

**LAS VIRGENES - TRIUNFO
JOINT POWERS AUTHORITY
AGENDA**

CLOSING TIME FOR AGENDA IS 8:30 A.M. ON THE TUESDAY PRECEDING THE MEETING. GOVERNMENT CODE SECTION 54954.2 PROHIBITS TAKING ACTION ON ITEMS NOT ON POSTED AGENDA UNLESS AN EMERGENCY, AS DEFINED IN GOVERNMENT CODE SECTION 54956.5 EXISTS OR UNLESS OTHER REQUIREMENTS OF GOVERNMENT CODE SECTION 54954.2(B) ARE MET.

5:00 PM

January 7, 2013

PLEDGE OF ALLEGIANCE

1. CALL TO ORDER AND ROLL CALL

- A** The meeting was called to order at _____ p.m. by _____ in the Oak Park Library and the Clerk of the Board called the roll.

<u>Triunfo Sanitation District</u>	<u>Present</u>	<u>Left</u>	<u>Absent</u>
Steven Iceland	_____	_____	_____
Michael McReynolds	_____	_____	_____
Janna Orkney, Vice Chair	_____	_____	_____
Michael Paule	_____	_____	_____
James Wall	_____	_____	_____
<u>Las Virgenes Municipal Water District</u>			
Charles Caspary	_____	_____	_____
Glen Peterson	_____	_____	_____
Leonard Polan	_____	_____	_____
Lee Renger, Chair	_____	_____	_____
Barry Steinhardt	_____	_____	_____

2. APPROVAL OF AGENDA

- A** Moved by _____, seconded by _____, and _____, that the agenda for the Regular Meeting of January 7, 2013, be approved as presented/amended.

3. PUBLIC COMMENTS

Members of the public may now address the Board of Directors **ON MATTERS NOT APPEARING ON THE AGENDA**, but within the jurisdiction of the Board. No action shall be taken on any matter not appearing on the agenda unless authorized by Subdivision (b) of Government Code Section 54954.2

4. ILLUSTRATIVE AND/OR VERBAL PRESENTATION AGENDA ITEMS

- A** **Joint Powers Authority Financial Statements and Independent Auditors' Report for**

June 30, 2012

Accept the financial statements and the audit.

5. CONSENT CALENDAR

A Minutes: Special Meeting of December 10, 2012. Approve

6. ACTION ITEMS

A Los Angeles County Clean Water, Clean Beaches Measure

Provide staff direction on the Los Angeles County Clean Water, Clean Beaches Measure pertaining to JPA properties.

7. BOARD COMMENTS

8. FUTURE AGENDA ITEMS

9. INFORMATION ITEMS

A Malibu Creek Watershed Emerging Issues: Update

B Rancho Las Virgenes Composting Facility Amendment Purchase and Excess Compost Sale: Update

C Rancho Las Virgenes Third Digester: CEC Grant Opportunity

10. CLOSED SESSION

11. ADJOURNMENT

January 7, 2013 JPA Board Meeting

TO: JPA Board of Directors

FROM: Finance & Administration

Subject: Joint Powers Authority Financial Statements and Independent Auditors' Report for June 30, 2012

SUMMARY:

The public accounting firm of White Nelson Diehl Evans, LLP has completed the annual audit of the Joint Powers Authority financial statements and has issued an unqualified opinion. A representative of the audit firm will be making a presentation and will be available for questions at the meeting.

RECOMMENDATION(S):

Accept the financial statements and the audit.

DISCUSSION:

The financial statements of the Joint Powers Authority are straightforward. Operating and non-operating revenues offset operating expenses, and the net amount equals billings to participants. The increase or decrease in net assets is the sum of participant capital contributions less the depreciation expense. In Fiscal Year 2011/12 the depreciation expense was greater than the participants' capital contributions, so net assets decreased by \$4.3 million, or 4.05%.

Total revenue was higher due to the volume of recycled water purchased by the JPA partners from the JPA and a rate increase based upon administrative and depreciation costs associated with the recycled water division. Billings to participants was subsequently lower. The operating expenses decreased by 4.94%. JPA Board Members will receive a copy of the audit in the agenda package.

Prepared By: Sandra Hicks, Director of Finance and Administration

ATTACHMENTS:

[Audit Letter](#)

[JPA Financial Statements](#)

Board of Directors
Las Virgenes-Triunfo
Joint Powers Authority
Calabasas, California

We have audited the financial statements of the Las Virgenes-Triunfo Joint Powers Authority (the JPA) for the year ended June 30, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated May 9, 2012 and during our meeting on planning matters on June 20, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings:

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the JPA are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2012. We noted no transactions entered into by the JPA during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were:

- a. Management's estimate of the fair market value of investments which is based on market values provided by outside sources.
- b. The estimated useful lives of capital assets for depreciation purposes which are based on industry standards.

Significant Audit Findings (Continued):

Qualitative Aspects of Accounting Practices (Continued)

We evaluated the key factors and assumptions used to develop these estimates in determining that they were reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. As a result of our audit related testwork, we proposed no corrections of the financial statements that, in our judgment, had a significant effect on the JPA's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested and received certain representations from management that are included in the management representation letter dated December 20, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the JPA's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the JPA's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves

This information is intended solely for the use of the Board of Directors and management of the JPA and is not intended to be and should not be used by anyone other than these specified parties.

White Nelson Diehl Evans LLP

White Nelson Diehl Evans LLP
Irvine, California
December 20, 2012

N. P. Patel

Nitin P. Patel, CPA
CPA Number: 50155

**LAS VIRGENES-TRIUNFO
JOINT POWERS AUTHORITY**

FINANCIAL STATEMENTS

**WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

JUNE 30, 2012 AND 2011

LAS VIRGENES-TRIUNFO JOINT POWERS AUTHORITY

TABLE OF CONTENTS

June 30, 2012 and 2011

	<u>Page Number</u>
Independent Auditors' Report	1
Management's Discussion and Analysis (Required Supplementary Information)	3
Basic Financial Statements:	11
Comparative Statements of Net Assets	12
Comparative Statements of Revenues, Expenses and Changes in Net Assets	13
Comparative Statements of Cash Flows	14
Notes to Basic Financial Statements	15
Supplemental Schedule:	23
Changes in Participants' Advance Accounts	24

INDEPENDENT AUDITORS' REPORT

Board of Directors
Las Virgenes-Triunfo Joint Powers Authority
Calabasas, California

We have audited the basic financial statements of the Las Virgenes-Triunfo Joint Powers Authority (the JPA), as of and for the years ended June 30, 2012 and June 30, 2011 as listed in the table of contents. These basic financial statements are the responsibility of the JPA's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the JPA's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the JPA as of June 30, 2012 and June 30, 2011 and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as identified in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance on it.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplemental Schedule of Changes in Participants' Advance Accounts, listed in the table of contents as supplementary schedule, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the JPA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements of the JPA or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

White Nelson Diehl Evans LLP

White Nelson Diehl Evans LLP
Irvine, California
December 20, 2012

N. P. Patel

Nitin P. Patel, CPA
CPA Number: 50155

LAS VIRGENES-TRIUNFO JOINT POWERS AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

This section of the Joint Powers Authority (JPA) annual financial report presents our analysis of the JPA's financial performance during the fiscal year that ended on June 30, 2012. Please read it in conjunction with the Financial Statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The JPA's net assets decreased by \$4.3 million, or 4.05%.
- During the year the JPA's operating expenses, not including depreciation or non-operating expense, decreased to \$14.4 million, or 4.94%.
- Billings to JPA participants decreased to \$11.7 million, or 11.74% less than the prior fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to Las Virgenes and Triunfo Joint Powers Authority (JPA) financial statements. The JPA's basic financial statements comprise two components: Financial Statements and Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

BASIC FINANCIAL STATEMENTS

The Financial Statements of the JPA report information about the JPA using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Comparative Statement of Net Assets (CSNA) includes all of the JPA's assets and liabilities and provides information about the nature and amount of investments in resources (assets) and the obligations to JPA creditors (liabilities). The CSNA also provides the basis for evaluating the capital structure of the JPA.

