

**MINUTES
REGULAR BOARD OF DIRECTORS MEETING
THREE VALLEYS MUNICIPAL WATER DISTRICT**

**Wednesday, December 7, 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 David De Jesus.

2. Pledge of Allegiance

The flag salute was led by Vice President David De Jesus.

3. Roll Call

Roll call was taken with the full Board present; Division 6 is temporarily vacant.

Directors Present

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

Directors Absent

Division 6 - vacant

Staff Present

Rick Hansen, General Manager
Steve Kennedy, Legal Counsel
Freeman Ensign, Operations Supervisor
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
Esther Romero, Accounting Technician

Guests and others present: Tom Coleman, Rowland Water District; Director Ted Ebenkamp, Walnut Valley Water District; Director Ed Hilden, Walnut Valley Water District; Erik Hitchman, Walnut Valley Water District; Maria Kennedy, Kennedy Communications; Ben Lewis, Golden State Water Company; Director Tony Lima, Rowland Water District; Director Szu Pei Lu-Yang, Rowland Water District; Director-Elect John Mendoza, Division 6; Darron Poulsen, City of Pomona; Dave Warren, Rowland Water District; Friends and Family of Director-Elect John Mendoza

4. Additions to Agenda

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

7. Administration of Oath Of Office – Reappointed and Elected Directors

(pursuant to Water Code Section 71253)

General Manager Hansen installed Directors David De Jesus, Division 2, Bob Kuhn, Division 4 and Dan Horan, Division 7, all of whom were reappointed in lieu of election by the Los Angeles County Board of Supervisors on November 15, 2016.

General Manager Hansen then called forward Director-Elect John Mendoza, Division 6 who was sworn into office. Director Mendoza then joined his fellow Directors at the dais.

The General Election was certified on December 2, 2016 by the Los Angeles County Registrar Recorder County Clerk.

8. Consent Calendar

The Board was asked to consider the Consent Calendar Items (8.1-8.4) for the December 7, 2016 Board meeting that included: (8.1) Receive, approve and file, November 2016 Board minutes for November 2, 2016 and November 16, 2016; (8.2) Approval of Resolution No. 16-12-790 Tax Sharing Exchange with County Sanitation District, Annexation 22-425; (8.3) Approval of Resolution No. 16-12-791 Tax Sharing Exchange with County Sanitation District, Annexation 22-426; (8.4) Approve Resolution No. 16-12-792 Authorizing TVMWD to Participate in the California Special District Association (CSDA) Purchase Card Program.

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

Moved: Kuhn; Second: Ruzicka

Motion No. 16-12-5112 to approve the December 7, 2016 Consent Calendar items 8.1-8.4. The motion passed with a 7-0 unanimous vote.

9. General Manager's Report

9A – Administration

9.A.1 CY 2017 Board Reorganization

Pursuant to District Policy, Section 2.3, Board of Directors – Organization, the Board was asked to nominate and select a Board President to serve during CY 2017 and to nominate and select a Vice President, Secretary and Treasurer.

Upon motion and second to keep the current slate for CY 2017 the floor was opened for discussion. There being no discussion, Vice President De Jesus called for the vote.

Moved: Bowcock; Second: Ruzicka

Motion No. 16-12-5113 to continue the CY 2016 Board Organization to CY 2017. The motion passed with a 7-0 unanimous vote.

The CY 2017 Board Officers are as follows:

Name	Representing	Position
Carlos Goytia	Division 1	Director
David De Jesus	Division 2	Vice President
Brian Bowcock	Division 3	Secretary
Bob Kuhn	Division 4	President
Joseph Ruzicka	Division 5	Treasurer
John Mendoza	Division 6	Director ¹
Dan Horan	Division 7	Director

9.A.2 CY 2017 Board Appointments

The Board was asked to select or confirm a District Representative to serve on the Metropolitan Water District Board for CY 2017; and the Board President was asked to consider appointments of Directors to serve as representatives / alternates to attend and monitor activities and to report to the Board regarding activities of other member agency and/or other agency board meetings for CY 2017.

