

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

**Wednesday, July 14, 2010**  
**6:00 p.m.**

**1. Call to Order / Pledge of Allegiance**

The Special Board of Directors Meeting of the THREE VALLEYS MUNICIPAL WATER DISTRICT was called to order at 6:00 p.m. by President Kuhn at the District Office located at 1021 East Miramar Avenue, Claremont.

**2. Roll Call**

Following the flag salute, roll call was taken with a quorum of the board members present.

<b>Directors Present</b>	Bob Kuhn – President, Division IV
	David De Jesus – Vice President, Division II
	Brian Bowcock – Secretary, Division III
	Joseph Ruzicka – Treasurer, Division V
	Dan Horan – Director, Division VII
	John Mendoza – Director, Division VI
<b>Staff Present</b>	Luis M. Juarez – Director, Division I
	Liz Cohn, Sr. Financial Analyst
	Vicki Hahn, Executive Assistant
	Rick Hansen, General Manager
	Kirk Howie, Assistant General Manager, Administration
	Steve Kennedy, Brunick, McElhaney & Beckett
<b>Others Present</b>	James Linthicum, Chief Finance Officer
	Esther Romero, Accounting Technician
	Mike Sovich, Assistant General Manager, Engineering & Operations
	Maureen Coleman, Willdan Financial
	Ed Hilden, Walnut Valley Water District
	Fred Lantz, Pomona citizen
	Beatrice Medina, Willdan Financial

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### 3. Public Comment [2]

President Kuhn opened the meeting to receive public comment on agenda items in areas of concern relative to the operations of the Board of Directors. Members of the audience were advised they could speak during this portion of the meeting or during the section of the agenda where the item of interest was being discussed.

Mr. Fred Lantz, Pomona was recognized to address the board on the SGVMWD/CIC Interconnection Project, Item 7-C, Tab 8. President Kuhn requested that unless he opposed, Mr. Lantz could provide his comments during that section of the agenda. Mr. Lantz agreed to address the board at the time Item 7D, Tab 8 was up for discussion.

### 4. Public Hearing

President Kuhn convened a public hearing beginning at 6:04 p.m. The purpose of the public hearing is to hear and consider any objections or protests regarding the imposition of a water standby charge prior to its proposed adoption by the Board of Directors.

President Kuhn advised those present that the district was in compliance with the posting requirements in accordance with Water Code 71639 and Government Code Section 6066. A public notice was issued in both the San Gabriel Valley Tribune and the Inland Valley Daily Bulletin once per week, for two consecutive weeks prior to the convening of the public hearing, on June 30 and July 7, 2010 respectively. Proof of publication is available for review in the district office.

Staff proceeded to introduce representatives from Willdan Financial, Ms. Beatrice Medina and Ms. Maureen Coleman who were available in the audience to answer any questions regarding the Engineering Report prepared by their agency. Staff concluded with a brief presentation regarding the standby charge that included information regarding the overview and history behind the standby charge assessed to TVMWD by MWD, along with their current obligation and remaining collection for FY 2010-11. For FY 2010-11 TVMWD will assess a standby charge in the amount of \$15.55 per EDU which represents an increase of \$3.10 per EDU over the 2009-10 charge, yet well below the maximum allowable charge of \$29.41 per EDU.

Director Juarez inquired about the future vision of MWD regarding standby charge assessments. Staff informed that with MWD adopting the rates for the next two years 2010-11 and 2011-12 respectively we already know that an increase will occur in 2012. The standby charge is a legislative mandate allowing recovery of the readiness-to-serve charges assessed by MWD. This legislation was mandated under S.B. 376 which was adopted on the 2005 legislative calendar.

Mr. Kennedy informed that after the enactment of Proposition 218 the TVMWD Board sought an opinion from the California Attorney General regarding the imposition of collecting a standby charge and received an affirmative opinion to their inquiry.

Staff informed that it is anticipated that by the year 2020 the maximum allowable standby charge of \$29.41 per EDU will be reached. It was noted that the standby charge is not a fixed charge and that some years it could increase, and others years decrease.

President Kuhn thanked the Willdan Financial consultants for their time and commitment in preparing a very thorough report.

