

MINUTES
REGULAR BOARD OF DIRECTORS MEETING
THREE VALLEYS MUNICIPAL WATER DISTRICT

Wednesday, April 3, 2019
8:00 a.m.

1. Call to Order

The Board meeting was called to order at 8:00 a.m. at the District 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 present.

Directors Present

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

Directors Absent

Carlos Goytia, Director
(excused)

Staff Present

Matt Litchfield, General Manager
Steve Kennedy, Legal Counsel
Dominique Aguiar, Operations Supervisor
Liz Cohn, Sr. Financial Analyst
Maria Contreras, Administrative Assistant
Mario Garcia, Chief Water Resources Officer
Kirk Howie, Chief Administrative Officer
Steve Lang, Chief Operations Officer
James Linthicum, Chief Finance Officer
Ben Peralta, Project Manager
Esther Romero, Accounting Technician
Karen Harberson, Compliance Specialist
Ray Evangelista, Engineer

Guest present: Ted Ebenkamp, Walnut Valley Water; Ed Hilden, Walnut Valley Water; Erik Hitchman, Walnut Valley Water; Tony Lima, Rowland Water; Szu Pei Lu-Yang, Rowland Water; Darron Poulsen, City of Pomona; Dave Warren, Rowland Water; Jennifer Stark, City of Claremont; Brian Teuber, Walnut Valley Water; Ben Lewis, Golden State Water; Steve Patton, City of Glendora; Rick Hansen, Claremont Resident; Raul Garibay, City of Pomona; Kathy Tiegs, ACWA-JPIA; Kirk Hamblin, LSL CPA's; Bryan Gruber, LSL CPA's.

4. Additions to Agenda

No additions to agenda requested.

5. Reorder Agenda

No reorder requested.

6. Public Comment

President Kuhn called for public comment. Mr. Raul Garibay, City of Pomona, approached the lectern and stated that after 36 years he will be retiring from the City of Pomona. He thanked TVMWD and noted it has been a privilege and honor for him to represent the City of Pomona at District Board meetings. President Kuhn in return, thanked him for always being accessible and responsive to his questions. Director Mendoza thanked Mr. Garibay and expressed appreciation of his work. Director DeJesus thanked Mr. Garibay for his mutual respect. Director Bowcock thanked Mr. Garibay for his involvement at Three Valleys MWD and Six Basins Watermaster.

7. Presentations

Mr. Jerry Gladbach, Board President of ACWA-JPIA, congratulated Mr. Garibay on his retirement and hard work. Mr. Gladbach and Ms. Kathy Tiegs presented the Board of Directors with a \$21,359 refund check for CY 2018 and thanked District staff for operating in a safe manner. Ms. Tiegs stated District staff is actively engaged in the following areas: 10 staff members have attended JPIA offered courses; 1 confined space training class was held at District facilities; 24 registered Target Solutions users, 38 Target Solutions courses have been completed, 8 users have completed more than 1 course; 1 professional development program; 1 alumni, Steve Lang, for Leadership Essentials in the Water Industry. Ms. Tiegs thanks the District for being engaged and taking advantage of all that ACWA-JPIA offers. President Kuhn thanked Mr. Gladbach and Ms. Tiegs for developing the programs and offered the use of District facilities at any time for training purposes.

Mr. James Linthicum introduced Mr. Bryan Gruber and Mr. Kirk Hamblin, from LSL CPA's to kick off this year's audit process. They will reach out to District staff as part of their field work. They will review major transaction cycles, check controls are in place and sample transactions to ensure policies and procedures are operating as defined. In addition, they will look at payroll, revenue, receivables, billing and collections. Mr. Gruber and Mr. Hamblin will come back in August for a final visit after the District closes the books for FY ending June 30. They will return in October to discuss final results. President Kuhn asked if it will be the same audit team as last year. Mr. Gruber advised it will be himself, Mr. Hamblin and a new team member. President Kuhn introduced Director Jackman to the audit team and asked they review the audit process with her. She will be provided with last year's audit report to familiarize herself with the process.

8. Consent Calendar

The Board was asked to consider the consent calendar items (8.A-8.I) for the April 3, 2019 Board meeting that included: (8.A) receive, approve and file minutes for February 6, 2019 and February 20, 2019; (8.B) receive, approve

and file financial reports and investment update, February 2019; (8.C) Imported Water Sales, February 2019; (8.D) Miramar Operations Report, February 2019; (8.E) FY 19/20 Annual Purchase Orders; (8.F) approve Resolution No. 19-04-846 Tax Sharing Exchange County Sanitation District, Annexation 21-761; (8.G) approve Resolution No. 19-04-847 Resolution of the Board of Directors of the TVMWD Concurring in Nomination to the Executive Committee of The Association of California Water Agencies Joint Powers Insurance Authority; (8.H) approve Budget Amendment – Hydropneumatic Tank Replacement (Project No. 58460); (8.I) approval of Chino Basin Project Memorandum of Understanding.