Upon motion and second to continue the CY 2016 roster without any changes the floor was open for discussion. President Kuhn indicated it was his intent to leave all positions as they exist currently and to return this item to the January 18, 2017 meeting to fill any vacancies or make adjustments at that time. Directors were encouraged to let President Kuhn know of their interest to serve as a representative / alternate. There being no further discussion, Vice President De Jesus called for the vote.

Moved: Kuhn; Second: Ruzicka
Motion No. 16-12-5114 to continue the CY 2016 Board Appointments to CY 2017 and consider any vacancies or other adjustments during the January 18, 2017 Board meeting. The motion passed with a 7-0 unanimous vote.

Below are the resulting appointments for CY 2017:

Committee / Board	Representative	Alternate
ACWA Region 8 Delegate	Dan Horan	Brian Bowcock
ACWA / JPIA Representative	Brian Bowcock	Bob Kuhn
Chino Basin Watermaster	Bob Kuhn	David De Jesus
Local Agency Formation Commission (LAFCO)	Joe Ruzicka	Bob Kuhn
Main San Gabriel Basin Watermaster	Brian Bowcock	Dan Horan
MWD Board Representative	David De Jesus	N/A
PWR Joint Water Line Commission	Dan Horan	Carlos Goytia
Rowland Water District	Dan Horan	Joe Ruzicka
San Gabriel Basin WQA	Bob Kuhn	Dan Horan
San Gabriel Valley Council of Governments	OFF CYCLE	OFF CYCLE
Six Basins Watermaster	Brian Bowcock	VACANT
Walnut Valley Water District	David De Jesus	Joe Ruzicka

9.B – Engineering and Operations

9.B.1 TVMWD Baseline Road Well Project Update (Project No. 58458)

Staff provided an update regarding the project. Communications with Mr. Saul Jaffe are ongoing. TVMWD is working to schedule a time when they can meet with Mr. Jaffe at his property to evaluate the existing well and potential impacts to/from this project.

¹ Elected to office November 8, 2016; prior incumbent left office December 2, 2016.

9.B.2 Calendar Year Imported Water Purchases, November 2016

Mr. Mario Garcia provided the Board with an update regarding imported water purchases for the month of November 2016, a total of 50,240/AF have been delivered. Two member agencies, City of Covina and Suburban Water Systems have exceeded their Tier 1 allocation. Provided TVMWD does not exceed its Tier 1 allocation of 80,688/AF, Tier 2 penalties will not be assessed.

Based on current sale trends TVMWD expects to end CY 2016 with total sales of 60-61,000/AF, plus a pre-order of 11,500/AF, (72,500/AF total). Staff continues to monitor spreading through the end of December with a goal of maximum spreading to be achieved. Additional Tier 1 deliveries can be arranged with other member agencies who wish to purchase available Tier 1 water prior to the price increase on January 1, 2017. The new MWD rate will be a 12% increase over today's rates. Walnut Valley Water District and Rowland Water District were acknowledged for their pre-order purchase.

9.B.3 Miramar Operations Report – November 2016

Mr. Steve Lang provided an overview of the Miramar Plant operations and activities for the month of November 2016. Water quality continues to meet or exceed state and federal drinking water standards and is consistent with the cooler weather, which has also resulted in diminished algae blooms that caused earlier taste and odor issues. Total Trihalomethanes continue to be lower than normal.

Mr. Lang reviewed current production/sales data month and year-to-date as follows. Total potable water produced, 1056.3/AF; Well #1 and #2 ran for the entire month of November for a total of 81.3/AF produced. Total potable water sales for the month were 1137.6/AF. Total year-to-date potable water sold was 9091.5/AF compared to budget of 6288.0/AF. Total year-to-date well production was 433.9/AF.

Hydroelectric generation data was reviewed. MM-Hydro 1 was offline to have a new actuator installed; MM-Hydro 1 will now be fully automated. MM-Hydros 2 and 3, which were designed as low pressure hydros, performed as expected producing energy during the past month. The expected benefits of MM-Hydros 2 & 3 were realized from day one as a result of the MWD flow adjustment simultaneous to the commissioning of these hydros. For the month of November, hydro production is below budget, month and year-to-date; however it is expected to return to normal once the work on the Rialto Feeder is complete.