President Kuhn inquired if any members of the audience had any comments, questions, protest regarding the proposed standby charge. Staff also reported that there were not any written protests received via facsimile, email or U.S. mail, as well as there were not any phone protests received regarding the proposed standby charge.

There being no comments or protests from the members of the public present for the public hearing President Kuhn closed the public hearing at 6:10 p.m.

## **5. Approval of Resolution No. 10-07-658 – Adopting Procedures to Fix, Adjust, Levy & Collect a Water Standby Charge**

President Kuhn called for a motion to approve Resolution No. 10-07-658 – Adopting Procedures to Fix, Adjust, Levy & Collect a Water Standby Charge.

**Motion No. 10-07-4753:** Moved by Director Bowcock, seconded by Director De Jesus, to approve Resolution No. 10-07-658 – Adopting Procedures to Fix, Adjust, Levy & Collect a Water Standby Charge.

Motion No. 10-07-4753 passed 7-0

AYES: Bowcock, De Jesus, Horan, Juarez, Kuhn, Mendoza, Ruzicka  
NOES: None

## **6. Consent Calendar [1] [2]**

Director Kuhn requested a motion to approve the Consent Calendar for the July 14, 2010 Special Board meeting that included: Item A – Receive and file minutes: June 2, 2010 Special Projects Planning & Development Committee, and June 16, 2010 Board of Directors meeting; Item B – Receive, Approve and File Financial Reports June 2010; Item C –Approval of directors' monthly payment request forms, June 2010; and addendum reports for Director Juarez for April 2010 and May 2010 respectively; Item D – Receive and file upcoming events and activities

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calendar; Item E – Receive and file Notice of Election for Divisions 1, 3 and 5 to be held on Tuesday, November 2, 2010

**Motion No. 10-07-4754:** Moved by Director Ruzicka, seconded by Director Horan, to approve the Consent Calendar (Items A-E) for the July 14, 2010 Special Board of Directors Meeting of the Three Valleys Municipal Water District

Motion No. 10-07-4754 passed 7-0

AYES: Bowcock, De Jesus, Horan, Juarez, Kuhn, Mendoza, Ruzicka  
NOES: None

## **7. General Manager's Report [1] [2]**

### **A. Finance / Personnel Committee [2]**

The Finance / Personnel Committee did not meet during the month of June and is officially on a summer recess until its first regular meeting scheduled for Wednesday, September 1, 2010. Staff informed that should it be necessary for the committee to meet during its summer recess a special meeting will be convened.

Note that effective with the resuming of its regular schedule the Finance / Personnel Committee will now be meeting at 10:00 a.m. on the first Wednesday of each month. All meetings will be held at the district office, 1021 E. Miramar Avenue, Claremont.

### **B. Projects / Planning / Development Committee [2]**

The Projects / Planning / Development Committee (PPD) met for its regular meeting on June 2, 2010. A copy of the minutes of that meeting were included in today's agenda packet and approved under the Consent Calendar by Motion #10-07-4754.

The PPD Committee is officially on summer recess until its first regular meeting scheduled for Wednesday, September 1, 2010. Staff informed that should it be necessary for the committee to meet during its summer recess a special meeting will be convened.

The PPD Committee did conduct a Special Meeting on Wednesday, July 7, 2010 at 9:30 a.m. to investigate a proposal by iCel. This meeting was properly noticed and minutes will be brought to the Committee for approval at its September 1, 2010 meeting.

### **C. Pomona Groundwater Recovery Project Feasibility Study and Budget Amendment [1]**

President Kuhn requested that Director De Jesus excuse himself from the meeting during the discussion and approval of both 7C-Tab 7 and 7D- Tab 8 on the July 14, 2010 agenda. While there is no direct conflict to Director De Jesus related to 7C-Tab 7, both projects will be considered for Title 16 grant funding and President Kuhn wants to be certain that there is not the potential for perception that a quid pro quo was conducted for either of these projects.

Director De Jesus excused himself from the meeting at 6:12 p.m.

Staff informed the board that the Pomona Groundwater Recovery Project Feasibility Study is similar in context to the *Feasibility Study for Multi-Agency Regional Groundwater Projects in the Main San Gabriel Basin* that was approved by the board on Motion #09-08-4708 during their August 21, 2009 meeting, and funded by budget amendment on Motion #10-03-4733 during the March 17, 2010 meeting. Several TVMWD Member Agencies will be both direct and indirect beneficiaries of both projects. It is anticipated that this project will be approved for the Title 16 funding that is being sought through the Congressional Subcommittee on Water and Power, chaired by Congresswoman Grace Napolitano.

