

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

**Wednesday, June 21, 2017**  
**8:00 a.m.**

**1. Pledge of Allegiance/Roll Call**

The Pledge of Allegiance and Roll Call were waived, having occurred during the Annual Finance Corporation Meeting held immediately preceding the regular Board Meeting. The regular Board meeting was called to order at 8:04 a.m.

**Directors Present**

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

**Staff Present**

Rick Hansen, General Manager  
Steve Kennedy, Legal Counsel  
Liz Cohn, Sr. Financial Analyst  
Freeman Ensign, Water Operations Supervisor  
Ray Evangelista, Engineer  
Mario Garcia, Manager of Engineering & Planning  
Vicki Hahn, District Clerk/Executive Assistant  
Kirk Howie, Assistant GM-Administration  
Steve Lang, Water Operations Manager  
James Linthicum, Chief Finance Officer  
Ben Peralta, Project Manager

Guests and others present: Maureen Coleman, Willdan; Tom Coleman, Rowland Water District; Tracy Costello, City of La Verne; Paul DiMaggio, Suburban Water Systems; Chonney Gano, Willdan; 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; Dean McHenry, League of Women Voters; Jerry Mesa, City of La Verne; Darron Poulsen, City of Pomona; Brian Teuber, Walnut Valley Water District; Dave Warren, Rowland Water District

**2. 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.

**3. Reorder Agenda**

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

**4. Public Comment**

President Kuhn called for any public comment. There were no requests for public comment.

## 5. 2017-18 Standby Charge – Public Hearing

President Kuhn convened the public hearing in the matter regarding the 2017-18 standby charge at 8:05 a.m. After the public hearing, the Board will be asked to act to approve a resolution to adopt the FY 2017-18 standby charge.

Senior Finance Analyst, Liz Cohn provided the Board a report on the procedures leading up to the public hearing and proposed action. TVMWD's current MWD readiness-to-serve obligation is \$3.4 million. There are 185,102 EDU's in the District's service area. The proposed standby charge for FY 17-18 is \$18.51; this is the third consecutive year there has been a decrease in TVMWD's standby charge. The maximum permitted to be collected is \$29.41. It is forecast that TVMWD will not reach its maximum standby charge for 7-10 years. TVMWD published the required legal notices in the *Inland Valley Daily Bulletin* and *San Gabriel Valley Tribune* on June 7, 2017 and June 14, 2017 respectively; copies are available upon request. To date, TVMWD has not received any written or oral requests for testimony. This concluded the staff report.

The public hearing was closed at 8:09 a.m.

## 6. Approval of Resolution No. 17-06-800 Adopting the FY 2017-18 Water Standby Charge

The Board was asked to consider approval to adopt Resolution No. 17-06-800 adopting the FY 2017-18 water standby charge at \$18.51/EDU.

**Moved: Ruzicka; Second: Horan  
Motion No. 17-06-5139 to approve Resolution No. 17-06-800 adopting the FY 2017-18 water standby charge. The motion passed with a 7-0 unanimous vote.**

## 7. Consent Calendar

The Board was asked to consider the Consent Calendar Items (7.1-7.10) for the June 21, 2017 Board meeting that included: (7.1) Receive, approve and file, May 2017 Board minutes for May 3, 2017 and May 17, 2017; (7.2) Receive, approve and file, May 2017 Financial Reports; (7.3) Receive, approve and file salary schedule effective July 1, 2017 pursuant to CalPERS regulations; (7.4) Approve Resolution No. 17-06-801 Declaring a Water Supply Watch; (7.5) Approve Modified Summer Schedule and direct staff to cancel the meetings scheduled for July 5, 2017, July 19, 2017, August 2, 2017 and August 16, 2017; (7.6) Approve Resolution No. 17-06-802 Setting procedures and charges for public review and copy of District records; (7.7) Approve Resolution No. 17-06-803 Tax Sharing Exchange with County Sanitation District, Annexation 22-427; (7.8) Approve Resolution 17-06-804 Recognizing City of La Verne Community Development Director, Hal Frederickson upon his retirement; (7.9) Approve Resolution 17-06-805 Recognizing City of La Verne Water Utility Manager, Jerry Mesa upon his retirement; (7.10) Receive and file the annual observer report from the Claremont League of Women Voters.

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

**Moved: Ruzicka; Second: Bowcock  
Motion No. 17-06-5140 to approve the June 21, 2017 Consent Calendar items 7.1-7.10. The motion passed with a 7-0 unanimous vote.**

A brief recess occurred to present Mr. Mesa with a framed copy of his Resolution and to thank him for all his contributions over the years to the industry, especially the coordination of the contact hour classes through SCWUA.

Messages of congratulations were extended to Mr. Mesa from the Board.

