

**MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
LA PUENTE VALLEY COUNTY WATER DISTRICT**

A regular meeting of the Board of Directors of the La Puente Valley County Water District was held on Monday, January 24, 2011, at 5:30 p.m. at the District office, 112 N. First St., La Puente, California.

Meeting called to order:

President Rojas called the meeting to order at 5:30 pm.

Pledge of Allegiance

President Rojas led the meeting in the Pledge of Allegiance.

Directors present:

William Rojas, President; Henry Hernandez, Vice President; Charles Aguirre, Director; John Escalera, Director and David Hastings, Director.

Staff present:

Greg Galindo, General Manager; Rosa Ruehlman, Board Secretary; Todd Hull, Superintendent and Tim Gosney, District Counsel.

Adoption of Agenda:

President Rojas asked for the approval of the agenda.

Motion by Director Escalera, seconded by Director Hastings, that the agenda be adopted as presented.

Ayes: President Rojas, Director Aguirre, Director Escalera and Director Hastings. Nays: None.
Absent: Vice President Hernandez

Consent Calendar:

- A. Approval of Minutes from previous Regular meeting on January, 10, 2011.
 - B. Authorization to attend the Southern California Water Utilities Association on January 27, 2011, in Pomona, Ca.
 - C. Authorization to attend the CA-NV AWWA 2011, Spring Conference on March 28-31, 2011, in Long Beach, Ca.
 - D. Authorization to attend the San Gabriel Valley Water Association, Quarterly Meeting on February 9, 2011, in Whittier, Ca.
- President Rojas asked what the deadline is to sign up for the meetings and conferences and is the meeting referred to in Item D for staff or Directors. Mr. Galindo responded that staff usually attends the San Gabriel Valley Water Association, but Directors are welcome to attend. Mr. Galindo further added that as for the deadline, the meetings listed under Items B and D, staff needs to know by this evening and for Item C, staff needs to know three weeks prior to the event. Mr. Galindo stated that Item C is more for field staff since the topics are more technical and provides staff with needed contact hours.

Director Hernandez entered the meeting at 5:33 pm.

- Director Aguirre commented that since there are a number of meetings to attend, he asked if staff would inform the Board which meetings are preferred for the Board to attend. Mr. Aguirre further added that there have been occasions that some of those meetings are more

for managers instead of Board members. Mr. Galindo commented that staff places these meetings, conferences and training on the agenda for Board approval to have District's participation from both Directors and staff.

Motion by President Rojas, seconded by Director Hastings, that the Consent Calendar be approved as presented.

Motion approved by following vote:

Ayes: Rojas, Hernandez, Aguirre, Escalera, Hastings

Nays: None.

Financial Reports:

A. Treasurer's Report as of December 31, 2010:

- Mr. Galindo stated that this report was held from the first meeting of the month due to a number of year- end accounting entries that had to be made. He added that staff still has a number of 2010 year-end entries to be made.
- Mr. Galindo reported on the LAIF investment fund, that the interest rate dropped from .51% to .46%. Staff recommends that this report be received and filed.

Motion by Director Aguirre, seconded by Vice President Hernandez to receive and file the treasurer's report as of December 31, 2010 as presented.

Motion approved by following vote:

Ayes: Rojas, Hernandez, Aguirre, Escalera, Hastings

Nays: None.

B. Statement of the District's Revenues and Expenses as of December 31, 2010:

- Mr. Galindo stated that there are still some year-end entries being made and 2010 numbers will be finalized in a couple of months. Our bottom line looks good for now. Staff recommends that this report be received and filed.
- Director Aguirre asked if there is anything out of the ordinary on the statement. Mr. Galindo responded that the only thing is the water sales at the end of 2010 was 16.9% less than the 5 year average and 9% lower than last year.
- Director Escalera asked if we will stay in the plus side, Mr. Galindo responded that yes we will have a net gain for the year 2010.

Motion President Rojas, seconded by Vice President Hernandez to receive and file the Statement of the District's Revenue and Expenses as of December 31, 2010 as presented.

Motion approved by following vote:

Ayes: Rojas, Hernandez, Aguirre, Escalera, Hastings

Nays: None.

C. Statement of the City of Industry Waterworks System's Revenues and Expenses as of December 31, 2010:

- Mr. Galindo stated that there are still some year-end entries being made and numbers will be finalized in a couple of months. Mr. Galindo commented that account number 662.6510 under capital improvements for meters totaling \$ 89,102, paid for directly by the City of Industry, but is shown in this report to provide an accurate overall water system's performance. The estimated 2010 net gain is \$3,361, which is better than anticipated. Mr. Galindo shared the summary revenues of water sales and pointed out that the water sales for 2010 are less than 2009, and less than the 5 year average.

