

FOOTHILL MUNICIPAL WATER DISTRICT
4536 Hampton Road
La Cañada Flintridge, California

A G E N D A
REGULAR MEETING OF THE
BOARD OF DIRECTORS
FOOTHILL MUNICIPAL WATER DISTRICT
May 18, 2009
4 p.m.

Posted 4:00 P.M, May 14, 2009.

- 1. Call to Order and Determination of a Quorum**
- 2. Pledge of Allegiance**
- 3. Preliminary Matters**
 - 3.1. Additions to Agenda (as required by Gov. Code 54954.2)
- 4. Public Comments**
 - 4.1 Opportunity for members of the public to address the board directly on items of public interest that are within the subject matter jurisdiction of the board (as required by Gov. Code 54954.3(a)). Speakers may be limited to two minutes each at the discretion of the President of the Board.
- 5. Consent Calendar**
 - 5.1 Discussion and action approving the Minutes of the Special Meeting of April 23, 2009, the Minutes of the Adjourned Special Meeting of April 27, 2009 and the Minutes of the Regular Meeting of April 27, 2009.
 - 5.2 Action approving the Financial Statements for April 2009; monthly Director Compensation, Expense Report and Treasurer's Report.
 - 5.3 Action approving retainer increase for Counsel.
- 6. Directors' Oral Reports**
 - 6.1 Reports and appropriate action on ACWA, MWD, and other association and organization activities.

7. Action Calendar

7.1 Action approving repairs to pumps 3 West and 4 East.

7.2 Discussion and action to support seeking Federal funding for suite of recycled water projects.

7.3 Update on water supplies, allocation to agencies and discussion and action to move conservation signs to orange effective June 1, 2009.

7.4 Action engaging accounting firm for auditing services.

8. Information Item

8.1 Preliminary budget for fiscal year 2009-2010.

9. Staff Reports

General Manager Nina Jazmadarian: Reports and appropriate action on administrative and operating projects and activities:

9.1 Operations/sales summary report for prior month

9.2 Promotion of Darren Giles

9.3 Foothill Conservation Corps

9.4 Outreach and Possible Parcel Charge

9.5 Water Symposium

9.6 MWD's Conservation Program

9.7 Other

Operations Manager Robert Steward: Report on system operations. Please refer to Board Letter 7.1.

MWD Representative James Edwards: Report regarding MWD activities

Attorney: Report on legal and related matters relevant to the District, Potential Central Basin Litigation

10. Other Business

Related to general operations, administration and policy items, future agenda items, and concerns of Board members

Next Board meeting: June 22, 2009

11. Adjournment

Note: The Board reserves the right to discuss or take action or both on all of the above agenda items.

**FOOTHILL MUNICIPAL WATER DISTRICT
SPECIAL MEETING OF THE BOARD OF DIRECTORS
April 23, 2009**

A special meeting of the Board of Directors of the Foothill Municipal Water District was held in the conference room of the Robert Williams Operations and Administration Center at 4536 Hampton Road, La Cañada Flintridge, California, on the 23rd day of April 2009.

CALL TO ORDER AND DETERMINATION OF A QUORUM

Directors present:

Robert J. Gomperz, President & Director Division No. 1
Melvin Matthews, Director Division 2
LaDrena Dansby, Vice President & Director Division No. 3
Richard W. Atwater, Director Division No. 4
Dean V. Wiberg, Director Division No. 5
James Edwards, MWD Representative

Staff Present:

Nina Jazmadarian, General Manager
Karen Oblak, Administrative Manager/Treasurer
Robert Steward, Operations Manager
Wayne Lemieux, Legal Counsel

Others Present:

Glenn Reiter, Glenn M. Reiter & Associates
Martin Rauch, Rauch Communication Consultants, Inc.
Dennis Erdman, Crescenta Valley Water District
Vasken Yardemian, Crescenta Valley Water District Board President
Tom Bunn, Crescenta Valley Water District Legal Counsel
David Datz, Public
Ed Schlotman, Public

President Gomperz called the meeting to order at 4:05 PM and determined a quorum was present.

2. PLEDGE OF ALLEGIANCE

Director Matthews led the Board, staff and others in reciting the pledge of allegiance.

3. PUBLIC COMMENTS

President Gomperz invited members of the public to address the Board on matters within the Board's jurisdiction. No public oral communications at this time.

4. ACTION ITEM

4.1 Discussion and possible action regarding parcel charge.

Foothill's alternatives to fixing the aging infrastructure and also provide water supply reliability are being addressed today. A portion of the discussion will be

addressing the aging infrastructure and the need for CIP and rehab while another portion will address the need for water supply reliability. We have expanded on our recycled water section to include storm water recharge as well as conservation. With this inclusion we will be meeting the goal of supply reliability for Foothill and the statewide goal of water reduction of 20% by 2020. A "draft" white paper on recycled water was distributed to those in attendance. A scalping plant located near the point where Flint Wash joins the Arroyo Seco could capture and treat on the order of 2,000 AFY. A larger plant, on the order of 5,000 AFY could be located along the lower reaches of Eaton Canyon. A third potential location for a scalping plant could be within Crescenta Valley Water District, possibly near Pickens Canyon.

Glenn Reiter (Glenn Reiter & Associates) - There are two distinct **District Goals** associated with Foothill's Parcel Charge Program. One is **maintaining Water System Reliability**; and the other is developing local resources to provide water supply integrity through the repair and upgrade of the system where needed and develop new local water supplies through the use of recycled water, stormwater and water efficiency or conservation. Our **Financing Goals** are to develop a secure funding source for the proposed CIP. A Parcel Charge provides a secure revenue source that is not dependent upon water sales fluctuations. Foothill has some catch-up in the area of CIP and instead of paying for it as we go by increasing water rates, we are hoping to spread the financing over a period of time and lessen the impact. After meeting with the member agency managers, it was determined that they are concerned about the tracking of benefits. As far as the basic system integrity, everyone agreed that the distribution be based on two criteria. One that they pay for the facilities they actually use and the second criteria is to spread the costs in relationship to the water purchased by each agency. We will recognize each agency's demographics and determine water demand by land use.

Water (Augmentation) Reliability Projects – Recycled Water Projects have been discussed as part of other District studies and are estimated to cost \$25m to \$45m depending on size and location. The storm water capture and recharge part of this facet could run anywhere from \$15M to \$20M depending on the site. Conservation Programs will continue to be an ongoing portion of this project and have been budgeted at an estimate of \$500,000 per year.

Because we need to move on this program as quickly as possible we have planned to issue Certificates of Participation. This would allow us to spread the payment for the program over a 30-year period. The bonds could be sold once the election certifies that the parcel charge has passed. The bond amount would include sufficient funds for the \$7.2 million needed for the immediate attention items listed in the CIP Replacement Program and about \$14 million needed for the Water Supply Reliability Program. The overall program is much more than the \$21.2 million discussed here. We plan to take care of this in two phases; get the necessary items replaced immediately; and during the next 3-4 years we hope to get access to grants and low interest loans to help us continue this replacement program. It will give us a chance to get the reclamation and conservation programs going and get the much needed areas of our system

improved and replaced. A lot depends on how successful we are at getting the additional monies needed through grants, etc.

A tax account will be set up for each member agency's service area to account for the revenue received from that area. Water demand by land use, size of parcel and the share of the cost for each agency will be taken into account. Agencies are concerned about paying for benefits that do not directly benefit their agency. A few solutions that were given for them to consider: Repair & replacement costs spread in proportion to the last 10 years sales history for each agency; "What is the value of being a member of Foothill?" as not all agencies purchase water from Foothill; water conservation, reclamation and storm water based on ultimate demands of each agency.

Service Area Demographics – Most of all service areas consist of single family residential dwellings of .15 or .17 acre area with 4-5 units per acre. The water use was examined by land use where data was available. This was then matched up with the parcels themselves. By law it must be shown that the parcels receive a very special benefit. The parcels will then pay proportional to their demand. There are a total of 25,000+ parcels in our combined service areas with a combined 9,900+ total acres. It was determined that the most practical solution as far as allocation was to use sales for the base CIP and ultimate demand for water supply.

Fair Allocation of Costs: For CIP: 1) Costs allocated by agency based on usage of each facility being improved in the CIP program; 2) Costs are then further divided based on average use of Foothill water over the last ten years; 3) A charge per acre is developed for each area (each parcel is allocated its charge based on its size and what service area it is in. **For New Water Supplies:** 1) Foothill will assume that all members of the District benefit equally from new water supplies. Each acre foot of new water makes an acre foot of imported water available to the entire area; 2) Costs are allocated to each member based on long-term water demand; 3) Each parcel is charged based on its land use, size and average water use per acre for its area.

Allocation of Improvement CIP by Usage: The member agencies have reviewed the allocation of the improvement CIP and are in general agreement except they feel that there are a few non-CIP items that should be part of the regular maintenance program and should be deleted from the CIP project.

Allocation of Improvement CIP Ten Year Average Water Use: CVWD, LCID and Valley are the largest users for this period.

Draft Annual Payments for Base Foothill CIP: Each agency has a different number of parcels and acreage; therefore, the payments will not track exactly.

Each Parcel Allocated a Charge Per Acre: Each parcel is allocated a share of CIP based on Land Use, Size and Average Water Use Per Acre.

Water Supply Program Cost Allocation

Funding sources for the Proposed Water Augmentation and Supply is as follows:

- Grant Funds
- Low Interest SRF Loans
- Borrowing
- Parcel Charges
- Rates and Charges

When looking at the program cost allocation certain specifics needed to be accounted for, and they are:

- Ultimate Water Demand
- Water Use Per Acre by Service Area
- Land Use: single family, Multi-family, Commercial, Restaurants, Institutional and Government
- Parcel Size

Allocation by Ultimate Water Demand

- The debt service for the financing of the water augmentation portion is distributed to each agency based on their percentage of the ultimate water demand.
- The water demand for an acre of single family demand was assigned as the base unit.
- The other categories of land use by agency were then a multiple of the acre of residential water demand per acre

Ensure Total Charges by Purveyor Equal Their Share

- The unit demands were applied to each land use and then multiplied by the acreage for each parcel.
- The base charge was adjusted so that the total revenue collected from a particular agency equaled their proportionate share of the annual debt payment.

The charges are based on the parcel acreage.

Annual Payments for Various Interest Rates and Bond Amounts

As an example: The annual payment for a \$22,000,000 bond issuance at 6% interest rate would equate to \$1,598,276.

The higher the coverage ratio the more we would need to back down on the size of the bond issue.

Martin Rauch – Rauch Communications Inc. – A Plan to Secure a Reliable Regional Water Supply

- **Who are we and what do we do?** Our first challenge is to explain to the public who we are. Our tag line would be: We are “the people behind your water supply.”
- **Area’s growing dependence on imported water.** Groundwater was the primary water supply for the region, however, over time the dependence on imported water has increased to 60% imported water and 40% groundwater.
- **Proposed Program.** The purpose is to assure an adequate and reliable water supply for the Foothill region.
 1. Rehabilitate our aging water system
 2. Increase area’s water independence
 3. Spread the program costs fairly
 4. Explain the program to the public and obtain their support and a majority vote.

1. **Rehabilitate our Aging Water System:** It has served us perfectly for half a century, but it is getting old and we don’t want any breakages to occur. Our system is a combination of pipelines, reservoirs, pump stations, controls and valves that must work flawlessly every day around the clock. a) Back-up generators can no longer provide adequate emergency power; b) Pipelines must have condition evaluated and where necessary, be repaired or replaced; c) Pumps and other components must be rehabilitated; d) Electronic monitoring and control systems are obsolete and need replacement; e) Storage is needed to meet peak demands and emergencies.

Many weak spots in the system have been identified and the District has a specific list of these improvement needs. Some additional engineering analysis may be needed to reveal additional needs. An upgraded system will provide greater reliability, reduce the threat of supply cutoff and there would be fewer costly emergency repairs. The infrastructure plan calls for a five year construction program to begin in 2010.

2. **Increase the Area’s Water Independence: Finding new and more reliable water resources.** Imported supplies are stressed and the statewide drought may be the worst in history. Federal courts have ordered severe cutbacks of water from No. California to So. California to meet environmental needs and the public has been asked to undertake extraordinary water conservation measures now.