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

### **8.A – Administration**

#### **8.A.1 Legislative Update, June 2017**

Assistant General Manager, Kirk Howie provided the Board with a legislative update as follows:

The FY 17-18 budget was approved by the California Legislature on June 15, 2017. The budget is comprised of \$125 billion general fund, \$10 billion reserves, and a \$8.5 billion rainy day fund. Mr. Howie commented on trailer bill language that would have negatively impacted the water industry, *California Conservation – A California Way of Life*, which was rejected. If passed, it would have bypassed the normal legislative committee process.

The Little Hoover Commission (LHC) is scheduled to meet on June 22, 2017. The focus of their discussion has been on governance, transparency and accountability. TVMWD's lobbyist, Mike Arnold will attend the hearing and will provide comment. California Special Districts Association has also been very active in the efforts of LHC's process, providing testimony and sharing the positive aspects of special districts.

The Board was provided with an update of the annual Capitol visit that occurred on June 2, 2017. In attendance were Directors Kuhn and De Jesus and Messrs. Hansen and Howie. The group met with six of the legislators serving TVMWD, including the newest legislators, Blanco Rubio (Assembly District 48), Josh Newman (Senate District 29) and Philip Chen (Assembly District 55). Each of the legislators were provided information on special districts and water, and how they can help to move initiatives that positive impact the industry forward legislatively.

President Kuhn inquired about any pending legislation the Board should be following. Mr. Howie took this opportunity to briefly review the bills that TVMWD has supported and opposed. The updated legislative status report was included in the agenda packet. Attention was given to AB 979 (Lackey) as it concerns LAFCO special district representation through the state. This bill is currently in the Senate Government and Finance Committee and is expected to pass.

President Kuhn requested staff monitor legislation regarding single-payer healthcare plans. San Gabriel Valley Economic Partnership is scheduled to have a speaker at their legislative meeting next week to discuss this important topic. Staff is encouraged to attend.

Mr. Hansen commented on SB 623 (Monning) which is a public goods charge bill. The bill has some deficiencies that TVMWD cannot support concerning the way the fees would be collected and disbursed. TVMWD has sent a letter of opposition and joined a coalition to oppose this bill.

Director Mendoza inquired about the bills related to lead free drinking water at the schools. TVMWD is watching the progress of several of these bills. The outcome, should these bills pass and become law, will be the responsibility of retail agencies, as opposed to TVMWD as a wholesaler.

Director Mendoza inquired whether briefings related to the California Water Fix will be provided. MWD has taken the lead, with TVMWD passing a prior resolution taking a position of support. Presently, the California Water Fix activity has been somewhat idle. We are hopeful there will be more movement forward on this important matter during the current legislative year.

Discussion ensued with input from Director De Jesus concerning some efforts related to the California Water Fix by MWD.

#### **8.A.2 Approve Director Expense Reports for May 2017**

The Board was asked to approve the May 2017 expense reports. Upon motion and second the floor was opened for discussion. Director Kuhn provided an explanation for the charge on his report in the amount of \$132.05 for the May 26, 2017 legislative breakfast for Representative Norma Torres. Directors at this event for which the breakfast was provided included: De Jesus, Goytia, Horan, Kuhn, and Ruzicka, at a cost of approximately \$19/per person. Following this update, President Kuhn called for the vote.

**Moved: Ruzicka; Second: De Jesus**  
**Motion No. 17-06-5141 to approve payment of the Director Expense reports for May 2017. The motion passed with a 7-0 unanimous vote.**

#### **8.B – Engineering and Operations**

##### **8.B.1 Calendar Year Imported Water Purchases – May 2017 and Peak Flow Reports through June 14, 2017**

Engineering and Planning Manager, Mario Garcia reviewed the May 2017 imported water purchases. Five months year-to-date 17,843/AF of Tier 1 water has been delivered to the Member Agencies with a remaining balance of 62,845/AF. There has been a slight increase over the last few months, which is weather driven. We expect this usage to continue to rise over the coming months. The peak flow report included a status through June 14, 2017. Peak flows are measured annually from May to September. A new peak flow high occurred on June 20, 2017 at 116.2 cfs; this was due to higher temperatures. The high temperatures are expected to continue over the coming weeks and we will likely exceed the current high peak flow of 116.2 cfs. It was noted that if the peak flow charge exceeds the peak flow goal of 119.8 cfs, it will impact everyone in the District, as the charges associated with this are pass-through via the capacity charges.

### **8.B.3 Miramar Operations Report – May 2017**

Water Operations Manager, Steve Lang provided an overview of the Miramar Plant operations and activities for the month of May 2017. Water quality continues to meet or exceed state and federal drinking water standards without any violations reported by SWRCB. Staff had their annual meeting with State Department of Water Resources on June 20, 2017 and received good feedback from the meeting. Staff will continue to develop this relationship.

The production and sales statistics were available on the report in the packet and are summarized as follows: Current production/sales data month and year-to-date: total potable water produced 1803.0/AF; Wells 1 and 2 both ran for a total of 31 days and cumulatively produced 90.5/AF; this was the second consecutive month the wells historically produced greater than the prior year; total potable water sales for the month were 1893.5/AF; total year-to-date potable water sold is at 120.8% of what was budgeted.