All of the current year's revenues and expenses are accounted for in the Comparative Statement of Revenues, Expenses and Changes in Net Assets. These statements reflect the result of the JPA's operations over the past year.

The final required Financial Statement is the Comparative Statement of Cash Flows. The primary purpose of this statement is to provide information about the JPA's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations and investments. It also provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

See independent auditors' report.

ITEM 4A

LAS VIRGENES-TRIUNFO JOINT POWERS AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2012

FINANCIAL ANALYSIS OF THE JOINT POWERS AUTHORITY

Our analysis of the JPA begins on page 12 of the Financial Statements. One of the most important questions asked about the JPA's finances is "Is the JPA, as a whole, better off or worse off as a result of the year's activities?" The Comparative Statement of Net Assets, the Comparative Statement of Revenues, Expenses and Changes in Net Assets report information about the JPA's activities in a way that will help answer this question. These three statements report the net assets of the JPA and changes in them. You can think of the JPA's net assets—the difference between assets and liabilities—as one way to measure financial health or financial position. Over time, increases or decreases in the JPA's net assets are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed government legislation.

NET ASSETS

To begin our analysis, a summary of the JPA's Statement of Net Assets is presented in Table 1.

TABLE 1
Condensed Statements of Net Assets
(in thousands of dollars)

	<u>FY 2012</u>	<u>FY 2011</u>	<u>Dollar Change</u>	<u>Total Percent Change</u>
Current Assets	\$ 6,920	\$ 6,547	\$ 373	5.70%
Property, Plant & Equipment	<u>102,144</u>	<u>106,455</u>	<u>(4,311)</u>	(4.05)%
Total Assets	<u>109,064</u>	<u>113,002</u>	<u>(3,938)</u>	(3.48)%
Due to Participants	5,900	5,804	96	1.65%
Other Liabilities	<u>1,020</u>	<u>743</u>	<u>277</u>	37.28%
Total Liabilities	<u>6,920</u>	<u>6,547</u>	<u>373</u>	5.70%
Total Net Assets:				
Investment in Capital Assets, Net of Related Debt	<u>\$ 102,144</u>	<u>\$ 106,455</u>	<u>\$ (4,311)</u>	(4.05)%

As can be seen from the table above, net assets of the JPA are equivalent to property, plant and equipment. Everything else is either a current asset or a liability. The decrease in Net Assets (and property, plant and equipment) is due to depreciation expense exceeding participant capital contributions.

See independent auditors' report.

ITEM 4A

LAS VIRGENES-TRIUNFO JOINT POWERS AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2012

FINANCIAL ANALYSIS OF THE JOINT POWERS AUTHORITY (CONTINUED)

TABLE 2
Condensed Statements of Revenues, Expenses
and Changes in Net Assets
(in thousands of dollars)

	<u>FY 2012</u>	<u>FY 2011</u>	<u>Dollar</u> <u>Change</u>	<u>Total</u> <u>Percent</u> <u>Change</u>
Recycled Water Sales	\$ 2,598	\$ 1,601	\$ 997	62.27%
Other Operating Revenue	76	248	(172)	(69.35)%
Non-operating Revenues	<u>12</u>	<u>24</u>	<u>(12)</u>	(50.00)%
Total Revenues	<u>2,686</u>	<u>1,873</u>	<u>813</u>	43.41%
Depreciation Expense	6,354	6,366	(12)	(0.19)%
Other Operating Expense	14,423	15,174	(751)	(4.94)%
Non-operating Expense	<u>15</u>	<u>4</u>	<u>11</u>	275.00%
Total Expenses	<u>20,792</u>	<u>21,544</u>	<u>(752)</u>	(3.49)%
Operating Loss before Billings	(18,106)	(19,671)	1,565	(7.96)%
Billings to Participants	<u>11,740</u>	<u>13,301</u>	<u>(1,561)</u>	(11.74)%
Net Loss before Capital Contributions	(6,366)	(6,370)	4	(0.06)%
Participant Capital Contributions	<u>2,055</u>	<u>4,332</u>	<u>(2,277)</u>	(52.56)%
NET ASSETS:				
Change in Net Assets	(4,311)	(2,038)	(2,273)	111.53%
Beginning Net Assets	<u>106,455</u>	<u>108,493</u>	<u>(2,038)</u>	(1.88)%
Ending Net Assets	<u>\$102,144</u>	<u>\$ 106,455</u>	<u>\$ (4,311)</u>	(4.05)%

Revenue from recycled water sales increased significantly due to a rate increase to cover administration and depreciation of capital assets for the recycled water division. Also, more water was sold due to a warmer year coupled with the decreased emphasis on water conservation due to the prior year's drought conditions. Operating expenses decreased as expected primarily due to decreased costs for treatment and administration.

While the Statement of Net Assets shows the change in financial position of net assets, the Statement of Revenues, Expenses and Changes in Net Assets provides answers as to the nature and source of these changes.

See independent auditors' report.

ITEM 4A

LAS VIRGENES-TRIUNFO JOINT POWERS AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2012

BUDGETARY HIGHLIGHTS

The Boards of Directors for both participating agencies adopt the JPA Operating and Capital Improvement Budget prior to the start of the fiscal year. The participant Boards may approve budget revisions during the year. A fiscal year 2012 budget comparison and analysis is presented in Table 3.

TABLE 3
Fiscal Year 2012 Actual vs. Fiscal Year 2012 Budget
(In thousands of dollars)

	FY 2012 <u>Actual</u>	FY 2012 <u>Budget</u>	Dollar <u>Change</u>	Total Percent <u>Change</u>
Revenues:				
Recycled Water Sales	\$ 2,598	\$ 2,542	\$ 56	2.2%
Other Operating Revenue	76	175	(99)	(56.6)%
Non-operating Revenue	<u>12</u>	<u>20</u>	<u>(8)</u>	(40.0)%
Total Revenues	<u>2,686</u>	<u>2,737</u>	<u>(51)</u>	(1.9)%
Operating Expenses:				
Treatment Plant	4,081	5,022	(941)	(18.7)%
Recycled Water Transmission And Distribution	1,158	1,466	(308)	(21.0)%
Compost Plant	2,448	2,570	(122)	(4.7)%
Sewer	162	199	(37)	(18.6)%
General and Administrative	6,390	6,674	(284)	(4.3)%
Depreciation	6,354	6,366	(12)	(0.2)%
Other Operating Expenses	184	205	(21)	(10.2)%
Non-operating Expenses	<u>15</u>	<u>-</u>	<u>15</u>	-
Total Expenses	<u>20,792</u>	<u>22,502</u>	<u>(1,710)</u>	(7.6)%
Net Operating Expenses	<u>\$(18,106)</u>	<u>\$(19,765)</u>	<u>\$ 1,659</u>	(8.4)%

Actual revenue was lower than what was anticipated in the adopted budget due to a reduction in other operating revenue. Overall operating expenses were under budget, and net operating expenses were lower than the budgeted amount by nearly \$1.7 million.

See independent auditors' report.

ITEM 4A

LAS VIRGENES-TRIUNFO JOINT POWERS AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2012

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of fiscal year 2012, the JPA had net capital assets of \$102.15 million as shown in Table 4.

TABLE 4
Capital Assets
(In thousands of dollars)

	<u>FY 2012</u>	<u>FY 2011</u>	<u>Dollar</u> <u>Change</u>	<u>Total</u> <u>Percent</u> <u>Change</u>
Land & Land Rights	\$ 12,259	\$ 12,259	\$ -	-
Sewer & Treatment Plant	114,334	114,100	234	0.2%
Compost Plant	63,202	62,195	1,007	1.6%
Recycled Water System	31,677	31,677	-	0.0%
Construction in Progress	<u>2,237</u>	<u>1,480</u>	<u>757</u>	51.1%
Subtotal	<u>223,709</u>	<u>221,711</u>	<u>6,520</u>	<u>2.9%</u>
Less Accumulated Depreciation	<u>(121,565)</u>	<u>(115,256)</u>	<u>(6,309)</u>	5.5%
Total Capital Assets	<u>\$ 102,144</u>	<u>\$106,455</u>	<u>\$ (4,311)</u>	(4.0)%

The following is a summary of some of the major improvements to the system during fiscal year 2012

TABLE 5
Major Capital Improvement Projects for Fiscal Year 2012
(In thousands of dollars)

Compost Reactor Ceiling-Rancho Las Virgenes	<u>FY 2012</u> \$ 323
Third Digester Construction-Rancho Las Virgenes	240
Tapia Gate & Driveway Replacement	234
Tapia Alternative Disinfection Study	232
Tapia Influent Pipeline	203
Tapia Roof Replacement on Three Outbuildings	<u>91</u>
Total Major Projects	1,323
Total Other Projects	<u>190</u>
Total Projects	<u>\$ 1,513</u>

See independent auditors' report.