Staff has met with representatives from the City of Pomona as well as their consultant for Pomona's Integrated Water Supply Plan (IWSP) project. It is anticipated that if this feasibility study is approved by the Board that the study will be carved out of the overall IWSP project and fast-tracked to qualify it for Title 16 funding. Staff has been advised by our Washington lobbyist, Hal Furman, that in order to meet the eligibility requirements for the Title 16 funding that this project must be completed and submitted by fall 2010. The due date for submission is October 15, 2010.

The primary focus of the proposed Pomona Groundwater Recovery Project Feasibility study is to assess the advantages associated with the high groundwater issues that exist in Pomona. The study will identify opportunities to use this water to supply both the needs of the City of Pomona, as well as direct benefits to other TVMWD Member Agencies and will further identify issues covering water quality, treatment alternatives, distribution alternatives, institutional arrangements, environmental considerations, funding possibilities and other important factors.

Staff issued an RFP for the feasibility study and received three bids. Each of the bidders provided a comprehensive proposal ranging in price from \$62,596 to \$89,900. All firms also included a \$25,000 optional service to have a third party,

Camp, Dresser, McKee, perform some trials of the Six Basins groundwater model if it is deemed necessary during the course of the study.

Staff assessment of the three proposals did not discern any particular proposal that was better than their respective competitor. Each of the bidders adequately addressed all items requested in the RFP. For these reasons staff is requesting that the board approve entering into an agreement with the lowest bidder, Carollo Engineers to conduct the study. The board is also being requested to approve a budget amendment in the amount of \$100,000, though it is not anticipated that the full \$100,000 will be needed. The full bid price for the project from Carollo is \$87,596 (62,956 + \$25,000 for a supplemental study if necessary).

President Kuhn called for a motion to authorize staff to enter into an agreement with Carollo Engineers for an amount not to exceed \$87,596 to conduct a feasibility study for the Pomona Groundwater Recovery Project and to further approve the included budget amendment for \$100,000.

**Motion No. 10-07-4755:** Moved by Director Ruzicka, seconded by Director Horan, to approve entering into an agreement with Carollo Engineers to conduct the feasibility study for the Pomona Groundwater Recovery Project in an amount not to exceed \$87,596; and to approve a budget amendment in the amount of \$100,000.

Motion No. 10-07-4755 passed 6-0-1

AYES: Bowcock, Horan, Juarez, Kuhn, Mendoza, Ruzicka  
NOES: None  
ABSENT: De Jesus

#### **D. SGVMWD/CIC Interconnection Project [1]**

Staff informed the board that this item was being brought before them to ratify the exchange agreement between MWD/SGVMWD/TVMWD to move forward with this project. The board was advised on the project's evolution over the past 2-3 years with changes to the overall operation and value of the project and the necessary concessions to compel MWD to approve the agreement. Messrs. Kennedy and Hansen worked with MWD to establish the exchange agreement similar to that which was previously agreed to regarding the Live Oak Spreading Project. Staff informed the board that construction of the project is being postponed until a fully approved agreement between Covina Irrigating Company (CIC) and TVMWD has been concluded.

Mr. Lantz approached the podium to address the board on areas regarding this effort that he has concerns with. Mr. Lantz acknowledged

and extended appreciation to staff for the thorough timeline that was provided as part of the agenda package.

Mr. Lantz requested that before moving forward with this project the board consider the need for additional agreements that may be necessary under sections 2.1/2.2 of the Exchange Agreement. His suggestion was that potential agreements should be considered with 1) San Gabriel Main Basin Watermaster for in lieu services regarding conveyance; and 2) with Los Angeles County Public Works regarding diversions into the storm drains/flood control. Mr. Lantz also asked the board to further review section 4.2 of the Exchange Agreement and to determine the final cost of the project to the end users as it concerns the proposed surcharge, and other potential, yet unknown costs from CIC and County Public Works.

Discussion among the board, staff and Mr. Lantz ensued regarding issues associated with his concerns. The board thanked Mr. Lantz for his remarks and comments concerning this project. President Kuhn called for a motion to ratify the exchange agreement between MWD and TVMWD for this project.

