)

President Hilden indicated Motion No. 19-12-1462 was approved by a (5-0) vote

- ◆ Mr. Monk referenced the Operations Report included in the Board packet. (Item 10-C)

Item 11: Personnel Committee

- ◆ The Board was asked to adopt the newly proposed Emergency and Disaster Work Hours Policy included in the Board packet. (Item 11-A)

Motion No. 19-12-1463: Upon consideration thereof, it was moved by Director Lee, seconded by Director Kwong and unanimously carried (5-0), to adopt the Emergency and Disaster Work Hours Policy in the form presented. (Item 11-A)

President Hilden indicated Motion No. 19-12-1463 was approved by a (5-0) vote

Item 12: Finance Committee

- ◆ The Board was asked to receive, approve, and file the District's Consolidated Investment Transactions Report for November 2019 included in the Board packet. (Item 12-A)

Motion No. 19-12-1464: Upon consideration thereof, it was moved by Director Kwong, seconded by Director Ebenkamp and unanimously carried (5-0), to receive, approve, and file the District's Consolidated Investment Transaction Report for the period of November 1, 2019 through November 30, 2019. (Item 12-A)

President Hilden indicated Motion No. 19-12-1464 was approved by a (5-0) vote

- ◆ The Board was asked to approve the newly proposed Debt Management Policy included in the Board packet. Mr. Teuber further explained that the policy establishes the guidelines for the issuance and management of the District's debt, in accordance with the requirements of California Government Code §8855. (Item 12-B)

Motion No. 19-12-1465: Upon consideration thereof, it was moved by Director Kwong, seconded by Director Ebenkamp and unanimously carried (5-0), to adopt the WVWD Debt Management Policy in the form presented. (Item 12-B)

President Hilden indicated Motion No. 19-12-1465 was approved by a (5-0) vote

- ◆ The Board was asked to approved staff's recommendation for the FY 2018-19 Source and Application of Funds to transfer from the General Account \$1,000 to the Operating Reserve; \$750,000 to the Employees Liabilities Reserve related to Employer OPEB liability and authorize the transfer of these funds to the OPEB Trust; \$1,522 to the Rate Stabilization Reserve; \$559,100

to the Stored Water Reserve; \$300,000 to the Capital Improvement Reserve; \$4,082,671 to the Reserve for Replacement. (Item 12-C)

Motion No. 19-12-1466: *Upon consideration thereof, it was moved by Director Kwong, seconded by Director Ebenkamp and unanimously carried (5-0), to approved staff's recommendation for the FY 2018-19 Source and Application of Funds to transfer from the General Account \$1,000 to the Operating Reserve; \$750,000 to the Employees Liabilities Reserve related to Employer OPEB liability and authorize the transfer of these funds to the OPEB Trust; \$1,522 to the Rate Stabilization Reserve; \$559,100 to the Stored Water Reserve; \$300,000 to the Capital Improvement Reserve; \$4,082,671 to the Reserve for Replacement. (Item 12-C)*

President Hilden indicated Motion No. 19-12-1466 was approved by a (5-0) vote

- ◆ Mr. Byerrum reviewed the Revenue Bond Funds Held in Trust and detailed disbursement of bond proceeds report through November 30, 2019. As this was an informational item only, Board action was not needed.(Item 12-D)

Item 13: Public Information/Community Relations/Legislative Action Committee

- ◆ There were no Public Information/Community Relations/Legislative Action Committee matters to come before the Board at this time.

Item 14: TVMWD/MWD

- ◆ TVMWD General Manager/Chief Engineer Matthew Litchfield, P.E. reported on MWD and TVMWD business matters and reported the recent death of TVMWD Director Joe Ruzicka. (Item 14)

Item 15: The P-W-R Joint Water Line Commission

- ◆ Mr. Teuber reviewed the P-W-R Joint Water Line Commission water use report for the month of November 2019. (Item 15)

Item 16: Puente Basin Water Agency (PBWA)

- ◆ Director Lee reported on matters discussed during the December 12, 2019 Commission meeting. (Item 16)

Item 17: Spadra Basin Groundwater Sustainability Agency

- ◆ Director Ebenkamp reported on Agency business matters. (Item 17)

Item 18: General Manager's Report

- ◆ The Board received a follow-up report on prior Board actions. (Item 18-A)
- ◆ The Board received the District's activities calendars for January, February and March 2020. Mr. Hitchman made special note of the District's Open House scheduled for Saturday, January 11, 1:00 – 4:00 p.m. (Item 18-B)