ITEM 4A

LAS VIRGENES-TRIUNFO JOINT POWERS AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2012

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

As shown in Table 6, the JPA's fiscal year 2013 Capital Improvement Budget appropriates \$7.4 million for capital projects. The projects are financed by the participating agencies. More information about the JPA's Capital Assets is presented on page 20 and 21 in the Notes to the Basic Financial Statements.

TABLE 6
Fiscal Year 2013 Capital Budget
(In thousands of dollars)

	<u>FY 2013</u>
Recycled Water Projects	\$ 293
Sanitation Projects	<u>7,124</u>
Total	<u>\$ 7,417</u>

LONG TERM DEBT

The JPA has no long-term debt nor is there any intention of issuing future debt. All funding is provided by the participating agencies.

LAS VIRGENES-TRIUNFO JOINT POWERS AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2012

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The adopted budget for fiscal year 2013 was developed considering the changing costs of energy, costs of chemicals, and cost of living increases in benefits under the current Memorandums of Understanding with employee unions. The Memorandums of Understanding with the employee unions are effective through December 2014.

TABLE 7
Fiscal Year 2013 Budget vs. Fiscal Year 2012 Actual
(In thousands of dollars)

	FY 2013 Budget	FY 2012 Actual	Dollar Change	Total Percent Change
Recycled Water Sales	\$ 2,640	\$ 2,598	\$ 42	1.6%
Other Operating Revenue	175	76	99	130.3%
Non-Operating Revenues	<u>20</u>	<u>12</u>	<u>8</u>	66.7%
Total Revenues	<u>2,835</u>	<u>2,686</u>	<u>149</u>	5.5%
Depreciation Expense	6,354	6,354	-	-
Other Operating Expense	15,564	14,423	1,141	7.9%
Non-Operating Expense	<u>-</u>	<u>15</u>	<u>(15)</u>	(100.0)%
Total Expense	<u>21,918</u>	<u>20,792</u>	<u>1,126</u>	5.4%
Net Expense	(19,083)	(18,106)	(977)	5.4%
Billings to Participants	<u>12,729</u>	<u>11,740</u>	<u>989</u>	8.4%
Excess of Net Operating Expenses Over Billings to Participants	(6,354)	(6,366)	12	(0.2)%
Participant Capital Contributions	<u>7,467</u>	<u>2,055</u>	<u>5,412</u>	263.4%
Change in Net Assets	1,113	(4,311)	5,412	(125.8)%
Beginning Net Assets	<u>102,144</u>	<u>106,455</u>	<u>(4,311)</u>	(4.0)%
Ending Net Assets	<u>\$103,257</u>	<u>\$102,144</u>	<u>\$ (1,113)</u>	1.1%

Operating revenue is expected to increase due to higher recycled water rates. The budget anticipates increases in operating expenses due to the return of normal sanitation flows to Tapia (that is, levels before water surcharges were instituted to stay within potable water budgets set by Metropolitan Water District beginning in September 2009, and rescinded by June 2011).

See independent auditors' report.

ITEM 4A

LAS VIRGENES-TRIUNFO JOINT POWERS AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

June 30, 2012

CONTACTING THE DISTRICT'S FINANCIAL MANAGER

This financial report is designed to provide our citizens, customers and creditors with a general overview of the JPA's finances and to demonstrate the JPA's accountability for the money it receives. The responsibility for the JPA's accounting and financial reporting rests with the staff of the Las Virgenes Municipal Water District. If you have questions about this report or need additional financial information, contact the Las Virgenes Municipal Water District, Department of Finance and Administration, 4232 Las Virgenes Road, Calabasas, California, 91302.

BASIC FINANCIAL STATEMENTS

LAS VIRGENES -TRIUNFO JOINT POWERS AUTHORITY

COMPARATIVE STATEMENTS OF NET ASSETS

June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	\$ 5,929,252	\$ 5,812,355
Accounts receivable	742,195	485,558
Interest receivable	5,554	6,328
Supplies inventory	197,693	198,717
Prepaid expenses	<u>45,029</u>	<u>43,977</u>
 TOTAL CURRENT ASSETS	 <u>6,919,723</u>	 <u>6,546,935</u>
CAPITAL ASSETS (NOTE 3):		
Capital assets, not being depreciated	14,496,309	13,738,902
Capital assets, being depreciated	209,212,070	207,971,818
Less accumulated depreciation	<u>(121,564,518)</u>	<u>(115,255,965)</u>
 TOTAL CAPITAL ASSETS, NET	 <u>102,143,861</u>	 <u>106,454,755</u>
 TOTAL ASSETS	 <u>109,063,584</u>	 <u>113,001,690</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts and contracts payable and accrued liabilities	1,020,128	742,616
Due to participants	<u>5,899,595</u>	<u>5,804,319</u>
 TOTAL LIABILITIES	 <u>6,919,723</u>	 <u>6,546,935</u>
NET ASSETS		
Net assets of participants, invested in capital assets:		
Las Virgenes Municipal Water District	68,043,310	71,035,851
Triunfo Sanitation District	<u>34,100,551</u>	<u>35,418,904</u>
 TOTAL NET ASSETS	 <u>\$ 102,143,861</u>	 <u>\$ 106,454,755</u>

See independent auditors' report and notes to basic financial statements.

ITEM 4A

LAS VIRGENES -TRIUNFO JOINT POWERS AUTHORITY
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
 AND CHANGES IN NET ASSETS

For the years ended June 30, 2012 and 2011

	2012	2011
OPERATING REVENUES:		
Recycled water sales	\$ 2,598,011	\$ 1,601,103
Other income	76,171	248,264
	2,674,182	1,849,367
OPERATING EXPENSES:		
Treatment plant	4,081,047	4,552,719
Recycled water transmission and distribution	1,158,132	1,349,158
Compost plant	2,448,231	2,540,999
Sewer	162,065	125,801
Depreciation (Note 3)	6,354,346	6,365,745
General and administrative	6,389,651	6,425,431
Other operating expenses	184,204	180,291
	20,777,676	21,540,144
OPERATING LOSS BEFORE BILLINGS TO PARTICIPANTS	(18,103,494)	(19,690,777)
BILLINGS TO PARTICIPANTS	11,740,421	13,301,381
OPERATING LOSS	(6,363,073)	(6,389,396)
NONOPERATING REVENUES (EXPENSES):		
Interest income	11,937	23,651
Other expense	(3,210)	-
Loss on disposal of capital assets	(11,512)	(4,340)
	(2,785)	19,311
NET LOSS BEFORE PARTICIPANT CAPITAL CONTRIBUTIONS	(6,365,858)	(6,370,085)
PARTICIPANT CAPITAL CONTRIBUTIONS	2,054,964	4,332,148
CHANGE IN NET ASSETS	(4,310,894)	(2,037,937)
NET ASSETS - BEGINNING OF YEAR	106,454,755	108,492,692
NET ASSETS - END OF YEAR	\$ 102,143,861	\$ 106,454,755

See independent auditors' report and notes to basic financial statements.

