

MINUTES
REGULAR BOARD OF DIRECTORS MEETING
THREE VALLEYS MUNICIPAL WATER DISTRICT

Wednesday, June 15, 2016
8:00 a.m.

1. Call to Order

Following the adjournment of the Three Valleys Municipal Water District Financing Corporation, the Regular Board Meeting was convened at 8:05 a.m. at the District office located at 1021 East Miramar Avenue, Claremont, California. The presiding officer was President Bob Kuhn.

The flag salute was waived having been recited during the Financing Corporation Meeting.

Roll call was waived having been taken during the Financing Corporation Meeting. A quorum of the Board of Directors continued to be present.

Directors Present

Bob Kuhn, President
David De Jesus, Vice President
Brian Bowcock, Secretary
Joseph Ruzicka, Treasurer
Dan Horan, Director
Carlos Goytia, Director
Fred Lantz, Director

Staff Present

Rick Hansen, General Manager
Steve Kennedy, Legal Counsel
Liz Cohn, Sr. Financial Analyst
Cindy De Chaine, Conservation & Resource Analyst
Freeman Ensign, Operations Supervisor
Vicki Hahn, District Clerk/Executive Assistant
Kirk Howie, Assistant General Manager-Administration
Steve Lang, Water Operations Manager

Directors Absent

None

Guests and others present: Roger Bradley, City of Claremont; Maureen Coleman, Willdan Financial; Tom Coleman, Rowland Water District; Director Ted Ebenkamp, Walnut Valley Water District; Issam Ghazzawi, University of La Verne; Director Ed Hilden, Walnut Valley Water District; Erik Hitchman, Walnut Valley Water District; Director Tony Lima, Rowland Water District; Director Szu Pei Lu-Yang, Rowland Water District; John Mendoza, Pomona resident; Brent Morris, Willdan Financial; Dave Warren, Rowland Water District; Davetta Williams, League of Women Voters

2. Additions to Agenda

President Kuhn inquired if there were any additions to the published agenda. Staff did not have any additions to the published agenda.

3. Reorder Agenda

President Kuhn inquired if there was any reason to reorder the published agenda. Staff did not have any reason to reorder the published agenda.

4. Public Comment

President Kuhn called for public comment. Professor Issam Ghazzawi from the University of La Verne was in attendance to present the Board of Directors with a Certificate of Special Congressional recognition of Three Valleys MWD for their support of the University of La Verne REACH Program. Cindy De Chainé, Conservation and Resource Analyst was recognized for her efforts and support of this program that works with underprivileged high school students to expose them to college.

5. 2016-17 Standby Charge – Public Hearing

Staff provided a report to the Board regarding the FY 2016-17 Standby Charge Process. TVMWD collects a standby charge to cover the expense of its readiness-to-serve (RTS) charge that is payable to the Metropolitan Water District of Southern California (MWD). For FY 2016-17 TVMWD will need to collect \$170M. The cost for each Equivalent Dwelling Unit (EDU) will be \$20.16, a reduction from last fiscal year's EDU cost of \$23.09. This is the second year that TVMWD has been able to reduce the EDU cost which is directly correlated to a lower RTS obligation to MWD. One benefit of note: when the EDU is reduced, it eliminates the necessity of a Public Meeting, requiring only a Public Hearing to adopt the Standby Charge; this saves both time and expense due to reduced noticing costs.

In accordance with the requirements, a qualified engineer's report was prepared by Willdan Financial. Willdan Financial staff members Brent Morris and Maureen Coleman were available to respond to any questions. Additionally, public noticing regarding the Public Hearing and the Adoption for the FY 2016-17 Standby Charge was run in two newspaper(s) serving TVMWD, *Inland Valley Daily Bulletin* and *San Gabriel Valley Tribune*, on June 1, 2016 and June 8, 2016 respectively. A copy of these notices was included in the agenda packet and is available upon request.

