



**MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
LA PUENTE VALLEY COUNTY WATER DISTRICT
FOR MONDAY, MARCH 25, 2019 AT 5:30 PM**

1. CALL TO ORDER

President Escalera called the meeting to order at 5:31 p.m.

2. PLEDGE OF ALLEGIANCE

President Escalera led the meeting in the Pledge of Allegiance.

3. ROLL CALL OF THE BOARD OF DIRECTORS

President Escalera	Vice President Hernandez	Director Barajas	Director Hastings	Director Rojas
Present	Present	Present	Present	Absent

OTHERS PRESENT

Staff and Counsel: General Manager & Board Secretary, Greg Galindo; Office Manager, Gina Herrera; Engineering and Compliance Manager, Roy Frausto and District Counsel, Jim Ciampa.

Public: No members of the public were present.

4. PUBLIC COMMENTS

There were no comments from the public.

5. ADOPTION OF AGENDA

Motion: Adopt Agenda as Presented.

1st: Director Hastings

2nd: Vice President Hernandez

	Escalera	Hernandez	Barajas	Hastings	Rojas
Vote	Yes	Yes	Yes	Yes	Absent

Motion carried by a vote of: 4 Yes, 0 No, 0 Abstain, 1 Absent.

6. APPROVAL OF CONSENT CALENDAR

Motion: Approve Consent Calendar as Presented.

1st: Vice President Hernandez

2nd: Director Barajas

	Escalera	Hernandez	Barajas	Hastings	Rojas
Vote	Yes	Yes	Yes	Yes	Absent

Motion carried by a vote of: 4 Yes, 0 No, 0 Abstain, 1 Absent.

7. FINANCIAL REPORTS

A. Summary of the District's Cash and Investments as of February 28, 2019.

Mr. Galindo provided a summary of the balances in each account provided in the Summary of Cash and Investments as of February 28, 2019.

Motion: Receive and File the Summary of Cash and Investments as of February 28, 2019.

1st: Director Hastings

2nd: Vice President Hernandez

	Escalera	Hernandez	Barajas	Hastings	Rojas
Vote	Yes	Yes	Yes	Yes	Absent

Motion carried by a vote of: 4 Yes, 0 No, 0 Abstain, 1 Absent.

B. Statement of District's Revenue and Expenses as for February 28, 2019.

Mrs. Herrera provided a summary of the Statement of Revenues and Expenses for the District and reported on the year-end figures for 2018 and on current year to date figures as well. Mrs. Herrera also provided some information on the status of the 2018 District Audit. Mr. Galindo added some information regarding the net revenues for 2018 year-end.

Motion: Receive and File the Statement of the District's Revenue and Expenses as of February 28, 2019.

1st: Director Hastings

2nd: Director Barajas

	Escalera	Hernandez	Barajas	Hastings	Rojas
Vote	Yes	Yes	Yes	Yes	Absent

Motion carried by a vote of: 4 Yes, 0 No, 0 Abstain, 1 Absent.

C. Statement of the Industry Public Utilities' Water Operations Revenue and Expenses as of February 28, 2019.

Director Rojas arrived and joined the meeting at 5:40 pm.

Mrs. Herrera provided a summary of the Statement of Revenues and Expenses for the Industry Public Utilities' Water Operations and explained the budget to date balances for various accounts.

Motion: Receive and File the Statement of the Industry Public Utilities Water Operations' Revenue and Expenses as of February 28, 2019.

1st: Director Rojas

2nd: Vice President Hernandez

	Escalera	Hernandez	Barajas	Hastings	Rojas
Vote	Yes	Yes	Yes	Yes	Yes

Motion carried by a vote of: 5 Yes, 0 No, 0 Abstain.

8. ACTION / DISCUSSION ITEMS

A. Consideration to File a CEQA Notice of Exemption for the Waterline Installation in 5th Street, Between Main Street and Workman Street.

Mr. Frausto summarized his staff report on the item and provided some background on the proposed project. He explained that the project was identified in the District's 2017 Water Master Plan as a needed system improvement for fire flow in the area. Mr. Frausto presented a proposed alignment of the waterline improvements. There was discussion amongst the Board and Staff regarding the proposed waterline improvements and the existing customers in the area. Mr. Frausto explained the steps that the District will take to complete this project and what project related items will be brought to the Board for consideration. After further discussion there was a motion made by Director Rojas.

Motion: Approve the CEQA Notice of Exemption for the 5th Street Waterline Replacement Project and Direct Staff to File the Notice with the County Clerk.

1st: Director Rojas

2nd: Director Barajas

	Escalera	Hernandez	Barajas	Hastings	Rojas
Vote	Yes	Yes	Yes	Yes	Yes

Motion carried by a vote of: 5 Yes, 0 No, 0 Abstain.