ITEM 4A

LAS VIRGENES -TRIUNFO JOINT POWERS AUTHORITY

COMPARATIVE STATEMENTS OF CASH FLOWS

For the years ended June 30, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from participants	\$ 14,157,966	\$ 15,464,390
Cash paid to suppliers for operations	(14,145,845)	(15,550,966)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	12,121	(86,576)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(2,054,964)	(4,332,148)
Capital contributions	2,054,964	4,332,148
Net amount (paid to) received from participants	95,276	(464,908)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	95,276	(464,908)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	9,500	26,898
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	116,897	(524,586)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	5,812,355	6,336,941
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,929,252	\$ 5,812,355
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating loss	\$ (6,363,073)	\$ (6,389,396)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	6,354,346	6,365,745
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(256,637)	313,642
(Increase) decrease in supplies inventory	1,024	3,538
(Increase) decrease in prepaid expenses	(1,051)	900
Increase (decrease) in accounts and contracts payable and accrued liabilities	277,512	(381,005)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 12,121	\$ (86,576)

DISCLOSURE OF NONCASH TRANSACTIONS:

- 1) The Joint Powers Authority had unrealized investment gains/(losses) in the amount of \$7,095 and \$9,048 as of June 30, 2012 and 2011, respectively.
- 2) The Join Powers Authority had a loss on disposal of capital assets in the amount of \$(11,512) and \$(4,340) as of June 30, 2012 and 2011, respectively.

See independent auditors' report and notes to basic financial statements.

ITEM 4A

LAS VIRGENES-TRIUNFO JOINT POWERS AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012 and 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Financial Reporting Entity:

On October 12, 1964, Las Virgenes Municipal Water District (LVMWD) and Triunfo Sanitation District (TSD) established Las Virgenes-Triunfo Joint Powers Authority (JPA) to construct, operate, maintain and provide for the replacement of a joint sewerage system to serve the Malibu Canyon drainage area. The equity of each member is equal to the member's prorata share of capital assets, net of depreciation. LVMWD has been designated the administering agent.

b. Basic Financial Statements:

The basic financial statements (i.e., the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Cash Flows) report information on all of the enterprise activities of the JPA.

These basic financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) No. 34, "Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments" and related standards. The standard provides for significant changes in terminology; inclusion of a Management Discussion and Analysis as supplementary information; and other changes.

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation:

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the economic resources measurement focus, and the accrual basis of accounting. Under the economic measurement focus all assets and liabilities (whether current or noncurrent) associated with these activities are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Net Assets present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Authority follows all pronouncements issued by the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available, it is the JPA's policy to use restricted resources first, and then unrestricted resources as they are needed.

See independent auditors' report.

ITEM 4A

LAS VIRGENES-TRIUNFO JOINT POWERS AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012 and 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

d. Operating Revenues and Expenses:

Operating revenues, such as charges for services (water sales and billings to participants) result from exchange transactions associated with the principal activity of the JPA. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as interest income, result from nonexchange transactions or ancillary activities in which the JPA gives (receives) value without directly receiving (giving) equal value in exchange.

Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating expenses.

Operating expenses other than depreciation are prorated and billed to the participant districts based upon specified percentages included in the joint exercise of powers agreement.

e. Cash and Cash Equivalents:

The JPA's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The short-term investments include the California Local Agency Investment Fund.

f. Accounts Receivable:

The JPA extends credit to participants in the normal course of operations. Management has evaluated the accounts and believes they are all collectible. Management evaluates all accounts receivable and if it is determined that they are uncollectible they are written off as a bad debt expense.

g. Supplies Inventory:

Supplies inventory is valued at cost, using the average cost method.

LAS VIRGENES-TRIUNFO JOINT POWERS AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012 and 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

h. Capital Assets:

Capital assets are shared in accordance with each participant district's capacity rights reserved in each component of the joint system. The capitalization threshold for all capital assets is \$5,000. The allocation of costs for projects in process is based upon engineering estimates of the capacity rights and could increase or decrease when the final capacity rights are determined.

Depreciation is based on the estimated useful lives of the assets, which range from 5 to 100 years, using the straight-line method.

i. Use of Estimates:

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America and, accordingly, include amounts that are based on management's best estimates and judgments. Accordingly, actual results could differ from the estimates.

2. CASH AND INVESTMENTS:

Cash and Investments:

Cash and investments are reported in the accompanying comparative statements of net assets as follows:

	Fair Value	
	2012	2011
Current Assets:		
Cash and cash equivalents	\$ 5,929,252	\$ 5,812,355
Cash and investments consisted of the following:		
	2012	2011
Deposits:		
Pooled with Las Virgenes Municipal Water District	\$ 105,217	\$ 62,909
Investments:		
California Local Agency Investment Fund	5,824,035	5,749,446
Total cash and investments	\$ 5,929,252	\$ 5,812,355

See independent auditors' report.

ITEM 4A

LAS VIRGENES-TRIUNFO JOINT POWERS AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012 and 2011

2. CASH AND INVESTMENTS (CONTINUED):

Investments Authorized by the California Government Code and the JPA's Investment Policy:

The JPA follows Las Virgenes Municipal Water District's (LVMWD) investment policy. The table below identifies the investment types that are authorized for the JPA by the California Government Code (or the LVMWD's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the LVMWD's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
United States Treasury Bills, Bonds and Notes	5 years	None	None
United States Government Sponsored Agency Securities	5 years	None	None
Time Deposits	1 year	25%	None
Repurchase Agreements	30 days	10%	None
California Local Agency Investment Fund (LAIF)	None	None	\$50,000,000
Certificates of Deposit Account Registry Services (CDARS)	No deposits after January 1, 2012	30%	None
FDIC Guaranteed Bank Notes	Maturities to June 30, 2012	None	None
Local Government Investment Pools	None	None	None
Bonds issued by Local Agencies or States	5 years	None	None

Disclosures Relating to Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the JPA manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity as necessary to provide the cash flow and liquidity needed for operations.

The JPA's investments of \$5,824,035 and \$5,749,446 at June 30, 2012 and 2011, respectively, are made up of investments in LAIF. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest.

See independent auditors' report.

ITEM 4A

LAS VIRGENES-TRIUNFO JOINT POWERS AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012 and 2011

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments in LAIF of \$5,824,035 and \$5,749,446 at June 30, 2012 and 2011, respectively are unrated.

Custodial Credit Risk:

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the JPA will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the JPA will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the JPA's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure JPA deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The JPA's deposits are pooled with Las Virgenes Municipal Water District. Additional disclosures regarding custodial credit risk is applicable to the District as a whole and is included in the District's Comprehensive Annual Financial Report.

Investment in State Investment Pool

The JPA is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the JPA's investment in this pool is reported in the accompanying financial statements at amounts based upon the JPA's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

See independent auditors' report.

ITEM 4A

LAS VIRGENES-TRIUNFO JOINT POWERS AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012 and 2011

3. CAPITAL ASSETS:

Changes in capital assets for the year ended June 30, 2012 is as follows:

	Balance <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2012</u>
Capital assets, not being depreciated:				
Land and land rights	\$ 12,258,791	\$ -	\$ -	\$ 12,258,791
Construction in progress	<u>1,480,111</u>	<u>2,054,964</u>	<u>(1,297,557)</u>	<u>2,237,518</u>
 Total capital assets, not being depreciated	 <u>13,738,902</u>	 <u>2,054,964</u>	 <u>(1,297,557)</u>	 <u>14,496,309</u>
 Capital assets, being depreciated:				
Sewer and treatment plant	114,099,854	291,306	(57,305)	114,333,855
Compost plant and farm	62,195,420	1,006,251	-	63,201,671
Recycled water system	<u>31,676,544</u>	<u>-</u>	<u>-</u>	<u>31,676,544</u>
 Total capital assets, being depreciated	 <u>207,971,818</u>	 <u>1,297,557</u>	 <u>(57,305)</u>	 <u>209,212,070</u>
 Less accumulated depreciation for:				
Sewer and treatment plant	(63,268,747)	(3,347,284)	45,793	(66,570,238)
Compost plant and farm	(37,143,997)	(2,161,622)	-	(39,305,619)
Recycled water system	<u>(14,843,221)</u>	<u>(845,440)</u>	<u>-</u>	<u>(15,688,661)</u>
 Total accumulated depreciation	 <u>(115,255,965)</u>	 <u>(6,354,346)</u>	 <u>45,793</u>	 <u>(121,564,518)</u>
 Total capital assets, being depreciated, net	 <u>92,715,853</u>	 <u>(5,056,789)</u>	 <u>(11,512)</u>	 <u>87,647,552</u>
 Total capital assets, net	 <u>\$ 106,454,755</u>	 <u>\$ (3,001,825)</u>	 <u>\$ (1,309,069)</u>	 <u>\$ 102,143,861</u>

Depreciation expense for depreciable capital assets was \$6,354,346 for the year ended June 30, 2012.