**Motion No. 10-07-4756:** Moved by Director Bowcock, seconded by Director Ruzicka, to approve ratifying the exchange agreement between MWD and TVMWD for the SGVMWD/CIC Interconnection Project.

Motion No. 10-07-4756 passed 6-0-1

AYES: Bowcock, Horan, Juarez, Kuhn, Mendoza, Ruzicka  
NOES: None  
ABSENT: De Jesus

Director De Jesus returned to the proceeding at 6:35 p.m.

#### **E. Calendar Year Imported Water Purchases – Tier 1 & WSAP Updates [2]**

Staff informed the Board that the related charts represent water purchases for Tier 1 and WSAP purchases through June 2010. Tier 1 is measured on a calendar year and WSAP on a fiscal year (July-June).

Total WSAP deliveries from MWD to TVMWD and its member agencies YTD are slightly over 57,000 AF; there is a balance remaining of 6,600 AF that is still to be reconciled. The reconciliation is completed by MWD utilizing formulas and data provided by TVMWD and its member agencies on local supply production. It is anticipated that the district's reconciled WSAP allocation will increase from 64,000 AF to several thousand acre-feet higher. The district will end up well

under the allocated 2009-10 year one WSAP. What this represents in summary is the district will not be facing up to \$3,000 AF in penalty and water costs.

The district did a great job of spreading as much water as possible, purchasing imported water at untreated Tier 1 rates and spreading it for future use. It is strongly recommended that the board consider additional spreading connection opportunities so that these conditions can be taken advantage of in future years when the opportunity presents itself.

For Tier 1 we are six months into the calendar year and have served approximately 25,000 AF of our allotment of 71,400 AF. This trend is well below the 50% mark year-to-date. Even with the larger of the deliveries anticipated during the hot months of May-August it is anticipated that the district will continue to trend below its total allotment.

The peak flows for May-June were very low and remained even with the additional spreading that was being done. The flows elevated slightly over the last few days with the high temperatures, but are still within the target range.

Director Juarez inquired whether the district is anticipating any water quality issues with the onset of the hot weather season. Staff informed that this is not the case and that actually the warmer temperatures help with coagulation issues, though disinfection byproducts can become an issue with warmer weather. Staff reported on communication received this week from MWD where the water coming from the Weymouth Plant is experiencing some high Trihalomethane (TTHM) issues in the range of 80 parts per billion. Miramar is still within the MCL for TTHM and both the water being delivered by Weymouth and Miramar are below the public health drinking water standards for TTHMs. Miramar's current TTHM results for June 2010 were reported at 43.5 parts per billion. Staff informed that the Ozone project that will be underway at the Weymouth Plant in the near future will help to resolve the disinfection byproduct issues coming out of Weymouth.

Director Bowcock inquired why the deliveries to the City of Glendora are so much lower than they had been in the past. Staff informed that Glendora has been successful in bringing several of their wells back on line thus reducing their need for imported supply. Staff reported that Glendora will also be constructing an additional well that will further reduce their demand for imported water.

Staff informed the board that Weymouth will undergo a ten day shutdown in March 2011. This shut down will affect all member agencies. Miramar will still be operable as the deliveries to the plant are 100% State Water Project. Staff has been meeting and strategizing the supply issues with the member agencies to plan for and eliminate any demand emergency issues in the spring during the shutdown.

## **F. Miramar Operations Report – June 2010 [2]**

Staff reported highlights from the June 2010 Miramar Operations Report as follows:

- Water quality continues to be outstanding in all key areas. All public health regulations are being met and/or exceeded.
- Monthly production includes approximately 2,000 AF treated water sold; Year-to-date production is approximately 19,032 AF.
- For the month there was a net loss of <1.0 AF. Year-to-date unaccounted water loss is < 0.17%.
- Miramar Well produced 68 AF for the month of June; year-to-date 731 AF has been produced.
- Monthly sales majority to Joint Water Line with balance to City of La Verne and Golden State Water Company.
- Hydro-generation for month of June and year-to-date is 70% greater than budgeted.
- Improvements were made to the Fulton Pumpback Hydro Station that included painting and replacement of the tile flooring.
- All revenue meters were inspected and calibrated as per the district's semi-annual protocol.