B. Consideration of Increase in the Board of Directors' Per Day of Service Compensation.

No formal action was taken.

With no formal action taken the Board of Director's Per Day of Service Compensation increases by 5%; from \$155.11 to \$162.87 effective March 26, 2019.

C. Discussion on the Cost and Benefit of the District's Recycled Water Project.

Mr. Galindo explained that the District's Recycled Water Project Ad Hoc Committee had met and they directed him to provide a presentation to review the cost analysis of the proposed project and the anticipated benefits of the project. Mr. Galindo then provided a presentation regarding the proposed Recycled Water Project. The presentation included reviewing the background on this project, its timeline since conception and the Board actions previously taken regarding the project. Mr. Galindo reviewed the benefits of the project and the concerns with moving forward with the project. Mr. Galindo stated that when the Board took action to move forward with the Recycled Water Project back in 2015, the entire State was in the middle of a serious drought and the ability to bring in a new water supply, that was more drought tolerant, was very appealing. He added that although the project is estimated to deliver just fifty-five acre feet of water a year, it does reduce the District's dependence on import water.

Mr. Galindo reviewed an updated cost analysis that provided the projected annual cost impacts from the Recycled Water Project over a thirty-year period. He summarized the assumptions that were used in the analysis and the bases for the assumptions. He explained that the assumptions are our best current estimates, but they will vary over time. He stated that the project provides a significant annual financial benefit after the proposed loan for the project has been paid back.

Mr. Galindo also reviewed with the Board the financial impacts from the Recycled Water Project along with the Nitrate Treatment Project, that is currently being considered by the Board. He explained that the decision to move forward with both projects will not have an impact on the District's rates over the next four years, but will have an impact when the District completes another cost of service analysis after the current five-year rate adjustment plan is complete in 2023. He stated that each year the amount of other capital improvements may be limited as a result of the debt service related to the Recycled Water and Nitrate Treatment Projects. He added that rates will have to be adjusted in 2024 to maintain an appropriate annual revenue to sustain the District's reserves.

During the presentation there was much discussion amongst the Board and Staff regarding the benefits of the project and the financial impacts from moving the project forward along with the Nitrate Treatment Project.

Mr. Galindo asked if there was any objection from the Board members on continuing to move the project forward when considering all of the information that was provided to them.

It was the consensus of the Board to continue to move the project forward. Mr. Galindo stated that there will be two items related to this project that will be brought to the Board for consideration in the coming months, one will be the approval of the final bid package for the construction of the recycled water waterline and pump station and the other will be the awarding of the construction contract.

Direction was provided to Staff, but there was no formal action taken.

9. ENGINEERING AND COMPLIANCE MANAGER'S REPORT

Mr. Frausto reported on various items that were included in his report. There was some discussion amongst the Board and Staff on some of the items included in the report.

Motion: Receive and File the Engineering and Compliance Manager's Report.

1st: Director Rojas

2nd: President Escalera

	Escalera	Hernandez	Barajas	Hastings	Rojas
Vote	Yes	Yes	Yes	Yes	Yes

Motion carried by a vote of: 5 Yes, 0 No, 0 Abstain.

10. GENERAL MANAGER'S REPORT

Mr. Galindo reported the following items:

- The Industry Public Utilities Commission authorized the District to move forward with the water rate study for the Industry Public Utilities Water Operations.

- Trip to Sacramento with the San Gabriel Valley Water Association and the Association's legislative efforts.

11. OTHER ITEMS

A. Upcoming Events.

Mrs. Herrera reviewed upcoming events with the Board and verified what events each member would be attending.

B. Information Items.

Included in Board Packet.

12. ATTORNEY'S COMMENTS

Mr. Ciampa provided information on various legislative items of interest. He also reported on a letter to AQMD that the Public Water Agencies Group signed onto, requesting a regulatory exemption for testing of emergency generators for water pump stations.

13. BOARD MEMBER COMMENTS

A. Report on Events Attended.

President Escalera reported that he attended 1 event: SCWUA Monthly Meeting.

Director Rojas reported that he attended 1 event: SCWUA Monthly Meeting.

Director Hastings reported that he attended 1 event: SCWUA Monthly Meeting.

B. Other Comments.

No additional comments.

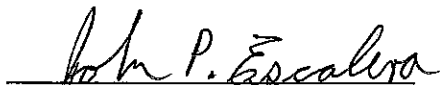
14. FUTURE AGENDA ITEMS

No future agenda items were requested.

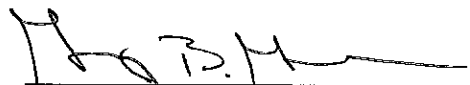
15. ADJOURNMENT

President Escalera adjourned the meeting at 7:21 p.m.

Attest:



John P. Escalera, President



Greg B. Galindo, Secretary