



**LAS VIRGENES MUNICIPAL WATER DISTRICT**  
4232 Las Virgenes Road, Calabasas, CA 91302

**MINUTES**  
**REGULAR MEETING**

5:00 PM

June 26, 2012

**PLEDGE OF ALLEGIANCE**

At the request of President Renger, the Pledge of Allegiance to the Flag was led by Director Peterson.

**1. CALL TO ORDER AND ROLL CALL**

**A** Call to order and roll call

The meeting was called to order at 5:02 p.m. by President Renger in the District offices. Assistant Deputy Secretary Conklin called the roll. Those answering present were Directors Bowman, Caspary, Peterson, Renger and Steinhardt.

**2. APPROVAL OF AGENDA**

**A** Approval of agenda

*On a motion by Director Joseph Bowman, seconded by Director Lee Renger, the Board of Directors voted 5-0 to Approve the Regular Meeting of June 26, 2012, as presented.  
AYES: Director(s) Bowman , Caspary , Peterson , Renger , Steinhardt*

**3. PUBLIC COMMENTS**

No speaker cards were received from the public.

**4. ILLUSTRATIVE AND/OR VERBAL PRESENTATION AGENDA ITEMS**

**A** Backbone Improvement Program

Select Site A as the preferred site for the 5-million gallon tank associated with the Backbone Improvement Program and direct staff to proceed with the design process and make a finding that no new information or substantial changes in the project or substantial changes have occurred in circumstances related to project that would require a subsequent CEQA document

for the Backbone Improvement Program.

General Manager Mundy stated at the June 12, 2012 board meeting, a project overview had been provided related to the backbone program (2008-present); discussed outreach events with the public, local cities, many publicly noticed meetings, several technical evaluations to address concerns of the public and Board; and stated basic facts as to why the tank is needed (storage deficit, projected potable water demands, 20x2020, dependency on Metropolitan and project funding for the first three years is to be paid for with reserves).

Nine speaker cards were received from the public - to summarize: (1) Martin Jansen (Agoura) stated he studied the math closely, met with Director of Facilities and Operations Lippman for clarifications on needs for tank, believes storage needs are theoretical for western system, unlikely need will decrease enough for no need to exist, 2007 Master Plan assumptions are invalid, recommends waiting for new General Manager to be hired and for Master Plans to be updated (written comments will be included in the agenda folder); (2) Doug Powell (Oak Forest) opted not to speak; (3) Nancy Villarino (Oak Forest) opted not to speak; (4) Christine Sorensen (Oak Forest) stated there are a lot of elderly people who live in Oak Forest and if alternative route is selected there are concerns about blowing sand affecting resident allergies (Mr. Mundy discussed mitigation measures to reduce dust and Valley Fever concerns); (5) David Spence (Oak Forest) concerned over additional \$1 million for construction of road to Site C and Environmental Impact Report costs for Triunfo route; (6) Richard Ozar (Oak Forest) opted not to speak; (7) Kris Barnes (Oak Forest) expressed her concerns over nature and beings, Oak Forest removed from "Westlake proper", it's criminal to build up Triunfo, which would chase away animals including a herd of deer that are found only in this area, consideration of trailhead area, which is used by hundreds of people, road would be an eyesore; (8) Michael Omary (Malibu) stated he was a contractor specializing in concrete tank construction and discussed property (2200 foot elevation) he owned that he would be willing to allow the tank to be built on (Board and staff expressed concerns in regards to land not being suitable for the backbone system due to elevation, which would require additional costs associated with pipe installation and pumping costs); and (9) Philippa Klessig (Westlake Village and Mayor Pro-Tem City of Westlake Village) thanked Mr. Omary for offering his property, stated she has been aware of the project since 2009 and Las Virgenes is to be commended on their efforts, doesn't like project, but stated something has to be done to ensure water for supply, emergency water and growth, west end is short of water due in part to Dole Headquarters, Four Seasons Resort, office buildings, proposed targets of Title 17, Title 22 and Regulation 8 of fire code (extreme, but what is on the books), customer comments and questions have been vetted, and if project moves forward the City of Westlake Village will work as a team player with Las Virgenes (written comments will be included in the agenda folder). Director Steinhardt inquired of Ms. Klessig if she was representing herself or the City (Westlake Village), and if representing the City does the rest of the Council agree with her. Ms. Klessig responded both, herself as a resident of Three Springs and that they (Council) agree with her that the City, if this passes, will do all they can to mitigate any problems with construction. One written comment was received from Neil Ticktin (Three Springs), which were read by Director Barry Steinhardt (written comments will be included in the agenda folder) feels organization has failed and that he will give the facts (1) believes the agenda item tonight violates The Brown Act as there is no mention of approving the tank; (2) has asked a series of questions and was provided documentation, which he believes to be heavy on conclusions, but light on facts; (3) stated he has been at every relevant meeting, majority of important questions (why water usage is expected to increase 60%, real data on 30% population, why are we no longer meeting fire standards, why solar isn't being look at, rates won't go up for tank, but rates are going up, flexibility if tank is built, emergency preparedness needs have changed) asked in December and March have still not been answered, asked for a recording or transcript, but Las Virgenes was either unable or unwilling to provide one; Mr. Jansen has run calculations and it's clear

