

**LAS VIRGENES – TRIUNFO
JOINT POWERS AUTHORITY
MINUTES
REGULAR MEETING**

5:00 PM

July 5, 2022

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance to the Flag was led by Susan Brown.

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order at **5:00 p.m.** by Chair Lewitt in the Board Room at Las Virgenes Municipal Water District headquarters at 4232 Las Virgenes Road, Calabasas, CA 91302. The meeting was conducted via teleconference pursuant to the provisions of Assembly Bill 361, which suspended certain requirements of the Ralph M. Brown Act to support social distancing guidelines associated with response to the coronavirus (COVID-19) outbreak. Susan Brown, Administrative Assistant, conducted the roll call.

Present: Directors Caspary, Lewitt, Lo-Hill (via teleconference), Nye, Orkney (via teleconference), Polan, Renger (via teleconference), Shapiro, Tjulander, and Wall (via teleconference).

Absent: None

2. APPROVAL OF AGENDA AND APPROVAL OF FINDINGS OF RESOLUTION NO. 18 (AB 361)

Director Shapiro moved to approve the agenda and approve the findings of Resolution No. 18 (AB 361). Motion seconded by Director Polan. Motion carried unanimously by roll call vote.

3. PUBLIC COMMENTS

None.

4. CONSENT CALENDAR

Director Polan pulled Item 4B for discussion.

A Minutes: Special Meeting of June 13, 2022: Approve

C Hach WIMS Software Training, Maintenance and Support: Approval

Authorize the Administering Agent/General Manager to execute a contract with Data Clarifier Solutions, in the amount of \$44,900, for additional WIMS training and programming support, including an option to extend support services annually at a 3% rate increase.

Director Caspary moved to approve Consent Calendar Items 4A and 4C. Motion seconded by Director Lo-Hill. Motion carried unanimously by roll call vote.

4. CONSENT CALENDAR – SEPARATE ACTION ITEM

B Statement of Revenues, Expenses, and Changes in Net Position: May 2022

Receive and file the Statement of Revenues, Expenses, and Changes in Net Position for the period ending May 31, 2022.

Don Patterson, Director of Finance and Administration, responded to a question regarding operating income (loss) before billing to participants for approximately \$4 million by stating that this item was based on operating income and capital projects, and the difference was due to the indifference payment received from Southern California Edison (SCE), which reduced the billing to participants.

Brian Richie, Finance Manager, noted that \$2.8 million was received in revenue from SCE, which showed as a decrease in the net operating income versus the prior year. He also noted that there was \$1 million in reduced revenues shown in the general administration section due to vacancies in the Finance Department.

John Zhao, Director of Facilities and Operations, stated that staff conducted an analysis to confirm the \$2.8 million indifference payment from SCE.

Director Orkney stepped away from the teleconference at 5:07 p.m.

Director Caspary moved to approve Consent Calendar Item 4A and 4C. Motion seconded by Director Nye. Motion carried by the following roll call vote:

AYES: Caspary, Lewitt, Lo-Hill, Nye, Polan, Renger, Shapiro, Tjulander, Wall

NOES:

ABSTAIN:

ABSENT: Orkney

5. ILLUSTRATIVE AND/OR VERBAL PRESENTATION AGENDA ITEMS

A State and Federal Legislative Update

Ana Schwab, federal lobbyist for the JPA with Best Best & Krieger LLP (BBK), provided the Federal Legislative Update and reported that it was anticipated that the House of Representatives would consider appropriations before the end of the month. She noted that the Senate had not begun its formal committee hearings process, and it was anticipated that the federal government would pass a continuing resolution to make appropriations through December.

Director Orkney returned to the teleconference at 5:10 p.m.

Lowry Crook, federal lobbyist for the JPA with BBK, noted that the Senate was waiting on the reconciliation package negotiations among Senators Chuck Schumer and Joe Manchin and the Administration.

Ms. Schwab also reported that the U. S. Supreme Court had made a decision regarding *West Virginia v. Environmental Protection Agency (EPA)* regarding the Clean Power Plan rule, which addressed carbon dioxide emissions from existing coal- and natural-gas-fired power plants. She stated that it appeared the court would continue to challenge agencies' statutory interpretation.

Mr. Crook responded to a question regarding whether *West Virginia v. EPA* would affect the Pure Water Project Las Virgenes-Triunfo (Pure Water Project) by stating that the ruling focused on EPA regulation and power plants under climate change.

Ms. Schwab responded to a question regarding whether H.R. 4609, Septic Upgrade Grant Program, could benefit the Pure Water Project by stating that this program was directed towards onsite wastewater treatment plants, specifically septic to sewer projects. She noted that there were opportunities to pursue other septic to sewer funding programs. She also responded to a question regarding whether the Pure Water Project could qualify for funding under S. 2334, Large Scale Water Recycled Project and Drought Resiliency Investment Act, by stating that this funding source would be for projects over \$500 million. Administering Agent/General Manager David Pedersen noted there was a companion bill for projects under \$500 million under H.R. 4099, Large-Scale Water Recycling Project investment Act.

