

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

**January 23, 2020
At the South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765**

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
Josh Byerrum, Finance Manager
Gabriela Sanchez, Executive Secretary
Carmen Fleming, Executive Assistant
Manuel Rodriguez, General Services Manager
Teofilo Pasillas-Lopez, Field Services Manager
Tom Hunt, Production Manager
Tai Diep, Engineering Manager
Donna DiLaura, Conservation/Special Projects Manager
Andy Chan, Construction Manager
Sara Rodriguez, Customer Service Manager
Jillian Keller, Management Analyst
Stephanie Fu, Outreach Specialist
Jim Ciampa, Legal Counsel

The meeting was called to order at 6:03 p.m. with President Lee presiding.

Guests and others in attendance: as identified on the attached Guest Registers

Item 3: Public Comment

- ◆ There were no requests (Item 3)

Item 4: Reorder of Agenda

- ◆ There were no requests. (Item 4)

Item 5: Public Hearing Regarding Proposed Increase in Water Rates**A. Open Public Hearing (6:07 p.m.)**

President Lee opened the Public Hearing and advised those who wished to speak regarding the proposed increase in water rates to submit written protests to give to District staff in attendance. Legal Counsel then took a moment to review the rules of the public hearing process, gave an overview of Proposition 218 and its respective requirements. He then stated that the Public Hearing and related process is being conducted in compliance with those requirements.

B. Presentation of Rate Review Process by District Staff and Raftelis Financial Consultants

Mr. Teuber, Assistant General Manager, commenced with a PowerPoint presentation providing an overview of the Walnut Valley Water District. Mr. Sanjay Gaur of Raftelis Financial Consultants, Inc. then continued with a PowerPoint presentation detailing the Domestic and Recycled Water Rate Study Final Report presented for Board consideration and approval.

C. Receive Public Comments

President Lee then stated that public comment would now be accepted. Comment cards were received from seven (7) District customers wishing to address the Board.

The Board was addressed with comments (as highlighted below) by Ms. Deidre Vail, Mr. Joseph Vail, Mr. Tom Chavez, Mr. Johnny Chua, Ms. Marian Brown, Mr. Steve Owen, and Ms. Rachel Perez regarding the proposed rates and other concerns, just as:

- ◆ A concern that non-residential water use is being subsidized by residential water customers.
- ◆ An inquiry regarding the funding of District employee salaries, rates, reserves and upgrades.
- ◆ A concern regarding local aquifers not meeting EPA standards and inquiring about the availability of recycled water for residential use.
- ◆ Request that the next public hearing be held in a location that will benefit all District customers.
- ◆ An inquiry about how a customer can find out the elevation of, and pump zone for, their property.
- ◆ A recommendation that charges for water used for fire protection should be assessed to insurance companies.
- ◆ An inquiry about desalination projects and technologies.
- ◆ A comment that water rates keep going up, even when customers remove their grass.

Prior to closing the Public Hearing, President Lee advised that for anyone who is opposed to the proposed adjustments, a written protest against the proposed action must be submitted prior to closing the Public Hearing. She then invited anyone wishing to submit or withdraw a written protest do so at that moment.

- D. Close Public Hearing (6:59 p.m.)
President Lee closed the Public Hearing and indicated that a brief recess will take place so Legal Counsel may tabulate protest letters.
- E. Advise Board on Determination of Whether Majority Protests Exists (7:12 p.m.)
Mr. Ciampa stated that the District has 27,077 total service connections, and fifty percent plus one (13,539) are needed to prevent the Board from approving the proposed rate increase. Under Proposition 218, only one vote per parcel is allowed. There were a total of 33 valid protests received, and thus a majority protest did not exist under any of: (i) total service connections; (ii) solely potable water connections; and (iii) solely recycled water connections. With this, Mr. Ciampa indicated that the Board is authorized to proceed at its pleasure to consider possible action on the increase in water rates

Item 6: Receive, Approve, and File the Domestic and Recycled Water Rate Study Final Report

- ◆ The Board was asked to receive, approve, and file the Domestic and Recycled Water Rate Study Final Report. (Item 6)

Motion No. 20-01-1488: Upon consideration thereof, it was moved by Director Kwong, seconded by Director Ebenkamp and unanimously carried (5-0), to receive, approve, and file the Domestic and Recycled Water Rate Study Final Report. (Item 6)

President Lee indicated Motion No. 20-01-1488 was approved by a (5-0) vote

Item 7: Consider Approval of Resolution No. 01-20-664, Adopting Revised Rates and Charges for Water Service