The Board was advised that its next step to finalize the Standby Charge process for FY 2016-17 will be to open a Public Hearing to receive any comments and/or testimony. Upon conclusion of the Public Hearing the Board may consider adoption of the resolution included in the agenda packet to adopt the Standby Charge for FY 2016-17.

Following the staff report, President Kuhn opened the Public Hearing at 8:15 a.m. to hear any testimony or concerns. There were no comments or testimony presented during the Public Hearing. The Public Hearing closed at 8:16 a.m.

6. Approval of Resolution No. 16-06-782 Adopting the FY 2016-17 Standby Charge

Upon the conclusion of the Public Hearing the Board was asked to consider approval of Resolution No. 16-06-782 to Adopt the FY 2016-17 Water Standby Charge.

Upon motion and second, President Kuhn opened the floor for discussion. There being no discussion President Kuhn called for a vote.

Moved: Lantz; Second: Bowcock
Motion No. 16-06-5094 to approve Resolution No. 16-06-782 Adopting Three Valleys MWD FY 2016-17 Water Standby Charge. The motion passed with a 7-0 unanimous vote.

7. Consent Calendar

The Board was asked to consider the Consent Calendar Items (7.1-7.4) for the June 15, 2016 Board meeting that included: (7.1) Receive, approve and file, May 2016 Board minutes for May 18, 2016; (7.2) Receive, approve and file, May 2016 Financial Reports; (7.3) Receive, approve and file the FY 2016-17 Salary Schedule; (7.4) Receive, approve and file a Modified Board Meeting schedule for July-August 2016. The Board authorized staff to make notice cancelling the July 6, 2016, July 20, 2016 and August 3, 2016 Board meetings. The August 17, 2016 meeting will remain on calendar and is subject to cancellation with one week's notice.

Upon motion and second the floor was opened for discussion. There being no discussion, President Kuhn called for the vote.

Moved: Ruzicka; Second: Goytia
Motion No. 16-06-5095 to approve the June 15, 2016 consent calendar items 7.1-7.4. The motion passed with a 7-0 unanimous vote.

8. General Managers Report

8A – Administration

8.A.1 Legislative Update – May 2016

Staff provided a report on activities occurring legislatively at the state and federal levels. It was noted that the deadline to introduce or move any new bills at the state level has now passed. Any introduced bill that has not been moved by their house of origin will not be considered during this legislative year.

Summary results of the June 7, 2016 Primary Election was provided.

Staff, along with President Kuhn and Vice President De Jesus will be participating in their annual State Capital legislative visit on June 20, 2016.

8.A.2 Approve Director Expense Reports – May 2016

The Board was asked to approve May 2016 Director expense reports. Upon motion and second the floor was opened for discussion. There being no discussion, President Kuhn called for the vote.

Moved: Ruzicka; Second: Horan
Motion No. 16-06-5096 to approve payment of the Director expense reports for May 2016. The motion passed with a 7-0 unanimous vote.

8B – Engineering and Operations

8.B.1 Miramar Bypass Valve Replacement

The Board was asked to consider waiving the competitive bid process and authorize entering into a sole source agreement with R & B Automation for the purchase and installation of a RHF RIKO Plunger Valve and Butterfly Valve at a cost of \$149,919. R & B Automation is an authorized vendor for VAG Valves, the manufacturer of this product, and a current vendor of TVMWD.

Upon motion and second the floor was opened for discussion. Director Lantz inquired whether the requested purchase was a budgeted item and whether the project related to the purchase would be a carryover project. Director Lantz inquired how it was determined that this valve needed replacement. Staff responded to these inquiries. Director De Jesus sought confirmation that TVMWD would save funds by the approval of the requested action. This was affirmed as the proposed sole source vendor is the same vendor any other company bidding on the project would need to make the purchase through. There being no further discussion, President Kuhn called for the vote.

Moved: Bowcock; Second: Ruzicka
Motion No. 16-05-5097 to approve waiving the competitive bid requirements for the purchase of the Miramar Bypass Valve Replacement, and authorize TVMWD to enter into a sole source agreement with R & B Automation for this purchase. The motion passed with a 7-0 unanimous vote.