Item 19: Water Supply and Conservation

- ◆ The Board received reports and graphs of the following items: District potable and recycled water use, Calendar Year 2019 purchase water projections, conservation goal summary, climate summary, and 2019 monthly water consumption versus the 2013 baseline year. Mr. Hitchman made note that the District's water usage for November 2019 was 14.55% lower than usage in November 2013. (Item 19-A)
- ◆ The Board viewed reports on California's water supply and reservoir conditions as of December 8, 2019. (Item 19-B)

Item 20: Directors' Oral Reports

(NOTE: Board meeting minutes provide written reports of Board meeting activities and committee meeting reports are given during the course of regular Board meeting activities. Directors include reports of their participation in non-expense/per diem paid community events as a matter of information.) (Item 20)

- ◆ Director Ebenkamp reported on his attendance at WVWD committee and Board meetings, a Spadra Basin Advisory Committee meeting, a TVMWD Board meeting, a Meals on Wheels event and the Diamond Bar Community Foundation Holiday Gala.
- ◆ In addition to the District Board and committee meetings previously reported, Director Tang advised of his attendance at the Diamond Bar Community Foundation Holiday Gala and a Spadra Basin GSA Advisory Committee.
- ◆ Director Lee noted that she attended District committee and Board meetings during the month of November.
- ◆ Director Kwong noted that she attended District committee meetings during the month of November.
- ◆ President Hilden noted his attendance at District Board and committee meetings, TVMWD Board meetings, a veteran's recognition ceremony hosted by the City of Diamond Bar, the Diamond Bar Community Foundation Holiday Gala, and a Meals on Wheels event.

Item 21: Legal Reports

- ◆ There were no Legal Report matters to discuss with the Board at this time. (Item 21)

Item 22: Items for Future Discussion

- ◆ A request was made for an informational Board workshop on per- and polyfluoroalkyl substances (PFAS). (Item 22)

Item 23: Board of Directors Business

- ◆ The Board was asked to ratify the Recycled Commodity and Private Fire Protection Rates included in the Final Report of the WVWD Domestic and Recycled Water Rate Study. Legal Counsel clarified that ratifying the rates provides for preliminary approval only. He further indicated that the rates included in the water rate study are subject to majority protest at the January 23, 2020 public hearing. (Item 23-A)

Motion No. 19-12-1467: Upon consideration thereof, it was moved by Director Hilden, seconded by Director Kwong and unanimously carried (5-0), to ratify the Recycled Commodity and Private Fire Protection Rates included in the Final Report of the WVWD Domestic and Recycled Water Rate Study. (Item 23-A)

President Hilden indicated Motion No. 19-12-1467 was approved by a (5-0) vote

- ◆ The Board was asked to continue its discussion from the November 18, 2019 Board meeting regarding the General Manager's performance evaluation. Following discussion of the General Manager's overall performance, the Board was asked to consider at its discretion a salary or compensation adjustment to be effective January 1, 2020. Ms. Diaz noted that the General Manager's contract allows him to join the other employees with the Cost of Living Adjustments (COLA) and salary adjustment. Pursuant to the Terms and Conditions of Employment, a 2% COLA will take effect for all District employees on January 1, 2020, less one percent for post-employment retirement benefits. (Item 23-B)

Motion No. 19-12-1468: Upon consideration thereof, it was moved by Director Kwong, seconded by Director Ebenkamp and unanimously carried (5-0), to approve a 7% merit increase for the General Manager, and a 1% Cost-of-Living Adjustment given to all other District employees stipulated in the Terms and Conditions of Employment effective January 1, 2020. (Item 23-B)

President Hilden indicated Motion No. 19-12-1468 was approved by a (5-0) vote

- ◆ Based on the motion taken by the Board regarding the General Manager's compensation adjustment, the Board was then asked to consider approval of the Second Amendment to the General Manager's Employment Contract reflective of a salary adjustment of 7% and a 1% Cost-of-Living adjustment. (Item 23-C)

Motion No. 19-12-1469: Upon consideration thereof, it was moved by Director Lee, seconded by Director Kwong and unanimously carried (5-0), to approve the Second Amendment to the General Manager's Employment Contract reflective of a 7% merit increase and a 1% Cost-of-Living adjustment, effective January 1, 2020. (Item 23-C)

President Hilden indicated Motion No. 19-12-1469 was approved by a (5-0) vote

- ◆ The Board approved the 2020 WVWD Board meeting and workshop schedule, noting that subsequent adjustments may be made by the Board in accordance with the Brown Act. (Item 23-D)

