

MINUTES
REGULAR BOARD OF DIRECTORS MEETING
THREE VALLEYS MUNICIPAL WATER DISTRICT

Wednesday, March 21, 2018
8:00 a.m.

1. Call to Order

The Board of Directors meeting of Three Valleys Municipal Water District (TVMWD) was called to order at 8:02 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 a quorum of Board present.

Directors Present

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

Directors Absent

Dan Horan, Director

Staff Present

Rick Hansen, General Manager
Steve Kennedy, Legal Counsel
Liz Cohn, Senior Financial Analyst
Freeman Ensign, Water Operations Supervisor
Mario Garcia, Chief Engineer/Operations Officer
Vicki Hahn, District Clerk/Executive Assistant
Kirk Howie, Chief Administrative Officer
Steve Lang, Water Operations Manager
James Linthicum, Chief Finance Officer
Ben Peralta, Project Engineer

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; Director Tony Lima, Rowland Water District; 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 was a need to add items to the agenda. Staff did not have a need to add items to the published agenda.

5. Reorder Agenda

President Kuhn inquired if there was a need to reorder the agenda. Staff did not have a need to reorder the published agenda.

6. Public Comment

President Kuhn called for any public comment. There were no requests from audience members to address the Board. Prior to moving on with the published agenda, President Kuhn extended his congratulations to Erik Hitchman on his recent promotion to General Manager at Walnut Valley Water District.

7. Consent Calendar

The Board was asked to consider the consent calendar items (7.A-7.E) for the March 21, 2018 Board meeting that included: (7A) receive, approve and file, February 2018 Minutes for February 21, 2018; (7B) receive, approve and file financial reports and investment update February 2018; (7C) receive, approve and file FY 2018-19 Annual Purchase Orders; (7D) receive and file CY Imported Water Sales, February 2018; (7E) receive and file Miramar Operations Report, February 2018.

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

**Moved: Ruzicka; Second: De Jesus
Motion No. 18-03-5168 – Approving Consent Calendar Items
7.A – 7.E for March 21, 2018. The motion passed by a 6-0 vote,
with Director Horan absent.**

8. General Manager's Report

8.A Legislative Update, March 2018

The Board was provided a legislative update for March 2018. Below are notable items shared in the report.

- The legislative spring recess will commence on March 22 and run through April 2, 2018.
- Vacancies – three vacancies exist in the Assembly, and one vacancy exists in the Senate. A special election will be held on April 3, 2018 to fill these vacancies in the Assembly.
- One Senator remains on suspension.
- These vacancies have had an impact on the previous Democratic super-majority.
- The senate vacancy will be addressed during the June Primary Election. Also, on the ballot in June will be the proposed recall of Senator Josh Newman, District 29, and will also include potential candidates to fill this seat should the recall action be successful.

8.B Approve Resolution No. 18-03-819 in Support of 2018 Water Bonds.

The Board was asked to consider Resolution No. 18-03-819 in Support of 2018 Water Bonds. Upon motion and second, the floor was opened for discussion. Following discussion, President Kuhn called for a roll call vote.

Moved: De Jesus; Second: Mendoza
Motion No. 18-03-5169 – Approve Resolution No. 18-03-819 in Support of 2018 Water Bonds.

Roll Call Vote:

AYE: Goytia (1), De Jesus (2) and Mendoza (6)
NOE: Bowcock (3), Kuhn (4) and Ruzicka (5)
ABSENT: Horan (7)

The motion failed by a 3-3 vote (lack of majority). It was determined the Board may reconsider at a future date.

8.C Approve Director Expense Reports, February 2018

The Board was asked to consider approval of February 2018 Director expense reports. Upon motion and second, the floor was opened for discussion. There being no discussion, President Kuhn called for vote.

Moved: Ruzicka; Second: De Jesus
Motion No. 18-03-5170 – Approve February 2018 Director expense reports. The motion passed on a 6-0 vote, with Director Horan absent.

8.D Employee Bonus

The Board was asked to consider authorizing a one-time discretionary bonus to all staff members for their constant diligence in maintaining low loss claims on liability, workers compensation and property insurance. Staff informed that TVMWD routinely receives annual premium rebates through its insurer, ACWA JPIA. The request for this consideration was received from the Board President. Should the bonus be awarded there will not be any impact to the current budget or rates. Upon motion and second the floor was open for discussion.

Mr. Kennedy was asked to provide an opinion as to whether moving forward with this request could be considered a gift of public funds. Mr. Kennedy shared that there is both case law and California Attorney General guidance, that in the context under consideration, this action would not be a gift of public funds. He continued, from the employment context, bonuses of this nature do not establish an unlawful gift of public funds. In each case, it has been determined that this type of disbursement is not a gift of public funds, and that it is indeed valuable to the public by maintaining and retaining qualified staff for public agencies and rewarding them appropriately. Following discussion, it was determined that this item shall be pulled from this agenda and returned to the next meeting as a resolution that expressly contains the

findings of both the factual information included in the staff report, and the legal findings that this action would not constitute a gift of public funds. The maker of the motion, Director Ruzicka, was asked if he agreed with the proposed action to defer this item to the next meeting scheduled for April 4, 2018, where the Board will consider this action by resolution. Director Ruzicka concurred.

Moved: Ruzicka; Second: Goytia
Motion No. 18-03-5171 – Approve Employee Bonus. The motion was withdrawn by the maker and will be returned to a future meeting as a resolution that clearly depicts both the factual and legal information regarding consideration of this action.