## **8. Directors' Comments/Reports [2]**

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

Director Ruzicka reported that he participated at the LAFCO meeting on July 14, 2010 and that they are in the process of completing their recruitment for a new Executive Director. LAFCO anticipates having a candidate on board by October 2010.

### **B. PWR Joint Water Line Commission**

Director Horan did not have anything to report for PWR Joint Water Line Commission.

### **C. Six Basins Watermaster Report**

Director Bowcock did not have anything to report for Six Basins Watermaster.

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

Director Bowcock reported that the key well is at 205.3’.

### **E. Chino Basin Watermaster Report**

Director Kuhn did not have anything to report for Chino Basin Watermaster.

### **F. San Gabriel Basin Water Quality Authority (WQA)**

Director Kuhn informed that the agreement with the Executive Director has been finalized and a new two-year agreement was signed. There is one employee that is on a paid administrative leave. The Chair of the Board at WQA has stepped down and Director Kuhn has been appointed as the new Chairman. Additional changes will be taking place during September/October 2010.

### **G. MWD Board Report**

Director De Jesus informed the board that there is presently discussion underway seeking to eliminate the mandatory 10% allocation level under the WSAP. Updates will be provided as new information is available.

### **H. Additional Board Member Activities Report**

Director Bowcock provided information regarding a personal visit of the Jardin Plant he toured during his visit to Chicago for AWWA ACE 2010. The Jardin Plant produces 1.0 billion gallons per day. He indicated it was a remarkable experience.

Director Juarez reported on his participation with the Promoting Academic Achievement Group that is an offspring of Pomona’s Youth and Family Master Plan. TVMWD participated with a booth at their recent science expo held on June 12, 2010.

Mr. Hansen advised the directors that there are changes to the way that Three Valleys will conduct its joint inspection tours with MWD for this year. We have been asked to consider four 1-day trips in lieu of the Colorado River Aqueduct tour. The board was asked to let Mr. Hansen know of any specific projects within 1-2 hours driving radius that they are interested in

and he will work with staff to develop itineraries. Tour dates are not firm yet, but will likely occur quarterly.

## 9. Closed Session [2]

The Board adjourned to closed session at 6:58 p.m.

President Kuhn informed that they would be discussing the following items:

### **Conference with Legal Counsel – Existing Litigation**

Pursuant to Government Code Section 54956.9(a)

Name of Case: Southern California Water Company v. City of La Verne et.al.

Los Angeles County Superior Court Case No. KC029152

### **Public Employee Annual Performance Evaluation**

Pursuant to Government Code Section 54957

Title: General Manager

## 10. Report on Closed Session Action Taken [2]

The Board reconvened at 8:28 p.m.

With regard to Conference with Legal Counsel – Existing Litigation; Name of Case: Southern California Water Company v. City of La Verne et.al. there was nothing to report.

With regard to Public Employee Annual Performance Evaluation; Title: General Manager. The board has agreed to form an Ad Hoc Committee along with Mr. Kennedy to negotiate the terms and conditions of the proposed 2010-2015 contract with the General Manager. Director Kuhn requested volunteers interested in serving on the Ad Hoc Committee. Directors Bowcock and De Jesus agreed to serve. There was no action taken on Motion No. 10-07-4757, General Manager's Contract 2010-2015.

The board did consider and discuss the General Manager's Pay for Performance for FY 2009-10. Mr. Kennedy advised that it was necessary to call for a motion and second regarding the recommended award that was discussed.

**Motion No. 10-07-4758:** Moved by Director Kuhn, seconded by Director Bowcock, to approve a Pay for Performance award to the General Manager for FY 2009-10 in the amount of \$7,200.

Motion No. 10-07-4758 passed 7-0

AYES: Bowcock, De Jesus, Horan, Juarez, Kuhn, Mendoza, Ruzicka  
NOES: None

## 11. Future Agenda Items [2]

There were not any requests for any future agenda items.

## 12. Adjournment [2]

Director Kuhn adjourned the meeting at 8:30 p.m. to a Special Board Meeting to further discuss the General Manager's 2010-2015 employment contract on a date to be determined during August 2010.

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

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Recorded by: Victoria A. Hahn  
Executive Assistant