- ◆ The Board was asked to consider approval of WVWD Resolution No. 01-20-664 “Adopting Revised Rates and Charges for Water Service.” (Item 7)

Motion No. 20-01-1489: Upon consideration thereof, it was moved by Director Kwong, seconded by Director Ebenkamp and unanimously carried (5-0) by the roll call vote note below, receive, approve, and file WVWD Resolution No. 01-20-664, Adopting Revised Rates and Charges for Water Service . (Item 7)

Aye: Ebenkamp, Hilden, Kwong, Lee, Tang
No: None
Absent: None
Abstain: None

President Lee indicated Motion No. 20-01-1489 was approved by a (5-0) vote

Adjournment at 7:16 p.m.

RESOLUTION NO. 01-20-664

**RESOLUTION OF THE BOARD OF DIRECTORS OF
WALNUT VALLEY WATER DISTRICT ADOPTING
REVISED RATES AND CHARGES FOR WATER SERVICE**

WHEREAS, Walnut Valley Water District (the "District") is a California water district formed under Division 13 of the California Water Code (Water Code Sections 34000 *et seq.*) and empowered under its enabling act to fix rates and charges for the water service it provides; and

WHEREAS, the District last increased its water rates and charges in January 2019, and last adopted a five-year rate schedule in November 2014; and

WHEREAS, since that last water rate increase, the District has continued to experience increased costs, which necessitate proposed increases to its water rates and charges to generate sufficient revenues to meet those increased costs; and

WHEREAS, the District's Board of Directors authorized a professional consulting firm, Raffelis Financial Consultants, Inc., to conduct a comprehensive water rate study to examine possible solutions and rate-setting options and to establish the District's cost of service and revenue requirements; and

WHEREAS, based upon that water rate study, proposed and projected changes in the District's water rates and charges were presented to the District's Board of Directors on November 21, 2019; and

WHEREAS, in accordance with Article XIID, Section 6 of the California Constitution and Government Code Section 53755, notice of the proposed and projected increased rates and charges and of a public hearing regarding those proposed and projected rates and charges to be held at 6:00 p.m. on January 23, 2020, was mailed to the District's customers and, as applicable, property owners of record; and

WHEREAS, at 6:00 p.m. on January 23, 2020, a public hearing was held at which the District's Board of Directors considered the proposed and projected increases in the District's rates and charges, received public comment on those proposed and projected rates and charges, and, prior to and at that public hearing, found and determined that no majority protest to those proposed and projected rates and charges existed; and

WHEREAS, pursuant to Section 15273 of the District's CEQA Guidelines, the Board of Directors hereby finds that the proposed and projected rates and charges are for the purpose of meeting operating expenses, including employee wage rates and fringe benefits, purchasing or leasing supplies, equipment, or material, meeting financial reserve needs and requirements, and obtaining funds for capital projects, necessary to maintain service within existing service areas, and therefore the California Environmental Quality Act does not apply to the approval of the proposed and projected rates and charges;

NOW, THEREFORE IT IS RESOLVED, effective February 1, 2020, the District's water rates and charges, including its monthly meter charges, its commodity rates, its pump zone surcharges, its private fire protection charges, its private hydrant charges, and drought rate surcharges are revised as specified in Exhibit A attached hereto, provided that the rates and charges projected for fiscal years 2019-20 through 2023-24 remain subject to actual inflation experienced by the District, as measured by CPI-U for Los Angeles-Long Beach-Anaheim (calculated on a September 1 to August 31 annual basis) and actual rate increases of Metropolitan Water District of Southern California, Three Valleys Municipal Water District and Southern California Edison to which the District is subject.

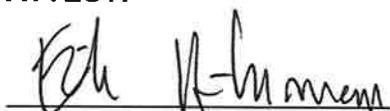
RESOLVED FURTHER, that the District's Rules and Regulations shall be amended as necessary to conform to the foregoing changes to the District's rates and charges.

RESOLVED FURTHER, that the District's management and staff are hereby authorized to take any and all actions necessary to implement the rate and charge increases approved by this Resolution.

PASSED, APPROVED AND ADOPTED by the Board of Directors of Walnut Valley Water District this 23rd day of January, 2020, by the following roll call vote.

AYE: EBENKAMP, HILDEN, KWONG, LEE, TANG
NO: NONE
ABSENT: NONE
ABSTAIN: NONE

ATTEST:


Secretary


President