See independent auditors' report.

ITEM 4A

LAS VIRGENES-TRIUNFO JOINT POWERS AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012 and 2011

3. CAPITAL ASSETS (CONTINUED):

Changes in capital assets for the year ended June 30, 2011 is as follows:

	Balance <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2011</u>
Capital assets, not being depreciated:				
Land and land rights	\$ 12,258,791	\$ -	\$ -	\$ 12,258,791
Construction in progress	<u>2,541,128</u>	<u>4,332,148</u>	<u>(5,393,165)</u>	<u>1,480,111</u>
Total capital assets, not being depreciated	<u>14,799,919</u>	<u>4,332,148</u>	<u>(5,393,165)</u>	<u>13,738,902</u>
Capital assets, being depreciated:				
Sewer and treatment plant	113,884,939	227,065	(12,150)	114,099,854
Compost plant and farm	62,065,359	130,061	-	62,195,420
Recycled water system	<u>26,640,505</u>	<u>5,036,039</u>	<u>-</u>	<u>31,676,544</u>
Total capital assets, being depreciated	<u>202,590,803</u>	<u>5,393,165</u>	<u>(12,150)</u>	<u>207,971,818</u>
Less accumulated depreciation for:				
Sewer and treatment plant	(59,851,247)	(3,425,311)	7,810	(63,268,748)
Compost plant and farm	(35,007,231)	(2,136,766)	-	(37,143,997)
Recycled water system	<u>(14,039,552)</u>	<u>(803,668)</u>	<u>-</u>	<u>(14,843,220)</u>
Total accumulated depreciation	<u>(108,898,030)</u>	<u>(6,365,745)</u>	<u>7,810</u>	<u>(115,255,965)</u>
Total capital assets, being depreciated, net	<u>93,692,773</u>	<u>(972,580)</u>	<u>(4,340)</u>	<u>92,715,853</u>
Total capital assets, net	<u>\$ 108,492,692</u>	<u>\$ 3,359,568</u>	<u>\$ (5,397,505)</u>	<u>\$ 106,454,755</u>

Depreciation expense for depreciable capital assets was \$6,365,745 for the year ended June 30, 2011.

See independent auditors' report.

ITEM 4A

LAS VIRGENES-TRIUNFO JOINT POWERS AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012 and 2011

4. RISK MANAGEMENT:

The JPA is covered under the Las Virgenes Municipal Water District's insurance policies. The LVMWD retained American Alternative Insurance Corporation, a member of the American Re Group of Companies, for general liability, property, auto and physical damage. The coverage for the general liability provided for \$11 million per occurrence and \$13 million for the aggregate, with a \$10,000 deductible per occurrence. The coverage for the property provided for \$60 million per occurrence with a deductible of \$10,000 per occurrence.

During the past three fiscal (claims) years, none of the above programs of protection have had settlement or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability cover from coverage in the prior year.

5. COMMITMENTS AND CONTINGENCIES:

a. Lawsuits:

The JPA is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the JPA's legal counsel and the JPA's management that resolution of these matters will not have a material adverse effect on the financial condition of the JPA.

b. Contract Commitments:

The JPA had outstanding contract commitments of \$1,051,764 and \$1,433,504 for the years ended June 30, 2012 and 2011, respectively.

As of June 30, 2012, in the opinion of the JPA's management, there were no additional outstanding matters that would have a significant effect on the financial position of the JPA.

SUPPLEMENTAL SCHEDULE

LAS VIRGENES-TRIUNFO JOINT POWERS AUTHORITY

SUPPLEMENTAL SCHEDULE OF CHANGES IN
PARTICIPANTS' ADVANCE ACCOUNTS

For the year ended June 30, 2012
(with comparative totals for the year ended June 30, 2011)

	Construction Funds	
	Tapia Plant and Trunk Sewers	
	Las Virgenes Municipal Water District	Triunfo Sanitation District
DUE TO (FROM) PARTICIPANTS - BEGINNING OF YEAR	\$ 1,513,137	\$ 395,436
Advance from participants	-	-
Interfund activities with participants	-	-
Constructions costs allocated	(38,976)	(16,231)
Grant income	-	-
Other miscellaneous income	-	-
Billings to participants for operating expenses	-	-
Billings to participants from replacement fund interest income	-	-
Interest income to participants	5,043	2,217
Recycled water billings to Triunfo Sanitation District	-	-
DUE TO (FROM) PARTICIPANTS - END OF YEAR	<u>\$ 1,479,204</u>	<u>\$ 381,422</u>

See independent auditors' report.

Operating Funds					
Operations and Maintenance		Replacement of Capital Assets		Total	
Las Virgenes Municipal Water District	Triunfo Sanitation District	Las Virgenes Municipal Water District	Triunfo Sanitation District	2012	2011
\$ 2,319,847	\$ 1,061,710	\$ (139,351)	\$ 653,540	\$ 5,804,319	\$ 6,269,227
7,976,098	3,766,014	1,936,574	204,716	13,883,402	15,275,857
-	686,029	-	-	686,029	387,888
-	-	(1,411,829)	(587,929)	(2,054,965)	(4,332,149)
-	-	-	-	-	1,879,173
-	-	-	-	-	12,198
(7,976,098)	(3,766,014)	-	-	(11,742,112)	(13,312,526)
-	-	1,883	(192)	1,691	11,145
-	-	-	-	7,260	1,394
-	(686,029)	-	-	(686,029)	(387,888)
<u>\$ 2,319,847</u>	<u>\$ 1,061,710</u>	<u>\$ 387,277</u>	<u>\$ 270,135</u>	<u>\$ 5,899,595</u>	<u>\$ 5,804,319</u>

**LAS VIRGENES - TRIUNFO
JOINT POWERS AUTHORITY
MINUTES**

5:00 PM

December 10, 2012

PLEDGE OF ALLEGIANCE

At the request of Chair Renger, the Pledge of Allegiance to the Flag was led by Director Steinhardt.

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 Chair Renger in the Las Virgenes Municipal Water District offices. Clerk of the Board Conklin called the roll. Those answering present were Directors Bowman, Caspary, Iceland, McReynolds, Orkney, Paule, Renger, Steinhardt and Wall. Directors absent: Peterson.

2. APPROVAL OF AGENDA**A** Approval of agenda

On a motion by Director Janna Orkney, seconded by Director Steven Iceland, the Board of Directors voted 9-0 -1 to Approve the JPA Special Board Meeting agenda of December 10, 2012, as presented.

AYES: Director(s) Bowman , Caspary , Iceland , McReynolds , Orkney , Paule , Renger , Steinhardt , Wall

ABSENT: Director(s) Peterson

3. PUBLIC COMMENTS

Members of the public may now address the Board of Directors **ON MATTERS NOT APPEARING ON THE AGENDA**, but within the jurisdiction of the Board. No action shall be taken on any matter not appearing on the agenda unless authorized by Subdivision (b) of Government Code Section 54954.2

No speaker cards were received from the public.

4. ILLUSTRATIVE AND/OR VERBAL PRESENTATION AGENDA ITEMS**A** Presentation to John R. Mundy

Triunfo Sanitation District Chair, Janna Orkney, presented Las Virgenes Municipal Water District General Manager, John Mundy with an acrylic award in recognition of his sixteen years of dedicated service to the Las Virgenes - Triunfo Joint Powers Authority.

5. CONSENT CALENDAR

ITEM 5A

A Minutes: Regular Meeting of November 5, 2012 and December 3, 2012. Approve

On a motion by Director Michael McReynolds, seconded by Director Charles Caspary, the Board of Directors voted 9-0 -1 to Approve the recommendation as presented.

AYES: Director(s) Bowman , Caspary , Iceland , McReynolds , Orkney , Paule , Renger , Steinhardt , Wall

ABSENT: Director(s) Peterson

6. ACTION ITEMS**A Future Joint Powers Authority Regular Meeting Date**

The Governing Board of the JPA to confirm a quorum of its members for the Regular Board Meeting of Monday, January 7, 2013 at Oak Park Library, or direct the Administering Agent General Manager to cancel said meeting, or schedule a special meeting to be held on an alternative date.