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

Moved: Joe Ruzicka Second: Brian Bowcock
Motion No. 19-04-5215 – Approving Consent Calendar Items 8.A – 8.I for March 3, 2019.
Motion passed by a 6-0 majority vote; Director Goytia had an excused absence.

9. General Manager’s Report

9.A Legislative Update – April 2019

Mr. Kirk Howie presented the Board with an update regarding the current legislative session. There are 12 bills the District has acted on, 7 in support and 5 in opposition. The 7 supporting bills are as follows: AB 510, District management of retention policies; AB 533, excludes rebates from taxable income; AB 1204, allows efficiency for MCL compliance; SB 413, shifts WQA election to odd years; SB 414, establishes small system water authority; and SB 669, establishes a trust for DAC water systems. Neutral bill: ACA 1, creates new voter threshold of 55%. The 5 opposing bills are as follows: AB 441, ignores safeguards to existing water rights; AB 1194, shifts representation of the Delta Council; AB 1486, (oppose unless amended) requires specified sale or lease of land; SB 204, delays Delta conveyance solutions; and SB 307, extends review process for Cadiz.

President Kuhn inquired whether the District’s lobbyist attends committee meetings to show support of bills. Mr. Howie advised letters are sent to all legislators, the lobbyist attends hearings and testifies on behalf of the District. Director Ruzicka asked if Mr. Mike Arnold follows up on bills we are strongly opposing or in favor of. Mr. Howie advised they provide regular reports on activities they participate in and a year end summary of activity.

The Board requested to change the stance on ACA 1 from *Neutral* to *Neutral with Concerns*.

9.B TVMWD Grand Avenue Well Equipping (Project No. 58446)

Mr. Ben Peralta informed the Board of four bids received with two bids coming in below the Engineer’s estimate of \$4,200,000. The apparent low bid is by E.J Meyer Co. at \$3,434,444. Staff recommends awarding construction contract to E.J. Meyer

Co. at the next board meeting. Construction is estimated to be completed in 9 months.

President Kuhn and Director DeJesus inquired about the wide range of the Engineer's estimate and E.J. Meyers estimate. Mr. Peralta advised there will be a lot of pipeline work for this project. He received estimates from two different Engineering firms and both were fairly close.

9.C Director Expense Reports, February 2019

The Board was asked to consider approval of the director expense reports submitted for reimbursement for February 2019.

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

<p>Moved: Joe Ruzicka Second: Brian Bowcock Motion No. 19-04-5216 - Approving Directors Expense Reports – February 2019 Motion passed by a 6-0 majority vote; Director Goytia had an excused absence.</p>

9.D Chief Engineer/Resources Officer Job Modification Update

The current Chief Engineer/Resources Officer has submitted his letter of retirement effective July 1, 2019. Filling the position prior to the employee's departure will allow training time and a smooth transition. The Board was asked to consider approval of the following items:

- The proposed modification to the Organizational Chart
- The proposed modification to the Salary Schedule
- Ratification of the recruitment process for the Chief Water Resources Officer

General Manager Matthew Litchfield advised the Board that updating the Organizational Chart and Salary Schedule will keep the District in compliance with CalPERS. Based on the reorganization process, a recommendation was made to update the job description to Chief Water Resources Officer.

<p>Moved: Joe Ruzicka Second: John Mendoza Motion No. 19-04-5217 - Approving changes to the organizational chart and salary schedule. Motion passed by a 6-0 majority vote; Director Goytia had an excused absence.</p>

9.E FY 2018-19 Project Encumbrances

Mr. Linthicum informed the Board of projects and funds that will carry forward to FY 19-20. The Board was provided a list of projects. Actual numbers to be provided after the audit is completed.

Director Ruzicka asked about land acquisition, whether anybody else can purchase these properties before we move forward. Mr. Linthicum advised that parcels that fit within the Districts means are constantly evaluated and it is an ongoing process.

Director DeJesus inquired if the funds are available and budgeted. Mr. Linthicum advised the funds are budgeted.

This item will be brought back to the April 17, 2019 Board meeting for approval.

9.F Salary Schedule Effective July 1, 2019

Mr. Linthicum presented the salary schedule that will go into effect July 1, 2019. The salary schedule is based off the cost of living and the consumer price index by the Bureau of Labor Statistics. Salary ranges will increase by 3.93%. Salary ranges are a part of the budget process and have been calculated into the FY 2019-20 budget.

This item will be brought back to the April 17, 2019 Board meeting for approval.

9.G FY 2019-20 TVMWD Budget Draft 2.0

Mr. Linthicum presented to the Board the second draft of the FY 2019-20 TVMWD Budget. Highlighted items included: (1) an error in the fixed charge assessment in revenues for FY 2019-20, an increase of \$13,000; (2) GIS professional services in the amount of \$50,000 was added; (3) staff compensation considering evaluations, new hires & retirements; (4) property tax revenues are higher and have been adjusted for the next 5 years; (5) due to the well equipping project, the Capital Investment Program increased \$225,000.

Recommendations based on the Budget Ad-Hoc committee meetings: (1) Continue contract with Michael J. Arnold & Associates for legislative outreach; (2) keep the community outreach budget at \$75,000; (3) memberships to San Gabriel Valley Economic Partnership, Los Angeles County Business Federation, Southern California Water Coalition and San Gabriel Valley Council of Governments were reviewed.

