

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

**Wednesday, April 4, 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 8:00 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 a quorum of the board members present. President Kuhn announced that he has been in touch with Director Horan and he is working toward returning to the dais as soon as possible.

**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 (excused)

**Staff Present**

Rick Hansen, General Manager  
Steve Kennedy, Legal Counsel  
Dominique Aguiar, Operations Supervisor  
Liz Cohn, Senior Financial Analyst  
Ray Evangelista, Engineer  
Freeman Ensign, Operations Supervisor  
Mario Garcia, Chief Engineer/Operations Officer  
Vicki Hahn, District Clerk/Executive Assistant  
Kirk Howie, Chief Administrative Officer  
James Linthicum, Chief Finance Officer  
Ben Peralta, Project Engineer  
Esther Romero, Accounting Technician

Guests and others present: Tom Coleman, Rowland Water District; Robert DeLoach; Paul DiMaggio, Suburban Water Systems; Director Ted Ebenkamp, Walnut Valley Water District; Bryan Gruber, Lance, Soll, Lunghard; Director Ed Hilden, Walnut Valley Water District; Erik Hitchman, Walnut Valley Water District; Mike Holmes, Walnut Valley Water District; Ben Lewis, Golden State Water Company; Maria Elena Kennedy, Kennedy Communications; Director Tony Lima, Rowland Water District; Director Szu Pei Lu-Yang, Rowland Water District; Gary Matthews, City of Pomona; Dean McHenry, League of Women Voters; Larry Ortega; Steve Patton, City of Glendora; Steve Paz, City of Pomona; Dave Warren, Rowland Water District; Tony Zampello, Main San Gabriel Basin Watermaster

#### **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. Mr. Mike Holmes, General Manager of Walnut Valley Water District was invited to the front to congratulate him on his retirement from Walnut Valley Water District as of April 5, 2018, and to present him with recognition for his services within the industry and in support of Three Valleys MWD. Mr. Holmes will begin a new assignment as Emergency Coordinator at PWAG beginning Monday, April 9; a brief recess was taken for picture.

#### **7. Board Presentations**

##### **7.A Board Presentations**

Mr. Bryan Gruber, Partner at Lance Soll Lunghard LLP (LSL) was present to update the Board on the upcoming pre-audit process that is scheduled to commence on Monday, April 9th. LSL has reached out to the Board and is seeking feedback on any issues that might impact our risk and how the audit assessment proceeds. Final field work on the audit will occur in August and the final audit is expected to be presented to the Board to receive and file in October or November. President Kuhn inquired about the use of third party portals for communication with the auditors, and the hold harmless statement included as part of the contract. These portals represent a secured environment that is used to transmit information and provides for a safer environment to transmit information. LSL is in year three of its three-year contract with TVMWD. Two one-year renewal options remain on this contract.

#### **8. General Manager's Report**

##### **8.A – Resolution No. 18-04-820, Employee Bonus**

Earlier this year TMVWD once again was awarded a refund from ACWA-JPIA for its efforts to maintain low loss ratios across all insurance disciplines carried by ACWA-JPIA. This has been the case for many years. As a result, the Board requested legal counsel to research the option of issuing a one-time discretionary bonus to the staff to thank them for their constant efforts to keep losses at TVMWD to a minimum. Legal counsel assured the Board that this action is not a gift of public funds. Resolution No. 18-04-820 substantiates this counsel, and the Board was asked to consider approval of the resolution.

**Moved: Bowcock; Second: Ruzicka  
Motion No. 18-04-5172 – Approving Resolution No. 18-04-820,  
Employee Bonus. The motion passed by a 6-0 vote, with  
Director Horan absent.**

### **8.B – Project Summary Update**

The Board was provided with an update of ongoing projects at the District including a photographic presentation of progress. The full report was included as part of the agenda packet and is available upon request. Mr. Hansen briefed the Board on a joint project that is underway with Six Basins Watermaster, City of Pomona, Walnut Valley Water District and Rowland Water District. The group is considering entering into an agreement with a grant consultant to identify funds available. TVMWD has stepped up to help with this proposed project due to the regional value. Pomona, Walnut and Rowland have been tasked with identifying priority and scope of proposed projects.

### **8.C – FY 2017-18 Project Encumbrances**

The Board was provided a list of existing budgeted projects that are not anticipated to be completed by the end of the current fiscal year. The project encumbrance estimates for fiscal year-end is \$1,846,264. A final breakdown of all projects will be provided at the end of the audit for final approval.

President Kuhn inquired what the building modification project encompassed. Mr. Hansen informed that these updates will be made primarily to the Control Room to maximize the space in the most optimal way. It was noted that the projects listed therein have already been budgeted and approved. Staff was directed to return this item for consideration of approval at the April 18, 2018 meeting.

### **8.D – FY 2018-19 TVMWD Budget, Draft 1.1**

The Board was provided with updates to the current budget draft 1.1 which is minimally different than that shared during the March 7<sup>th</sup> budget workshop. Following the budget workshop, the draft budget was shared with TVMWD's member agencies during their meeting on March 13, 2018. Mr. Linthicum itemized the updates in his staff report that include:

- A shift of one item from membership dues to professional services
- Adjustment to some amounts from the five-year CIP that include: replacement of the Joint Water Line Control Valve, and replacement of two district vehicles that are greater than ten years old.
- MWD has disclosed a potential shutdown of up to seven months of the Rialto Feeder sometime in the next few years that may impact operations at the Miramar Treatment Plant. As new information is available the Board and member agencies will be provided updates.