9. Directors' / General Manager Oral Reports

The Directors reported on activities at various meetings they attend on behalf of TVMWD.

9.A Local Agency Formation Commission – Director Ruzicka reported on the continuing discussions surrounding the status of the Santa Clarita Water Agency resulting from the merger of Castaic Lake Water Agency and Newhall Ranch Water Agency. The passage of SB 634, which created this new agency, does authorize LAFCO to set certain operational conditions. This process has been initiated and is expected to be concluded in the next month. LAFCO of Los Angeles Executive Director Paul Novak recently met with the San Gabriel Valley TALK group where he was able to share about the purpose of LAFCO.

9.B Main San Gabriel Basin Watermaster – Director Bowcock reported on the most recent meeting. The key well is presently at 183.3' down from 183.6'. It is expected that upcoming precipitation conditions that have been forecast will continue to adjust these levels to a higher level, and at the same time continuing the message about efficient use of water resources.

9.C Six Basins Watermaster- Director Bowcock reported that the Annual Report has been completed and approved by the 6BWM Board of Directors. Accolades were given to the Wildermuth staff that attends the meeting recognizing their ability to share complex information at a level that is easy to understand.

9.D San Gabriel Valley Water Quality Authority – Director Kuhn reported the budget committee meeting was held in the past two weeks. Two major issues were reviewed: 1) 406 Plan that must be done on a semi-annual basis; minor adjustments have been made; 2) the WQA Board of Directors will be considering their annual budget at today's meeting. The assessment is planned to remain at \$10/AF. Much discussion occurred during the annual budget process regarding federal funding for local clean up. An April visit is planned for Washington DC to pursue local funding for clean-up.

9.E Chino Basin Watermaster – Director Kuhn reported the Board is waiting on the outcome of the appropriators review of the proposed term sheet, and what they want to keep in and/or remove. Mr. Poulsen shared from the audience that all appropriators, including the minor parties have signed on the term sheet with limited

redlines on the appeal. The new proposed timeline includes final review to be returned to the appellant court for review and action in September 2018.

9.F Pomona City Council – Director Mendoza reported on the recent city council meeting. He thanked Darron Poulson for the recent tour of the Pomona facilities. Mr. Poulson informed that he has been tasked with evaluating options for solar energy. The City Council recently considered the ordinance regarding certain staffing issues at Pomona Valley Hospital Medical Center and Casa Colina. In lieu of a city ordinance, the proponents for this measure are potentially considering navigating a ballot measure as an initiative. Director Goytia also thanked Mr. Poulson for his leadership and the opportunity to learn more about the Pomona water facilities.

9.G San Gabriel Valley Council of Governments – Director Goytia reported that most of the meeting was spent in closed session to review the contract for the new Executive Director, Marissa Creter. Discussion regarding the combining of SGV-COG and ACE was also reviewed and tabled pending clarity of this structure. A discussion was held on MS4 issues and was also tabled.

9.H Metropolitan Water District – Director De Jesus reported on information from the most recent board and committee meetings.

- The MWD Board has held three budget workshops during the recent months. During its March 13, 2018 meeting MWD held two public hearings to consider whether to continue suspending the tax rate limitations of the MWD Act to maintain the ad valorem tax rate for fiscal years 2018-19 and 2019-20. It is expected that public participation may influence actions taken by the Board as it concerns the continued suspension of the ad valorem taxes and possible additional responsibility of the California WaterFix. The second public hearing was to review the proposed water rates and charges for calendar years 2019 and 2020. A fourth budget workshop is scheduled for 3/27/2018. It is anticipated that MWD will still adopt its FY 2018-19 budget on April 10, 2018.
- Director De Jesus reported that the West Basin representative to the MWD Board, Don Dear has stepped down and has been replaced by Harold C. Williams.
- MWD has previously not elected to engage in water transfers from northern California to build its reserves based on the current state allocation. It was noted that MWD may now need to draw down 400,000 AF of its total storage to meet current annual demand.

9.I Additional Board Member or Staff Reports / Comments

- Director Mendoza inquired which MWD meetings were most relevant to attend from an informational perspective. It was suggested that the Monday committee meetings are most

informative and can be viewed online from the comfort of one's home or at MWD in Los Angeles.

- President Kuhn inquired that if Amazon Polyplex moves forward with the Los Angeles location, whether there will be a demand on water from Three Valleys, or only through the City of Pomona. It is not anticipated that a high water demand will occur. This project is anticipated as a headquarters facility only.

10. Closed Session

The Board convened to closed session at 9:23 a.m. to discuss one item as follows:

10.A Conference with Real Property Negotiators (pursuant to Government Code Section 54956.8). Property: 675 East Miramar Avenue, Claremont, CA 91711; District negotiator: Richard Hansen, General Manager; Negotiating parties: Mr. & Mrs. Wu; Under negotiation: pricing and terms.

11. Report out of Closed Session

The Board reconvened to regular session at 9:43 a.m. President Kuhn requested that Mr. Kennedy provided the report from closed session. Mr. Kennedy announced that the Board met to review the above-referenced property purchase at 675 East Miramar Avenue, Claremont, CA 91711 and voted unanimously, with Director Horan absent, to authorize the General Manager to move forward with the purchase of property.

12. Future Agenda Items

There were no requests for future agenda items.

13. Adjournment

The Board adjourned at 9:44 am to its next regular meeting scheduled for Wednesday, April 4, 2018 at 8:00 am.

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

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