

MINUTES
REGULAR BOARD OF DIRECTORS MEETING
THREE VALLEYS MUNICIPAL WATER DISTRICT

Wednesday, April 5, 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; Director Ted Ebenkamp, Walnut Valley Water District; Bryan Gruber, Lance, Soll, Lunghard CPAs; Kirk Hamblin, Lance, Soll, Lunghard CPAs; 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; Andy Malone, Wildermuth Environmental; Steve Patton, City of Glendora; Darron Poulsen, City of Pomona; Brian Teuber, Walnut Valley Water District; Dave Warren, Rowland Water District; Davetta Williams, League of Women Voters

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 Lance, Soll, Lunghard – Pre-Audit Review

Mr. Bryan Gruber, Partner and Mr. Kirk Hamblin, Engagement Manager from Lance Soll Lunghard CPAs attended to provide the Board with a pre-audit review for FYE June 30, 2017. Messrs. Gruber and Hamblin reviewed the proposed schedule that will commence with a pre-audit review with staff beginning the week of April 10, 2017. The final audit review with staff will be scheduled for August 2017. Final reports to the Board are planned for October/November 2017. Additionally, the engagement letter, management letter and SAS 114 peer evaluation were reviewed.

7.B Six Basins Watermaster

Mr. Andy Malone provided the Board with an update of the Six Basins Watermaster Master Plan. He provided the history regarding the development of Six Basins Watermaster. Wildermuth Environmental has been providing administrative services under a contractual agreement since 2011. The Six Basins Board is comprised of nine members from the parties to the adjudicated judgment. A website is available for public purview at www.6BWM.com. A copy of the presentation is available upon request.

8. General Manager's Report

8.A - Administration

8.A.1 – Draft Resolution in Support of the ACWA Policy Statement on Bay-Delta Flow Requirements

Mr. Kirk Howie provided an update regarding a policy statement adopted by ACWA regarding this matter. ACWA member agencies are being requested to adopt a resolution in support of the proposed Bay-Delta Flow Requirements. A draft resolution was included in the agenda packet for review. Staff was directed to return this item to the next meeting for consideration and approval.

8.A.2 – Draft Resolution Declaring Certain District Property as Surplus

The Board was provided a draft resolution, and exhibit that listed the TVMWD property to be declared as surplus. Three items of some value are under consideration, 2000 Ford Ranger, Hotpoint 30" electric range and Samsung 23.5" Dishwasher. Pursuant to Resolution No. 11-04-488 which includes the provisions by which surplus items are to be disposed of, once the items are declared as surplus, a notice will initially be distributed to our Member Agencies with a deadline of 4:00 p.m. May 9, 2017 to make an offer to purchase. If no offers are received, the items will be offered for public auction. Staff was directed to return this item to the next meeting for consideration and approval.

8.B – Engineering-Operations

8.B.1 – Project Summary Update

The Board was provided with an update of ongoing projects at the District that included a photographic presentation of progress. The full report was included as part of the agenda packet and is available upon request.

8.B.2 – Bid Results for the LeRoy’s Meter Connection Project No. 58154

The Board was provided with a summary of the bids received relative to this project that is estimated at \$150,000. A formal notice inviting bids was issued on March 6, 2017, with a mandatory pre-bid meeting held on March 14, 2017. Sealed bids were opened on March 27, 2017. A total of eight (8) bids were received. Staff is recommending consideration of the lowest apparent bidder, CP Construction. Staff was directed to return this item to the next meeting for consideration and approval.

8.C – Finance-Personnel

8.C.1 – FY 15-16 Comprehensive Annual Financial Report Award (CAFR)

TVMWD has once again been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA) for the CAFR for the FYE June 30, 2016. This is the tenth consecutive year TVMWD has received this award.

8.C.2 – FY 16-17 Project Encumbrances

The Board was provided with a listing of anticipated project encumbrances for FYE June 30, 2017. The total encumbrance amount is anticipated to be \$1,585,945. A final breakdown of all projects will be returned to the Board at the conclusion of the audit, planned for November 2017. In the meantime, staff is requesting that all proposed encumbrance be carried over. Staff was directed to return this item to the next meeting for consideration and approval.

