

MINUTES
REGULAR BOARD OF DIRECTORS MEETING
THREE VALLEYS MUNICIPAL WATER DISTRICT

Wednesday, November 16, 2016
8:00 a.m.

1. Call to Order

The Board of Directors meeting of the Three Valleys Municipal Water District (TVMWD) was called to order at 8:00 a.m. at the TVMWD office located at 1021 East Miramar Avenue, Claremont, California. The presiding officer was Vice President De Jesus.

2. Pledge of Allegiance

The flag salute was led by Vice President De Jesus.

3. Roll Call

Roll call was taken with a quorum of the Board present. Director Kuhn had an excused absence

Directors Present

David De Jesus, Vice President
Brian Bowcock, Secretary
Joseph Ruzicka, Treasurer
Dan Horan, Director (ar. 8:10 am)
Carlos Goytia, Director
Fred Lantz

Directors Absent

Bob Kuhn, President (excused)

Staff Present

Rick Hansen, General Manager
Steve Kennedy, Legal Counsel
Dominique Aguiar, Operations Supervisor
Liz Cohn, Sr. Financial Analyst
Mario Garcia, Engineering & Operations Manager
Vicki Hahn, District Clerk/Executive Assistant
Kirk Howie, Assistant GM-Administration
Steve Lang, Water Operations Manager
James Linthicum, Chief Finance Officer
Ben Peralta, Project Manager

Guests and others present: Tom Coleman, Rowland Water District; Paul DiMaggio, Suburban Water Systems; Director Ted Ebenkamp, Walnut Valley Water District; Director Ed Hilden, Walnut Valley Water District; Erik Hitchman, Walnut Valley Water District; Ben Lewis, Golden State Water Company; Director Tony Lima, Rowland Water District; Director Szu Pei Lu-Yang, Rowland Water District; Darron Poulsen, City of Pomona; Dave Warren, Rowland Water District; Davetta Williams, League of Women Voters

4. Additions to Agenda

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

5. Reorder Agenda

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

6. Public Comment

Vice President De Jesus called for any public comment. There were no requests for public comment.

7. Consent Calendar

The Board was asked to consider the Consent Calendar Items (7.1-7.8) for the November 16, 2016 Board meeting that included: (7.1) Receive, approve and file, October 2016 Board minutes for October 5, 2016 and October 19, 2016; (7.2) Receive, approve and file, October 2016 Financial Reports; (7.3) Approve CY 2017 Holiday Schedule; (7.4) Approve CY 2017 Proposed Meeting Schedule; (7.5) Approve Amendment to December 2016 Board Meeting Schedule; (7.6) Approve Resolution No. 16-11-787 Declaring Certain District Property As Surplus; (7.7) Receive and file 1st Quarter FY 16/17 Reserve Schedule; (7.8) Approve Resolution No. 16-11-788 Tax Sharing Exchange with County Sanitation District, Annexation 21-751.

Upon motion and second the floor was opened for discussion. There being no further discussion, Vice President De Jesus called for the vote.

Moved: Ruzicka; Second: Goytia

Motion No. 16-11-5107 to approve the November 16, 2016 Consent Calendar items 7.1-7.8. The motion passed with a 6-0 unanimous vote. Director Kuhn had an excused absence from the meeting.

8. General Manager's Report

Mr. Hansen provided an update on Director Kuhn who had surgery on November 8, 2016. He is doing well and getting stronger, with a renewed spirit. His plan is to return as soon as possible and he sends his thanks for all the well wishes he has received.

8.A – Administration

8.A.1 Legislative Update, November 2016

Mr. Kirk Howie provided the Board with a post-election update following the General Election on November 8, 2016. The Democratic Party picked up two seats in the California Assembly and now has a 2/3 super majority. On the California Senate side, one additional seat went to the Democratic Party in District 25, with Anthony Portantino prevailing over Michael Antonovich. Presently, the Senate is one seat short of a 2/3 super majority; the seat is in a highly-contested race in District 29 between Ling-Ling Chang and Josh Newman; this race may not be decided until the election is certified sometime in December.

TVMWD will have two new legislators on the Assembly side, Ms. Blanca Rubio in District 48 and Mr. Philip Chen in District 55. Staff will continue to outreach and provide briefings to all new legislators serving the District.

