

MINUTES
REGULAR BOARD OF DIRECTORS MEETING
THREE VALLEYS MUNICIPAL WATER DISTRICT

Wednesday, February 15, 2017
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 President Bob Kuhn.

2. Pledge of Allegiance

The flag salute was led by President Bob Kuhn.

3. Roll Call

Roll call was taken with the full Board present.

Directors Present

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

Directors Absent

None

Staff Present

Rick Hansen, General Manager
Steve Kennedy, Legal Counsel (ar. 8:12 a.m.)
Dominique Aguiar, Water Operations Supervisor
Liz Cohn, Sr. Financial Analyst
Mario Garcia, Engineering & Operations Manager
Vicki Hahn, District Clerk/Executive Assistant
Kirk Howie, Assistant GM-Administration
James Linthicum, Chief Finance Officer
Ben Peralta, Project Manager

Guests and others present: Director Ted Ebenkamp, Walnut Valley Water District; Erik Hitchman, Walnut Valley Water District; Director Tony Lima, Rowland Water District; Dean McHenry, League of Women Voters; Darron Poulsen, City of Pomona; Brian Teuber, Walnut Valley Water District

4. 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.

5. 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.

6. Public Comment

President Kuhn 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 (7.1-7.4) for the February 15, 2017 Board meeting that included: (7.1) Receive, approve and file, January 2017 Board minutes for January 4, 2017 and January 18,

2017; (7.2) Receive, approve and file, January 2017 Financial Reports; (7.3) Receive and file second quarter Reserve Schedule; (7.4) Approve Resolution No. 17-02-793 Concurring nomination for Kathleen J. Tieg's appointment to the ACWA-JPIA Executive Board.

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

Moved: Ruzicka; Second: Horan
Motion No. 17-02-5121 to approve the February 15, 2017 Consent Calendar items 7.1-7.4. The motion passed with a 7-0 unanimous vote.

8. General Manager's Report

8.A – Administration

8.A.1 Legislative Update, February 2017

Assistant General Manager, Kirk Howie provided the Board with a legislative report as follows:

- Provided updated California Legislative Calendar for 2017
- Announced that Friday, February 17, 2017 is deadline for any new bills to be introduced.
- State lobbyist, Mike Arnold will evaluate the legislation and make recommendations to TVMWD regarding bills to support, oppose and watch.
- Staff will provide the initial Legislative Status Report (LSR) commencing in March and monthly thereafter.
- New committee assignments were made in both the Assembly and Senate. Staff noted Senator Connie Leyva is the Caucus Chair; Assembly Member Blanca Rubio has been appointed to the Water, Parks and Wildlife Committee; and Senator Ed Hernandez has been appointed to the Governance and Finance Committee. An attachment showing all committee assignments was provided as part of the agenda packet.
- Provided a report on the State Water Resource Control Board (SWRCB) activity as it concerns the emergency conservation mandate issued by Governor Brown in May 2015, including subsequent amendments and extensions. TVMWD and other water agencies voiced their concerns that this mandate is no longer required; however, during a February 8, 2017 hearing the SWRCB extended the mandate until at least May 2017. This regulation does not apply to those agencies that do not have a water shortfall.
- Discussion ensued on water use efficiency messaging, especially in light of the heavier precipitation over the past several weeks.
- Staff responded to an inquiry from Director Mendoza regarding EPA grants. Soon after taking office, President Trump was critical regarding extensive EPA regulations that hinder business progress. He is recommending a freeze on EPA grants that could be as high as \$4

billion annually. EPA has been asked to review their contract information with the administration's transition team.

- A report on SB 231 introduced by Senator Hertzberg was provided to the Board. SB 231 is a reboot of SB 1298 that failed to meet the deadline during the previous legislative cycle. It has not been assigned to any committee, and it is expected that it will be assigned in March. This bill is proposed to make changes to the Proposition 218 implementation status and redefine water, stormwater, sewer, etc. The concerns expressed include proposed changes to state law and the changes defining stormwater and the potential litigation risks during the Proposition 218 rate setting process. TVMWD has been in discussion with MWD, AWWA, ACWA and CSDA to evaluate potential impacts to the industry. President Kuhn requested staff stay on top of this bill and to initiate opposition. Presently TVMWD is exempt from Proposition 218 requirements, due to this it is prudent that staff stay informed on all Proposition 218 legislative matters.

8.A.3 Large Landscape Audits CII – MWD Funding

The Board was asked to approve the agreement between TVMWD and EcoTech to provide landscape audits to its Member Agencies. Presently there is approximately \$90,000 remaining in this program to be spent by June 15, 2017. The criteria will be for Member Agency customers with greater than 4.5 acres to be eligible for the landscape audit. Each audit will cost around \$900. This program is funded by MWD.