Foothill buys its imported water from the Metropolitan Water District of Southern California (MWD) and MWD is expected to impose mandatory cutbacks starting this summer. Along with this, the Governor has requested a 20% cutback to become permanent by 2020. The water supply shortages vary, but may become semi-permanent. Imported water costs are rising and imported water users are asked to use less and pay

more. New local reliable supplies must be found to increase the area's water independence. These may include, recycled water, stormwater and conservation.

- **Recycled Water:** Is sustainable and readily available, even in drought. It has a lower cost than potable water and can be used for good quality urban irrigation and groundwater recharge and results in fewer greenhouse gasses and a lower carbon footprint. It is regulated by the California Dept. of Public Health and sets strict recycled standards. Safely and economically used for agricultural, parks, golf courses, public space landscaping and groundwater recharge.
- **Stormwater:** Cascades down through local canyons following storms and is currently lost to streams, rivers and the sea. It can be diverted, captured and injected or percolated into the ground for later use and becomes a valuable supplemental source during wet years.
- **Water Efficiency:** (Conservation) People associate water conservation with deprivation when really it means maximizing the benefits of water, so less water provides the same benefits. Most landscapes are over-watered and this in turn reduces plant health. There are new weather-based controllers and low water use plantings that can reduce outdoor water use dramatically and lower water bills. New water efficient appliances within the home can significantly reduce water use.

3. Spreading the Program Costs Fairly: Develop the Funding Plan: It is estimated that the infrastructure upgrade will cost approximately \$7 million or about \$1.50 per month per typical household. New local water supplies are estimated to cost approximately \$14 million or about \$2.50 per month per typical household. **Raising the Revenue:** The costs are to be shared fairly among agencies and individual property owners. The bond financing costs would be spread over many years so that future customers pay their fair share. The parcel charge allows for low interest bond financing.

4. Explaining the Program to the Public: We should start at ground zero, so we need to get the word out as to who we are and what we do. People may not understand the current water situation therefore all of our needs must be communicated and explained in detail so that people understand. It is important to communicate, however we must also listen, gather public sentiment and build public support for the program.

Some key audiences we should consider include are the Member Agency Managers and their Boards; Councils, Chambers, HOA's, Service Clubs, etc.; Community Leaders; Press; Potential users of new water supplies and the General Public. All of these groups have different levels of interests and concerns and we need to listen to them carefully.

In general we will be communicating in a number of different ways. They include Direct Mail (newsletters); special section of the website; press

coverage; presentations to community groups' e-news and mailed news to identify stakeholders and interested parties; and one-on-one meetings with key leaders.

The timeline schedule: (See attached).

Local Outreach Information per Agency: (See attached).

COMMENTS AND Q & A SECTION

Director Atwater: One thing we know is that during the months of May, June and July water conservation and rising water rates will be front page news stories. The water issues that we are talking about that justify why we need to institute the parcel charge are already an overwhelming message today. The public response to the ACWA survey indicates that the public understands there is a water scarcity problem with the cost of water increasing tremendously. In our message to the public we can say that we are investing to solve the problem to alleviate rationing in the future. Can we reduce our dependence on imported water? Yes, we can. There are half a dozen bills in the legislature that will be unfunded mandates that will require us to do it. We also expect to leverage this program with state and federal grant dollars that are two to three times higher than the amount that we are going to collect. If we don't start working now on acquiring grant dollars and are not prepared in the next year or two we will lose an opportunity to receive \$50 to \$100 million dollars in state money.

Martin Rauch - Because we are asking the public to read and return a piece of paper, we need to be sure that the public understands why we are asking for the parcel charge and that they see the benefit. That's why the public outreach is so necessary. We should aim to do this public outreach in the next 3 (hot) months when the conservation and water rates will be front page news.

Director Gomperz - For the outreach portion of this program Director Gomperz feels that we will never overcome the hurdle of public recognition for Foothill. Have we thought about making this a generic water campaign and making the water agencies the standard bearer of outreach as the public knows who they are? Martin feels that each Member Agency Mgr. does need to relay the message in their service area, but still feels that Foothill should be recognized. We need to get the message out and see what resonates with the public and thereby fine tune our outreach message.

Tom Bunn – There is a benefit to keeping Foothill as a separate entity from the member agencies and that is that Foothill is pursuing a different form of financing than the member agencies normally would. Some of these projects are for the benefit of Foothill's infrastructure, not CVWD's

for example. He agrees with Martin that we will learn as we go along what will appeal to people.

Dennis Erdman – Attended a drought management workshop and one of the statistics that arose during the workshop was that when the situation with water is explained in a sensible manner to people, 70% or more are willing to make significant efforts toward conservation to help get the situation under control. If we can tell a similar good story the people will get behind us and support this and this is where Martin and his company come into play.

Director Atwater - Feels that during the next 90 days (summer months) we have a wonderful opportunity. He feels it is a good time to explain that we need to change our strategy in the Foothill communities as the public who normally feels water is a trivial problem are now being asked to conserve and are reading all the stories about how expensive water now is and are hearing a congressman asking for the governor to resign over not solving the water crisis, etc.

Ed Schlotman – How desperate are we to do this now? People will be overwhelmed. They are just now being told that they must conserve. In May they are also being asked to vote on 6 state propositions involving billions of dollars. The La Canada schools are instituting a \$150.00 parcel tax in May as well. In June and July we will be coming out asking them to pay an additional tax, no matter how small, he feels the fall is a better time to go out with this tax.

Director Atwater – Sewer assessment charges of \$25,000 to \$35,000 are coming out in the fall, which in turn makes the fall not the most opportune time.

David Datz – Will this appear on my property tax bill? Yes. Does it have a sunset? No. Is there an inflation adjustment? No.

Director Atwater – Our emphasis should be on providing water reliability and drought proofing. He feels that the public can be reached within 90 days.

Martin Rauch - There is no crystal ball as to when a good time will be, however, he feels that we should get rolling on this as quickly as possible. The type of survey used will be a phone survey. It will need to be a rather large phone survey due to the number of retail agencies, so perhaps 1000 phone calls.

Director Matthews – Does it make sense to take a survey right now to find out exactly how much the public knows?

Martin Rauch - Perhaps yes. However, this survey would be a luxury and we need to determine where we want to spend the money.

Director Gomperz – Do we want to spend the money on an initial survey? And if we do, we should vote on it and authorize the General Manager up to a certain amount to initiate this survey.

Director Matthews – Should we put some Focus Groups together? **Director Gomperz** feels we should put together the focus groups at a later time and right when we are trying to put together our ballot so as to get the proper verbiage for the ballot. A focus group at this time will also allow us to determine how good of job we did in communicating the situation to the public.

Director Gomperz – What would be the cost for a preliminary survey? **Martin Rauch's** rough estimate would be \$15,000 – 25,000.

Wayne Lemieux – Can we get an estimate of the cost of a preliminary survey and have it before Monday, April 27th 4:00 PM Board Meeting?

Tom Bunn – Is interested mainly in Foothill's infrastructure. Foothill is estimating \$7 million for infrastructure upgrade when it was mentioned that to install the same system today it would cost approximately \$300-\$400 million. Will Foothill be coming back to the public at a later date to ask for more money? No. We would continue with rate increases as needed going forward.

5. **Adjournment**

At 5:35 PM this meeting was adjourned to Monday, April 27th at 4:00 PM.

Robert J. Gomperz, President

**FOOTHILL MUNICIPAL WATER DISTRICT
SPECIAL MEETING OF THE BOARD OF DIRECTORS
April 27, 2009**

A special adjourned meeting of the Board of Directors of the Foothill Municipal Water District was held in the conference room of the Robert Williams Operations and Administration Center at 4536 Hampton Road, La Cañada Flintridge, California, on the 27th day of April 2009.

CALL TO ORDER AND DETERMINATION OF A QUORUM

Directors present:

Robert J. Gomperz, President & Director Division No. 1
Melvin Matthews, Director Division 2
LaDrena Dansby, Vice President & Director Division No. 3
Richard W. Atwater, Director Division No. 4
Dean V. Wiberg, Director Division No. 5
James Edwards, MWD Representative

Staff Present:

Nina Jazmadarian, General Manager
Karen Oblak, Administrative Manager/Treasurer
Robert Steward, Operations Manager
Wayne Lemieux, Legal Counsel

Others Present:

Dennis Erdman, Crescenta Valley Water District
Bob Fan, Valley Water Company
Bill Kimberling, Las Flores Water Company
Bob Hayward, Lincoln Avenue Water Company
Larry Duncan, Lincoln Avenue Water Company
Ron Carter, The Carter Agency

President Gomperz re-adjourned the Special Board Workshop meeting to order at 4:05 PM and determined a quorum was present. (A continuation of the adjourned Special Board Workshop meeting from Thursday, April 23, 2009.)

4. ACTION ITEM

4.1 Discussion and possible action regarding parcel charge. The General Manager was asked to follow up on a possible survey of our consumer base with respect to their opinion on a parcel charge. A proposal was received from EMC Market & Opinion Research Services. They recommend a telephone survey of 400 completed interviews among randomly selected residential property owners in the District. The sample would be drawn from a database of property owners provided by Glenn M. Reiter & Associates. A telephone survey of this size will yield an overall margin of error of +/- 4.9%. Based on the

information needed, they anticipate an average interview length of eighteen minutes.

A handout was provided to all in attendance which listed the name of the agency and the percentage and number of estimated interviews.

For a benefit assessment election the votes are weighted based on the assessment amount. A home with a proposed annual assessment of \$15 will have the equivalent of 15 votes while a home with a proposed assessment of \$340 will have that equivalent in votes – giving the 2nd homeowner 23 times more voting power than the 1st. Our survey data, at least on the important questions, will be presented with this type of weighting in place so that we can show the District an overall estimated support level. The challenge, however, is that while those paying the highest assessment rate will have more “votes”, there are fewer of those homeowners, making it difficult to reach a large sampling in our telephone survey.

This would be a 3-week survey beginning the week of April 27th with the gathering of background information and ending during the week of May 18th with the final results, analysis, crosstabs and presentations delivered. Consultation on results and application to strategic decisions would be on-going for as long as you use the research.

The costs for this survey would be \$25,000 and represent the entire beginning to end costs to conduct the research, and also include strategic consultation and advice related to the research data. The only costs not included are any travel, shipping or printing expenses, which will be billed separately at cost.

A motion was made by Director Dansby and seconded by Director Matthews to initiate this survey with EMC and not to exceed \$25,000. Motion carried.

It was suggested that we try to get the ACWA survey so that we can look at and perhaps use some of the same questions to have consistency throughout the public sector.

It was also noted that during the first segment of this meeting on Thursday, April 23rd it was asked if this parcel had a sunset date (termination). We advised no, however, in reality this is not correct. We can set the termination date to whenever we want. If we went out for 30 years of financing and we received financing in 2010 and could paid if off by 2040 we could still set our termination date to 2050. A date must be set and it goes back to the assessment of the benefit and you cannot calculate the benefit unless there is a termination date.

It was asked if the Board had any interest in forming a sub-committee in respect to the survey. Director Gomperz and Director Atwater volunteered their time.

5. Adjournment

As there was no further business, the Special Meeting of the Board of Directors was adjourned at 4:20 PM.

Robert J. Gomperz, President

**FOOTHILL MUNICIPAL WATER DISTRICT
REGULAR MEETING OF THE BOARD OF DIRECTORS
April 27, 2009**

A regular meeting of the Board of Directors of the Foothill Municipal Water District was held in the conference room of the Robert Williams Operations and Administration Center at 4536 Hampton Road, La Cañada Flintridge, California, on the 27th day of April 2009.