In Congress, the outcome of the races was as predicted with all legislators serving in the TVMWD area retaining their seat.

For the new two-year legislative session, 2017-18, it is anticipated that many of the issues that began in the previous session will continue as it concerns: water conservation, wastewater discharge, district reserves and tax revenues, PRA mandates, LAFCO consolidations, California Water Fix and the Little Hoover Commission report.

8.A.2 Approve Director Expense Reports for October 2016

The Board was asked to approve October 2016 Director Expense reports. Upon motion and second the floor was opened for discussion. There being no discussion, Vice President De Jesus called for the vote.

Moved: Ruzicka; Second: Horan
Motion No. 16-11-5108 to approve payment of the Director Expense reports for October 2016. The motion passed with a 6-0 unanimous vote. Director Kuhn had an excused absence from the meeting.

8.B – Engineering and Operations

8.B.1 TVMWD Grand Avenue Well (Project No. 58446) – Design and Construction Management/Inspection Services

Mr. Mario Garcia provided an update on the RFP process and the complexities of this project; he further included information regarding the two proposals that were invited back for further clarification, Krieger Stewart (KS) and Thomas Harder (TH&C) and Company. While KS had a more comprehensive proposal, they were unable to adjust the scope of their proposal to meet the budget for the project. The proposal from TH&C did meet the budget for the project, although it required adjustments for additional inspection time. The Board was asked to consider approval of awarding the project to Thomas Harder and Company, with the inclusion of the additional inspection time for a total of \$450,000, and authorizing the General Manager to enter into a Professional Services Agreement.

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

Moved: Bowcock; Second: Lantz
Motion No. 16-11-5109 to award Project No. 58846 – TVMWD Grand Avenue Well – Design and Construction Management Inspection Services to Thomas Harder and Company in the amount of \$450,000. The motion passed with a 6-0 unanimous vote. Director Kuhn had an excused absence from the meeting.

8.B.2 Break Room Renovation, Project No. 58147

Mr. Garcia provided a presentation on the proposed Break Room Renovation. It was noted that the budget for this project has been accumulated over the past several years under facility upgrades and the project is fully funded without any adjustments to water rates to our Member Agencies.

The existing break room was part of the original construction in 1985 and was designed for up to ten people. Further when the Board Room and North Meeting Room were constructed during the mid 1990s the administrative kitchen and break area was effectively lost. Typically 20-22 people utilize the space on a daily basis and the current space is designed to accommodate ten. Also, TVMWD regularly hosts various training and outreach events, tours and meetings and the current break room serves as the central area for food and beverage preparation.

Three (3) bids were received for the project, all very close to the architect's estimate of \$425,000. TVMWD determined the lowest bid received from Geva Construction was disqualified as non-responsive to the bid specifications, due to the lack of experience in projects of similar size and scope. Geva's bid also called

for 51% of the work to be subcontracted, and the threshold for the project was set at 40% in the specifications.

The Board is being asked to consider awarding Project No. 58147 to DELT Builders, Inc. in the amount of \$385,000. Their bid met all the qualifications for the project, and, TVMWD has a previous positive experience working with them.

Staff responded to questions regarding the improvement of energy efficiencies, whether there would be necessity for additional cooling requirements and additional costs for furniture and appliances. There was significant support on the project from several Directors and it was generally agreed that this project should have been done some time ago.

Upon motion and second the floor was opened for discussion. Director Lantz introduced a substitute motion to defer approval of the project until Director Kuhn returned. The substitute motion failed due to lack of a second. Director De Jesus then asked for a motion and second on the original motion presented. There was no further discussion and the vote was called.

Moved: Bowcock; Second: Ruzicka
Motion No. 16-11-5110 to award Project No. 58147 – Break Room Renovation to DELT Builders, Inc. in the amount of \$385,000. The motion passed with a 6-0 unanimous vote. Director Kuhn had an excused absence from the meeting.

8.B.3 TVMWD Baseline Road Well Project Update (Project No. 59458)

There has not been much activity on this project since the November 2, 2016 Board Meeting. Staff continues to respond to the comments received. An initial meeting was held with Claremont resident, Saul Jaffe to address his concerns; future meetings will be scheduled.