TVMWD will continue to maintain the current \$10 surcharge discount on MWD rate for 2020.

President Kuhn asked if Upper San Gabriel Valley Municipal Water District will become a member direct and if that will increase District cost. Mr. Litchfield advised he met with Upper District's General Manager to convene quarterly meetings for Water COG members. Upper District's General Manager is in agreement of a quarterly rotation. Director Ruzicka would like to be a part of that discussion as he is the District alternate for that committee.

Director DeJesus commented that he expects staff to follow recommendations and ask questions or concerns.

Director Mendoza asked what the outreach budget consists of. Outreach includes advertising \$30,000, an increased presence in Sacramento and collaborating with member agencies.

This item will be brought back to the April 17, 2019 Board meeting for approval.

9.H Draft Resolution Adopting Water Rates and Charges for FY 2020

Board members were presented with the Draft Resolution Adopting Water Rates and Charges for CY 2020. The \$10 surcharge rate to treated water and \$0 surcharge rate to untreated water will still apply. The board was presented with the Capacity Charge for 2020 and a Summary of Fixed Charges 2020.

This item will be brought back to the April 17, 2019 Board meeting for approval.

9.I FY 2019-20 Water Standby Charge

The Board was briefed on the FY 2019-20 Water Standby Charge. The Readiness-To-Serve charge is increasing from \$18.79 to \$19.25 per EDU. They were presented with a proposed schedule outlining important dates for Public Hearing Notices.

This item will be brought back to the May 1, 2019 Board meeting for approval.

9.J Resignation Notice Incentive Policy

The purpose of the Resignation Notice Incentive Policy is to ensure a smooth transition when staff members announce their retirement by cross training, sufficient time for recruitment process and review of the organizational structure. If an employee provides at least 6 months' notice, the District will provide a \$5,000 bonus upon departure.

President Kuhn advised he will strongly support the policy if it goes back retroactively to January 1, 2019.

Director Bowcock inquired if the incentive pertains to all employees, including the General Manager, and does it apply to positions with multiple employees. President Kuhn stated it will help continuity in job duties and succession planning. The Incentive Policy will not apply to the General Manager. Other agencies have different versions of the policy.

This item will be brought back to the April 17, 2019 Board meeting for approval.

9.K Chino Basin Supplemental Water Sale

Mr. Litchfield reviewed Chino Basin Watermaster's request to purchase 1,100 AF of replenishment water. TVMWD has a yearly Tier 1 surplus between 10,000 to 20,000 AF. Water is to be purchased at the Tier 1 Full Service Untreated water rate, delivery to be coordinated between Inland Empire Utilities Agency and Metropolitan Water District. All surcharges will be passed on to Chino Basin Watermaster.

Director DeJesus confirmed the intent is to deliver before the end of the FY and will not take TVMWD over its allotment. Director DeJesus also confirmed the agreement can be modified with last many changes between May and June.

9.L Funding Agreement to Participate in the Existing Infrastructure to Create Water Supply and Water Quality Solutions Study

Mr. Litchfield discussed the funding agreement to participate in the existing infrastructure to create water supply and water quality solutions study initiated by the Las Virgenes Municipal Water District. The fiscal impact to TVMWD will be a \$7,500 commitment with the intent to have another source of water supply for the region.

This item will be brought back to the April 17, 2019 Board meeting for approval.

10. Directors' / General Manager Oral Reports

Director Joe Ruzicka – nothing to report on LAFCO matters.

Director Brian Bowcock – will attend the San Gabriel Watermaster today.

Director DeJesus – reported on MWD's action to take leadership role in assuming responsibility for potential shortage along Colorado River Aquaduct.

Director Mendoza – reported on a discussion at Six Basins Watermaster asking stakeholders for three regional projects for grant funding.

Mr. Litchfield – reported the Executive Assistant will start on April 8th. The Instrumentation/Electrical System Operator will start on April 15th. The Chief Water Resources recruitment closes on April 14. Working with Main Basin to execute a purchase water cyclic storage agreement. GIS Project RFP has received 3 proposals and being reviewed by staff.

11. Closed session - Announcement of Closed Session Actions

Closed session items:

- Chino Basin Municipal Water District v. City of Chino, et al., San Bernardino County Superior Court Case No. RCV51010.

Mr. Steve Kennedy, Legal Counsel, stated the Board met in closed session to discuss the item listed above. The Board authorized the General Manager to execute the 2018 agreement to appropriative pool planning CAMA Amendments.


No other action was taken.

12. Future Agenda Items

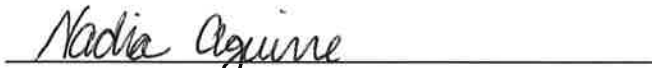
None

13. Adjournment

The Board adjourned at 10:25 a.m. to its next regular meeting scheduled for Wednesday, April 17, 2019 at 8:00 a.m.



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



Recorded by: Nadia Aguirre
Executive Assistant