8.C.3 – FY 17-18 TVMWD Budget Draft Version 1.1

The Board was provided with an updated FY 17-18 Budget Draft that was presented during the Budget Workshop on March 5, 2017. Several notable changes were included in the staff report concerning water demand estimates, capital reserves, hydroelectric sales, board elections and operations reliability reserves. Based upon these adjustments, TVMWD can lower the estimated surcharge to a \$5/discount on all treated water deliveries and a \$0/surcharge on all raw water deliveries. Pursuant to Government Code 6061, staff will publish a legal notice on April 12, 2017 informing of the intent to adopt the FY 17-18 Budget on April 19, 2017. Staff was directed to return this item to the next meeting for consideration and approval.

8.C.4 – Draft Resolution Adopting Water Rates and Charges for CY 2018

The Board was provided an update of the proposed rates and charges that will go into effect on January 1, 2018. Based upon the assumptions for TVMWD FY 17-18 Budget 1.1, TVMWD will apply a surcharge discount of \$5/AF to treated water deliveries and a \$0/AF surcharge to all untreated water deliveries. It was noted that beginning with the 2017 rate resolution, untreated water deliveries may be subject to additional charges from other agencies based on the connection used and basin delivered to. An updated copy of the summary drafts for the capacity charge and fixed charge for 2018 was distributed at the meeting; there were minor changes to those that had been included in the agenda packet.

In anticipation of a vote being taken on this item at the next meeting, Mr. Kennedy, legal counsel, was asked to opine as to the level of participation, or lack thereof regarding this item by Director De Jesus due to his role of President/CEO at Covina Irrigation Company, a TVMWD Member Agency, and the perception of a potential conflict of interest. Mr. Kennedy's guidance was that any action that Director De Jesus may take on behalf of the TVMWD Board that effects Covina Irrigation Company must be disclosed, and, he would be required to recuse himself from any discussion and action. To the extent that there is a conflict, it is not only the action the conflicted party is prevented from being a part of, but any aspect as to the decision-making process, including discussion; abstention only is not enough. Director De Jesus requested that Mr. Kennedy alert him in the event this may become an issue in any future matters.

Staff was directed to return this item to the next meeting for consideration and approval.

8.C.5 – FY 17-18 Water Standby Charge

The Board was provided an update on the FY 17-18 water standby charge. The purpose for the standby charge is to recover readiness-to-serve (RTS) costs assessed to TVMWD by MWD. The MWD RTS charge will increase by 3.7% (\$135 million) in CY 2017 to \$140 million in CY 2018. TVMWD's portion of the RTS charge for FY 17-18 is expected to be \$5.3 million; these funds will be collected on property taxes by both MWD and TVMWD. A copy of the proposed schedule and draft resolution were included as part of the agenda packet. For FY 17-18 the estimated standby charge is \$18.53 per equivalent dwelling unit (EDU), well below the maximum collection of \$29.41 per EDU. Based upon MWD's forecast it is anticipated that it may be up to ten years before the maximum EDU collection is reached.

The initial action required for this process will be to adopt a Resolution of Intent that is proposed to be adopted by the Board during their April 19, 2017 meeting. Because the total RTS collection is reduced over the prior fiscal year, TVMWD will only need to conduct one public

hearing prior to adopting the FY 17-18 water standby charge. This will result in savings to the District on legal publication notices. Following the public hearing, planned for June 21, 2017, the Board will be asked to consider and approve the proposed resolution to adopt the water standby charge for FY 17-18. Staff was directed to return the initiation resolution to the next meeting for consideration and approval.

9. Future Agenda Items

President Kuhn inquired about any future agenda items prior to calling for adjournment.

Director Mendoza inquired about the potential for distributing or placing the monthly “Drop of News” on the TVMWD website. The “Drop of News” is an internal resource that was developed to be an information/morale enhancing tool for staff. Discussion surrounding this occurred and it was noted that staff would evaluate the value of placing the item on the TVMWD website. Any Director is invited to forward directly to anyone they would like if they see the value in this.

Director Bowcock informed that he will be on vacation and requested to be excused from the April 19, 2017 Board Meeting.

- 10.** The Board meeting was adjourned at 9:30 a.m. to April 19, 2017.

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

Victoria A. Hahn
District Clerk/Executive Assistant