Motion No. 19-12-1470: Upon consideration thereof, it was moved by Director Lee, seconded by Director Tang and unanimously carried (5-0), to approve the CY 2020 Board and workshop meeting schedule as presented. (Item 23-D)

President Hilden indicated Motion No. 19-12-1470 was approved by a (5-0) vote

- ◆ Officers were rotated in accordance with the "Board Reorganization Rotation Policy." (Item 23-E)
Theresa Lee, President
Scarlett P. Kwong, First Vice President
Theodore L. Ebenkamp, Second Vice President
Jerry Tang, Assistant Treasurer
Edwin M. Hilden, Director
(Item 23E)

Mr. Hilden continued the duty of chairing the remainder of the meeting.

- ◆ It was determined that Board appointments to the offices of Secretary, Assistant Secretary, Treasurer and Second Assistant Treasurer would be as follows: Mr. Erik Hitchman, Secretary; Ms. Gabriela Sanchez, Assistant Secretary; Mr. Brian Teuber, Treasurer; Mr. Joshua Byerrum, Assistant Treasurer.

Motion No. 19-12-1471: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Lee and unanimously carried (5-0), to approve the Rotation of Officers and Board Appointments schedule as noted. (Item 23-E)

Director Hilden indicated Motion No. 19-12-1471 was approved by a (5-0) vote

- ◆ Director Hilden requested to ratify the assignments of the Standing Committee positions and the Commission/Agency assignments to remain the same as the 2019 assignments. Mr. Hitchman noted that resolutions appointing the positions for the Puente Basin Water Agency and Pomona-Walnut-Rowland Joint Water Line Commissions will be presented to the Board for adoption at the January 2020 Regular Board meeting. (Item 23-E)

Motion No. 19-12-1472: Upon consideration thereof, it was moved by Director Lee, seconded by Director Ebenkamp and unanimously carried (5-0), to ratify the 2020 Standing Committee and Commission/Agency assignments to remain the same as the 2019 assignments. (Item 23-E)

Director Hilden indicated Motion No. 19-12-1472 was approved by a (5-0) vote

- ◆ The Board was asked to authorize the General Manager to execute an amendment to the agreement with Raftelis Financial Consultants for additional work related to the completion of the Water Rate Study in the amount of \$18,158. Discussion was entertained regarding the details of the agreement amendment. Board direction was provided to staff to further examine and discuss the fees associated with the additional professional hours needed to complete the 2019 Water Rate Study with Raftelis Financial Consultants and to reconsider this item at the January 2020 Regular Board meeting. No further action was taken on his item. (Item 23-F)
- ◆ As a matter of information only, the Board was provided with a schedule of 2020 Key Conference/events. No Board action was taken on this item. (Item 23-G)

Item 24: Public Comment on Closed Session

- ◆ There were no requests to comment on either open or closed session items. (Item 24)

Item 25: Adjourn to Closed Session – 6:28 p.m.

Item 26: Closed Session – 6:52 p.m.

- A. The Board met in closed session in accordance with Government Code [§54956.9(d)(4)] to discuss initiation of litigation matter with Legal Counsel – One Potential Case. (Item 26-A)
- B. The Board met in closed session in accordance with Government Code [§54956.9(d)(2)] to discuss initiation of litigation matter with Legal Counsel – One Potential Case. (Item 26-A)

Item 27: Reconvene in Open Session/Report of Action Taken in Closed Session – 7:02 p.m.

- A. The Board met in closed session in accordance with Government Code [§54956.9(d)(4)] to discuss one initiation of litigation matter with Legal Counsel. The Board was briefed on the facts and circumstances of the matter and no reportable action under the Brown Act was taken. (Item 27-A)

The Board also met in closed session in accordance with Government Code [§54956.9(d)(2)] to discuss one item of potential litigation with Legal Counsel. The Board was briefed on the facts and circumstances of the matter and provided Legal Counsel direction to deny the claim. (Item 27-A)

Motion No. 19-12-1473: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (5-0), to reject the claim received from Driscoll & Omens on behalf of Saksit Lerdsuwanrut, filed on November 29, 2019, and to direct Legal Counsel to provide a notice of rejection of that claim to Driscoll & Omens. (Item 27-A)

Director Hilden indicated Motion No. 19-12-1473 was approved by a (5-0) vote

Adjournment at 7:12 p.m.

The Board adjourned in memory of Mr. Joe Ruzicka
Former Board of Director of the Three Valleys Municipal Water District