- Director Escalera stated that the water system is at the point of breaking even. Mr. Galindo further added that as for next year's budget, the City will have some large expenses, such as the relining and recoating of the reservoirs projects. This work being done will result in a deficit of approximately \$700,000 in 2011.
- President Rojas asked when this will happen. Mr. Galindo responded that they are preparing the specifications for two of the reservoirs for this year and the third for next year.

Motion by Director Escalera, seconded by Vice President Hernandez to receive and file the Statement of the City of Industry Waterworks System's Revenues and Expenses as of December 31, 2010.

Motion approved by following vote:

Ayes: Rojas, Hernandez, Aguirre, Escalera, Hastings

Nays: None.

Action/Discussion Items:

A. Report on Well No. 5 Repairs:

- Mr. Galindo reported that he received an update from General Pump on the repair of Well No. 5 motor. The motor is still at the manufacturer in Maryland being repaired and once repaired, it will be tested before it is shipped back to General Pump which then will couple the motor to the pump and reinstall it toward the end of February. Mr. Galindo commented that Staff is working with Civiltec Engineers to review the current electrical equipment to insure all the protections are in place. We have a meeting at the well site with Civiltec's electrical engineer to perform a visual inspection and they will review the design and operational data and then provide a technical memo that will tell us if we have everything we are suppose to have in place. This technical memo will be provided to the Board when it becomes available and there is no action required at this time.
- Director Escalera asked if the original warrantee is for only one year. Mr. Galindo responded yes, it is for only one year.
- Director Escalera asked if it was ever determine what specifically caused the problem. Mr. Galindo responded that the determination was an electrical spike or surge that caused the failure of the windings. Director Escalera stated this is hard to believe and asked is there anything that can be added to prevent this from happening again? Mr. Galindo responded that if there is anything missing it will be added. But at this time it is believed that we have everything we need in place. Mr. Galindo will have an engineer verify this and prepare a technical memo; staff will then prepare a letter to the manufacturer expressing our concerns with the motor failure. We will then discuss any further action with our attorney. We definitely want to verify and record our findings before the pump and motor go back in the hole.
- President Rojas commented that didn't we did have protections in place. Mr. Galindo responded that in our contract we were outside the warrantee period unless we can show defective workmanship there is no claim we can file.
- Director Aguirre asked if the manufacturer had given any reason why there was a surge and if it was due to lightning. Mr. Galindo stated that they do not specify what type of surge or what could have caused it. Lightning could be a possibility, there were a few lighting strikes earlier in the day before the failure happen in the evening. He also stated some surges do not happen all at one time, such as lightning strikes or surges from Edison's system. For instance, there can be small surges or spikes from the VFD motor control panel to the motor. These small surges or spikes can cause failures in the weakest point in motor windings, especially if there is no dvdt filter. This filter is supposed to even out those types of spikes. He added that it is highly improbable that there was an electrical surge from the Edison system that could have traveled through the motor control panel and all of it's built in protection and cause the motor to fail.

- Director Aguirre asked is there is other water Districts that have experienced the same problem. Mr. Galindo responded that not specifically with submersibles, but he knows that anytime someone puts a VFD on a motor and that lead from the motor control panel to the motor is a long span in feet they typically install dvdt filters.
- Mr. Galindo further stated that the decision to keep Well 2 and 3 as backups and to continue monitoring their water quality sampling so that if we need to use them at a moment's notice, has paid off. We would be buying water if we did not have those backup wells.

B. Report on Treatment Plant Operations:

- Mr. Galindo shared that at the last Board meeting the Board approved a contract with Siemens Water Technologies for the replacement of 850 cubic feet of perchlorate selection resin for the single pass ion exchange system. He reported that the resin in the lead vessel on both of the trains was replaced on January 14th and 15th. He thanked the Superintendent and his staff for a job well done assuring that the replacement of the resin went smoothly and maintaining sufficient water supply during resin change-out. He added, all samples that were collected from the system after the resin was replaced, the results were good. Mr. Galindo further added that the Superintendent will be inspecting the same resin beds when the carbon will be changed out on the first of February to make sure we do not have a similar issue with the resin shifting in the bed. If there is any moving of the resin we may have a water treatment engineering provide recommendations to resolve this issue.
- Mr. Galindo also reported that on January 12, 2011, we did receive and reinstall one of the prefilter vessels that the manufacturer relined for us; we also shipped off the second vessel to be relined.
- President Rojas asked when all this work was done. Mr. Galindo responded it was done on a Friday and Saturday. Staff had to coordinate with the lab to complete the sampling on the weekend.