**Moved: Ruzicka; Second: Goytia
Motion No. 17-02-5122 to approve agreement between TVMWD and EcoTech. The motion passed with a 7-0 unanimous vote.**

8.A.3 Water Education for Latino Leaders (WELL)

TVMWD received a request from WELL on February 7, 2017 for support of their upcoming conference scheduled for March 23-24, 2017 in the amount of \$10,000. Staff informed that Board that a few years ago TVMWD did support this effort in the amount of \$2,500. However, the amount requested is not presently budgeted.

The Board was asked to consider this request and provide direction to staff.

Director Mendoza introduced a motion to consider support at a lower amount of \$2,500 which was seconded by Director Goytia.

Upon motion and second the floor was opened for discussion.

Discussion ensued regarding the value of supporting this effort at the requested amount, an alternate amount or not at all. A point of caution was made regarding consideration of unbudgeted requests and the precedent it sets. A suggestion was made that this might be better served through evaluation during the upcoming budget process for FY 17-18.

Director Ruzicka suggested an amendment to the original motion to consider funding at an amount of \$500. Director Mendoza accepted the amendment, and it failed for a lack of a second.

There being no further discussion, President Kuhn called for the vote on the original motion to support at \$2,500. A roll call vote was taken with the following outcome.

Moved: Mendoza; Second: Goytia
Motion No. 17-02-5123 to authorize funding to WELL for their CY 2017 Annual Conference in the amount of \$2,500. Roll call vote results: AYES: Goytia, Kuhn, Mendoza; NOES: De Jesus, Bowcock, Ruzicka, Horan. The motion failed on a 4-3 dissenting vote.

8.A.4 Approve Director Expense Reports for January 2017

The Board was asked to approve January 2017 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: Goytia
Motion No. 17-02-5124 to approve payment of the Director Expense reports for January 2017. The motion passed with a 7-0 unanimous vote.

8.B – Engineering and Operations

8.B.1 Project Summary Update

The Board was provided with an update of ongoing projects at TVMWD that included a photographic presentation of progress. Staff responded to questions regarding specific projects. The full report was included as part of the agenda packet and is available upon request.

8.B.2 Calendar Year Imported Water Purchases, January 2017

Engineering and Operations Manager, Mario Garcia provided an update to the Board regarding CY 2017 imported water purchases for January 2017. For the first month of the water year slightly less than 3,000 AF of Tier 1 water was delivered. A review of the three-year comparison shows sales at the same point as two years previously on average.

8.B.3 Miramar Operations Report – January 2017

Engineering and Operations Manager, Mario Garcia provided an overview of the Miramar Plant operations and activities for the month of January 2017. Water quality continues to meet or exceed state and federal drinking water standards without any violations reported by SWRCB. THMs continue to be within the permissible limits.

Current production/sales data month and year-to-date were reviewed as follows: total potable water produced 841.1/AF; Combined, Wells 1 and 2 produced a total of 49.0/AF. Well #1 was in service 1/31 days and Well #2 was in service 27/31 days (it was noted that Well #1 was off line due to a problem with the variable frequency drive); total potable water sales for the month were 890.1/AF; total year-to-date potable water sold is at 150% of what was budgeted.

Hydroelectric generation data was reviewed. Miramar 1 continues to be offline because pressures on the Rialto Feeder are not high enough to produce energy. Staff is using this opportunity to complete some necessary repairs. Miramar 2 and 3 continue to produce energy within expected ranges. Production across all

five hydro facilities is at 67% of budget with some producing over budget and others below. 1.5M Kwh has been produced year-to-date.

Special activities were reviewed with a highlight on operations staff handling the filter bed maintenance for a significant cost savings. A review of the outages that occurred during the recent rain storms was discussed. The full extent of these damages is still under investigation. The full report is available upon request.

8.C – Finance and Personnel

8.C.1 FY 2017-18 Budget Review Schedule

Chief Finance Officer, James Linthicum reviewed the proposed budget review schedule. The FY 2017-18 Budget Workshop is planned for March 1, 2017 and will then be reviewed with the Member Agency Managers during their March 14, 2017 meeting. The final draft budget will be shared with the Board during the April 5, 2017 meeting with adoption of the budget planned for April 19, 2017.