8.B.4 Calendar Year Imported Water Purchases, October 2016

Mr. Mario Garcia provided the Board with an update regarding imported water purchases for the month of October 2016. Through the end of October 46,282 AF of Tier 1 water has been delivered. This amount is trending below the deliveries from the last two years. Based on trending TVMWD expects to end CY 2016 with approximately 55,000 AF of Tier 1 water delivered, plus a preorder of 11,000 AF. Through the end of the year staff will continue to insure that the maximum number of days to flow water into the Main Basin is achieved. A question was asked about the overage of Tier 1 allocations by the City of Covina and Suburban Water. Covina has been taking some water from CIC which is pushing out as imported water. Also, the MSGBWM implemented an in lieu program and Suburban Water System took more of this water versus pumping ground water. It was noted that as long as TVMWD does not exceed its Tier 1 allocation, penalties will not be assessed to the Member Agencies.

8.B.5 Miramar Operations Report – October 2016

Mr. Lang provided an overview of the Miramar Plant operations and activities for the month of October 2016. Water quality continues to meet or exceed state and federal drinking water standards without any violations reported by SWRCB. THMs continue to be well below the MCL.

Mr. Lang reviewed current production/sales data month and year-to-date as follows. Total potable water produced 1713.3/AF; Well #1 and #2 ran for the entire month of

October for a total of 86.3/AF produced. Total potable water sales for the month were 1799.5/AF. Total year-to-date potable water sold is at 150% of what was budgeted. Hydroelectric generation data was reviewed. All plants were online.

Mr. Lang provided a status report on the final torch-cutting of the manways along Baseline Road. A new apprentice, Joel Pixton began in the month. Staff will be preparing a list of the apprentices that have come through the program over the last three years and the positions they have obtained following this comprehensive training program.

Karen Harberson hosted a well-attended workshop on optimizing organics removal and compliance with Stage 2 Disinfection Byproducts Rule.

A summary of special activities was reviewed and are available upon request. There was one unplanned outage as a result of the recent lightning storm. The Williams Plant went offline without any damage incurred.

The following accolades were shared:

Director Ruzicka: Thank you for the tours within the Walnut and Rowland School Districts.

Director Bowcock: Thank you for being responsive to neighbor concerns during the recent Santa Ana winds to the west. Response from neighbor, "WOW! Staff really took care of things quickly.

Director Goytia: Thank you to Steve and Kirk for the short notice tour provided to Henry Castillo of Senator Leyva's staff. Director Goytia requested that a list of the tours held at the District. Mr. Lang will continue to report on these as part of his Operations report.

Mr. Hansen: Thank you to Cindy DeChaine and staff for the facilitation of the Solar Boat Building held on November 5-6, 2016. The event is very well coordinated by staff. Mr. Nick Hertzog and his son, and Sam Samuelson from Glendora also volunteer their time for this effort. Directors De Jesus, Bowcock, Ruzicka and Goytia, also acknowledged the coordination of staff and the efficient way that they coordinate the event with the high school students.

During the week of November 14, 2016 the Rialto Feeder is shutdown and the Miramar Plant is offline. An updated report will be provided in December.

8.C – Finance and Personnel

8.C.1 Approve PARS Trust Program

Mr. James Linthicum provided a summary of the PARS Trust program that was reviewed during the November 2, 2016 Board Meeting. The proposed PARS Trust program will be a combination program addressing both Pension and OPEB. Mr. Linthicum reviewed the current program funding and provided information regarding several options to be considered. As part of his report, Mr. Linthicum informed the Board that CalPERS is considering decreasing its obligation, which will increase direct costs to TVMWD. The staff recommendation is Option 1A – Participate in PARS Trust Program.

For OPEB the recommendation is:

- Transfer to PARS Trust Program all funds (\$670,503) from CERBT program and terminate relationship with CERBT.

- Set funding goal for OPEB at 100% of actuarial liability (\$795,801) per valuation performed by third party actuary.

For Pension the recommendation is:

- Transfer to PARS Trust Program from TVMWD Reserves the remaining balance set aside for OPEB costs (\$317,675). These funds will be the initial contribution for pensions.

Other important information:

- Prior to any funding of the trust, staff will work with the Investment Manager (Highmark Capital), to determine an investment policy. At that time, staff will recommend to the Board for approval, a discount rate target/risk tolerance for both the OPEB and Pension portions.
- A long-term funding plan will be proposed during the next budget/rate cycle.