Syrus Devers, state lobbyist for the JPA with BBK, provided the State Legislative Update and noted that a budget trailer bill was expected in August. He also provided an update regarding SB 1157 (Hertzberg), which proposes to lower the existing indoor gallons per capita daily (GPCD) water use efficiency standard. He noted that the bill was in print as amended, and included a requirement for an indoor water use efficiency study.

B Pure Water Project Las Virgenes-Triunfo: Update

Oliver Slosser, Engineering Program Manager, presented the report. He responded to a question regarding the market sounding process for potential progressive design build teams by stating that the feedback received would help support the procurement process. Eric Schlageter, Principal Engineer, added that a two-way dialog between the design build team and staff would be beneficial in developing the contract documents.

C Update on Project Financing Environment by Greg Swartz, Piper Sandler

Don Patterson, Director of Finance and Administration, provided introductory remarks regarding the financing for the Pure Water Project Las Virgenes-Triunfo (Pure Water Project). He noted that staff was currently reviewing the Water Infrastructure Finance and Innovation Act (WIFIA) funding application process.

Greg Swartz and Halina De La Rosa from Piper Sandler provided a PowerPoint presentation with an overview of Piper Sandler and market overview and trends, including federal fund rates, taxable versus tax-exempt rates, and “A,” “AA,” and “AAA” tax exempt rates.

Mr. Swartz responded to questions regarding “A,” “AA,” and “AAA” tax exempt rates and corresponding interest rates. He stated that he believed the JPA would do very well as a “AA” borrower since the JPA had very little borrowing history, the JPA would be constructing a pure water project, the structure of the JPA Board and management, and each JPA partner’s rate setting history.

Ms. De La Rosa continued the presentation and reviewed tax exempt historical rates over the past 40 years.

Mr. Swartz reviewed National Utility Trends for diversifying funding sources, friction between regional providers and users, enhancing legal structures, green bonds, utility sales/acquisitions, and ratings/disclosure.

Ms. De La Rosa reviewed the accelerated financing and rate sensitivity analysis for two scenarios for a \$100 million project fund with a 20-year amortization and net effective interest rate.

Mr. Swartz responded to a question regarding advanced funding by stating that letters of interest for WIFIA funding for Fiscal Year 2022 could be submitted on an ongoing basis beginning September 6th. He also responded to a question regarding analyzing the JPA partners together or individually by stating that Piper Sandler would present the JPA as individual obligors.

Mr. Patterson responded to a question regarding the timeframe for the JPA Board to make financing decisions by stating that the only near-term decision point would be deciding when to apply for WIFIA funding.

6. **ACTION ITEMS**

A Tapia Water Reclamation Facility Flood Protection Evaluation: Award

Authorize the Administering Agent/General Manager to execute a professional services agreement with Stetson Engineers, Inc., in the amount of \$105,100, to perform a flood protection evaluation for the Tapia Water Reclamation Facility.

Alex Leu, Senior Engineer, presented the report.

Director Caspary moved to approve Item 6A. Motion seconded by Director Nye.

Mr. Leu responded to a question regarding defining a Capital Flood 50-year storm over a saturated watershed. He also responded to a question regarding the proposal received from Stetson Engineers, which would include an HEC-RAS 2D model and potential flood risk analysis.

Motion carried unanimously by roll call vote.

7. **BOARD COMMENTS**

Director Orkney inquired regarding the status of recycled water production and sales and the flow in Malibu Creek. Administrative Agent/General Manager David Pedersen responded that the flow in Malibu Creek measured 11 cubic feet per second (CFS). John Zhao, Director of Facilities and Operations, added that there were no significant changes to recycled water production, and the recycled water system was not currently being supplemented with potable water. He stated that staff was reaching out to heavy recycled water users to request that they cut back recycled water use by 25 percent in order to balance the recycled water system and avoid potable water supplement.

8. **ADMINISTERING AGENT/GENERAL MANAGER REPORT**

Administering Agent/General Manager David Pedersen reported that over 100 customers picked up free recycled water from the Recycled Water Fill Station on July 1st. He noted that Spectrum News would broadcast a news story regarding compost and recycled water.

9. **FUTURE AGENDA ITEMS**

None.

10. **PUBLIC COMMENTS**

None.

11. **ADJOURNMENT**

Seeing no further business to come before the Board, the meeting was duly adjourned at **6:27 p.m.**



Jay Lewitt, Chair

ATTEST:



Leon E. Shapiro, Vice Chair