8.C.2 Approve FY 2017-18 Strategic Plan

Chief Finance Officer, James Linthicum reviewed the modifications made to the FY 2017-18 Strategic Plan from the past year. There were a few improvements made to wording for better clarification. Changes of note included:

- Updated Industry and District Outlook to be reflective of current information
- Updated Reserve Policies to reflect current goal amounts
- Revised Employee Benefit Reserve description to clarify its purpose in conjunction with the newly established Post Employment Benefit Trust
- Clarified the criteria for market level agencies in the Compensation Philosophy
- Updated the five-year Capital Program
- Updated the budget priorities

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

**Moved: Ruzicka; Second: Bowcock
Motion No. 17-02-5125 to approve FY 17-18 Strategic Plan. The motion passed with a 7-0 unanimous vote.**

9. Directors' / General Managers Oral Reports

9.A Local Agency Formation Commission (LAFCO)

Director Ruzicka reported that the Deputy Executive Officer has retired and that a current recruitment is now open to fill this position. A copy of the agenda from the February 8, 2017 meeting was provided for anyone who was interested.

9.B Six Basins Watermaster

Director Bowcock reported the next regular meeting of Six Basins Watermaster Board will be held February 22, 2017.

9.C Main San Gabriel Basin Watermaster

Director Bowcock reported that as of last week the key well was at 181.4', an increase of about 7/10'.

9.D Chino Basin Watermaster

President Kuhn reported that the court has requested a delay on resetting the safe yield. The new deadline is now February 17, 2017 and may be continued to a yet to be determined date. During the recent Appropriators' Meeting it became clear that Storage will be a high-level priority for the year ahead.

9.E San Gabriel Basin Water Quality Authority

President Kuhn reported Proposition 1 funding has decreased from \$100 million to \$80 million for groundwater cleanup. The State of California Attorney General has once again ruled that the Proposition 1 funding is not available for groundwater cleanup. This matter will need to be litigated in order to be resolved. The effort presently is to at least freeze the \$80 million to be applied toward groundwater cleanup at some future date.

9.F MWD Board

Director De Jesus reported on recent action taken at the February 14, 2017 meeting.

As of today the State Water Project system is at 60% capacity, and is expected to bump to 70-80% capacity.

The Finance Committee reported that water sales may be impacted by the heavy precipitation. Water sales predictions going forward will be revised. For 2016 the forecast is that MWD will sell 1.57M/AF. The FY 17-18 water sales forecast is at 1.5M/AF. Water stabilization funds may have to be used to offset some of the losses. For the last several years MWD has been able to stay within its projected 3-5% rate increases; however, they may not be able to stay static under the current conditions.

The Engineering/Operations Committee initiated discussion regarding the possible decommissioning of one treatment plant at Lake Skinner. This action will reduce the operating level at this plant from 650 MGD to 330 MGD a savings of approximately \$1,000,000/annually. Additional evaluations are being considered at the Jensen Plant. The equipment from these proposed recommendations will be repurposed elsewhere for significant savings.

The previous high of water movement into MWD reservoirs was 750K/AF. This year it is anticipated this will be around 1.5M/AF or greater.

A review of movement on the MWD Board was reported as follows:

- Glendale installed Zareh Sinanyan replacing Laura Friedman who moved up to the California Assembly.
- Central Basin installed two new directors, Pedro Aceituno and Phillip Hawkins, replacing Bob Apodaca and Leticia Vasquez.
- Los Angeles reinstated Mark Gold and Jesús Quiñonez

9.G Additional Board Member or Staff Reports / Comments

Director Mendoza inquired about how any new water bonds will impact the previous bonds that are now being impacted by the Attorney General.

Director Kuhn requested that staff evaluate the budget to determine the impact to the FY 17-18 budget if an increase to the individual per director meeting allocation is increased from \$6,000 to \$7,500. A future workshop on this will be scheduled on a yet to be determined date.

10. Closed Session

10.A Conference with Real Property Negotiators (*pursuant to Government Code Section 54956.8, it was noted the agenda included a transposition of the citation*)

The Board convened to closed session at 9:45 a.m. to review the following:

Property: 618 West Baseline Road, Claremont, CA
District Negotiator: Richard Hansen, General Manager
Negotiating Parties: Saul Jaffe
Under Negotiation: Price and terms of payment

11. Report Out of Closed Session

The Board reconvened to regular session at 10:15 a.m. The Board was briefed on the referenced closed session matter. There was no reportable action pursuant to the Brown Act.

12. Future Agenda Items

There were no requests for future agenda items.

13. Adjournment

The meeting was adjourned in memory of Mrs. Anne Worley.

President Kuhn adjourned the meeting at 10:16 a.m. **The next regular Board meeting is scheduled for March 1, 2017 at 8:00 a.m.**

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

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