Administering Agent General Manager Mundy requested confirmation of the next JPA Regular Board Meeting date and location.

The nine JPA Board Members present confirmed their availability for the next regular meeting to be held on Monday, January 7, 2013 at Oak Park Library.

B Joint Powers Authority Quarterly Financial Report at September 30, 2012

Receive and file.

Las Virgenes Director of Finance and Administration Hicks discussed the one time catch up payment under the MWD Incentive Program for recycled water and stated the Southern California Edison billing issue related to Tapia was still being clarified.

A summary of JPA Board comments and responses included: McReynolds: first sentence of memo should say "lower" versus "higher", Page 2 - \$91,203 will be over budget (Finance Manager Lillio stated that staff has been working on projects centered on sewer, but this number will even out over the fiscal year); Iceland: Page 5 - \$65,701 (Mundy, staff work is centered on farm operations, but this number will even out over the fiscal year), Page 6 - 10457 Tapia Alternative Disinfection Study (Mundy: account is for the actual project to study alternative disinfection), Page 7 - 10515 Sanitation Master Plan Update (Mundy: \$62,500 is the correct number), Integrated Master Plan is not listed (Mundy: when the budget was put together Las Virgenes didn't plan for an Integrated Master Plan and Las Virgenes Director of Facilities and Operations Lippman commented the Integrated Master Plan costs will be split between potable, sanitation and recycled); Caspary: 10499 - grit cyclone, is this an element of the master plan (Lippman: the grit cyclone project is at Tapia and will change the process from wheelbarrows to a conveyor); Paule: if SCE goes back to March 2012 does the audit need to be modified (Hicks, no as the expense was accounted for during the audit), is audit done (Hicks, yes, the auditor was not available on December 10th, but will be here on January 7th).

On a motion by Director Lee Renger, seconded by Director Michael Paule, the Board of Directors voted 9-0 -1 to Approve the recommendation as presented.

AYES: Director(s) Bowman , Caspary , Iceland , McReynolds , Orkney , Paule , Renger , Steinhardt , Wall

ABSENT: Director(s) Peterson

C Rancho Cogen Assignments and Amendment to Agreement for Energy Recovery Services

ITEM 5A

Approve the Assignment and authorize the Administering Agent/General Manager to execute the Consent to Assignment of the Lease and Agreement; approve the Assignment and authorize the Administering Agent/General Manager to execute the Consent to Assignment of the Agreement for Energy Recovery Services; and approve the Amendment to Agreement for Energy Recovery Services.

Administering Agent General Manager Mundy stated there was no effect on the operation just a new company.

A summary of JPA Board comments and responses included: Renger: does assignee have a good reputation (Mundy stated Tom Moore, President and Managing Member of CHP Clean Energy was present and could respond to questions, Mr. Moore stated CHPCE is working with City of Thousand Oaks); Paule: when will this be operable (Moore: now and CHPCE will be investing an additional \$300,000 to in the process in order to improve reliability); Orkney: where is company located (Moore: Boston, Massachusetts, but all of the plants are located in California); Caspary: is Item 4 disruption of digester gas delivery related to the third digester (Lippman: correct, due to loss of methane); Renger: third digester heating system (Lippman: all heating systems will be upgraded during the project); Caspary: methane (Water Reclamation Manager Dingman: 50%); Renger: internal combustion engine (Lippman: one generator).

Chair Renger directed Mr. Lippman to check into using ultrasound to produce more gas as explained in the 2002 Biosolids Master Plan.

On a motion by Director Charles Caspary, seconded by Director Janna Orkney, the Board of Directors voted 9-0 -1 to Approve the recommendations as presented.

AYES: Director(s) Bowman , Caspary , Iceland , McReynolds , Orkney , Paule , Renger , Steinhardt , Wall

ABSENT: Director(s) Peterson

D Recycled Water and Sanitation Master Plan Update 2012: Award of Contract

Approve the proposal from Kennedy/Jenks Consultants to prepare the sanitation master plan update in the amount of \$45,970.00; approve the proposal to prepare the recycled water master plan in the amount of \$62,298.00; approve the proposal to prepare the integrated master plan in the amount of \$10,963.80.

Administering Agent General Manager Mundy stated Triunfo District Manager Mark Norris had participated in the review of proposals and also in the interview process, we don't know what Regional Board will ask for during the 2015 NPDES permit renewal, Las Virgenes approved the potable master plan on November 27th, and we will look at recycled systems in both Los Angeles and Ventura counties.

A summary of JPA Board comments and responses included: Orkney: explain integrated plan (Lippman: all master plans work together, potable is used to supplement recycled, sanitation creates recycled), Page 17 - Task 2.7 Conduct Recycled Water Workshop Sessions, include Calleguas is the process (staff noted request), what is ET (Lippman: evapotranspiration is the sum of evaporation (movement of water to the air from soil) and transpiration (movement of water within plants and subsequent loss of water through vapor)); Steinhardt: still does not understand request for proposals Kennedy Jenks-HDR versus Carollo (Mundy: we expect consultant to be creative with master plan process and propose upgrades we may not have thought of, the law does not require acceptance of low bids on master plan projects and Lippman: \$50,000 extra was for potable master plan, which was approved by the Las Virgenes Board on November 27th, the recycled master plan proposals were virtually the same cost); McReynolds: on recycled side with reservoir built (Lippman: analysis will include with recycled

water storage and without recycled water storage); Orkney: Kennedy Jenks' proposal seems far superior, but should we be using the same consultants all the time (Lippman: Carollo has worked on studies for both the JPA and Las Virgenes).

On a motion by Director Lee Renger, seconded by Director Steven Iceland, the Board of Directors voted 9-0 -1 to Approve the recommendations as presented.

AYES: Director(s) Bowman , Caspary , Iceland , McReynolds , Orkney , Paule , Renger , Steinhardt , Wall

ABSENT: Director(s) Peterson

7. BOARD COMMENTS

Director Bowman: referenced an LA Times letter to the editor from Greg Kester of CASA in response to their article from November 25, 2012, which was slanted against land application of biosolids; disagrees unless water table is affected; to Director Orkney he would like to clarify what is the best opportunity to save money when the environment is important, there needs to be a balance between cost and environment. Director Caspary: remind JPA Board of the Regional Board meeting on December 6th in Simi (discussing Ventura River TMDL for algae), which was attended by two Las Virgenes staff members (TMDL was adopted) and stated he was looking forward to a staff report on the subject; and thanked Director Bowman for his service on the CASA federal affairs committee. Director McReynolds thanked Mr. Mundy for the last four years and for his dedication, and stated Director Bowman should be proud of the work he has done on the JPA Board. Director Paule thanked Director Bowman for the work he has done the last four years and for his service and knowledge. Director Orkney dittos Director Paule's comments and enjoys Director Bowman's input. Director Iceland dittos comments made in regards to Mr. Mundy and Director Bowman and appreciates their historical prospectives and for getting new board members up to speed, and commented to Director Orkney that the Tapia entrance sign had been modified to read Triunfo Sanitation District.

8. FUTURE AGENDA ITEMS

None.

Mr. Mundy stated a report would be given on January 7, 2013 in regards to the Ventura River TMDL adoption on December 6, 2012, EPA is looking at macroinvertebrates TMDL for Malibu Creek and what it could mean for the JPA.

9. INFORMATION ITEMS

A JPA Compost Operation Information

Director of Facilities and Operations Lippman gave a presentation, which discussed and addressed the questions of how much money is saved by hauling (Orkney: ceiling/roof and other repairs (Lippman: not included as the costs are part of the Capital Improvement Plan), Steinhardt: regardless of hauling, building maintenance still needs to be done (Lippman: yes), if we get rid of composting we may not be able to get permitted again (Lippman: yes, we would have to apply for a new permit), Paule: report helped clarify questions); what is the added cost per customer for composting (Paule: incremental cost (Lippman: yes)); what does the SCAP survey (2010) tell us; and how much money was saved during the shut-down (Lippman: not much money was saved, we didn't pay for amendment, but we did pay for hauling and both costs were similar).