CALL TO ORDER AND DETERMINATION OF A QUORUM

Directors present:

Robert J. Gomperz, President & Director Division No. 1
Melvin Matthews, Director Division 2
LaDrena Dansby, Vice President & Director Division No. 3
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Dean V. Wiberg, Director Division No. 5
James Edwards, MWD Representative

Staff Present:

Nina Jazmadarian, General Manager
Karen Oblak, Administrative Manager/Treasurer
Robert Steward, Operations Manager
Wayne Lemieux, Legal Counsel

Others Present:

Larry Duncan, Lincoln Avenue Water
Bob Hayward, Lincoln Avenue Water Company
Dennis Erdman, Crescenta Valley Water District
Bob Fan, Valley Water Company
Bill Kimberling, Las Flores Water Company
Ron Carter, The Carter Agency

President Gomperz called the meeting to order at 4:20 PM and determined a quorum was present.

2. PLEDGE OF ALLEGIANCE

Director Matthews led the Board, staff and others in reciting the pledge of allegiance.

3. PRELIMINARY MATTERS

None at this time.

4. PUBLIC COMMENTS

President Gomperz invited members of the public to address the Board on matters within the Board's jurisdiction. No public oral communications at this time.

5. SPECIAL PROCEDURES

5.1 Public Hearing to consider conservation plan and adoption of conservation plan Stage 4: Allocation.

No public comments at this time. Public Hearing portion closed at 4:22 PM.

6. CONSENT CALENDAR

A motion was made by Director Atwater and seconded by Director Wiberg to approve: **6.1** Minutes of the regular meeting of March 23, 2009; **6.2** The Financial Statements for March 2009, Directors' Monthly Compensation and Expense Report and the Treasurer's Report for March 2009.

7. DIRECTORS' ORAL REPORTS

7.1(a) Director Gomperz – ACWA Board adopted the Conservation White Paper Policy. The Editorial Advisory Board met to discuss the National Geographic publication due out in May with its first issue. The Communications Committee met where everyone received a detailed briefing of ACWA's survey.

7.1(b) Director Wiberg – Had an opportunity recently to go on the Water Education Foundation tour of the Central Valley.

7.1(c) Director Atwater – Would like to see on the May 2009 Agenda the Board discussing taking a support position in seeking federal funding for the suite of projects we are proposing. We should start working with our Congressional delegation to get support for this type of legislation. Given what we are currently working on, it would be wise to work with Director Edwards and MWD to support Foothill's efforts to develop new water supplies. A letter from the General Manager or Chairman of the Board of Metropolitan in support of Foothill's efforts would be good to have on record.

8. ACTION CALENDAR

8.1 Action adopting a Conservation Plan and Water Shortage Stage 4: Allocation – It was recommended that the Board discuss and adopt resolution (s) #772-0409 and #773-0409 adopting a conservation plan and water shortage Stage 4: Allocation, and authorize the General Manager to pass through adjustments as required to agencies and report those adjustments and modified allocations to the Board at its next regularly scheduled meeting and adopt the change in the conservation formula.

Metropolitan adopted its Allocation Plan at its April Board meeting effective July 1, 2009. Foothill's allocation from Metropolitan is 11,107 AF. This includes 1200 AF in lost local supply adjustments that we have received. Foothill has reallocated that water to the member agencies based on what we adopted last April. One minor change is that Metropolitan applied the demand hardening factor to its rate adjustment, which Foothill has also done to keep everything consistent. The Conservation Plan which includes the Stage 4 Allocation Plan was worked on in conjunction with the Member Agencies and actions to be taken at different stages were listed. The reference to the filling of swimming pools

was deleted as it was decided there was no way to really monitor this particular item. The word "ordinance" has been changed to "plan" and "rationing" has been changed to "allocation", as an agency can actually take more water than their allocation; however, they will be paying the significantly higher rate. As the agency's local supplies change there will be variations in the allocation numbers, for example, the agencies won't know what their rights are for pumping spreading credits until July 1st of next year. As far as the runoff, the agencies won't know what their local supplies will be as this will depend on the actual weather. Based on how much the agencies actually get in local supplies and how much they actually produce, this allocation will change.

A motion was made by Director Atwater and seconded by Director Matthews to adopt Resolution (s) #772-0409 and #773-0409 and give the General Manager authorization to pass through adjustments. Motion carried.

8.2 Action adopting Foothill's rates to pass-through Metropolitan's rate increase effective September 1, 2009. It was recommended that the Board discuss and adopt Resolution #774-0409 passing through Metropolitan's rate increase effective September 1, 2009. At its April board meeting, Metropolitan decided to increase its rates by 20% effective September 1, 2009 instead of their usual January 1st date. This date change would alleviate the need to increase water rates by 34% in January of 2010. The rate increase on average is about \$122 per AF. Tier 1 charges from Metropolitan to Foothill will increase from \$579 to \$701, while Tier 2 water will increase from \$695 - \$811. The readiness-to-serve charge and capacity charge will also increase effective January 1, 2010. This rate increase will be a significant hit on Foothill's reserves of approximately \$450,000 during the last four months of the year when we will already be impacted by lower sales, our conservation efforts and pre-paying PERS retirement (to save \$100,000 during the course of the year). A large part of Metropolitan's rate increase is due to the Delta surcharge (\$69 per af).

A motion was made by Director Atwater and seconded by Director Matthews to adopt Resolution #774-0409. Motion carried.

8.3 Action authorizing General Manager to have Booster 3 West repaired. It was recommended that the Board authorize the General Manager to contract with General Pump for up to \$25,000 to remove, inspect, repair and reinstall Booster 3W. Currently, both the pump and motor of this booster have approximately 59,000 hours of run time. District guidelines call for the motor and pump to be removed at 40,000 hours. There appears to also be some vibration issues associated with this unit. The cost to remove, inspect and reinstall the booster is about \$8,000 while it is estimated that the repairs themselves would cost \$17,000. Any repairs will need authorization from the District prior to General Pump proceeding with the necessary work.

A motion was made by Director Wiberg and seconded by Director Dansby to contract with General Pump for this repair. Motion carried.

9. INFORMATION ITEM - None

10.0 STAFF REPORTS

General Manager, Nina Jazmadarian: Reports and appropriate action on administrative and operating projects and activities. (Report included with Board packet, however, not included with these minutes).

10.1 Operations/Sales summary report. (Report included with Board packet, however, not included with these minutes).

10.2 Lincoln Avenue Water Quality Profile – Lincoln Avenue Water Company was asked to participate in Metropolitan's monthly water quality e-magazine in the section profiling Metropolitan's sub-agencies. (The profile was attached to the board packet and not included with these minutes.)

10.3 Foothill Conservation Corps – Four members of the FWCC were privileged to be the judges for a speech competition on the subject, "Water – Will California Be Left High and Dry?" The competition was held at Verdugo Hills Hospital and was sponsored by the District 4-L1 Valley Region Lion's Club. The winner of the competition was Deja Johnson, a senior at Chatsworth High School who will move on to compete at the next level on April 25th in Ridgecrest.

10.4 Parcel Charge – As we proceed with the implementation of the parcel charge, it is important to track the costs of this effort. As noted last month, there will be additional costs to this project not included in the agreements with Glenn Reiter and Martin Rauch. These costs may include printing, postage, surveys and engineering assistance. As the focus has changed and additional work is now necessary, additional funds may be requested. However, Glenn Reiter and Martin Rauch will continue to try to work within the budget limits specified in their agreements. Costs as of March 31, 2009 are \$13,436.36.

10.5 Bank of America Accounts – As previously discussed and approved by the Board in February 2009, Foothill has opened an additional account with Bank of America to handle its payroll activities. Our two accounts with B of A were to be converted to "government" accounts and we were advised they had been. Recently we have found out that in reality, these accounts had not been converted and that in order to do so, these accounts must be considered "analyzed" accounts which means there is a charge for every transaction made to these accounts. The information presented to us to meet this requirement is lengthy and we must continue to research and discuss this information with B of A. We have also solicited similar information from Union Bank of California to compare rates.

10.6 Other

Operations Manager, Robert Steward - Report on system operations. (Report included with Board packet, however, not included with these minutes.)

MWD Representative, James Edwards – Metropolitan will have a rate increase on September 1, 2009 of 19% with an additional 20% increase on January 1, 2011. The Bay Delta Surcharge was added (\$69) so everyone could understand that a lot of the money that makes up the increase was created by the Bay Delta problems.

City of Los Angeles has appointed a new director, with new directors for Compton and West Basin recently being seated.

Legal Counsel, Wayne Lemieux – Central Basin Water District has filed a lawsuit against Metropolitan Water District for its drought allocation plan. The lawsuit indicates Central Basin is claiming that the plan is illegal as it discriminates against the poor people in the communities as these people tend to use less water on a regular basis. All member agencies of Metropolitan Water District are named in the lawsuit.

**11. Other Business – Next regularly scheduled board meeting on:
May 18, 2009.**

12. Adjournment

As there was no further business, the regular meeting of the board of Directors of April 27, 2009 was adjourned at 5:00 PM.

Robert J. Gomperz, President

MANAGEMENT CONSULTANT
 REPAIR & MAINTENANCE
 UTILITIES
 AUTO & TRUCK
 MATERIALS
 LEGAL CONSULTANT
 OFFICE SUPPLY
 UTILITIES
 PURCHASE
 SUBSCRIPTION
 UTILITIES
 UTILITIES
 PAYROLL CK REPLACEMENT
 UTILITIES
 MATERIALS
 DIRECTOR'S EXPENSES
 WATER QUALITY
 EMPLOYEE'S BENEFIT

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 64.01
 508.01
 480.80
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 9,054.26

Blytheco, LLC
 Wrightwood Rustic
 ADT Security Services, Inc.
 Chevron & Texaco Card Services
 Hach Company
 Lemieux & O'Neill
 Office Depot Credit Plan
 AT&T 5929
 Pasadena Municipal Services
 San Gab. Valley Newspaper Grp.
 Southern California Edison Co.
 The Gas Company
 Dean Wiberg
 AT&T MOBILITY #4020
 Dennis Uniform Manufacturing C
 Richard W. Atwater
 Department of Public Health
 Public Employees' Retirement

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Bank B Total: 479,911.29
 Report Total: 479,911.29

ASSETS

ASSETS & OTHER DEBITS

11120	LAND	\$	418,998.31	
11150	MAIN PUMPING PLANT	\$	785,316.70	
11155	BERKSHIRE PUMPING STATION	\$	708,210.77	
11170	RESERVOIRS	\$	2,460,101.37	
11171	MAINS	\$	1,399,739.46	
11172	CONNECTIONS	\$	421,300.15	
11181	AUTO AND TRUCK	\$	122,040.15	
11182	EQUIPMENT AND TOOLS	\$	323,414.27	
11183	MOBILE RADIO	\$	60,082.14	
11184	TELEMETRY SYSTEMS	\$	116,758.14	
11186	OFFICE BUILDING	\$	84,734.28	
11187	OFFICE EQUIPMENT	\$	37,130.48	
11190	OPERATIONS CENTER	\$	415,451.11	
11200	CONSTRUCTION IN PROGRESS	\$	947,679.07	
11430	OPERATIONS CENTER	\$	-138,340.01	
11450	MAIN PUMPING PLANT	\$	-651,925.27	
11455	BERKSHIRE PUMPING PLANT	\$	-288,364.29	
11470	RESERVOIRS	\$	-1,088,845.47	
11471	MAINS	\$	-973,774.92	
11472	CONNECTIONS	\$	-301,426.46	
11481	AUTO AND TRUCK	\$	-108,587.91	
11482	EQUIPMENT AND TOOLS	\$	-255,662.77	
11483	MOBILE RADIO	\$	-59,520.68	
11484	TELEMETRY SYSTEM	\$	-110,247.31	
11486	OFFICE BUILDING	\$	-60,871.61	
11487	OFFICE EQUIPMENT	\$	-37,130.48	
	Total ASSETS & OTHER DEBITS:			\$ 4,226,259.22