from his work that several bad things need to happen all at the same time, which is unlikely to happen; and is against broken process not tank project - Las Virgenes is arrogant/inbred ideas and should get public on board first.

Board comments included - to summarize: question of site selection or tank approval (General Manager Mundy stated the Mitigated Negative Declaration was approved for backbone, Infrastructure Investment Plan (IIP) was approved and the tank is part of the IIP); Mr. Ticktin in an email dated June 5, 2012 at 12:37 a.m. had stated "most if not all" of his questions had been answered, which is in direct contradiction to the comments read on his behalf tonight; Las Virgenes does work with local agencies during project development; appreciation was stated for the reasonable information provided by Mr. Jansen in regards to a 3-Mil versus 5-Mil tank; in 20+ years there has never been as much consideration taken prior to project approval; design approval and call for bids will be presented at a later date, tonight's action is for approval of the site only; reserves could be used to offset rate increases and for conservation; could Las Virgenes use untreated water during an emergency and issue a boil order; and western system will run out of water 40% sooner than eastern system during an emergency.

*On a motion by Director Glen Peterson, seconded by Director Lee Renger, the Board of Directors voted 4-1 to Approve the recommendations as presented.*

*AYES: Director(s) Bowman , Caspary , Peterson , Renger*

*NOES: Director(s) Steinhardt*

The meeting adjourned into break at 6:30 p.m.

The meeting reconvened into open session at 6:45 p.m.

**B** Draft Report on Rate Study by Raftelis Financial Consultants, Inc.

Direct the consultant to issue a final report based upon decisions by the Board and direct staff to begin the Proposition 218 process.

General Manager Mundy stated Ane Deister, Vice President of Parsons and former Las Virgenes department head was in the audience and would be reviewing outreach programs.

General Manager Mundy discussed sales increases; the 2007 Financial Plan included increases, which would cover operating costs and the Metropolitan increase; monies pulled from reserves in 2011; inflationary measures for potable and sanitation; 2007/08 increases were for upgrades to Tapia, to take the sanitation fund out of the red and for sanitation to have reserves; water sales have been lower than expected due to water conservation efforts and the economy; Metropolitan increases were higher than expected; recycled water fund in good shape; sanitation debt refinancing; sanitation rate was expected to be at \$119 bimonthly and was held to \$108 (2 of the Board approved and adopted rate increases were not needed); and handouts related to the 2007 rate increase process were provided to the Board.

Financial Analyst Hamilton discussed potable water revenue, potable water sales in acre feet, potable water expense for purchased water and potable water expenses other than purchased water.

Sanjay Gaur, Senior Manager with Raftelis Financial Consultants gave a presentation entitled "Water and Wastewater Rate Study" and discussed assumptions needed to meet 20x2020; Construction Fund transfers needed for net zero; proposed 7% increase, which does not include Metropolitan increase; reserves in potable (25% operations and maintenance, Capital Improvement Plan (CIP) 3-year average, Rate Stabilization Fund \$8.5 million); assumptions of Tier 1 set at Metropolitan rate (cost of service); fixed charge (office and field Customer Service,

billing and mailing expenses); and the proposed rate increase process and timeline requirements needed for January 1, 2013 implementation.