Information Items

- A. Correspondence to the Board of Directors
- B. Newspaper Articles

Motion by President Rojas, seconded by Director Escalera to receive and file the information items as presented.

Motion approved by following vote:

Ayes: Rojas, Hernandez, Aguirre, Escalera, Hastings

Nays: None.

Administrative Report

- Ms. Ruehlman presented a memo to the Board that summarized the schedule of the upcoming meetings, seminars, training and conferences. She added that three of the meetings have been approved tonight and asked that the Board inform her of the events they wish to attend, so she can make the necessary arrangements for their attendance.

Motion by President Rojas, seconded by Director Escalera, to receive and file the administrative report as presented.

Motion approved by following vote:

Ayes: Rojas, Hernandez, Aguirre, Escalera, Hastings

Nays: None.

General Manager's Report:

- Mr. Galindo shared that he spoke with the interim City Manager for the City of La Puente, Al Holliman regarding the purchase of the Main Street property below the District's reservoir site, and he was informed that the City is still in the process of preparing the purchase agreement. He was also informed that the City did come to terms with the owner of the parcel that splits our two parcels, therefore there will be no easement required through our reservoir property. We hope to receive the agreement and have it reviewed by District Counsel in the near future.
- Zone 3 improvements, He and Mr. Hull met with Civiltec Engineers earlier in the day to initialize the work on this project.
- Zone 4 Booster station upgrade, we have a preconstruction meeting set with R C Foster for next Monday to get the work started and hopefully we will get some submittals of the pump system so that they can be approved and moved forward.
- At the last Board meeting, staff was asked to look at an electronic voting device system and staff is still researching this.

Attorney's Comments:

Mr. Gosney shared that last Friday he was in Sacramento for the first ACWA legislative session and shared some of the upcoming issues.

- The State Budget will take precedence over everything the legislature does this year.
- The City's of Bell and Vernon chaos resulted in which bills that were passed and some that were vetoed by Governor Schwarzenegger in 2010, where some good ideas, but not well thought out, therefore some of those bills that were vetoed will be revisited.
- Water bond issue was moved from 2010 to 2012 by the past Governor and the new Governor has indicated he is not in favor of the bond and therefore will not be putting too much effort to promote it. ACWA has informed everyone that their outreach program will ask for support in favor of the bond, providing legislative alerts to write letters of support to our assemblymen.
- State Board has made it evident to put their attention to be more involved in ground water regulation. Mr. Gosney reported that the last couple of years, the State Board are trying to assert some rights to take control. The State Board's Staff has been taking aggressive approach by saying, a basin is a bed and banks of a stream and the natural inflow and the recharge goes in and out which makes it a stream. Mr. Gosney stated this may be in the future, that the Water District's maybe facing this type of regulatory control. ACWA fears that if this happens they will regulate District's by assessing fees based on how much water is produced.
- The Hover Commission analysis in 2010 of the Water Governance Structure in the state of California, there are thoughts to implement a few regulations regarding water infrastructure, such as the state water projects which would affect the MWD customers.
- Proposition 26 was passed last October 2010, that there be no new taxes without a two-thirds voter approval. ACWA is part of this task force and is trying to put it on white paper to inform members on what they can expect of Proposition 26. Mr. Gosney is working on information for retailers which is valuable for this District in regards to the cost of providing a service that could be considered a tax, for example a door hanger fee for a delinquent account; what is the actual cost, the labor to hang that tag and the gas to drive up to the location to hang the tag. If the fee exceeds the actual cost to hang the notice, it then becomes a tax. Just like Proposition 218, Proposition 26 is going be generating a lot of litigation. Mr. Gosney stated his view is that this issue is so minuscule in terms of dollar amount it is not worth it that anyone would take an agency to task. But He did state that there are crusaders who will take an agency to task so we need to be prepared. Mr. Gosney further added that he looked at some of those fees and shared to restate the fee as a penalty instead of calling it a fee. He will keep the Board informed on the developments on this matter.

Board Member Comments:

- President Rojas recognized Mr. Ed Chavez in attendance with us this evening and asked him if he had any comments to present to the Board. Mr. Chavez had no comments.
- Board members had no comments this evening.

Future Agenda Items:

There were no future agenda items.

Adjournment :

There being no further business or comments', meeting was adjourned at 6:13 p.m.

William R. Rojas, President

Rosa B. Ruehlman, Secretary