CURRENT ASSETS

13100	B of A checking	\$	770,248.75	
13120	B OF A, PAYROLL	\$	25.00	
13400	PETTY CASH	\$	1,000.00	
13455	Bond, FHLBB #1	\$	500,000.00	
13560	LAIF	\$	2,956,020.71	
13710	ACCOUNTS RECEIVABLE/AGENCIES	\$	1,195,184.84	
13740	INTEREST RECEIVABLE	\$	6,000.00	
13745	ACCOUNTS RECEIVABLE/OTHER	\$	-226,628.55	
13900	CAPACITY CHARGE RECEIVABLE	\$	-19,806.08	
13901	READINESS TO SERVE CHARGE RECEIVABLE	\$	17,629.13	
14300	INVENTORY	\$	75,906.38	
14410	ACWA/JPIA PROPERTY PREPAYMENT	\$	4,161.67	
14420	ACWA/JPIA LIABILITY PREPAYMENT	\$	9,777.94	
14450	ACWA ADVANCE DUES PAYMENT	\$	5,722.20	
	Total CURRENT ASSETS:			\$ 5,295,241.99
	Total ASSETS:			\$ 9,521,501.21

LIABILITIES

ACCOUNTS PAYABLE

20000	ACCOUNTS PAYABLE	\$	1,723,582.10	
	Total ACCOUNTS PAYABLE:			\$ 1,723,582.10

CURRENT LIABILITIES

22200	FMWD ACCOUNTS PAYABLE	\$	-95.72	
	Total CURRENT LIABILITIES:			\$ -95.72

OTHER LIABILITIES

25212	CalPERS 457 Liability(EE Contrib.+ ER Portion)	\$	3,297.16	
25215	Section 125	\$	3,228.12	

OTHER LIABILITIES		(Continued)		
25231	PERS SURVIVORS BENEFIT		\$	14.00
25240	UNPAID SICK LEAVE		\$	39,154.62
25250	UNPAID VACATION		\$	36,105.93
25400	CONJUNCTIVE USE		\$	<u>-469,177.32</u>
	Total OTHER LIABILITIES:			\$ <u>-387,377.49</u>
	Total LIABILITIES:			\$ 1,336,108.89
EQUITY				
INVESTMENT IN FIXED ASSETS				
30101	INVESTMENT IN OFC BUILDING		\$	36,736.38
30105	INVESTMENT IN FMWD		\$	274,773.72
30110	INVESTMENT IN STATE CONTRIBUT.		\$	142,117.00
30120	INVESTMENT IN IMPROVT. DIST.		\$	<u>524,999.00</u>
	Total INVESTMENT IN FIXED ASSETS:			\$ 978,626.10
FUND BALANCES				
31100	GENERAL FUND, UNAPPROPRIATED		\$	2,061,896.50
31210	GENERAL FUND, APPROPRIATED		\$	2,104,075.00
31220	DONATED CAPITAL		\$	9,175.00
35000	RETAINED EARNINGS - PRIOR		\$	2,286,988.79
35000	Retained Earnings-Current Year		\$	<u>744,630.93</u>
	Total FUND BALANCES:			\$ 7,206,766.22
	Total EQUITY:			\$ 8,185,392.32
	Total LIABILITIES & EQUITY:			<u>\$ 9,521,501.21</u>

Income Statement
For Period 10 Ending 4/30/2009

Foothill Municipal Water District (FMW)

		Period to Date	% of Revenue	Year to Date	% of Revenue
REVENUE					
REVENUE OPERATING					
41500	SALES FOR RESALE	\$ 859,436.20	95.32%	\$ 6,468,084.52	84.40%
41505	SALES FOR RESALE (Excess Tier 2 Collection)	\$ 0.00	0.00%	\$ 665,754.40	8.69%
Total REVENUE OPERATING:		\$ 859,436.20	95.32%	\$ 7,133,838.92	93.08%
REVENUE NON-OPERATING					
49150	BOARDROOM REVENUE	\$ 0.00	0.00%	\$ 74.00	0.00%
49200	INTEREST REVENUE	\$ 13,547.54	1.50%	\$ 72,864.31	0.95%
49250	UNREALIZED GAINS (LOSSES)/SECURITIES	\$ 3,333.54	0.37%	\$ 19,086.67	0.25%
49300	TAXES AND ASSESSMENTS	\$ 25,084.85	2.78%	\$ 77,687.51	1.01%
49400	INSURANCE REFUNDS, PRIOR YEARS	\$ 0.00	0.00%	\$ 18,461.11	0.24%
49455	ADMINISTRATION FEE (FHCUP)	\$ 0.00	0.00%	\$ 12,607.50	0.16%
49490	FHCUP Reimbursement	\$ 0.00	0.00%	\$ 318,954.88	4.16%
49500	MISCELLANEOUS	\$ 251.95	0.03%	\$ 8,934.30	0.12%
49602	WORK FOR OTHERS-OPERATIONS	\$ 0.00	0.00%	\$ 320.89	0.00%
49603	WORK FOR OTHERS-BENEFITS	\$ 0.00	0.00%	\$ 160.45	0.00%
49604	WORK FOR OTHERS-SUPPLIES	\$ 0.00	0.00%	\$ 905.30	0.01%
Total REVENUE NON-OPERATING:		\$ 42,217.88	4.68%	\$ 530,056.92	6.92%
Total REVENUE:		\$ 901,654.08	100.00%	\$ 7,663,895.84	100.00%
GROSS PROFIT:		\$ 901,654.08	100.00%	\$ 7,663,895.84	100.00%
EXPENSES					
SOURCE OF SUPPLY					
51300	Purchased Water	\$ 572,225.70	63.46%	\$ 4,562,400.70	59.53%
Total SOURCE OF SUPPLY:		\$ 572,225.70	63.46%	\$ 4,562,400.70	59.53%
PUMPING					
52310	PASADENA MUNICIPAL SERVICE	\$ 44,576.08	4.94%	\$ 397,197.78	5.18%
52320	SOUTHERN CALIFORNIA EDISON	\$ 16,274.64	1.80%	\$ 225,667.50	2.94%
Total PUMPING:		\$ 60,850.72	6.75%	\$ 622,865.28	8.13%
TRANSMISSION & DISTRIBUTION					
54105	OPERATIONS LABOR	\$ 29,928.58	3.32%	\$ 307,938.26	4.02%
54116	WATER QUALITY LABOR	\$ 897.12	0.10%	\$ 9,403.68	0.12%
54120	MAINTENANCE SERVICE	\$ 1,830.00	0.20%	\$ 59,771.18	0.78%
54122	REPAIR & MAINTENANCE/DISTRIBUTION	\$ 4,591.06	0.51%	\$ 4,591.06	0.06%
54125	SHOP OFFICE	\$ 0.00	0.00%	\$ 1,935.00	0.03%
54130	MATERIALS	\$ 1,077.84	0.12%	\$ 20,670.33	0.27%
54140	AUTO AND TRUCK	\$ 363.67	0.04%	\$ 8,701.38	0.11%
54150	EQUIPMENT AND TOOLS	\$ 109.15	0.01%	\$ 1,044.53	0.01%
54160	RADIO AND ALARM COMMUNICATIONS	\$ 1,135.26	0.13%	\$ 2,871.51	0.04%
54170	TELEMETRY SYSTEM	\$ 2,980.16	0.33%	\$ 10,874.36	0.14%
54180	UTILITIES	\$ 1,370.47	0.15%	\$ 17,828.10	0.23%
54190	WATER QUALITY MONITORING	\$ 2,497.14	0.28%	\$ 28,199.22	0.37%
54192	REGULATORY COMPLIANCE/PERMITS	\$ 555.38	0.06%	\$ 2,314.64	0.03%
54195	SHOP MISCELLANEOUS	\$ 0.00	0.00%	\$ 1,805.79	0.02%
54201	FHCUP	\$ 0.00	0.00%	\$ 237,263.57	3.10%
54212	Circulation Pumps	\$ 225.00	0.02%	\$ 2,002.30	0.03%
54217	Rexa Valve Controller Repl.(A) PLC P&I	\$ 0.00	0.00%	\$ 75.00	0.00%
54222	Highland Avenue Water	\$ 0.00	0.00%	\$ 13,439.49	0.18%
54227	Rexa Valve Control. Repl. (A) PLC P&I(54217)	\$ 0.00	0.00%	\$ 10,709.80	0.14%
54230	REHAB 3 WEST (CIP)	\$ 495.00	0.05%	\$ 495.00	0.01%
Total TRANSMISSION & DISTRIBUTION:		\$ 48,055.83	5.33%	\$ 741,934.20	9.68%
CIP & REHAB					
55125	SECURITY/SAFETY IMPROVEMENTS	\$ 2,417.24	0.27%	\$ 3,841.26	0.05%
55175	LA CANADA EAST RES. REHAB.(RE-COATING)	\$ 340.75	0.04%	\$ 2,575.44	0.03%
55225	WATER RESOURCES PLAN/STETSON/MORRIS	\$ 0.00	0.00%	\$ 49,697.68	0.65%
Total CIP & REHAB:		\$ 2,757.99	0.31%	\$ 56,114.38	0.73%

Income Statement
For Period 10 Ending 4/30/2009

Foothill Municipal Water District (FMW)

		Period to Date	% of Revenue	Year to Date	% of Revenue
ADMINISTRATIVE & GENERAL					
56105	ADMINISTRATIVE SALARIES	\$ 19,582.66	2.17%	\$ 197,559.16	2.58%
56115	INVESTMENT EXPENSE	\$ 0.00	0.00%	\$ 5,346.51	0.07%
56120	LEASE EXPENSE/COPIER	\$ 348.51	0.04%	\$ 3,820.35	0.05%
56210	AUTOMOBILE REIMBURSEMENT	\$ 800.00	0.09%	\$ 8,000.00	0.10%
56215	EXPENSE REIMBURSEMENT	\$ 121.07	0.01%	\$ 138.62	0.00%
56220	OFFICE SUPPLIES	\$ 1,461.74	0.16%	\$ 7,058.91	0.09%
56225	POSTAGE	\$ 152.63	0.02%	\$ 1,306.73	0.02%
56230	OFFICE EQPTS., SMALL VALUE	\$ 2,676.63	0.30%	\$ 4,661.15	0.06%
56235	OFFICE EQUIPMENT SERVICE	\$ 0.00	0.00%	\$ 1,335.00	0.02%
56250	UTILITY EXPENSES	\$ 607.54	0.07%	\$ 7,191.10	0.09%
56258	REPAIR & MAINTENANCE ADMIN.	\$ 1,242.24	0.14%	\$ 9,075.82	0.12%
56260	PAYROLL SERVICES	\$ 197.27	0.02%	\$ 2,080.63	0.03%
56270	OTHER	\$ 0.00	0.00%	\$ 19.46	0.00%
56310	PROPERTY INSURANCE	\$ 378.33	0.04%	\$ 3,750.33	0.05%
56320	LIABILITY INSURANCE	\$ 1,955.58	0.22%	\$ 20,491.06	0.27%
56340	WORKERS COMP INSURANCE	\$ 0.00	0.00%	\$ 12,176.00	0.16%
56410	HEALTH INSURANCE	\$ 11,006.23	1.22%	\$ 106,248.87	1.39%
56420	LIFE INSURANCE	\$ 107.27	0.01%	\$ 1,078.86	0.01%
56430	LONG TERM DISABILITY INSURANCE	\$ 171.39	0.02%	\$ 1,723.09	0.02%
56435	DENTAL/VISION INSURANCE	\$ 480.80	0.05%	\$ 5,966.76	0.08%
56440	Cal PERS Retirement	\$ 18,075.33	2.00%	\$ 183,748.03	2.40%
56445	CalPERS 457 ER Match	\$ 1,308.99	0.15%	\$ 13,350.78	0.17%
56450	EMPLOYER SUI AND ETT TAXES	\$ 60.67	0.01%	\$ 60.67	0.00%
56455	PAYROLL TAX	\$ 817.64	0.09%	\$ 9,338.37	0.12%
56600	PASA LEASE/PIPELIN AGRMT	\$ 0.00	0.00%	\$ 3,593.00	0.05%
56810	DIRECTOR FEES	\$ 1,872.27	0.21%	\$ 10,478.69	0.14%
56815	MWD REPRESENTATIVE	\$ 235.32	0.03%	\$ 5,523.60	0.07%
56820	DIRECTOR EXPENSE	\$ 595.00	0.07%	\$ 6,625.45	0.09%
56830	LEGAL SERVICE	\$ 2,195.00	0.24%	\$ 22,359.22	0.29%
56840	AUDIT SERVICE	\$ 0.00	0.00%	\$ 7,800.00	0.10%
56841	LAFCO Fees	\$ 0.00	0.00%	\$ 2,214.99	0.03%
56845	CONFERENCES, SEMINARS, & WORKSHOPS	\$ 0.00	0.00%	\$ 2,395.72	0.03%
56850	GENERAL MANAGER EXPENSE	\$ 132.69	0.01%	\$ 712.55	0.01%
56860	MEMBERSHIP/DUES/LICENSES	\$ 0.00	0.00%	\$ 10,606.87	0.14%
56865	SUBSCRIPTIONS	\$ 65.00	0.01%	\$ 286.75	0.00%
56870	EMPLOYEE EDUCATION	\$ 80.00	0.01%	\$ 1,176.79	0.02%
56880	PUBLIC INFORMATION/ADVERTISING	\$ 0.00	0.00%	\$ 200.00	0.00%
56885	WATER CONSERVATION	\$ 704.16	0.08%	\$ 3,874.95	0.05%
56890	MISCELLANEOUS	\$ 120.00	0.01%	\$ 374.11	0.00%
Total ADMINISTRATIVE & GENERAL:		\$ 67,551.96	7.49%	\$ 683,748.95	8.92%
OTHER OPERATING EXPENSES					
57100	DEPRECIATION EXPENSE	\$ 16,935.10	1.88%	\$ 169,350.84	2.21%
57315	MANAGEMENT/CONSULTING	\$ 3,710.00	0.41%	\$ 19,760.00	0.26%
57320	ACCOUNTING	\$ 0.00	0.00%	\$ 100.00	0.00%
57335	RATE & CHARGES STUDY/REITER	\$ 22,745.98	2.52%	\$ 62,990.56	0.82%
Total OTHER OPERATING EXPENSES:		\$ 43,391.08	4.81%	\$ 252,201.40	3.29%
Total EXPENSES:		\$ 794,833.28	88.15%	\$ 6,919,264.91	90.28%
NET INCOME FROM OPERATIONS:		\$ 106,820.80	11.85%	\$ 744,630.93	9.72%
EARNINGS BEFORE INCOME TAX:		\$ 106,820.80	11.85%	\$ 744,630.93	9.72%
Net Income (Loss):		\$ 106,820.80	11.85%	\$ 744,630.93	9.72%