A summary of special activities was reviewed and are available upon request. The Rialto Feeder was shutdown from November 14-20, 2016. During the shutdown, the east end of the pipeline manways were inspected. The pumpback system was operated for six days during the shutdown, allowing the Miramar Plant to continue water deliveries to the Joint Water Line and our primary customers.

9.C – Finance and Personnel

9.C.1 Addition of Holiday Pay to TVMWD Salary Schedule Pursuant to CalPERS Regulations

The Board was asked to consider approval to modify the previously approved salary schedule that was adopted in July 2016 to include the addition of Holiday Pay. Staff reported that during the last month a misunderstanding was discovered on how holiday pay was being calculated. Holiday pay is considered a special compensation item for which additional benefits must be accrued, paid and reported to CalPERS.

Staff will be working with CalPERS to evaluate the retroactive impact of this for a period back to July 2001. The Board inquired about other options such as time in lieu of overtime versus retroactive pay. The Board requested that staff prepare a report that compared the actual monetary dollars versus time off for the retroactive payments.

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

**Moved: Ruzicka; Second: Bowcock
Motion No. 16-12-5115 to approve a revised salary schedule for FY 2016-17 that includes holiday pay. The motion passed with a 7-0 unanimous vote.**

9.C.2 PARS Trust Investment Strategy

Staff reported that all required paperwork to establish the previously approved PARS Trust has been completed. The next step is to determine and approve the investment strategy. The Board was provided a review of the different investment strategies offered.

Staff first reviewed the proposed OPEB investment strategy. Presently TVMWD's OPEB obligations are fully funded and TVMWD is in a position to pursue a higher investment risk since there is a longer time to recover from any potential losses. There are presently six retirees and 24 employee participants in the OPEB liability pool. Staff is recommending the indexed Moderate strategy. The 30 year expected rate of return is 6.48%.

Staff then reviewed the proposed Pension investment strategy. Presently TVMWDs Pension liabilities are 83% funded. Staff is anticipating a reduction in the CalPERS discount rate in the near future, which would result in TVMWD's funding status to reduce further to 73%. Staff is recommending the indexed Conservative strategy. The 30 year expected rate of return is 4.95%. This strategy will allow the portfolio to grow more steadily over a longer period of time as compared to some of the riskier strategies now exercised by CalPERS.

Staff addressed and responded to questions regarding potential liabilities in the event the recommended strategies do not produce the expected rate of return. Upon motion and second the floor was open for discussion. There being no further discussion, Vice President De Jesus called for the vote.

**Moved: Bowcock; Second: Ruzicka
Motion No. 16-12-5116 to approve the staff recommended PARS Trust Investment Strategy – OPEB strategy will be moderate; Pension strategy will be conservative. The motion passed with a 7-0 unanimous vote.**

10. Directors' / General Managers Oral Reports

10.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 reported that LAFCO has cancelled their meetings for December 2016 and will reconvene on January 11, 2017.

10.B Six Basins Watermaster

Director Bowcock reported that a Strategic Planning session is scheduled for December 14, 2016 at 2:00 p.m. The regular December 2016 meeting has been cancelled.

10.C Main San Gabriel Basin Watermaster

Director Bowcock reported that as of November 23, 2016 the Key Well was at 176.1'. MSGBWM's next meeting is scheduled for December 7, 2016 at 2:30 p.m. During today's meeting discussion will take place regarding proposed transfers, including purchasing options available at the best possible price.

10.D Chino Basin Watermaster

Vice President De Jesus reported that the November meeting included primarily ministerial year-end activities. General Counsel, Steve Kennedy reported that on December 5, 2016 the court provided notice to the Watermaster, to extend its own deadline to January 6, 2017 to send out notices requesting additional briefings on the safe yield tentative decision. The Watermaster will not be holding any of its regular meetings during December. On December 15, 2016 a meeting will be held to review storage alternatives. The meeting is open to all interested parties and will start at 10:00 a.m.

