



Minutes of the Regular Meeting  
of the Board of Directors of Rowland Water District

November 8, 2011 - 6:00 p.m.  
Location: District Office

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**PLEDGE OF ALLEGIANCE**

**ROLL CALL OF DIRECTORS**

President Anthony J. Lima  
Vice President Szu Pei Lu-Yang  
Director Robert W. Lewis  
Director John Bellah  
Director Teresa P. Rios

**ABSENT:**

None

**OTHERS PRESENT:**

Janet Morningstar, Legal Counsel  
Dan Horan, Three Valleys Municipal Water District  
Joe Ruzicka, Three Valleys Municipal Water District  
Kirk Howie, Three Valleys Municipal Water District  
Robert J. Callanan, White, Nelson, Diehl & Evans (formerly Diehl, Evans & Company, LLP)  
David Malkin, Rowland Heights Resident  
Teri Malkin, Rowland Heights Resident

**ROWLAND WATER DISTRICT STAFF:**

Ken Deck, General Manager  
Ted Carrera, Assistant General Manager  
Sean Henry, Finance Officer  
Rose Perea, Director of Administrative Services

**ADDITION(S) TO AGENDA**

President Lima re-ordered the Agenda by moving Tab 2.3 above Tab 2.2 under Action Items to accommodate the representative from Diehl, Evans & Company, LLP.

**PUBLIC COMMENT ON AGENDA ITEMS**

David and Teri Malkin, Rowland Heights residents, thanked the District for their participation in the Buckboard Days Parade and for supporting the Rotary Club by participating in the pancake breakfast.

**Tab 1 - CONSENT CALENDAR**

Director Lewis noted that the date of the next regularly scheduled Board meeting, December 13, 2011, had been omitted from the Agenda and moved that it be added to the Consent Calendar.

Upon motion by Director Lewis, seconded by Vice President Lu-Yang, the Consent Calendar was approved as amended. The motion was unanimously carried.

The approval of the Consent Calendar included:

**1.1**

Approval of the Minutes of Special Board Meeting Held on October 4, 2011

**1.2**

Approval of the Minutes of Special Board Meeting Held on October 25, 2011

**1.3**

Demands on General Fund Account for October 2011

**1.4**

Investment Report for October 2011

**1.5**

Calendar of Events for November and December 2011

**Tab 2 - ACTION ITEMS**

**2.1**

**Review and Approve Director's Meeting Reimbursements for October 2011**

Staff noted that the meeting reimbursement to Vice President Lu-Yang for her attendance at the CAUSE Political Institute event had been omitted and that it would be included with the November meeting reimbursements.

Upon motion by Director Lewis, seconded by Director Bellah, the Directors' Meeting Reimbursement Report was approved as presented. The motion was unanimously carried.

**2.3**

**Review Draft Financial Audit Report for Fiscal Year 2010-2011 Prepared by Diehl, Evans & Company, LLP**

Robert Callanan representing the firm of Diehl, Evans & Company, LLP, reported that the firm had merged with another firm and that the name had been changed to: White, Nelson, Diehl, Evans & Co. There are now twelve new partners and their staff has increased to one hundred.

Mr. Callanan provided an update and report on the audit process and noted that there were no significant accounting policy changes and no unusual transactions that would require additional consultation. The firm encountered no difficulty in completing the audit and there were no disagreements with management. Mr. Callanan reviewed the documents contained in the Draft Financial Audit Report and answered questions posed by the Directors. He indicated that the draft report was presented for information and discussion only. The final document will be presented at the December 13, 2011, Board meeting for approval.

## **2.2**

### **Approve Board of Directors' Strategic Planning Workshops for Every Fourth Tuesday of Each Month from 4:00 p.m.-7:00 p.m. Next meeting: Tuesday, November 22, 2011**

Upon motion by Vice President Lu-Yang, seconded by Director Rios, the Board of Directors' Strategic Planning Workshops for every fourth Tuesday of each month commencing November 22, 2011 was unanimously approved.

## **2.4**

### **Review and Approve Rowland Water District's Statement of Operations Ending September 30, 2011**

Mr. Henry explained the report covering the period July 1, 2011 through September 30, 2011, in detail and then responded to questions from the Board. Mr. Henry also noted that an additional column had been added to the report which provides a comparison between "current year" and "past year" figures.