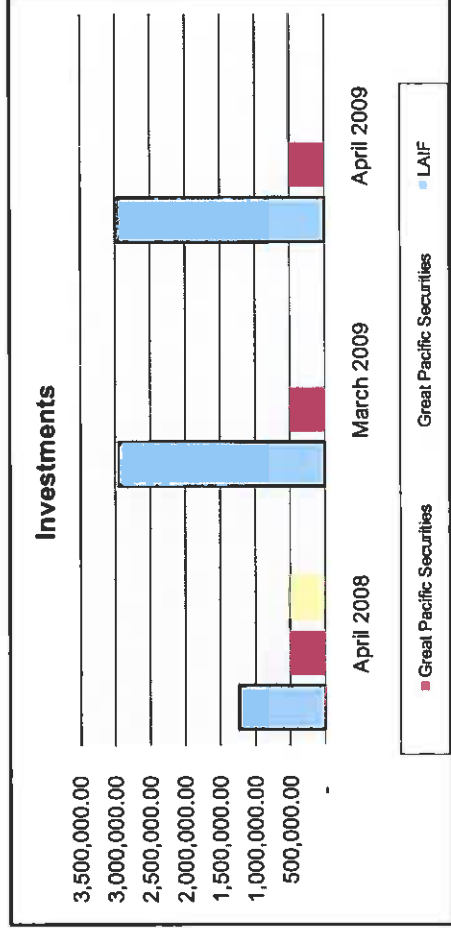
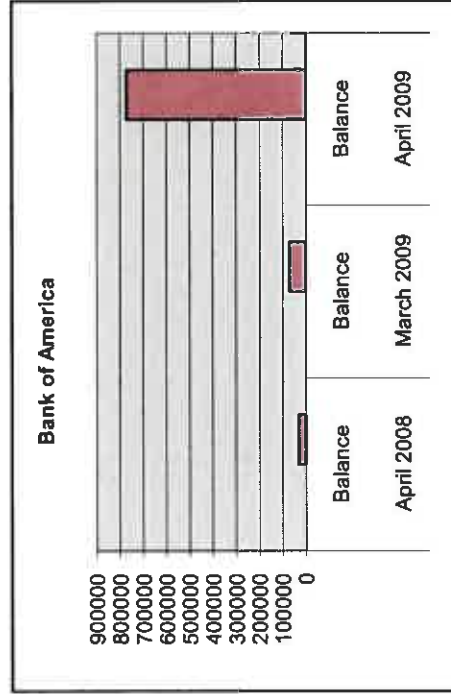
**FOOTHILL MUNICIPAL WATER DISTRICT
BUDGET VS. ACTUAL
APRIL 2009**

	2008-2009 BUDGET	ACTUAL YEAR TO DATE	REMAINING BUDGET	% OF BUDGET
Acre Feet Sold	11,000	8,856	2,144	80.5%
REVENUES				
1. Operating Revenue				
Sales for Resale	\$ 9,101,469	\$ 7,606,023	\$ 1,495,446	83.6%
2. Non-Operating Revenue				
Interest earnings	80,000	91,951	(11,951)	114.9%
Taxes	70,000	77,688	(7,688)	111.0%
Insurance Refunds, Prior Years	-	18,461	(18,461)	0.0%
FHCUP Administration Fee	12,608	12,608	-	100.0%
FHCUP Reimbursement (Capital)	510,500	318,955	191,545	62.5%
FHCUP Reimbursement (Power)	-	-	-	0.0%
FHCUP GW Power & O & M	-	-	-	0.0%
Water Conserv. Admin.	-	-	-	0.0%
Other	-	10,395	(10,395)	0.0%
TOTAL REVENUE	\$ 9,774,577	\$ 8,136,081	\$ 1,638,496	83.2%
EXPENSES				
1. Commodity Costs				
MWD water purchases	\$ 6,660,651	\$ 5,052,214	\$ 1,608,437	75.9%
Power	776,184	622,865	153,319	80.2%
FHCUP GW Power & O & M	97,470	-	97,470	0.0%
Power-FHCUP	-	-	-	0.0%
	7,534,305	5,675,079	1,859,226	75.3%
2. Wages & Employee Benefits				
Administration	235,847	197,559	38,288	83.8%
Operations & Maintenance	394,376	317,342	77,034	80.5%
Benefits	388,449	333,691	54,758	85.9%
	1,018,672	848,592	170,080	83.3%
3. Repairs & Maintenance:				
Maintenance + Service	121,219	77,001	44,218	63.5%
Materials	30,500	21,715	8,785	71.2%
Telemetry & Communications	18,703	13,746	4,957	73.5%
Utilities	25,107	17,828	7,279	71.0%
Water Quality Monitoring	22,000	28,199	(6,199)	128.2%
Miscellaneous	35,860	7,962	27,898	22.2%
	253,389	166,451	86,938	65.7%
4. Administration & General:				
Office expense/Insurances	140,396	74,276	66,120	52.9%
Pasa. license agrmt	4,000	3,593	407	89.8%
Director fee/expense	28,350	22,628	5,722	79.8%
Director Election Costs	-	-	-	0.0%
Miscellaneous	36,996	21,843	15,153	59.0%
	209,742	122,340	87,402	58.3%
5. Professional Services				
Legal, Audit & Professional	31,434	30,259	1,175	96.3%
Consulting Services	387,555	145,888	241,667	37.6%
	418,989	176,147	242,842	42.0%
6. Capital Improvements				
	410,943	240,334	170,609	58.5%
7. Equipment Replacement				
	22,000	10,785	11,215	49.0%
TOTAL EXPENSE	\$ 9,868,040	\$ 7,239,728	\$ 2,628,312	73.4%
Income/Loss before depreciation	\$ (93,463)	\$ 896,353	\$ (989,816)	
Depreciation	-	169,351		
INCOME / (LOSS)	\$ (93,463)	\$ 727,002	\$ (989,816)	

**FOOTHILL MUNICIPAL WATER DISTRICT
TREASURER'S REPORT
April 2009**

<u>Account Type</u>	<u>Financial Institution</u>	<u>April 2008 Balance</u>	<u>March 2009 Balance</u>	<u>April 2009 Balance</u>	<u>Fixed or Current %</u>	<u>Maturity Date</u>	<u>Payout or Monthly Interest Earned</u>	<u>Bond Type</u>
Checking	Bank of America	33,276.25	69,688.88	770,248.75	-	-	-	
Investment	LAIF	1,229,941.93	2,943,385.19	2,956,020.71	1.607	-	4,211.84	
Investment-FHLB #1	Great Pacific Securities	500,000.00	500,000.00	500,000.00	1.900	4/30/2014	25.48	US Treasury
Investment-FHLB #2	Great Pacific Securities	500,000.00	-	-	-	-	-	

This statement certifies that (1) all investment action executed since last month's report has been made in full compliance with the Foothill Municipal Water District's Investment Policy, and (2) the District will meet its expenditure obligations for the next six months as required by CGC 53646 (b)(2) and (3), respectively.



Certified

Treasurer

Approved

Finance Committee



May 2009 Board Letter

Date: 05/13/2009

To: Board of Directors

From: General Manager

RE: Legal Services

Consent Item: 5.3

Recommendation: It is recommended that the Board approve an increase in retainer of \$500 to a monthly fee of \$2,695 for Counsel effective July 1, 2009 and a COLA increase based on the Los Angeles area CPI beginning July 1, 2010.

Foothill Municipal Water District's consulting attorney is Mr. Wayne Lemieux of the firm Lemieux and O'Neill. The District contracted with Lemieux & O'Neill in November 1997. The terms of that contract included a continuation from year to year until either party terminates the agreement upon 30-days notice. At that time, the District agreed to pay the firm a retainer of \$1,000 per month plus reasonable and necessary expenses for transactional work. In the event of litigation, the District would approve additional fees and a new task order.

In May 1999, the Board approved an increase in the retainer/transactional fee of \$500 for a total monthly fee of \$1500 plus expenses. In the firm's 1999 request for an increase in the transactional fee, the firm also listed the hourly rates of attorneys in the firm who might do litigation work on behalf of the District. Those rates ranged from \$110 an hour to \$265 an hour. In July 2004, the Board approved an increase of \$195 per month taking the total monthly fee to \$1695 plus expenses. No litigation in the hourly rates of attorneys needed for litigation work was proposed. In July 2008, the rates changes to \$2,195 per month. No increase in the hourly rates of attorneys needed for litigation work is proposed.

By letter dated May 5, 2009, the firm has requested an increase in the monthly retainer/transactional fee of \$500 per month, taking the total monthly fee to \$2,695 per month. The firm's request is based on the amount of time spent on District business where a positive relationship exists between retainer and time spent.

It is recommended that the Board approve an increase in retainer of \$500 to a monthly fee of \$2,695 for Counsel effective July 1, 2009 and a COLA increase based on the Los Angeles area CPI beginning July 1, 2010.



May 2009 Board Letter

Date: 05/13/2009

To: Board of Directors

From: General Manager

RE: Boosters 3 West and 4 East

Action Item: 7.1

Recommendation: It is recommended that the Board authorize the General Manager to expend \$101,988 for Boosters 3 West and 4 East as described in this letter.

Booster 3 West - Rehabilitation (pump & motor):

Pump - General Pump Company removed both the motor and pump of unit 3 West on May 5th. Foothill's General Manager and Operations staff visited General's San Dimas facility to examine the disassembled pump and consider the options for repair. This thirty-year old booster showed significant damage to the primary impeller and serious overall metallic degradation. It is the opinion of General Pump that it would not be cost effective to repair this unit and it is their recommendation that the entire pump be replaced.

Motor - Also on May 5th, this booster's 250hp electric motor was decoupled and shipped to Brithinee Electric for evaluation and repairs. As with the pump mentioned above, this motor was installed in 1979. An additional preventative and less expensive repair is possible but Brithinee recommends a complete rewind of this motor as the insulation on motor windings will have degraded over the last thirty years.