Board comments, staff and consultant responses included: assume 5% rate increase in 2015 from Metropolitan; concerns regarding proposed Tier 1 increase of 19% (spread over 3 years + Metropolitan rate increases); recycled water rates (maintain current rates); AB 3030 is for potable water rate increases not recycled water rate increases; recycled water is cost of service only; \$4.5 million in Rate Stabilization Fund drawn down and then refunded; Las Virgenes needs to have a vision to promote recycled water and put the monies in reserves for recycled water storage; reserves are too high (Mr. Mundy stated reserves are set by Board policy and Mr. Gaur stated reserves need to be maintained for liability, credit rating, debt service and that the three reserve funds by law need to be kept separate, potable currently has zero room for debt service, Las Virgenes can borrow for CIP, but not for operational expenses).

The meeting adjourned into break at 8:32 p.m.

The meeting reconvened into open session at 8:48 p.m.

Board, staff and consultant comments continued: there is a need for direction from the Board; customers are looking at bottom line increases not potable and sanitation separately; and we cannot continue to sell water to Tier 1 customers for less than the actual Metropolitan cost.

*On a motion by Director Joseph Bowman, seconded by Director Barry Steinhardt, the Board of Directors voted 5-0 to Authorize staff and Raftelis to issue the final report, which will include smoothing of Tier 1 rate increase over 3 years; use proposed winter rates for sanitation charges; meet operating costs 5%/year for 5 years; sewer charges to remain as is until 2015; recycled water rates are to be set at Consumer Price Index (applicable table to be determined); schedule 218 for mailing on August 13, 2012; and October 22, 2012 as a Special Meeting-Public Hearing at 6:00 p.m.*

*AYES: Director(s) Bowman , Caspary , Peterson , Renger , Steinhardt*

## **C Legislative and Regulatory Updates**

No report was given.

## **5. CONSENT CALENDAR**

*On a motion by Director Glen Peterson, seconded by Director Charles Caspary, the Board of Directors voted 5-0 to Approve the recommendations as presented.*

*AYES: Director(s) Bowman , Caspary , Peterson , Renger , Steinhardt*

**A** Minutes: Special Meeting of February 21, 2012. **Approve**

**B** List of Demands: June 26, 2012. **Approve**

**C** Investment Report for the Month of May 2012. **Approve**

## **6. TREASURER**

Treasurer Steinhardt stated the accounts payable checks were in order, and reported on his attendance at the auditor kickoff meeting of June 20, 2012, during which Mr. Patel of White Nelson Diehl Evans discussed Governmental Accounting Standards Board (GASB) requirements for reporting of net pension liabilities on agency balance sheets.

## **7. GENERAL MANAGER**

**A** Ictus Consulting, LLC - Records Management and Library Services: Professional Services Agreement Amendment No. 3

The Board of Directors approve Amendment No. 3 to the Agreement for Professional Services between Las Virgenes Municipal Water District and Ictus Consulting, LLC in the amount of \$43,680 for Fiscal Year 2012/13.

*On a motion by Director Charles Caspary, seconded by Director Barry Steinhardt, the Board of Directors voted 5-0 to Approve the recommendation as presented.*

*AYES: Director(s) Bowman , Caspary , Peterson , Renger , Steinhardt*

**8. FACILITIES AND OPERATIONS**

**A** Award of Bid: Annual Weed Abatement at Various Facilities

Authorize the General Manager to issue a purchase order to Venco Western, Inc. in the amount of \$13,716.00 for weed abatement at Las Virgenes Reservoir and Rancho Composting Facility; and to VanderGeest Landscape Care in the amount of \$5,900.00 for weed abatement services at Tapia Reclamation Plant and Morrison Tank site.

*On a motion by Director Charles Caspary, seconded by Director Joseph Bowman, the Board of Directors voted 5-0 to Approve the recommendations as presented.*

*AYES: Director(s) Bowman , Caspary , Peterson , Renger , Steinhardt*

**B** Call for Bids: Sodium Hypochlorite

Approve the proposed bid schedule and the Notice Inviting Sealed Bids for supply and delivery of sodium hypochlorite.