A summary of JPA Board questions and responses included: Renger: Cucamonga facility uses large pieces of amendment (Lippman: we haven't completed studying this yet); McReynolds: \$10.7 million from Tab 7 "June 2011 Net Present Worth Analysis" (Lippman: part of Page 3 of

19 within tab 7), he doesn't have that page (Lippman said a different copying company was used and it appears some of the reports are incomplete, return reports to staff for verification and corrections); Caspary: cost of amendment is high, will master plan look at this (Lippman: the JPA Board asked to look at this, so in January 2013 staff will show two bids), requested options be looked as part of the master plan; Orkney: hauling to Toland (Lippman: yes, information assumes Toland); McReynolds: didn't see long term sustainability, how long of a contract, can we get 15-years with a renewal (Lippman: we need to take care as an example the recent situation with EnerTech Environmental), and how many locations can we haul to (Lippman: we haven't looked at how many yet), Caspary: we need to have three viable options.

- B** Rancho Las Virgenes Design of a Third Digester: Approval of Plans and Specifications and Call for Bids
- C** Rehabilitation of 18-inch Recycled Water Pipeline from Tapia State Park to Camp David Gonzalez: Approval of Plans and Specifications and Call for Bids

10. CLOSED SESSION

The meeting adjourned into Closed Session at 6:16 p.m.

- A** Conference with District Counsel - Existing Litigation (Government Code Section 54956.9 (a)):Las Virgenes Municipal Water District vs. Onsite Power Systems, Inc.

11. ADJOURNMENT

The meeting reconvened into Open Session at 6:26 p.m.

The Chair declared the meeting adjourned at 6:27 p.m.

Lee Renger, Chair

ATTEST:

Janna Orkney, Vice Chair

January 7, 2013 JPA Board Meeting

TO: JPA Board of Directors

FROM: Facilities & Operations

Subject: Los Angeles County Clean Water, Clean Beaches Measure

SUMMARY:

The Los Angeles County Flood Control District is proposing to adopt a Clean Water, Clean Beaches Measure, which would establish an annual fee to pay for clean water programs. The measure does not earmark funds for specific projects and programs, but establishes criteria for use of the funds allowing local jurisdictions determine how to best use the funds to achieve water quality benefits. Forty percent of revenues collected will be allocated to the cities or County of Los Angeles for unincorporated areas in which they are collected, fifty percent of the revenues collected will be allocated to watershed authority groups within the watersheds they are collected and ten percent of the revenues will go to the County of Los Angeles. Approval of the proposed fee is two-step process, first a public hearing than an election. The public hearing is scheduled for January 15, 2013. Written protests to the fee can be filed up to the close of the public hearing.

RECOMMENDATION(S):

Provide staff direction on the Los Angeles County Clean Water, Clean Beaches Measure pertaining to JPA proprieties.

FINANCIAL IMPACT:

The 32 JPA parcels will be assessed a total of \$5,810, based on capacity rights the cost to Las Virgenes MWD is \$4,125 and to Triunfo Sanitation District \$1,685.

DISCUSSION:

The Clean Water, Clean Beaches Measure is intended to provide revenue for projects and programs that will improve water quality in rivers, creeks, lakes and coastal waters. The focus is to reduce pollutants such as trash, toxic metals and harmful bacteria in storm water runoff. The value of the assessment is based on parcel size and impervious area. The impervious area is determined by land use. A 25% reduction in the fee is possible if the parcel utilized storm water management measures. Forty percent of revenues collected will be allocated to the cities or County of Los Angeles for unincorporated areas in which they are collected, fifty percent of the revenues collected will be allocated to watershed authority groups within the watersheds they are collected and ten percent of the revenues will go to the County of Los Angeles. The JPA parcels will fall into the Santa Monica Bay watershed authority group. All Municipalities that are located within a watershed area are eligible to be a member of a watershed authority. The Board of Supervisors will also select two public agencies to serve as non-municipal members. The public agencies will be a public water supplier, wastewater or replenishment agency with experience in storm water capture and/or water reuse.

Attached is a copy of a typical notice, the draft ordinance and draft program elements.

Prepared By: David R Lippman, Director of Facilities & Operations

ATTACHMENTS:

[Clean Water Clean Beaches Program Elements](#)

[Clean Water Clean Beaches Draft Ordinance](#)

[Notice of Public Hearing](#)

PROGRAM ELEMENTS FOR THE
LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
WATER QUALITY IMPROVEMENT PROGRAM

I. Introduction: Purpose and Intent of the Program

If approved in a property-owner election held in accordance with Article XIID of the California Constitution, a fee (hereafter "Water Quality Fee") will be imposed upon parcels within the Los Angeles County Flood Control District ("District").

The Water Quality Fee will provide a portion of the funding for the Los Angeles County Flood Control District Water Quality Improvement Program ("The Program"), which is authorized pursuant to section 2, subsection 8c, of the Los Angeles County Flood Control Act (Chapter 755 of the Statutes of 1915 and subsequent amendments). The purpose of the Program is to provide funding for Municipalities and, Watershed Authority Groups (as defined below), as well as the District to initiate, plan, design, construct, implement, operate, and maintain surface water quality projects and services to improve surface water quality, protect sources of drinking water supplies from contamination, and reduce stormwater and urban runoff pollution in the District. It is also the intent of the Program to encourage the design of water quality projects to achieve multiple benefits and incorporate sustainable solutions.

Specifically, water quality projects that provide multiple benefits are desirable and to be encouraged, where feasible, such as protecting and enhancing available drinking water supply via water conservation/reuse efforts such as rainwater harvesting and groundwater recharge; providing flood protection and control; protecting public health and safety; protecting open space and natural areas; providing places for recreation, such as parks or ball fields; creating, restoring, or improving wetlands, riparian, and coastal habitats; and providing other public benefits. While the Program encourages projects that provide multiple benefits, as described above, the Los Angeles County Flood Control Act requires that revenues from the Water Quality Fee only be used for water quality benefits.

This document sets forth a summary of the key program elements intended for the Los Angeles County Flood Control District Water Quality Improvement Program to implement the authority provided by Assembly Bill 2554 (2010). If imposition of the fee is approved by the voters, adoption of an implementing ordinance and an Implementation Manual by the Board of Supervisors as the governing body of the District would be required.

II. Definitions

"Impervious area" means impermeable surfaces, such as pavement or rooftops, which prevent the infiltration of stormwater and urban runoff into the ground.

"Municipal projects" means water quality projects carried out by Municipalities and financed in whole or in part with Water Quality Fee revenues allocated to the Municipalities. "Municipal projects" also has the meaning set forth in Paragraph III(D)(1)(i), but only for the purpose of applying the \$2 million threshold for municipal projects that is described in that section.

"Municipality" means a city or the collective unincorporated areas within the boundaries of the District.

"Public Schools Clean Water Program" means a program that will be implemented by Watershed Authority Groups in accordance with procedures developed by the District, for using a portion of the revenues from the Water Quality Fee allocated to Watershed Authority Groups to fund water quality curriculum and regional capital improvements providing water quality benefits at public schools within each watershed.

"Regional projects" means water quality projects of regional significance that are carried out by Watershed Authority Groups and financed in whole or in part with Water Quality Fee revenues, and that affect a combined tributary area exceeding one hundred (100) acres of land, address pollutant loads from more than one Municipality, or are part of a plan that treats an entire reach of a river or subwatershed. Regional projects are to be developed in collaboration with Municipalities and stakeholders, taking into account factors such as the collective impact of a variety of pollutant sources and planning for the entire watershed area rather than individual local areas.

"Stakeholder" means a person, citizens group, homeowner or other property-owner group, business group, nongovernmental organization, environmental group, academic institution, neighborhood council, town council or other similar community group, water resources agency such as groundwater pumper or manager, private or public water agency, or other interested party that has a direct or indirect stake in the Program because the party can affect or be affected by the actions, objectives, and policies of one or more Municipal or Regional Projects.

"Stormwater" means water that originates from atmospheric moisture (rainfall or snowmelt) and falls onto land, water, and/or other surfaces within the District.

"Surface water" means water that flows or collects on the surface of the ground.

"Urban runoff" means surface water flow that may contain but is not composed entirely of stormwater, such as flow from residential, commercial, or industrial activities.