Pictured below: #1) 3W pump removal, #2) pump loaded for transport, #3) damaged primary impeller, #4) General Pump Co. staff





The cost to replace the pump is \$53,655. The cost to rewind the motor is \$14,850 for a total of \$68,505. With the addition of a 10% contingency, total costs could be \$75,355.

Booster 4 East – Rehabilitation (motor only):

This booster was scheduled for maintenance on its 100hp electric motor (the pump is due for removal and inspection in approximately nineteen months). The assessed condition and recommendations for this motor are the same as for the motor of booster 3 West. This unit was also installed in 1979, has had the same preventative maintenance, and has never been rewound. In removing this motor it was discovered that the inner bearing of the mechanical seal had fused to the pump shaft and the seal could not be protected when the pump assembly was disconnected from the motor. To remove the seal, the top portion of the pump head (motor stand) needed to be removed and it was apparent that there was significant scoring on the mechanical seal box and the upper housing. General Pump believes (but offers no guarantee) that this entire assembly can be machined and successfully reinstalled to the very tight alignment tolerances which are required. The alternative to this approach is to pull the entire pump and send it in to General Pump Company's machine shop for the work to be done. If this second option is chosen, it would be advisable to also have the pump disassembled, evaluated, and rehabilitated to minimize the future expenses associated with the removal of this unit.

The cost to machine the pump assembly and reinstall it is estimated at \$9,945. The cost to rewind the motor is \$14,266 for total costs of \$24,211. With the addition of a 10% contingency, total costs could be \$26,632.

Pictured below: #1) loading of 4 East motor for delivery to Brithinee Electric, #2) motor stand and mechanical seal box, #3) scored interior of mechanical seal box)



It is recommended that the Board authorize the General Manager to enter into agreements with General Pump and Brithinee Electric and expending a total of up to \$101,988 for the following:

General Pump:

1. Replace pump 3 West and perform other associated work for \$53,655 plus authorize a 10% contingency of \$5,366 for the General Manager to use upon her discretion should it be needed.
2. Machine 4 East pump assembly and other associated work for \$9,945 plus authorize a 10% contingency of \$995 for the General Manager to use upon her discretion should it be needed.

Brithinee:

1. Rewind motor 3 West for \$14,850 and plus authorize a 10% contingency of \$1,485 for the General Manager to use upon her discretion should it be needed.
2. Rewind motor 4 East for \$14,266 plus authorize a 10% contingency of \$1,426 for the General Manager to use upon her discretion should it be needed.



May 2009 Board Letter

Date: 05/13/2009

To: Board of Directors

From: General Manager

RE: Federal Funding

Action Item: 7.2

Recommendation: It is recommended that the Board support seeking federal funding for a suite of recycled water projects under the Reclamation Wastewater and Groundwater Study and Facilities Act of 1992 (Title XVI of Public Law [P.L.] 102-575, as amended Title XVI).

The Reclamation Wastewater and Groundwater Study and Facilities Act of 1992, referred to as Title XVI, directs the Secretary of the Interior (Secretary) to investigate and identify opportunities for water reuse. The Bureau of Reclamation will partner with a non-Federal sponsor and that sponsor will investigate the feasibility, plan and construct the project. The project is owned by the non-Federal sponsor. The sponsor may initiate the project and reclamation may cost share. These construction funds can be provided only for specific projects authorized by Congress. Additionally, the projects must meet the following criteria:

1. A feasibility report that complies with the provisions of Title XVI must be completed.
2. The Secretary must determine that the non-Federal sponsor is financially capable of funding its share of the project.
3. The Secretary has approved a cost-sharing agreement with the non-Federal sponsor which commits the sponsor to funding its share of the projects annual construction costs.

Reclamation can participate in up to 25% of total project costs to a maximum of \$20 million. Due to the federal budget process, the sponsor must notify Reclamation at least 2 years prior to the fiscal year in which the funds are sought so that Reclamation can consider the funding when developing its budget. This budget must then be approved by Congress.

Based on the amount of lead time required to have a project included on a list for appropriations and receiving support from Congress, it is recommended that the Board support seeking federal funding for a suite of recycled water projects as identified in the Recycled Water Program White Paper attached. This support would include gathering support letters from local area leaders and organizations as well as congressional and senate leaders.

In addition, to the Bureau of Reclamation Title XVI program there are other potential federal funding sources, Army Corps of Engineers has funded recycled water and stormwater watershed projects in California (e.g., West Basin MWD Harbor Recycled Water Project, Eastern MWD San Jacinto watershed and recharge project, and Santa Ana River Prado Dam water storage project with OCWD). Congress is also in the process of enacting revisions to the Clean Water Act State Revolving Loan Program (commonly called SRF) which prioritizes funding for recycled water "green" projects. The SRF is administered by States (SWRCB in California) which then processes a combination of grants and SRF low interest loans (currently 1 percent for 20 year terms). IEUA just recently got approved a \$4 million grant and a \$34 million low interest loan from the SWRCB funded with EPA Clean Water Act funding.



May 2009 Board Letter

Date: 05/13/2009

To: Board of Directors

From: General Manager

RE: Water supplies, allocation to agencies and conservation alert signs

Action Item: 7.3

Recommendation: It is recommended that the Board approve changing the conservation alert signs from yellow to orange effective June 1, 2009.

As of May 11, 2009 precipitation on the 8-station index was 97% of average for the date. Lake Oroville is holding 75% of historical average and San Luis Reservoir is holding 49% of historical average.

Metropolitan estimates total Colorado River supplies of 1.1 MAF and total State Water Project supplies of 705,000 AF. Based on demands of 2.05 MAF because of implementation of Level 2 of Metropolitan's allocation plan, there is a need for 245 TAF. Metropolitan expects to withdraw this need from storage.

Metropolitan has also updated its allocation under Level 2 to all agencies. This update is due to updated growth numbers from the Department of Finance. The new number for Foothill is 10,085 AF, a drop of 22 AF. Based on this revised allocation, the District had to revise the member agencies allocations. The updated member agency allocations are as follows:

<u>Retail Agency</u>	<u>Acre-Feet</u>
Crescenta Valley Water District	2,312.0
Kinneloa Irrigation District	0.0
La Canada Irrigation District	2,532.0
Las Flores Water Company	634.0
Lincoln Avenue Water Company	1,318.0
Mesa Crest Water Company	627.0
Rubio Canon Land and Water Association	887.0
Valley Water Company	2,775.0

As a result of Metropolitan adopting Level 2 of its allocation plan, Foothill adopted Stage 4 of its allocation plan effective July 1, 2009. However as a way to further outreach to the public and ramp up conservation it is recommended that the conservation signs be changed to orange effective June 1, 2009 rather than July 1, 2009. Accounting for overuse and penalty rates would still occur from July 1, 2009 to June 30, 2010.



May 2009 Board Letter

Date: 05/13/2009

To: Board of Directors

From: General Manager

RE: Annual Auditing Services

Consent Item: 7.4

Recommendation: It is recommended that the Board approve the engagement of Moss, Levy & Hartzheim, LLP to perform auditing services for the fiscal years ended June 2009, June 2010 and June 2011 at a price of \$8100, \$8343 and \$8593 respectively.

Foothill solicited Requests for Proposals from eight accounting firms to perform fiscal year end audits for the years ending June 2009, June 2010 and June 2011. Five proposals were received and reviewed by staff. Two were then selected as "finalists" with subsequent interviews being held.

Based on proposals submitted and interviews, Foothill Staff recommends the engagement of Moss, Levy & Hartzheim, LLP, out of Beverly Hills. This firm has a staff of 30 and has been in the public accounting sector for 52 years with 32 of those years performing local governmental and non-profit audits. Some of their current and/or recently completed governmental audits include the following water/irrigation/sanitation districts:

Amador Water District

Marina Water District

North Marin Water District

Valley of the Moon Water District

Soquel Creek Water District

All 25 Districts of the Los Angeles County Sanitation District

Orange County Sanitation District

We feel this firm would best represent the interests of Foothill Municipal Water District with their extensive knowledge of governmental accounting audits as well as their knowledge in other areas such as GASB-45 post-employment benefits compliance.



May 2009 Board Letter

Date: 05/13/2009

To: Board of Directors

From: General Manager

RE: Preliminary Budget and Proposed Modifications
To Rate Structure

Information Item: 8.1

Recommendation: For information only

Attached is the preliminary budget for fiscal year 2009-2010. A detailed presentation of the budget will be provided at the May 18, 2009 meeting. The budget reflects total revenues and expenses of about \$12.5 million. Expenses include about:

- \$8.0 million for the cost of purchasing water
- \$870,000 for the purchase of power
- \$1.1 million for wages and employee benefits
- \$295,000 for utility plant repairs and maintenance
- \$254,000 for administrative and general expenses
- \$397,000 for professional services
- \$27,000 for equipment replacement,
- \$1.4 million of capital projects, and
- \$233,000 for depreciation.

Revenues include:

- \$12.4 million from sales,
- \$40,000 from interest earnings,
- \$54,000 from taxes, and
- \$13,000 for administration of the Foothill Conjunctive Use Program.
- Additionally, \$50,000 is budgeted to be used from the Water Resource and Conservation fund for conservation efforts next year.

Proposed changes to the District's rate structure will be also presented at the May 18, 2009 meeting. These changes include passing through the energy costs rather than establishing a per acre-foot rate, establishing a fixed charge based on a ten-year rolling average of sales to collect administrative, operations and maintenance costs, and collecting the costs for capital

improvements on a fixed charge based on ultimate demands and facilities used. Should a parcel charge be levied to cover the financing of the capital improvements, this charge would be rescinded.

The preliminary rate structure and the proposed changes to the rate structure were presented to the Finance Committee and member agency managers. Both groups believed this was an appropriate direction for the District.