A motion was made by Director Lewis, seconded by Vice President Lu-Yang, to receive and file the Statement of Operations as presented. The motion was unanimously carried.

## **2.5**

### **Review and Approve Rowland Water District's Quarterly Investment Report Ending September 30, 2011**

Mr. Henry summarized the report for the Board and noted the balances as of September 30, 2011, indicating that a very low rate environment currently exists.

A motion was made by Vice President Lu-Yang, seconded by Director Rios, to receive and file the investment report as presented. The motion was unanimously carried.

## **2.6**

### **Authorization to Purchase up to 2,000 Acre Feet of Untreated Tier 1 Water for Spreading Purposes**

General Manager, Ken Deck, discussed the opportunity to purchase up to 2,000 acre feet of untreated Tier 1 water for spreading purposes in the Main San Gabriel Basin from Three Valleys Municipal Water District and Metropolitan Water District at a purchase price of \$534.00 per acre foot, at a maximum of \$1,068,000. The cost of the water purchased would come from the District's liquid funds account which is currently earning less than one-half percent interest. The District would maintain storage in the Three Valleys' Cyclic Storage Account at no cost to the District. Effective January 1, 2012, the per acre foot cost of untreated Metropolitan water will increase to \$567.00. He noted that taking advantage of this opportunity to purchase the water

will result in a substantial savings. It was staff's recommendation that the Board approve this purchase.

A motion was made by Vice President Lu-Yang, seconded by Director Bellah, to authorize the purchase of up to 2,000 acre feet of untreated Tier 1 water for spreading purposes at a cost of \$534.00 per acre foot, at a maximum of \$1,068,000. The motion was unanimously carried.

## **2.7**

### **Approve Resolution No. 11-2011 Negotiated Exchange of Property Tax Revenues Resulting from Annexation of L 021-2011 to County Lighting Maintenance District 1687**

A motion was made by Vice President Lu-Yang, seconded by Director Lewis, to approve Resolution No. 11-2011 Negotiated Exchange of Property Tax Revenues Resulting from Annexation of L 021-2011 to County Lighting Maintenance District 1687.

Roll call vote.

Ayes: Directors Lima, Bellah, Lewis, Lu, and Rios  
Noes: None  
Absent: None  
Abstain: None

Motion was passed by a vote of 5-0.

## **2.8**

### **Select Voting Designee for ACWA Officers for Elections to be held at the ACWA Fall Conference**

It was staff's recommendation that Director Lewis be selected as the Voting Designee for the election of ACWA officers to be held at the ACWA fall conference. Upon motion made by Vice President Lu-Yang, Seconded by Director Rios, the Board unanimously approved Director Lewis' appointment as the Voting Designee.

## **2.9**

### **Discussion of Upcoming Conferences, Workshops, or Events (Including Items that May Have Arisen After the Posting of the Agenda)**

- Regional Chamber of Commerce Holiday Luncheon to be Held December 8, 2011 (Diamond Bar).  
Staff was directed to register Directors Lewis, Bellah and Rios for attendance at the Holiday luncheon. President Lima indicated that he would contact staff and advise whether he would be attending.
- Industry Manufacturers' Council luncheon December 5, 2011.  
Directors were asked to contact staff and advise whether they would be attending the luncheon.

### **Tab 3 - GENERAL MANAGER'S REPORT**

#### **3.1**

##### **Water Purchase Report**

Mr. Deck advised the Board that CV Strategies will begin the customer telephone surveys tomorrow, November 9, 2011.

#### **3.2**

##### **Media Updates**

Provided for informational purposes only.

### **TAB 4 - LEGISLATIVE INFORMATION**

#### **4.1**

##### **Legislative Updates**

Nothing to report.

### **TAB 5 - REVIEW OF CORRESPONDENCE**

#### **5.1**

##### **Mr. and Mrs. McClish, La Habra Heights Residents**

Provided for informational purposes only.

#### **5.2**

##### **Ms. Bernadette Camacho, District Resident**

Provided for informational purposes only.

### **TAB 6 – COMMITTEE REPORTS**

#### **6.1**

##### **Three Valleys Municipal Water District**

Mr. Kirk Howie from Three Valleys MWD reported on their redistricting process and advised that they have the option of possibly going from seven to five Directors. Their consultant has advised that that would be very difficult to do. They are reviewing several options.

