

**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, June 27, 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 and Tim Gosney District Counsel.

Others present:

No members of the public present.

Adoption of Agenda:

President Rojas asked for the approval of the agenda.

Motion by Director Escalera, seconded by Vice President Hernandez, that the agenda be adopted as presented.

Motion approved by following vote:

Ayes: Rojas, Hernandez, Aguirre, Escalera, Hastings

Nays: None.

Consent Calendar:

A. Approval of Minutes of the Regular Board of Directors meeting on June 13, 2011.

Motion by Vice President Rojas, seconded by Director Hastings, to approve the consent calendar as presented.

Motion approved by following vote:

Ayes: Rojas, Hernandez, Aguirre, Escalera, Hastings

Nays: None.

Action/Discussion Items:

A. Approval to reschedule the August 8, 2011 Regular Board meeting:

Motion by President Rojas, seconded by Director Escalera, to reschedule the August 8, 2011 to Thursday, August 18, 2011 at 5:30 pm.

Motion approved by following vote:

Ayes: Rojas, Hernandez, Aguirre, Escalera, Hastings

Nays: None.

B. Approval and authorize staff to lease 650 acre-feet of production rights from Suburban Water Systems:

- Mr. Galindo stated that at the last Board meeting, he had requested that the Directors authorize him to purchase some cyclic storage water that was available through Watermaster, to be purchased from Upper San Gabriel Valley Municipal Water District at a rate of \$479 per acre foot. He shared that just before placing that order, Suburban Water Systems offered the District an opportunity to lease 1,800 acre feet of 2010-11 production rights. He explained that the District could safely lease 650 acre-feet with the cash we have on hand. Mr. Galindo shared that he contacted the City of Industry to see if they would like to lease some of the available production rights. The City agreed that with the cash on hand in the water operations fund they would like to lease 350 acre-feet. He added that the lease price per acre foot is \$460.80, which is \$18 less than the cyclic storage water.
- Mr. Galindo next shared what the impact would be on the District's cash flow if we moved forward with the lease. He explained that the budget utilizes two accounts for replenishment water and leased water and the 2011 combined budget for these accounts is \$412,000. He added that with this lease the District will not use any of its cyclic storage water in 2011 and it should be able to carryover production rights until the 2012-13 production year. He also shared that the Mary K. Dawes lease is for the coming production year 2011-12, which will not be expensed until the end of the production year in June 2012, even though we will be spending the cash now the expense will be recorded in the 2012 budget year. Mr. Galindo shared a couple of charts showing the impact on cash flow for the leases. He explained that the funds in LAIF will decrease substantially over the next several months when the District pays for the leases along with expenses for the two current capital improvement projects. Mr. Galindo stated that the District's total reserves will decrease to approximately 2.3 million dollars by the end of 2011. He concluded that the savings in future replacement water costs shall be well over \$300,000 and he believes this is a great opportunity to control the cost of water over the next seven years.
- Director Escalera asked what will happen next year since we will carry over the Mary K Partridge lease rights. Mr. Galindo stated that he expects to get the lease from Ms. Partridge next year and those rights will be expensed in 2013. He is shifting the recording of the lease from an expense to prepaid until the District uses up its annual production rights then the leased water will be recorded as an expense. It will be accounted for as an asset until it is utilized.

Motion by Director Aguirre, seconded by Vice President Hernandez, to approve the lease of 650 acre-feet from Suburban Water System.

Motion approved by following vote:

Ayes: Rojas, Hernandez, Aguirre, Escalera, Hastings

Nays: None.

- C.** Approval to purchase security system equipment from MJM Communications & Fire, Inc. for the Main Street facility:
 - Mr. Galindo provided information on the security system and shared a video that highlighted the systems' capabilities.
 - Mr. Galindo shared that the Board had raised some concerns about security at the Main St. reservoir site, especially since there have been a couple of incidents and also discussions of the proposed sale of the parcels adjacent to the facility. He recommended that the Board authorize staff with the purchased a security system from MJM Communications to be installed at the Main Street facility not to exceed \$5,800. He stated that this security system will have wireless cameras that will be installed by the pump stations and reservoirs. Mr. Galindo further stated that the cost of the treatment portion and the District's cost of the security system can be capitalized as equipment which meets the capitalization threshold, and definition of equipment under the District's Capitalization Policy. Mr. Galindo recommends creating a capital item for the security system equipment and will amend the budget accordingly and will bring it to the Board at the next meeting for approval.

Motion by President Rojas, seconded by Director Hastings, to approve the purchase of a security system from MJM communication & Fire, Inc. at the Main St. facility as presented not to exceed \$5,800.

Motion approved by following vote:

Ayes: Rojas, Hernandez, Aguirre, Escalera, Hastings

Nays: None.

D. Update on Recycled Water Feasibility Study:

- Mr. Galindo updated the Board on the on the Recycled Water Feasibility Study. He stated that a draft of the recycled water feasibility study was submitted to the State Water Resources Control Board who provided us a grant. We have not yet received any comments from them. He shared that at this time it would be too costly to proceed unless we find some outside funding, which he has not been able to identify any real possible sources of funding available at this time. Mr. Galindo stated that he met with the City of Industry, who is our largest irrigation customer. He discussed the status of the Study with the City Engineer and the District's position with regards to proceeding any further. Mr. Galindo shared that what he proposes to discuss our position with SWRCB. Our next step, if we where to choose to finalize the study is to prepare draft agreements in for the supply of the recycled water with Upper District or City of Industry. He stated that to spend money on this effort if the District is not certain that we can move forward with constructing a system does not appear to be an effective use of resources. Mr. Galindo explained that although we may not want to finalize the study the effort thus far has yielded a polished plan that when practical can be utilized to bring recycled water service to customers. He added that he has had conversations with Upper District about possible funding and they are not looking to fund new projects until they have completed an IRP for the Upper District's service area.
- He will continue to provide updates to the Board as soon as he hears from SWRCB.
- Mr. Galindo stated that we have spent \$43,000 of the Districts money on the study thus far and have submitted a request from Upper District for the \$10,000 grant funding they had committed for us. He further added that as soon as we respond to the comments that the SWRCB has for us we can then request 50% the the total of the \$20,000 from the 50% of the \$40,000. Mr. Galindo stated that if we do not go any further with this study and the state agrees, we can than request 75% of the funding.

General Manager's Report:

- Mr. Galindo updated the Board that he was nominated to serve on the Board of the San Gabriel Valley Water Association.
- Director Aguirre asked when the construction will begin by the Industry Hills tanks. Mr. Galindo responded that he close to completing his review of the 90% plans and the project should go out to bid by the next month with construction hopefully to will begin in October.

Information Items

A. Correspondence to the Board of Directors

- Mr. Galindo shared that a letter was mailed to customers regarding the Zone 4 Booster Station Upgrade Project that will begin the week of June 20, 2011 and will last approximately 4 months. The letter also informs them that they may experience fluctuation in water pressure and possible temporary water outages.

B. Newspaper Articles

Attorney's Comments:

Mr. Gosney had no report.

Board Member Comments:

- President Rojas stated that he would like to create an Ad-hoc committee to discuss Other Post Employment Benefits. He appointed Director Escalera and himself.

- President Rojas commented that he was glad to see good representation of our Board at the La Puente Council meeting two weeks ago.

Future Agenda Items:

No future agenda items

Adjournment :

There being no further business or comments, the meeting was adjourned at 6:11p.m.

William R. Rojas, President

Rosa B. Ruehlman, Secretary