Foothill Preliminary Budget for Fiscal Year 2009-2010

	2008-2009 Adopted Revised Budget (based on 11,000 AF of sales)	9 Months Actual to 3/31/09 (based on 7832 AF of sales)	Proposed 2009-2010 Budget (based on 11,000 AF of sales)	Budget Difference (0 AF)
REVENUES				
1. Operating Revenues				
Sales for Resale	\$ 9,101,469	\$ 6,274,403	\$ 12,365,585	\$ 3,264,116
2. Non-Operating Revenues				
Interest earnings	\$ 80,000	\$ 59,317	\$ 40,000	\$ (40,000)
Taxes	\$ 70,000	\$ 52,603	\$ 54,000	\$ (16,000)
Insurance Refunds	\$ -	\$ 18,461	\$ -	\$ -
FHCUP Reimbursement (Capital)	\$ 510,500	\$ 318,955	\$ -	\$ -
FHCUP Reimbursement (Put Power)	\$ -	\$ -	\$ -	\$ -
Water Conservation Admin.	\$ -	\$ -	\$ -	\$ -
FHCUP Admin Reimbursement	\$ 12,607	\$ 12,608	\$ 12,600	\$ (7)
Other	\$ -	\$ 25,895	\$ -	\$ -
	\$ 673,107	\$ 487,839	\$ 106,600	\$ (566,507)
TOTAL REVENUE	\$ 9,774,576	\$ 6,762,242	\$ 12,472,185	\$ 2,697,609
EXPENSES				
1. Commodity Costs				
MWD water purchases	\$ 6,660,651	\$ 3,990,175	\$ 7,952,782	\$ 1,292,131
Power	\$ 776,184	\$ 562,015	\$ 866,454	\$ 90,270
FHCUP GW Power and O&M	\$ 97,470	\$ -	\$ -	\$ -
Power-FHCUP	\$ -	\$ -	\$ -	\$ -
	\$ 7,534,305	\$ 4,552,190	\$ 8,819,236	\$ 1,284,931
2. Wages & Employee Benefits				
Administration	\$ 235,847	\$ 177,977	\$ 246,700	\$ 10,853
O&M	\$ 394,376	\$ 286,516	\$ 405,500	\$ 11,124
Benefits	\$ 388,449	\$ 301,663	\$ 409,600	\$ 21,151
	\$ 1,018,672	\$ 766,156	\$ 1,061,800	\$ 43,128
3. Repairs & Maintenance				
Maintenance + Service	\$ 121,219	\$ 69,991	\$ 166,000	\$ 44,781
Materials	\$ 30,500	\$ 20,528	\$ 35,000	\$ 4,500
Telemetry & Communications	\$ 18,703	\$ 9,630	\$ 32,000	\$ 13,297
Utilities	\$ 25,107	\$ 16,458	\$ 23,000	\$ (2,107)
Water Quality Monitoring	\$ 22,000	\$ 25,702	\$ 30,000	\$ 8,000
Miscellaneous	\$ 35,860	\$ 3,565	\$ 9,400	\$ (26,460)
	\$ 253,389	\$ 145,874	\$ 295,400	\$ 42,011
4. Administration and General				
Office expense/insurances	\$ 140,396	\$ 64,335	\$ 136,050	\$ (4,346)
Pasa. license agrmt	\$ 4,000	\$ 3,593	\$ 4,000	\$ -
Miscellaneous	\$ 36,996	\$ 20,841	\$ 74,700	\$ 37,704
Director fee/expense	\$ 28,350	\$ 19,925	\$ 39,350	\$ 11,000
Director Election Costs	\$ -	\$ -	\$ -	\$ -
	\$ 209,742	\$ 108,694	\$ 254,100	\$ 44,358
5. Professional Services				
Legal, Audit & Professional Svcs.	\$ 31,434	\$ 27,964	\$ 57,000	\$ 25,566
IT Services	\$ 42,000	\$ 12,728	\$ 40,000	\$ -
Consulting Services	\$ 345,555	\$ 57,007	\$ 300,000	\$ (45,555)
	\$ 418,989	\$ 97,698	\$ 397,000	\$ (21,989)
6. Capital Improvements & Rehab				
	\$ 410,943	\$ 290,620	\$ 1,430,800	\$ 1,019,857
7. Equipment Replacement				
	\$ 22,000	\$ 10,785	\$ 27,000	\$ 5,000
TOTAL EXPENSE	\$ 9,868,040	\$ 5,972,016	\$ 12,285,336	\$ 2,417,296
INCOME/(LOSS)	\$ (93,464)	\$ 790,225	\$ 186,849	\$ 280,313
DEPRECIATION EXPENSE				
	\$ -	\$ 152,416	\$ 233,200	\$ 233,200
	\$ 9,868,040	\$ 6,124,432	\$ 12,518,536	\$ 2,650,496
Income/(Loss)	\$ (93,464)	\$ 637,809	\$ (46,351)	\$ 47,113
Use of Water Resource Fund	\$ 50,000	\$ 52,868	\$ 50,000	\$ (47,113)
Net Income/(Loss)	\$ (43,464)	\$ 690,677	\$ 3,649	\$ -



May 2009 Board Letter

Date: 05/14/2009

To: Board of Directors

From: General Manager

RE: General Manager's Report

Staff Report: 9.0

9.1 Operations/Sales Summary

Attached to the report are four charts and two tables that reflect Foothill's purchases and sales. The blue line on the first chart reflects firm purchases from Metropolitan for calendar year 2009 of 3120 AF. These include purchases of Tier 1 and Tier 2 water from the FHCUP but not purchases of Cooperative Storage Program water. For comparison purposes, the fuchsia line shows firm purchases for calendar year 2008 of about 10,240 AF. The yellow line shown horizontally across reflects Foothill's Tier 1 maximum of 10,977 AF. If Foothill CUP purchases at the Cooperative Storage Account rates are added to the firm purchase data, the District purchased about 11,740 AF.

The second chart tracks total sales of 9,170 AF to member agencies for the current fiscal year (fuchsia line) in comparison to total sales for fiscal year 2007-2008 (blue line). The third chart reflects total sales to member agencies for the month of April. The fourth chart reflects calendar year 2009 firm sales to date to member agencies in comparison to each agency's Tier 1 maximum allocation.

The two tables attached provide the detailed data for the charts referenced above.

9.2 Promotion of Darren Giles

Darren Giles has recently passed the necessary testing to attain certification for Water Distribution Operator – Grade D3. Darren has been awarded this certification and subsequently promoted to System Operator II. Foothill prides itself on training its employees to their fullest capabilities and for the maximum benefit of Foothill and those it serves. We are very proud of Darren's recent achievement.

9.3 Foothill Water Conservation Corps

Lyneius Barber and Miriam Ellis, both FWCC members, developed a 30 minute water conservation powerpoint-type talk and presented it on Wednesday, May 13th to 5 of Mr. Traeger's science classes at La Canada High school. The students ranged in age from 15 - 18 years old. The presentation covered areas such as; where does California get its water, the 10-year drought we are in and the need for conservation measures. They also took one of the Water Conservation Alert Status signs and explained what it meant. Half of the talk was devoted to specific ways the students could save water in their own homes and yards.

The talk was well received by Mr. Traeger and the students, who asked questions about ways they can save water and why it's important to do so. Mr. Traeger supplemented the talk with a short slide show about the tour he went on to the Colorado River Aqueduct. He also impressed upon the students how the technology of pumps and gravity work to get the water over the mountains and to us.

A short interactive assignment was given to the students at the end of the talk, in which they were asked to estimate how much water they personally use in one day, and determine where they can reduce that amount by 20 gallons.

9.4 Outreach and Possible Parcel Charge

Director Atwater has given presentations to the Las Flores Water Company Board of Directors and La Canada City Council regarding water supply challenges, projects Foothill is considering to overcome these challenges, the cost and financing of these projects with one option being a parcel charge. I gave a presentation at the Lincoln Avenue Water Company annual shareholders meeting with the same message. Crescenta Valley Water District also invited me to attend press briefings with La Crescenta Valley Sun and Glendale News Press regarding the water supply situation. We spoke regarding the need for conservation, impacts of the allocation on Crescenta Valley and the future of water supplies. I mentioned our Supply Reliability Program and that we are evaluating putting the costs either on rates or a parcel charge. Glenn Reiter and Martin Rauch continue to work on developing parcel charge data, other financing issues and outreach. The outreach survey is being completed and we should have results by early June. Costs for these activities as of April 30, 2009 are \$37453.

9.5 Water Symposium

A water symposium has been scheduled for 6 p.m., May 27, 2009 here at the District. This symposium will give the public an opportunity to hear firsthand about the water supply challenges we are facing and what Foothill's Board is planning to do to overcome those challenges.

9.6 MWD's Conservation Program

Due to an overwhelming response from consumers, MWD has run out of money for its conservation program. This program provides rebates to consumers that purchase certain fixtures which save water. MWD typically budgets between \$15 and \$20 million for this program and does not use all of the money. This year it budgeted \$20 million and used that in the first six months of the year. It then added \$20 million and has used that up in three months. It converted to a reservation system for consumers to receive a number before they purchase the fixture and then get the rebate. They have enough backlog on that reservation system, that they have used much of next year's budget. MWD will be scheduling several conservation workgroup meetings over the next couple of weeks to develop the best strategies for the continuation of funding rebates within their budget constraints. MWD has committed to honor all of the backlogged applications at this time, but must place the programs on hold so the situation doesn't worsen. As of May 8, Foothill's service area had received about \$23,000 for residential rebates, \$5,000 for commercial rebates and \$16,000 for the La Vina Homeowners Association audit cost.