Upon motion and second the floor was opened for discussion.

Staff responded to questions regarding the rate of return differences between CBERT and the recommended PARS program. The variance is minimal 5.91 compared to 5.97. Also it was noted that CBERT is OPEB only and does not include pension.

There being no further discussion, Vice President De Jesus called for the vote.

**Moved: Lantz; Second: Bowcock
Motion No. 16-11-5111 to participate in the PARS Trust Program, Option 1A as stated above. The motion passed with a 6-0 unanimous vote. Director Kuhn had an excused absence from the meeting.**

Directors' / General Managers Oral Reports

9.A Local Agency Formation Commission (LAFCO)

Director Ruzicka provided a copy of the LAFCO Agenda for their November 9, 2016 meeting for anyone's interest. He also reported on the annual conference held in Santa Barbara October 25-28, 2016. A topic of interest and discussion was the Little Hoover Commission report concerning consolidation of special districts. Their focus appears to be on fire districts at this time. He also reported on an encounter with a representative from the Vector District and suggested that we collaborate with our local Vector District to ensure we provide adequate information when providing the rain barrels to prevent incubation of mosquitoes.

9.B Pomona-Walnut-Rowland Joint Water Line Commission

PWR met last month on October 20, 2016. Below are highlights from this meeting:

- Its outside auditor came in to provide the findings of the annual audit of FY 15-16. The commissioners approved the final audit.
- The commission's treasurer also provided his report on month-end cash and investments.
- There was some discussion on whether the amount budgeted for legal expenses for the current fiscal year would be used because first quarter expenses were fairly low, but it was pointed out that there were expected

to be upcoming legal expenses due to negotiations associated with Spadra Basin management.

- The commission also approved its meeting schedule for CY 2017. They will continue to meet every four months. The next meeting will be in February 2017.

9.C Six Basins Watermaster

Director Bowcock reported that Six Basins Watermaster Board will be meeting the afternoon of November 16, 2016 (today). The agenda calls for the adoption of the safe yield and budget assessments for 2017. The Board will also be considering approval of the new Wildermuth Administrative Services Agreement. Director Bowcock informed that discussion will be initiated at today's meeting regarding the proposed City of Claremont Master Plan for water and MS4 issues, and the necessity for collaboration between Six Basins Watermaster and TVMWD to insure timely communication takes place with affected stakeholders.

9.D Main San Gabriel Basin Watermaster

Director Bowcock reported that as of October 21, 2016 the Key Well was at 173.4'. He also reported on the status of the three main reservoirs in the Main Basin, Cogswell, Morris Dam and San Gabriel Valley. Combined, the capacity these reservoirs can store is 83,478 AF; they are presently at 12,579 AF. Mr. Hansen commented on the proposed assessment under consideration at MSGBWM. Greater water being extracted from the Basin versus water being replenished may result in higher assessments to the producers. The overall implementation plan is still under review.

9.E Chino Basin Watermaster

Vice President De Jesus reported on the meeting to be held on November 17, 2016. The CBWM Board will review and consider the Annual Recharge Master Plan, the 38th Annual Report, the second half of 2016-17 assessment package. Clarifying questions on the safe yield tentative ruling have been conveyed to the court with a pending decision expected in early 2017. Finally, the Board will receive the annual financial and management report. Mr. Darron Poulson, City of Pomona, reported that the Appropriative Pool approved to support an investment of approximately \$38 million to replenish the Basin.

9.F San Gabriel Basin Water Quality Authority

Director Horan reported on the meeting held on October 19, 2016. The SGVWQA will be undergoing several organizational changes on their Board in the coming months.

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

Director Goytia reported on the October 20, 2016 meeting. The Governing Board received several presentations on Measure M and Measure A, relative to transportation and homeless issues in the San Gabriel Valley. Priorities for the SGV-COG continue to be homelessness and stormwater capture. The next meeting is scheduled for November 17, 2016.

9.H MWD Board

Director De Jesus reported on recent action taken at the November 8, 2016 meeting. He reported on activity related to the lawsuits filed in the SDCWA v. MWD matters. The 2010 and 2012 cases are currently on appeal; the 2014 case has been stayed. Following the filing of the 2016 lawsuit contesting the 2016-17 water rates — the 2016 case was filed in Los Angeles and transferred to San Francisco — MWD filed a 170.6 Motion (preemptory challenge) to change the venue and the court. The 2016 case was reassigned to a new court and is presently stayed pending the outcome of the 2010 and 2012 appeals.