At Board request, additional information was provided on the membership dues and fees covered by the budget. One new agency, Biz Fed has been added to this line item, and a reactivation of our membership to the Southern California Water Committee was also added, at \$5,000/annually respectively. Director Mendoza inquired about sponsorship of various other events, specifically a recent event held in recognition of César Chavez. He was requested to provide specific information to staff for evaluation. Director Goytia provided additional information concerning the sphere of influence that were in the room for the César Chavez event.

Mr. Hansen provided an update regarding a recent meeting with the Fairplex Learning Center (FLC). The FLC is seeking a \$100,000 EPA grant and was looking to TVMWD for support of this grant application. TVMWD has written a letter of support, is presently providing in-kind support, and will bring updates to a future member agency meeting to evaluate the value of monetary support along the same lines of the joint benefit received through membership in the AWWA Research Foundation.

Mr. Linthicum provided a summary of director compensation and travel allowance granted by other MWD member agencies. Discussion ensued among several board members as to the value of increasing the daily per diem stipend from \$200 to some other amount or, reducing the number of eligible days service, or to consider an increase to the annual travel budget. Overall, the support appears to lie with increasing the travel budget versus increasing the daily stipend. The Board was advised that the full amount of \$42,000 (\$6,000 x 7 directors), is not what is budgeted for events/activities, but rather the budget is based upon what the typical expenses have been which is around \$25,000 annually. Following discussion, it was agreed that the Board will consider a resolution modifying the travel allocation that was last updated in 2006 (Resolution No. 06-03-539), from \$6,000 per director, to \$7,500 per director during the April 18th meeting. Staff will continue to forecast trends and budget accordingly.

In summary, each of these adjustments to the proposed FY 2018-19 budget will not impact the proposed surcharge discount to treated water purchases of \$10/AF for CY 2019. This is the second consecutive year that TVMWD has been able to offer a surcharge discount on purchases made from TVMWD and represents an additional \$5 discount to CY 2018 rates. Staff was directed to return the FY 2018-19 budget for consideration of approval at the April 18th meeting.

## **8.E – Draft Resolution Adopting Water Rates and Charges for CY 2019**

Mr. Linthicum introduced the draft resolution outlining the water rates and charges for CY 2019. As proposed, the water rate for CY 2019 will be discounted \$10/AF below the MWD (Weymouth) rate. This represents an additional \$5/AF discount over current rates. The resolution includes the draft TVMWD Fixed Charges Summary, and the draft MWD Capacity Charges. Mr. Hansen informed that within the resolution, is a statement that clarifies that, *dependent upon where the replenishment water is delivered from within the Main Basin San Gabriel Valley Basin, there is a potential of additional surcharges of \$2-\$5/AF*. Staff was directed to return the resolution to adopt

CY 2019 water rates and charges for consideration of approval at the April 18th meeting.

## **8.F – FY 2018-19 Water Standby Charge**

Ms. Cohn provided the Board with an update on the proposed FY 2018-19 water standby charge. A draft of the resolution and schedule were included as part of the staff report. TVMWD's portion of the MWD readiness-to-serve charge has increased for FY 2018-19 from \$5.2 million to \$5.3 million. These funds will be collected via property taxes as follows:

- MWD will collect \$1.9 million via a water standby charge imposed on parcels within TVMWD service area at \$12.21 per parcel.
- TVMWD will collect the remaining \$3.4 million via a water standby charged based upon each equivalent dwelling unit (EDU). A typical residential homeowner will be assessed \$18.73/EDU.

This is a slight increase over FY 2017-18 and will require TVMWD to hold both a public meeting and public hearing. The resolution to initiate the standby charge proceedings will be considered by the Board during their May 2, 2018 meeting. The public meeting is planned for June 6 during the regular board meeting, and the public hearing is planned for June 20, 2018 during the regular board meeting. Staff will prepare and publish the required public legal notices in the adjudicated newspapers serving TVMWD's service area, Inland Valley Daily Bulletin and San Gabriel Valley Tribune. Staff was directed to move forward with this process as stated.

## **9. Closed Session**

The Board convened to closed session at 8:45 a.m. to discuss one item, Public Employee Appointment pursuant to Government Code Section 54957, Title: Assistant General Manager.

## **10. Report Out of Closed Session**

The Board reconvened to regular session at 9:35 a.m. During closed session, the Board was informed that a new Assistant General Manager, Matthew Litchfield, has been hired. Mr. Litchfield will begin his employment on April 23, 2018.

## **11. Future Agenda Items**

As discussed during this proceeding the following items will be returned for consideration by the Board during its April 18, 2018 meeting.

- Approval of FY 2018-19 TVMWD Budget
- Approval of CY 2019 Water Rates and Charges
- Approve to Initiate FY 2018-19 Water Standby Charges (5/2/18 meeting)

## 12. Adjournment

The Board adjourned at 9:37 a.m. to its next regular meeting scheduled for Wednesday, April 18, 2018 at 8:00 am.

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

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