9.7 Other

Chart 1

Calendar Year Firm Water Purchases

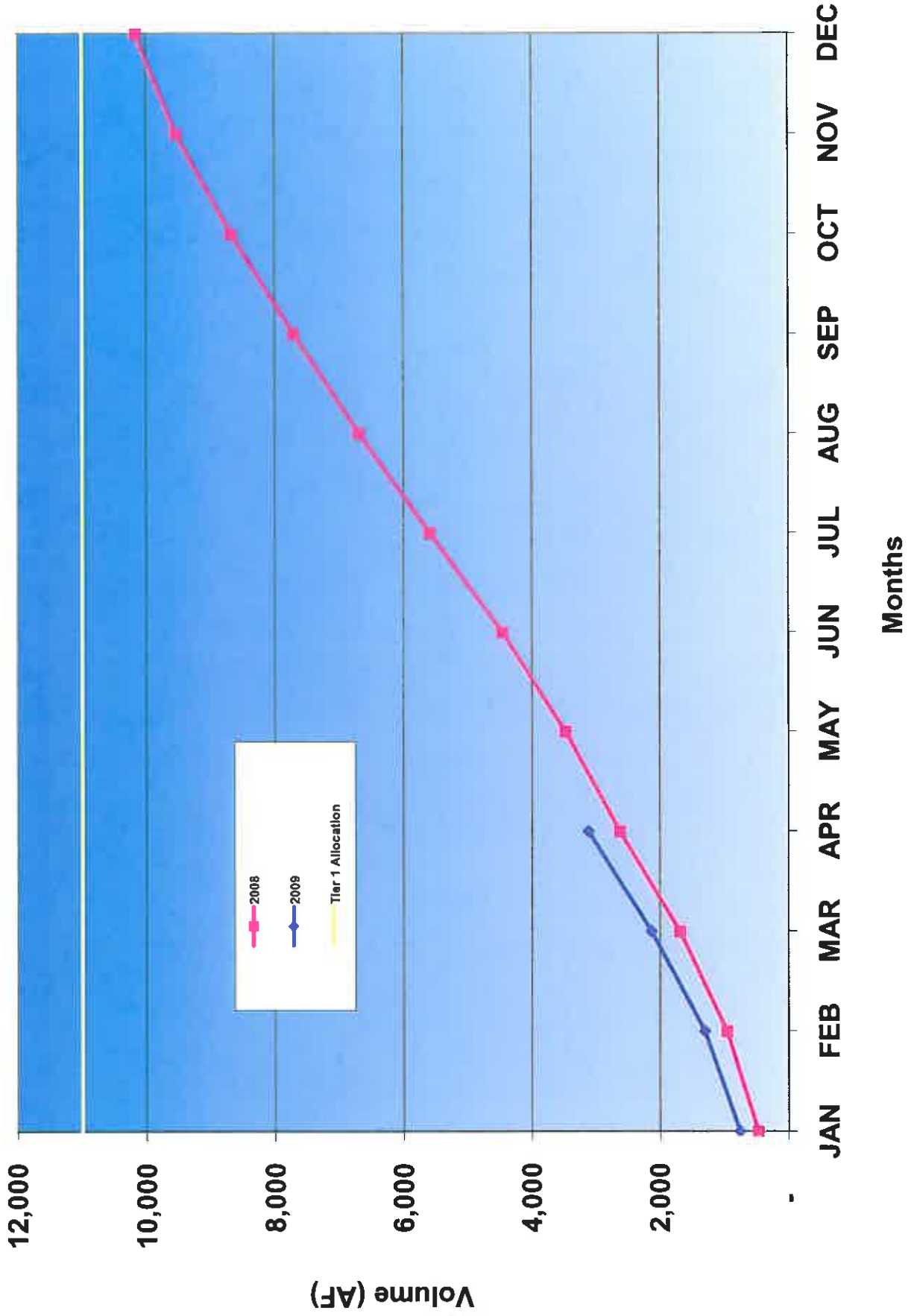


Chart 2

Fiscal Year Water Sales

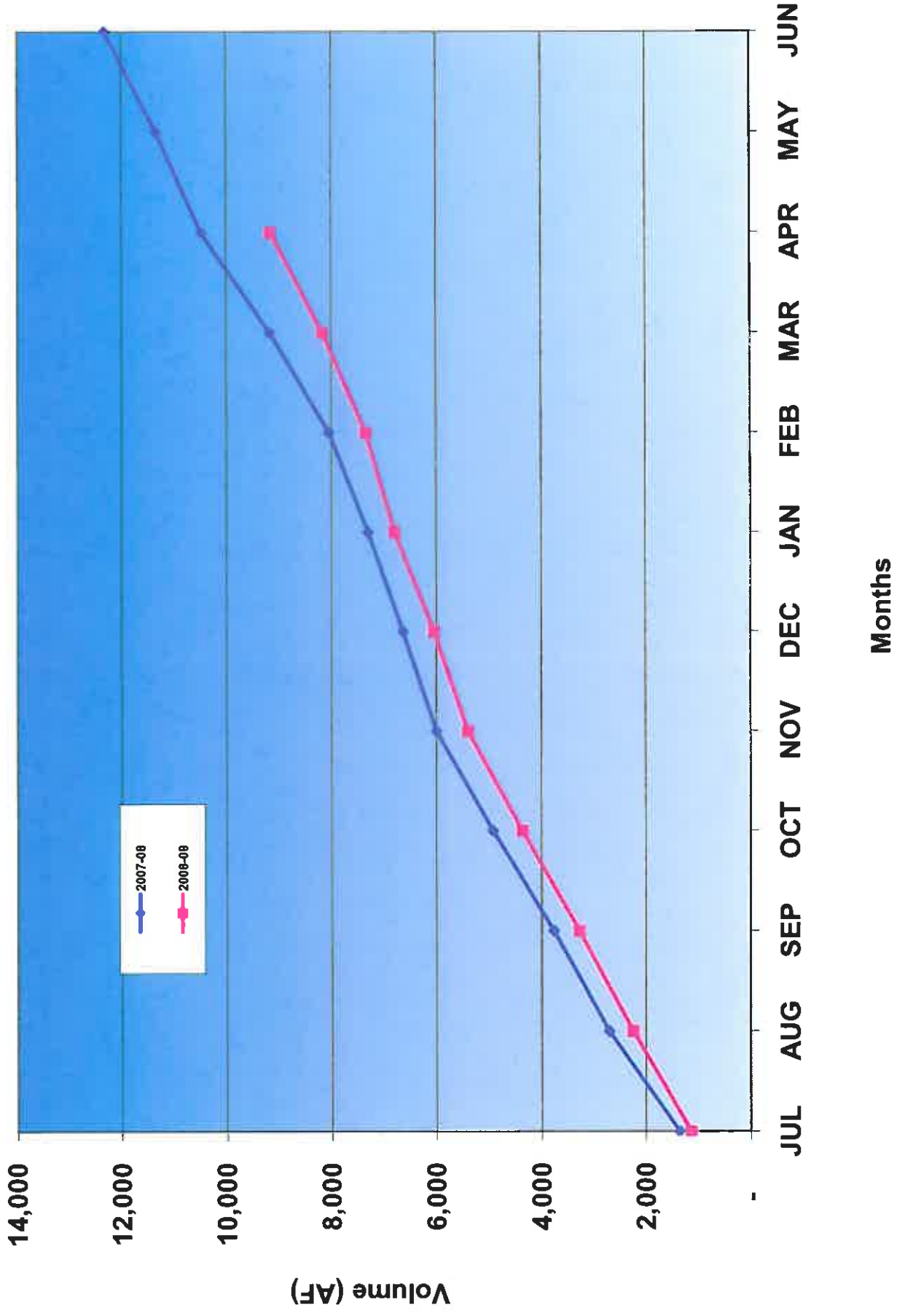


Chart 3

FMWD Agency Total Sales for April 2009

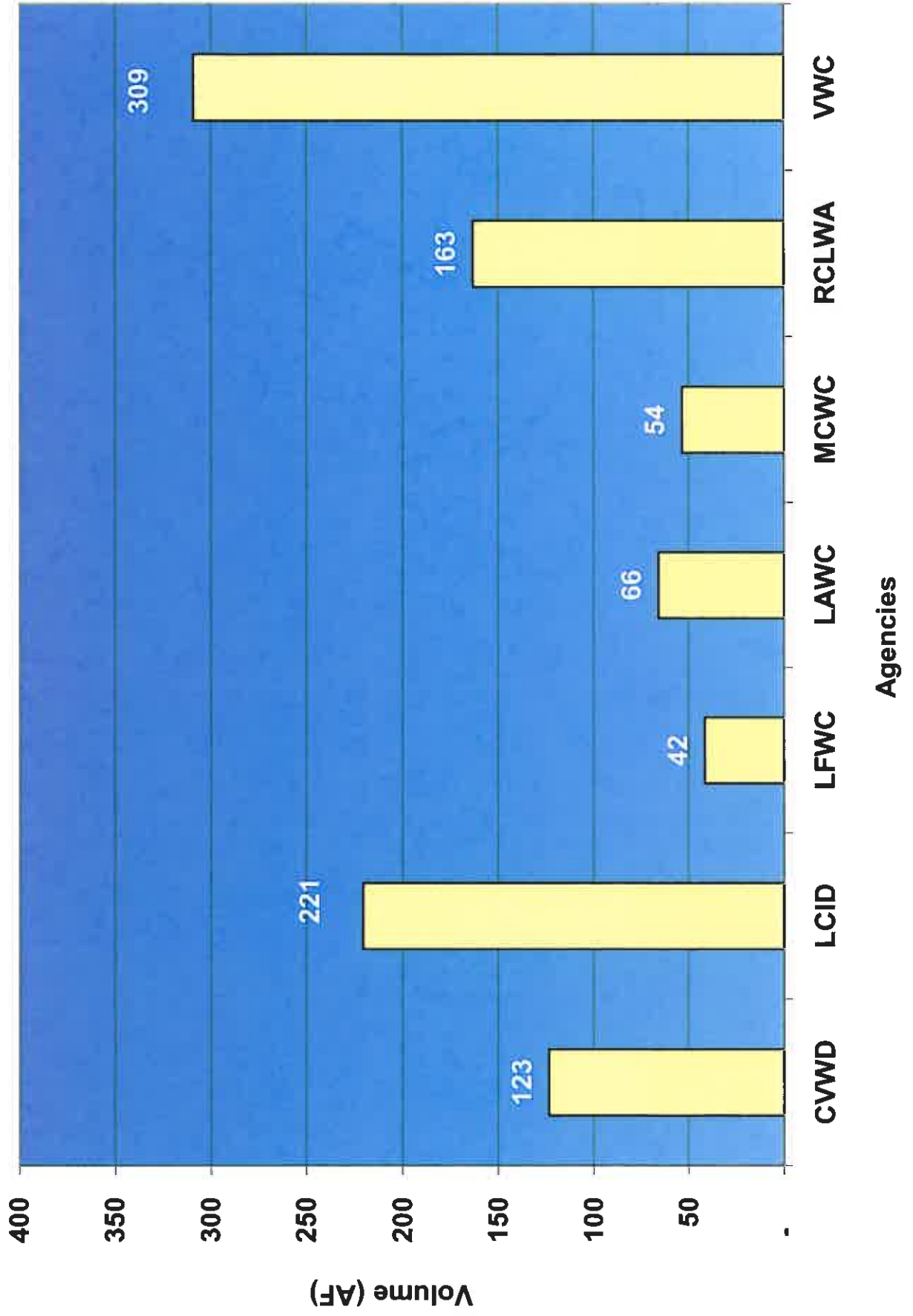
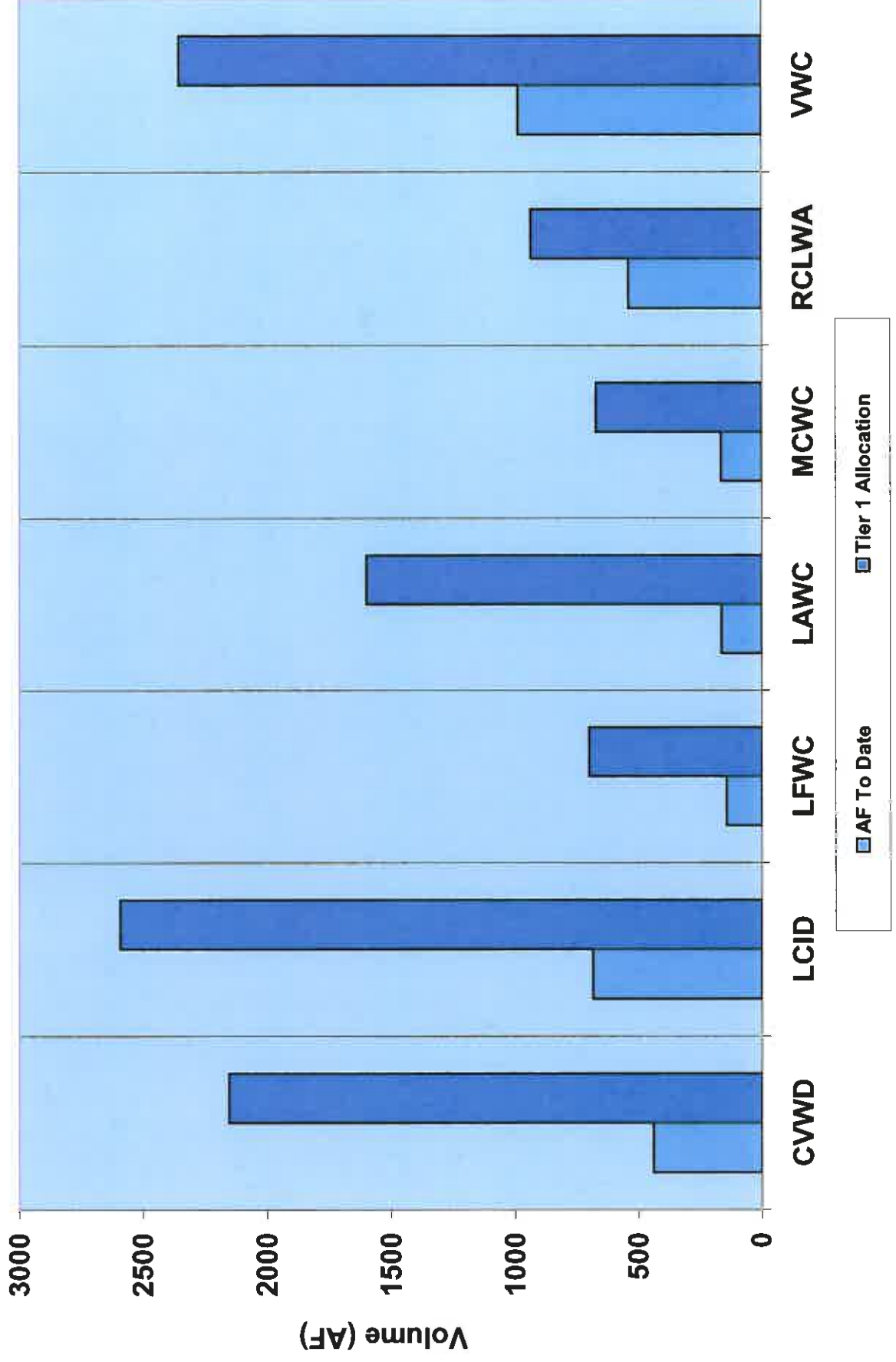


Chart 4

FMWD Agencies Calendar Year 2009 Water Sales



FMWD WATER PURCHASES CALENDAR YEAR 2009

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TIER 1 TOTAL	TIER 2 ACTUAL	FHCUP SALES	TOTAL SALES	TIER 1 ALLOCATION	% TIER 1	TOTAL Deliveries
CVWD	121.2	94.6	99.3	123.3									438.4	-		438.4	2,154.0	20.4%	438.4
LCID	180.7	109.7	173.6	220.6									684.6	-		684.6	2,590.9	26.4%	684.6
LFWC	37.8	26.5	36.4	41.5									142.2	-		142.2	698.6	20.4%	142.2
LAWC	10.5	12.6	73.3	65.8									162.2	-		162.2	1,597.0	10.2%	162.2
MCWC	43.6	24.8	42.1	53.5									164.0	-		164.0	669.8	24.5%	164.0
RCLWA	94.7	93.4	143.1	163.2									538.2	-	43.8	582.0	934.1	57.6%	538.2
VWC	221.2	188.7	266.0	319.0									994.9	-	-	994.9	2,352.4	42.3%	994.9
	709.7	550.3	833.8	986.9	-	-	-	-	-	-	-	-	3,124.5	-	43.8	3,168.3	10,986.8	28.4%	3,124.5
MWD	706.1	551.9	828.2	988.3									3,074.5		305.8	3,380.3	10,986.8	28.0%	3,074.5