8.B.2 Calendar Year Imported Water Purchases and Peak Flow Reports – May 2016

Staff reported that the reports being provided are now on a calendar year and reflecting Tier 1/Tier 2 purchases as compared to the WSAP. The change in reporting is as a result of action taken by the MWD Board in April 2016 to suspend the WSAP Plan.

To date 17,711/AF of Tier 1 water has been delivered with a balance of 62,977/AF remaining. Staff reported that some of the Member Agencies are seizing this opportunity to purchase and store high quality water at the lowest possible price. It is unlikely that TVMWD will exceed its allowable Tier 1 allocation, and therefore Member Agencies will not be subject to Tier 2 penalties. Discussion occurred regarding the various opportunities for moving / storing this high quality water once the capacity/peaking fees are suspended in fall 2016.

TVMWD is evaluating options for purchasing and storing water now for use later. The current cost of the water is \$594/AF and will be increasing by 12% in January 2017.

General Manager Hansen reported that a memorandum has been prepared for delivery to the Member Agencies informing them that we have exceeded the 80% threshold of peak delivery reached in 2015 (108 cfs). The Member Agencies will be asked to evaluate operational opportunities to avoid peaking on the system during June 18-21, 2016 when high temperatures have been forecast.

8.B.3 Miramar Operations Report – May 2016

Staff provided an overview of the Miramar Plant operations and activities for the month of May 2016. Water quality continues to meet or exceed state and federal drinking water standards without any violations reported by SWRCB. Staff emphasized the TTHM results of TVMWD water are greater than 50% lower than the Maximum Contaminant Level (MCL).

Staff reviewed current production/sales data month and year-to-date as follows. Total potable water produced 1616.7/AF; Well #1 and #2 ran for the entire month of May for a total of 89.5/AF produced. Total potable water sales for the month were 1706.1/AF. Total year-to-date potable water sold was 14,952.8/AF compared to budget of 16,873.0/AF. Total year-to-date well production was 959.0/AF compared to budget of 1,000/AF. Average monthly water sold was 1,446.5/AF.

Hydroelectric generation data was reviewed. Each of TVMWD's hydroelectric generation facilities exceeded their budget both month-to-date and year-to-date. Director Lantz inquired about the status of turning on Hydros 2 & 3. Staff reported the proposed commissioning date is June 29, 2016.

A summary of special activities were discussed that included:

- Chlorine Training was provided by Jones Chemicals. Participants earned CEUs toward their certification.
- Mechanical repairs were completed to the Miramar Hydro.
- A tour was provided to elementary students from Evergreen Elementary.
- An unplanned outage occurred for approximately three hours on May 8, 2016. The backup generator provided service to the District.
- There were no unbudgeted activities during the month of May.

9. Directors' / General Managers Oral Reports

9.A Local Agency Formation Commission (LAFCO)

Director Ruzicka informed the LAFCO Commission approved the Functions and Services for 19 County Sanitation Districts to provide stormwater and dry weather runoff services.

9.B Pomona Walnut Rowland Joint Water Line Commission (PWR-JWL)

Director Horan informed the next meeting is scheduled for June 16, 2016.

9.C Six Basins Watermaster

Director Bowcock informed that work continues on the Strategic Plan. A workshop with the stakeholders was held on June 8, 2016. A key purpose of the workshop was to review potential grant applications for groundwater cleanup. The pre-application deadline to file is July 2016 with the formal application period planned for fall. It was noted the grants are planning grants, not implementation grants.

9.D Main San Gabriel Basin Watermaster

Director Bowcock informed that as of June 1, 2016 the Key Well was at 175.8'; the lowest the Key Well has ever been was 174.0'. The Key Well has decreased 3/10'; a 1.3' drop over the past three-week period. The high temperatures projected for the next week will have an impact on the Key Well. The SGV Reservoirs are presently at 15% capacity of their available 83,400/AF.