10.E San Gabriel Basin Water Quality Authority

President Kuhn provided an update on the November 16, 2016 meeting. As of January 1, 2017 the WQA Board will have four new directors. WQA will be holding two elections as follows: On December 21, 2016 appointments will be made from the cities with pumping rights, as well as appointments from San Gabriel Valley MWD, Upper San Gabriel Valley MWD and the two producer agency members. The San Gabriel Valley Water Association (SGVWA) was encouraged to consider a special meeting to ensure that a reappointment of a representative to the WQA Board representing the producers in the San Gabriel Valley occurs in as timely a manner as possible. Director De Jesus informed that a Special Board Meeting Teleconference of SGVWA is planned for December 15, 2016 at 10:30 a.m. On January 18, 2017, WQA will hold a special election to appoint the member from the cities without pumping rights.

President Kuhn informed the WQA received a report from Hal Furman that it is expected that there will be some modifications to the government funding for water quality cleanup. Mr. Hansen reported that TVMWD is sending letters of support for a WRDA bill later today.

10.F San Gabriel Valley Council of Governments (SGV-COG)

Director Goytia did not have anything to report.

10.G MWD Board

Vice President De Jesus reported on recent action taken at the November 8, 2016 Board Meeting. The initial allocation from the State Water Project is 20%. There is a probability that MWD Chairman Record may be making some reorganization announcements to the MWD Executive Committee and Committee Chair reassignments.

10.H Additional Board Member or Staff Reports / Comments

President Kuhn extended his gratitude to TVMWD Directors and staff for all the well wishes extended to him and his family as he has been recovering from his surgery.

Director Bowcock provided a report from ACWA/JPIA. During their recent executive meetings it was reported that claims were very low and that TVMWD was one of the top achievers in low loss ratio of claims.

Director Bowcock reported on the Region 8 Committee meeting held at ACWA's Fall Conference as well as sessions on MS4 that were held. Water agencies were encouraged to get connected with stakeholders in their area to stay informed on MS4 issues.

President Kuhn extended his congratulations to incoming Director John Mendoza. He was welcomed to the Board and extended an invitation to schedule a time, to meet with the Board President and General Manager to strategize to identify his strengths and bring him up-to-date on the efforts underway in the City of Pomona.

Director Goytia extended his congratulations to Directors De Jesus, Kuhn and Horan on their reappointment, and welcomed incoming Director Mendoza. He is looking forward to working together with all and as a counter-part to Director Mendoza in Pomona. He announced with the certification of the General Election there are several changes forthcoming in Pomona that include a new mayor and three new council members. The new members in Pomona will be sworn in on December 14, 2016. Mayor-Elect Sandoval has expressed his interest in building a strong relationship with Three Valleys. In closing he expressed Happy Holidays to all in attendance.

Director Mendoza extended his wishes for a Happy Holiday season to all in attendance and thank you for attending the meeting.

Vice President De Jesus invited Mr. Howie to come to the lectern to acknowledge and recognize the efforts of staff and the work they have done throughout the year for outreach and other special events at TVMWD. At the recent ACWA Fall Conference TVMWD once again received the Region 8 Outreach Award, and the ACWA Overall Outreach Award; TVMWD has achieved the Overall Outreach Award five of the last six years and the regional award over the last decade. Mr. Howie acknowledged the privilege of the freedom extended to staff to move swiftly on outreach efforts and building of relationships with the legislators.

Mr. Hansen announced that TVMWD will be hosting a California Special Districts Association workshop on *Board Member Best Practices* on Thursday, January 19, 2017. All Directors are encouraged to attend this open event that is available to any elected officials in the area. Staff will get an announcement out to all directors.

Mr. Hansen reminded all that the December 21, 2016 Board Meeting has been cancelled.

11. Future Agenda Items

There were no requests for future agenda items.

12. Adjournment

Vice President De Jesus adjourned the meeting at 9:00 a.m. **The next regular Board meeting is scheduled for January 4, 2017 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