

MINUTES
REGULAR BOARD OF DIRECTORS MEETING
THREE VALLEYS MUNICIPAL WATER DISTRICT

Wednesday, March 1, 2017
8:00 a.m.

1. Call to Order

The Board of Directors meeting of Three Valleys Municipal Water District 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 Kuhn.

3. Roll Call

Roll call was taken with the full Board present.

Directors Present

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

Staff Present

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

Directors Absent

None

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; Andy Sells, ACWA/JPIA; Brian Teuber, Walnut Valley Water District; Karen Thesing, ACWA/JPIA; Dave Warren, Rowland 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 a need to reorder the agenda. Staff did not have any reason to reorder the agenda.

6. Public Comment

President Kuhn inquired if there were any requests for public comment. There were no requests for public comment.

7. Board Presentations

7.A ACWA/JPIA

Mr. Andy Sells, CEO and Ms. Karen Thesing, Director of Insurance Services were in attendance to present TVMWD with its refund check for low loss claims history during CY 2016. The total award was \$52,027. Directors and staff were commended in their efforts in controlling TVMWD risks and their use of available resources which combined result in a discounted rate as well as the refund.

7.B Six Basins Watermaster

Mr. Andy Malone was unable to attend today's meeting. His presentation will be rescheduled to a future date.

8. General Manager's Report

8.A - Administration

8.A.1 – Resolution No. 17-03-794 Concurring in Nomination of Fred Adjarian to the Executive Committee of the Association of California Water Agencies Joint Insurance Authority (ACWA/JPIA)

The Board was asked to consider the request to concur in nomination of Mr. Fred Adjarian, El Toro Water District, to the ACWA/JPIA Executive Committee and to direct staff to forward the approved resolution.

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

**Moved: Bowcock; Second: Ruzicka
Motion No. 17-03-5126 to adopt Resolution No. 17-03-794
Concurring in Nomination of Fred Adjarian to ACWA/JPIA
Executive Committee. The motion passed with a 7-0 unanimous
vote.**

8.A – Engineering-Operations

8.B.1 – Miramar Water Treatment Plant Shutdown Summary

The Board was provided an update of the annual Miramar Plant Maintenance Shutdown that occurred February 6-10, 2017 and responded to questions thereof. A PowerPoint presentation illustrating the work was shared and is available upon request. Mr. Lang recognized his two supervisors, Dominique Aguiar and Freeman Ensign for the coordination efforts in this annual process.

8.C – Finance-Personnel

8.C.1 – LeRoy's Connection Replacement – Budget Amendment (Project No. 58154)

The proposal is to move \$200,000 from the PM 24 Connection Modification Project, and setting it aside for the connection replacement at LeRoy Haynes Center. It was noted that MWD has indicated they are reconsidering their position on turndown percentage for meters due to newer technologies. This information item will be returned for consideration of approval at the March 15, 2017 meeting. A notice inviting bids for this project will be initiated later this month and be returned to the Board in April for consideration and award.

8.C.2 – Return Unexpended Funds to Capital Asset Reserve – Budget Amendment

The proposal is to return unexpended funds in the amount of \$503,535 to capital asset reserves. These funds are derived from projects with encumbered funds that are either completed or not planned to move forward. Moving funds at this time provides a more complete picture of Board designated funds available to meet individual reserve goal amounts, along with the overall emergency reserve goal of \$10 million. This information item will be returned for consideration of approval at the March 15, 2017 meeting.

8.C.3 – FY 17-18 Annual Purchase Orders

Each year the Board is asked to approve annual purchases orders where general purchases exceed \$50,000. The staff report included the list of vendors that fall under this consideration. There were no new vendors included for FY 17-18. This information item will be returned for consideration of approval at the March 15, 2017 meeting.

8.C.4 – FY 2017-18 TVMWD Budget Draft 1.0

The Board was provided a Budget workshop for FY 2017-18 TVMWD Budget Draft 1.0. Several assumptions are considered in preparing the budget such as:

- MWD's Ten-Year Financial Forecast
- Potential Changes to MWD's treatment surcharge (this is not included in the budget and rates presented today), and is subject to additional information provided during the March MWD Board/Committee meetings.
- Sales estimates based upon TVMWD member agency input.

Staff highlighted the various expense and revenue funds that comprise this budget based upon known costs and reasonable estimates:

Pass-through: this category considers standby and readiness to serve charges, capacity charges and fixed charges. The FY 17-18 standby charge is proposed to decrease slightly by approximately \$300,000, or \$18.53/EDU, which reduces costs for noticing and eliminates one public meeting. The CY 2018 Capacity Charge is expected to decrease by approximately \$100,000. This reduction is a direct result of member

agencies working with TVMWD to reduce the peak flow during the critical summer months.

Capital: projects were outlined in the recently adopted strategic plan, with enhancing local groundwater production as a priority. Capital Investment Program is budgeted at \$1.4 M and Capital Repair and Replacement at \$578K.

Operating: Includes all daily operating expenses, salary, compensation, benefits, reserve replenishment and taxes.

A detail for each of these categories was included in the staff report that is available upon request.

The Board was briefed on the budget related to Director Compensation and Benefits. TVMWD last increased their budget in this area approximately ten years ago. While each director is eligible to spend up to a certain amount annually, the budget is based upon past attendance/spending practices versus eligible spending. For FY 17-18 this line item will be increased slightly in line with actual spending.

The Board was briefed on actual reserves categories as of January 31, 2017 and the proposed FY 17-18 reserve replenishment recommendations.

The Board was briefed on operating revenues, the primary sources that include: hydroelectric income, interest income, notes receivable and cell tower lease income and fixed charges.

The total proposed CY 2018 TVMWD rate is \$1,015/AF for treated water and \$695/AF for untreated water. While controllable costs are increasing slightly, increased demands on the Miramar Treatment Plant will result in the \$8/AF surcharge reducing to a \$0 surcharge for water purchased from Miramar.

The proposed budget will be presented to the member agencies for feedback. Any modifications will be shared with the Board during the first meeting in April with a proposal to adopt at the April 19, 2017 meeting.

9. Closed Session

9.A – Conference with Legal Counsel – Existing Litigation (*pursuant to Government Code Section 54956.9(d)(1)*) Chino Basin Municipal Water District vs. City of Chino et.al. – San Bernardino County Case No. RCV51010

The Board adjourned to closed session at 9:35 a.m.

10. Report Out of Closed Session

The Board reconvened to regular session at 10:20 a.m. It was reported that the Board was briefed on the above closed session matter. There was no reportable action pursuant to the Brown Act.

11. Future Agenda Items

There were no requests for any future agenda items.

12. Adjournment

President Kuhn adjourned the meeting at 10:22 a.m. to a Regular Meeting scheduled for Wednesday, March 15, 2017.

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

Transcribed from tape by:
Victoria A. Hahn
District Clerk/Executive Assistant