*On a motion by Director Barry Steinhardt, seconded by Director Charles Caspary, the Board of Directors voted 5-0 to Approve the recommendations as presented.*

*AYES: Director(s) Bowman , Caspary , Peterson , Renger , Steinhardt*

**C** Malibu Bowl Waterline Replacement Project, Approval of Plans and Specifications and Call for Bids

Approve the plans and specifications for the Malibu Bowl Waterline Replacement Project; and authorize a Call for Bids in accordance with the project specifications and the proposed Bid Schedule

*On a motion by Director Charles Caspary, seconded by Director Joseph Bowman, the Board of Directors voted 5-0 to Approve the recommendations as presented.*

*AYES: Director(s) Bowman , Caspary , Peterson , Renger , Steinhardt*

**D** Request For Proposal to Upgrade the District's Radio System

Authorize the General Manager to issue a Request for Proposal to interested radio system providers. The RFP is to replicate the existing radio system analog functionality in digital format for repeaters, hand held radios, desktop radios, and mobile vehicle radios in the new narrow band format. In addition to providing the recommended radio equipment, proposals will include pricing, cost of ownership and purchasing options for the equipment and provide a recommendation, demonstration and quote for an integrated GPS technology software program to track the GPS capability of each radio.

*On a motion by Director Glen Peterson, seconded by Director Charles Caspary, the Board of Directors voted 5-0 to the recommendation as presented. Director Steinhardt recommended staff speak with the Sheriff's Department regarding their system.*

*AYES: Director(s) Bowman , Caspary , Peterson , Renger , Steinhardt*

**E** Tapia Influent Pipeline and Valve Replacement Project - Ratification of Change Order No. 1

Ratify Change Order No. 1 in the amount of \$25,580.00 to the Tapia Influent Pipeline & Valve Replacement Project for a revised contract amount of \$260,819.00.

*On a motion by Director Joseph Bowman, seconded by Director Charles Caspary, the Board of Directors voted 5-0 to Approve the recommendation as presented.*

*AYES: Director(s) Bowman , Caspary , Peterson , Renger , Steinhardt*

**9. FINANCE AND ADMINISTRATION**

**A** Proposed LVMWD Operating and Capital Budgets for Fiscal Year 2012/13

Adopt the Proposed Budget for Fiscal Year 2012/13

General Manager Mundy provided an overview of the proposed budget and stated it was slightly higher than last fiscal year primarily due to the increased cost of purchased water; potable water operations continues to be supported by reserves; capital budget is higher than in prior years; purchased water costs have increased over \$4 million in five years; the budget proposes elimination of two positions with a total of ten positions being eliminated during the past two years resulting in an approximate savings of \$1 million per year.

*On a motion by Director Glen Peterson, seconded by Director Joseph Bowman, the Board of Directors voted 5-0 to Approve the recommendation as presented.*

*AYES: Director(s) Bowman , Caspary , Peterson , Renger , Steinhardt*

**10. NON-ACTION ITEMS**

**A** Organization Reports(1) MWD a. Representative Report/Agenda(s); (2) Other

(1) MWD Representative Peterson reported on general business of the Metropolitan Water District including a Bay Delta Council meeting, reduced reliance upon Delta (every retailer will be looked at individually), and on June 18th he will be attending a meeting to discuss the regional versus individual plan.

(2) Director Caspary reported on his attendance at the June 21, 2012, Santa Monica Bay Restoration Commission meeting during which support of AB 1066 Lieu passed (he abstained from the vote); and kelp restoration passed (purple anemones to be removed as they are eating the kelp).

**B** Director's Reports on Outside Meetings

None.

**C** General Manager Reports

General Manager Mundy provided an update on general business of the District including upcoming events; ACWA/JPIA meetings had been held as part of the insurance rating/quote process; the compost plant resumed production on June 18, 2012; Carlos Reyes and Jeff Reinhardt attended two homeowner association meetings (Malibou Lake and Liberty Canyon) to discuss rates; and Tom Dodds, Tolman Wiker stated the District's experience rating had dropped, which should mean lower worker's compensation rates.

**D** Director's Comments

None.

**11. FUTURE AGENDA ITEMS**

None.

**12. CLOSED SESSION**

The meeting adjourned into Closed Session at 9:40 p.m.

**A** Conference with District Counsel - Property Lease (Government Code Section 54956.8): Millgee Investment Company, Inc.

**13. OPEN SESSION AND ADJOURNMENT**

The meeting reconvened into open session at 9:41 p.m. and the Chair declared the meeting adjourned at 9:42 p.m.

*Lee Renger*

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LEE RENGER, President  
Board of Directors  
Las Virgenes Municipal Water District

ATTEST:

*Charles Caspary*

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CHARLES CASPARY, Secretary  
Board of Directors  
Las Virgenes Municipal Water District

(SEAL)