9.E Chino Basin Watermaster

President Kuhn requested Mr. Kennedy provide an update on the current status of the continuance(s) of the Safe Yield Hearing. The Safe Yield Hearing has been continued from June 24, 2016 to July 29, 2016. It was noted that all previous continuances have been as a result of the judge's request to review the voluminous information submitted in the matter and an additional briefing request by the court.

The continuance to July 29, 2016 was granted on the basis of a family emergency of the court, not the request from the Ag Pool. Since the July 29, 2016 continuance, an additional request was received from Jurupa Community Services District requesting a continuance. At this time it is uncertain whether the Hearing will occur on July 29, 2016 or some future date.

A major concern regarding these delays is that it is impacting the operations of the Watermaster due to the delaying of the assessments until the Safe Yield Hearing is concluded.

Chino Basin Watermaster (CBWM) is evaluating storage account applications. Three Valleys MWD does not presently have a storage account with CBWM.

This matter is pending Board resolution. General Manager Hansen informed that discussions between the three overlying municipal agencies, TVMWD, Western MWD and IEUA, about storage agreements in the Chino Basin have been taking place.

9.F San Gabriel Basin Water Quality Authority

President Kuhn informed that the \$1,000,000,000 Proposition 1 funding that was to set aside for groundwater clean-up was reduced to \$80,000,000, and may now possibly be off the table for the foreseeable future. Efforts continue to at least set aside the \$80,000,000 until the bill language can be finalized.

9.G San Gabriel Valley Council of Governments (SGV-COG)

Director Goytia informed the next meeting is scheduled for June 16, 2016.

9.H MWD Board

Director De Jesus informed on recent actions taken during the June Board and Committee meetings.

- The Water Planning and Stewardship Committee presented to the MWD Board regarding the historical reappropriation of Colorado River flows from Lake Mead as part of its presentation on Drought Contingency Planning. The last adjustment was made in 2007. This may have an impact on what MWD commits to on the California Delta Fix.
- The Weymouth Plant has completed its 3mg solar farm and is currently generating energy. The full operational capacity is expected to be met by the end of the month.
- A 75-year anniversary recognition of the Colorado River Aqueduct was held at MWD. A document on *Leadership and Environmental Stewardship* was presented to attendees. Copies are available upon request.

9.H Additional Board Member or Staff Reports / Comments

President Kuhn asked if the Modified Summer Schedule for the TVMWD Board has been published to our Member Agencies and other interested parties. General Manager Hansen informed that this was approved as part of today's Consent Calendar. TVMWD will make notice and cancel the July 6, July 20 and August 3, 2016 meetings' following today's meeting. The August 17, 2016 meeting is on calendar and subject to cancellation.

Director Bowcock extended his thanks to TVMWD and Director De Jesus for hosting the recent tour to Diamond Valley Lake. The tour was well-received by the tour participants, many who were first time attendees.

Director Bowcock informed that SCWUA is conducting a full day contact hour class in Glendora June 15, 2016. The class was sold out.

Director Bowcock shared a handout received at the recent Industrial Manufacturer's Council luncheon. The speaker, Tracy Rafter of BizFed discussed the different areas that BizFed is involved in, including water issues. During the meeting Director Bowcock was able to share with the 200+ people in the room regarding the impacts that MS4 will have on both the businesses and personal properties.

General Manager Hansen informed that the traveling art show from MWD of the K-12 award winners for the 2017 calendar were on display at TVMWD through today and encouraged all to take a quick look.

10. Future Agenda Items

There were no requests for any future agenda items.

11. Adjournment

President Kuhn adjourned the meeting at 9:15 a.m. **The next regular Board meeting is scheduled for August 17, 2016 at 8:00 a.m. and is subject to cancellation.**

/s/ Bob Kuhn
President, Board of Directors
Three Valleys Municipal Water District

Recorded by: Victoria A. Hahn
District Clerk/Executive Assistant