Vice President Lu-Yang reported on an article in the San Bernardino Law Journal regarding the Stolen Valor Act. It was also reported that Three Valleys' Director, David DeJesus, was appointed Vice Chair on the Metropolitan Water District Board.

#### **6.2**

##### **Puente Basin Water Agency**

Director Lewis reported that the Central Basin Project is continuing to move forward.

### **6.3**

#### **Regional Chamber of Commerce**

Vice President Lu-Yang noted that the Chamber Holiday luncheon had been set for December 8, 2011. The Farmers' Market continues to meet at Mt. SAC every Saturday. The Chamber Interim Vice President, Stephen Lee, is doing well and his quarterly review is forthcoming.

### **6.4**

#### **PWR Joint Water Line Commission**

Nothing to report.

### **6.5**

#### **Joint Powers Insurance Authority**

Nothing to report.

### **6.6**

#### **Association of California Water Agencies**

Director Lewis reported on the progress which the San Diego region has made in reducing their dependence upon Metropolitan Water District (MWD). Director Lewis also referred to his written report which had been distributed at the meeting in connection with the October 19 and 20, 2011, ACWA Southern California Region 8-9-10 Annual Targeted Issue Briefing. Director Bellah gave a report on his tour of the Lake Hodges facilities of San Diego County Water Authority.

### **6.7**

#### **Sheriff Community Advisory Committee**

Vice President Lu-Yang reported on the Community Advisory Committee's conference on Sheriff's training and reported on parole re-alignment which will be switching from Federal to County jurisdiction.

### **6.8**

#### **Project Ad-Hoc Committee**

President Lima reported on the Committee meeting held on November 3, 2011, and indicated that monthly meetings have been scheduled for the first Thursday of each month to discuss District projects and provide guidance to staff. He mentioned that Staff had developed a current projects list that is updated monthly and identifies project status and potential issues. Vice President Lu-Yang discussed the possibility of pursuing a solution to mitigate reoccurring nitrification in the upper zone reservoirs.

### **6.9**

#### **Finance Ad-Hoc Committee**

Mr. Deck advised that the District is expecting a draft of the Water Rate Study soon. Staff will analyze the study in depth to review operational costs and the rate increase to examine the true cost of providing water to its customers.

## **TAB 7 - ATTORNEY'S REPORT (Ms. Morningstar)**

### **7.1**

#### **CLOSED SESSION**

- Conference with Legal Counsel – Existing Litigation  
(Subdivision (a) of § 54956.9)

Name of case: In re: IH 1, Inc. f/k/a Indalex Holdings Finance, Inc. etc., Debtors;  
George Miller, etc., Plaintiff vs. Rowland Water District, Defendant. Chapter 7  
Case No: 09-10982 (PJW); Aversary No.: 11-51451 (PJW)

There was nothing to report, therefore, a closed session was not necessary.

## **Tab 8 – OTHER REPORTS, INFORMATION ITEMS, AND COMMENTS**

### **8.1**

#### **Public Relations**

Mrs. Perea reported that she received no applications from K-12 schools within our District for consideration in the granting of 2011 Edu Grant(s) in the amount of \$750.00 each.

### **8.2**

#### **Personnel Report**

Nothing to report.

### **8.3**

#### **Engineer's Report**

Mr. Carrera reported on the status of the painting of San Jose Pipeline Crossing and shared pictures taken at the recent Buckboard Days Parade.

### **8.4**

#### **Directors' and General Manager's Comments**

In connection with the CSDA and ACWA conferences, Director Bellah questioned the value of attending these conferences. He also discussed social media such as Twitter and Facebook and the fact that anything converted electronically is public record and subject to public scrutiny.

General Manager, Ken Deck, reported that on-line payment testing commences on November 21, 2011 and will become active shortly thereafter. He also mentioned that National Demographics Corporation will make a presentation to the Board at the December Board Meeting. The purpose of the presentation is to provide information to the Board concerning the potential need to redraw division boundaries.

### **8.5**

#### **Future Agenda Items**

- Redistricting presentation by National Demographics Research, Inc.
- Water Rate Increase effective January 1, 2012.

**8.6**

**Late Business**

None.

A motion was made by Director Rios, seconded by Vice President Lu-Yang, and unanimously carried to adjourn the meeting. The meeting was adjourned at 7:50 p.m.

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ANTHONY J. LIMA  
Board President

Attest: \_\_\_\_\_  
KEN DECK  
Board Secretary