In the Water Planning and Stewardship Committee five LRP projects were approved that had been delayed since 2014. A written objection was issued by SDCWA reserving their right to file in these matters.

9.I Additional Board Member or Staff Reports / Comments

Director Ruzicka inquired about storage of potential extra water that may occur as a result of rainfall or snowpack. Mr. Hansen replied that presently the earth is so dry that water is being absorbed into the ground. There are no projects presently under construction for this; however, there is potential and opportunity for these types of projects in the future.

Mr. Hansen extended his thanks for the support and long-term investment into TVMWDs employees by approving the Break Room Renovation.

Director Bowcock announced that Irma Harper (widow of Bill Harper), passed away this past week in a car accident. Both Mr. and Mrs. Harper were very active and valued members in SCWUA and Inland County Water Association.

Director Bowcock announced that at SCWUA's luncheon meeting for November 17, 2017 they will be awarding Doctors of Water and Life Members. Former staff member Jim Johns will be present and awarded both Doctor of Water and Life Member.

Director Bowcock announced that SCWUA held a four-hour contact hour class on November 10, 2016 to help operators prepare for the next certification exam. Another class will be scheduled sometime in February 2017 and will be an eight hour class.

Director Bowcock reported on the last Water Forum meeting that included a recap of the 2016 Water Forum. There was an \$11,402 surplus from 2016. Director Bowcock made a motion at the meeting to retain the surplus for a future session; this was affirmed by the members present. It is proposed that going forward this will be an every two-year event on the off cycle of election.

Director Lantz provided an election update for Pomona from November 8, 2016. Tim Sandoval was elected as the new Mayor, defeating the incumbent by a 2-1 ratio. Additionally, three new Council Members were ahead in Divisions 1, 4 and 6 at the close of the polls; two of the races in Divisions 4 (17 votes) and 6 (75 votes) were still too close to call. In the city, two major department heads recently retired in Public Works and Finance. In the TVMWD Division 6 race as of the close of the polls on November 8, 2016 the challenger was leading the incumbent with a gap of 450 votes, with the absentee and provisional ballots still remaining to be counted. Director Lantz extended his thanks to the Board for the past four years and the previous eight years, thanks to a great staff, and thanks to the Member Agencies for their support. He will still participate at SCWUA and

future TVMWD Leadership Breakfast events. In closing, Director Lantz extended his best to the new Director with well wishes to him in his effort to be a good steward for this Board and the City of Pomona.

Director De Jesus extended his thanks to Director Lantz and echoed his sentiments and that he will be missed by the Board.

Mr. Hansen acknowledged Director Lantz' engagement and knowledge; through his questions and challenges he has helped TVMWD to be a better District. Thank you for your involvement, support and guidance on many different issues over the years.

9. Closed Session

The Board convened to closed session at 9:40 a.m. to discuss three items as follows:

- A) **Conference with Legal Counsel – Anticipated Litigation**, [Government Code Section 54956.9(d)(2)]; Significant exposure to litigation, one potential case.
- B) **Conference with Legal Counsel – Existing Litigation**, [Government Code Section 59456.9(d)(1)]; San Diego County Water Authority v. Metropolitan Water District of Southern California, et.al., San Francisco County Superior Court Case No. CPF-16-515282
- C) **Conference with Legal Counsel – Existing Litigation**, [Government Code Section 59456.9(d)(1)]; Williams et.al. v. Moulton Niguel Water District, et.al., California Court of Appeal, Fourth Appellate District, Division 3, Case No. G053002

10. Report Out Of Closed Session

The Board reconvened to regular session at 10:14 a.m. The Board was briefed on the three matters and there was no reportable action under the Brown Act.

11. Future Agenda Items

There were no requests for future agenda items.

12. Adjournment

Vice President De Jesus adjourned the meeting at 10:15 a.m. **The next regular Board meeting is scheduled for December 7, 2016 at 8:00 a.m.**

/s/ David De Jesus
Vice President, Board of Directors
Three Valleys Municipal Water District

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