Miramar Hydro 1 continues to be offline due to lower pressures and flows on the Rialto Feeder. All remaining hydros produced greater than budgeted this month. YTD overall hydrogeneration is at 65.1% of budget.

Special activities were also reviewed. The full report is available upon request.

## **9. Directors' / General Managers Oral Reports**

### **9.A Local Agency Formation Commission (LAFCO)**

Director Ruzicka reported on the June 14, 2017 meeting. He provided an update on the proposed merger of Castaic Lake Water District and Newhall Water District. Senator Wilk has withdrawn SB 634 from consideration.

### **9.B Pomona-Rowland-Walnut Joint Water Line Commission**

Director Horan reported on the June 15, 2017 meeting. Staff provided a report on the proposed FY 17-18 budget which was then approved by the Commissioners.

### **9.C Six Basins Watermaster**

Director Bowcock informed they are continuing work on the Six Basins Master Plan. The next meeting is scheduled for June 28, 2017.

### **9.D Main San Gabriel Basin Watermaster**

Director Bowcock reported on the June 7, 2016 meeting. The Key Well is currently at 181.5' as of June 2, 2017. The Board approved a new operating safe yield (OSY) at 150,000/AF for FY 17-18, with a five-year plan; the OSY will be 130,000/AF for years 2-5.

### **9.E Chino Basin Watermaster**

President Kuhn reported on the May 25, 2017 meeting. The Board has agreed to cancel all its regularly scheduled meetings for August 2017. A tolling agreement has been established between the Ag Pool and Appropriative Pool pending development of storage agreements. The next meeting is scheduled for June 22, 2017.

## **9.F San Gabriel Basin Water Quality Authority**

President Kuhn reported the WQA Board is meeting this afternoon and will consider cancelling its regularly scheduled board and committee meetings for July 2017.

## **9.G MWD Board**

Director De Jesus reported on recent action taken at the June 13, 2017 MWD Board Meeting.

Water sales for FY Ending June 30, 2017 is expected to be 1.56 million/AF, which is a \$108 million dollars short of budget.

MWD has the potential to make available up to 300,000/AF of water from Lake Mead to Southern California. Due to the challenges of completing these deliveries, it is anticipated that adjustments will be made, retaining approximately 200,000/AF at Lake Mead.

Discussion is underway regarding a hybrid in-lieu program. Different options are being considered, however the cost will be at 100% for treated water delivered, with potential for credits. This program is presently under review by legal.

MWD will be working directly with ISO in lieu of working with Edison.

## **9.G Additional Board Member or Staff Reports / Comments**

Director Ruzicka requested an update at the September meeting regarding a study from the State of California concerning limits on the amount of water that individuals can use.

President Kuhn asked if there was any update on the Baseline Well. Mr. Hansen reported an engineering assessment on the value of the well has been completed and provided to the property owner with no response to date.

The District is proceeding with the proposed well at Grand Avenue on the LDS church property.

Director Bowcock shared a letter received from Dan Arrighi, Water Resource Manager at San Gabriel Valley MWD, on the recent CRA Inspection Tour he participated in. He was very appreciative of the opportunity and all the logistics with a special thank you extended to Director De Jesus for the opportunity.

## **10. Closed Session**

Following a brief two-minute recess the Board will convene to closed session at 9:12 a.m. to review one item as stated below.

### **10.A Conference with Labor Negotiators** *(pursuant to Government Code 54957.6)*

- District designated representative: Steven M. Kennedy, General Counsel
- Unrepresented employee: General Manager

## 11. Report Out of Closed Session

The Board reconvened to regular session at 9:55 a.m. During closed session, they discussed the contract for the General Manager, and made a recommendation to renew for two years (2017-19).

## 12. General Manager Employment Agreement

Based upon the discussion that occurred in the closed session the Board is requested to approve a two-year agreement with the General Manager (FY 2017-19). Further, staff is directed to include the General Manager salary on TVMWD's salary schedule for posting on the District website.

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

**Moved: Kuhn; Second: De Jesus**

**Motion No. 17-06-5142 to approve a two-year agreement for the General Manager. President Kuhn requested a roll-call vote with the following outcome:**

<b>Director Goytia, Division 1</b>	<b>yes</b>
<b>Director DeJesus, Division 2</b>	<b>yes</b>
<b>Director Bowcock, Division 3</b>	<b>yes</b>
<b>Director Kuhn, Division 4</b>	<b>yes</b>
<b>Director Ruzicka, Division 5</b>	<b>yes</b>
<b>Director Mendoza, Division 6</b>	<b>yes</b>
<b>Director Horan, Division 7</b>	<b>yes</b>

**The motion passed with a 7-0 unanimous vote.**

## 13. Future Agenda Items

There were no requests for future agenda items.

## 14. Adjournment

President Kuhn adjourned the meeting at 9:58 a.m. **The next regular Board meeting is scheduled for Wednesday, September 6, 2017 at 8:00 a.m.**

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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