"Water quality benefit" means any activity that contributes to the improvement of surface water quality.

"Water quality project" means a project or program that includes a water quality benefit.

"Water Quality Improvement Plan (WQIP)" means a plan prepared by a Watershed Authority Group for the watershed area it represents and approved by the Board of Supervisors, which identifies pollutants, establishes targets for improvement, and identifies and prioritizes regional projects for planning, design and implementation within the ensuing five (5) years, in accordance with procedures and requirements set forth in the Implementation Manual.

"Watershed Area" means one of the nine (9) geographic areas identified in Section 2 of the Los Angeles Flood Control Act, subsection 8b(C), as described on maps prepared and maintained by the Chief Engineer based upon the Chief Engineer's determination of the hydrologic topographies of the watersheds.

"Watershed Authority Group" or "WAG" means a group formed in accordance with the Joint Exercise of Powers Act, Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code, consisting of Municipalities and other public agencies within each of nine watershed area.

III. Program Elements

A. Distribution of the Water Quality Fee Revenues

1. Allocation of Fee Revenues Among the District, Municipalities, and Watershed Authority Groups

The revenues from the Water Quality Fee will be allocated and used, subject to the requirements of the Program, as follows:

- a. Ten percent (10%) will be allocated to the District to be used for implementation and administration of water quality projects, as determined by the District, including activities such as planning, water quality monitoring, and any other related activities, and for payment of the costs incurred in connection with the levy and collection of the Water Quality Fee and distribution of the funds generated by imposition of the Water Quality Fee, and any other related activities associated with administering the Program.
- b. Forty percent (40%) will be allocated to the Municipalities, in the same proportion as the amount of the Water Quality Fee collected within each Municipality, to be expended by the Municipalities within the Municipalities' respective jurisdictions for eligible municipal projects and other eligible water quality measures as defined in Paragraph III(B)(4). Any Municipality may assign some or all of its allocation of the Water Quality Fee to the Watershed Authority Group for

any watershed area(s) in which the Municipality is located for funding regional projects located in whole or in part within the jurisdiction of the Municipality.

- c. Fifty percent (50%) will be allocated to the nine (9) Watershed Authority Groups in the same proportion as the amount of the Water Quality Fee collected within the watershed area of each Watershed Authority Group, to be expended by the Watershed Authority Groups to prepare Water Quality Improvement Programs ("WQIPs") and carry out regional projects within that watershed area through a collaborative process that includes input from stakeholders within their watershed areas as provided in the Implementation Manual. The implementation of a WQIP by a Watershed Authority Group will be required to have the consent of any Municipality member of a Watershed Authority Group whose jurisdiction comprises more than forty percent (40%) of the total land area in the applicable watershed area.

2. Agreements for Transfer of Proceeds of the Water Quality Fee.

Prior to its receipt of any Water Quality Fee revenues, a Municipality or Watershed Authority Group must enter into an agreement with the District to provide for the transfer and use of Water Quality Fee revenues. The transfer of proceeds agreement is designed to carry out the requirements of the Program and other laws governing the Water Quality Fee. A form agreement will be prepared by the Chief Engineer in collaboration with Municipalities and Watershed Authority Groups and approved by the Los Angeles County Flood Control District Board of Supervisors ("Board of Supervisors"), to include:

- a. Requirement for compliance with the terms of the Program.
- b. Provisions as necessary to provide clarity and accountability in the use of Water Quality Fee revenues.
- c. For agreements with Watershed Authority Groups, provisions for empanelling local and regional stakeholders ("Stakeholder Advisory Panels") to provide input to Watershed Authority Groups on proposed regional projects funded by the Water Quality Fee.
- d. For agreements with Municipalities, provisions to ensure a balanced variety of stakeholder engagement in the project selection process.

- e. Guidelines for monitoring, reporting, and auditing water quality projects.
- f. Provisions for management of interest funds, debt, liability and obligations.
- g. Provisions for indemnification of the District.

If a Municipality has not executed the transfer of proceeds agreement by the end of any fiscal year in which the Water Quality Fee revenues are collected, then the Municipality's share of the revenues for that fiscal year would be reallocated to the Watershed Authority Group(s) in which the municipality is located, in proportion to the revenues collected in each Watershed Authority Group's watershed area, for funding regional projects located within the jurisdiction of the municipality.

If a Watershed Authority Group has not executed the transfer of proceeds agreement by the end of any fiscal year in which the Water Quality Fee revenues are collected, then the Watershed Authority Group's share of the revenues for that fiscal year will, at the discretion of the District, either be transferred to the District for its use in implementing water quality projects in the same watershed area from which the revenues were collected or be returned to the parcel owners, except that revenues collected in the first year will not be transferred to the District or returned to the parcel owners until the end of the following fiscal year.

Notwithstanding the foregoing, the Chief Engineer of the District or his/her authorized deputy, agent, or representative ("Chief Engineer"), may extend the time in which a Municipality or a Watershed Authority Group must have executed the transfer of proceeds agreement in order to receive its share of the revenues from the Water Quality Fee.

B. Program Goals and Requirements Regarding Uses of Revenues from the Water Quality Fee

1. Required Water Quality Project Criteria.

- a. All water quality projects funded in whole or in part with Water Quality Fee revenues will be required to comply with the following criteria:
 - (1) That the water quality project demonstrates the ability to provide and sustain long-term water quality benefits.

- (2) That the water quality project is based on generally accepted scientific and engineering principles and the best available information.
 - (3) Pursuant to the Los Angeles County Flood Control Act, only the costs of the water quality benefit(s) provided by a water quality project can be funded with revenues from the Water Quality Fee. Other costs of water quality projects are not eligible to be funded with revenues from the Water Quality Fee except insofar as these costs are incidental to a water quality benefit provided by the project.
- b. All regional projects funded under this chapter are required to be included in an approved WQIP that is prepared in accordance with the Implementation Manual.

2. Water Quality Project Goals.

In determining the water quality projects to be funded with revenues from the Water Quality Fee, Municipalities, Watershed Authority Groups, and the District will be required to consider, where applicable, the following water quality project goals:

- a. That the water quality project be designed and located to maximize the water quality benefits, such as through the use of distributed Best Management Practices (BMPs) (i.e., BMPs that are distributed throughout a watershed and are generally located close to pollutant sources).
- b. That the water quality project not conflict with the Basin Plan adopted by the California Regional Water Quality Control Board for the Los Angeles Region, applicable MS4 Permit, or other related regulatory programs.
- c. That the water quality project be coordinated with and incorporated into a State approved Integrated Regional Water Management Plan, and other regional water quality-focused and related planning efforts for the watershed area.
- d. That the water quality project be coordinated with other water quality projects implemented pursuant to the Program.
- e. That the water quality project contribute to achievement of the water quality elements of plans to restore or revitalize rivers, lakes, creeks, streams, ponds, channels, bays, beaches, and coastal waters within the District, such as the Los Angeles River Revitalization Plan, the Los Angeles River

Master Plan, the Sun Valley Watershed Management Plan, and the San Gabriel River Master Plan.

- f. That the water quality project maximize the effective use of Water Quality Fee revenues by leveraging other private, local, State, and Federal funds for water quality and other project elements.
- h. That the water quality project promotes the creation of green jobs.
- g. That the water quality project be designed to directly contribute to or support through public education, monitoring and other programs, management of stormwater and urban runoff to achieve multiple benefits and sustainable solutions and allow for maximum beneficial use of water resources including:
 - (1) Protecting and enhancing available sources of drinking water supply via water conservation/reuse efforts such as rainwater harvesting, groundwater recharge, and pretreatment recharge.
 - (2) Protecting drinking water from contamination.
 - (3) Flood protection and control.
 - (4) Protection of public health and safety.
 - (5) Protection of open space and natural areas.
 - (6) Providing places for recreation, such as parks or ball fields.
 - (7) Creating, restoring, or improving wetlands, riparian, and coastal habitats.
 - (8) Other public benefits.

3. Implementation of the Program.

The Chief Engineer will develop an Implementation Manual setting forth policies, guidelines, procedures, standards, or requirements to implement the Program, including the Public Schools Clean Water Program, subject to approval by the Board of Supervisors. Evaluation procedures for selection of water quality projects by Watershed Authority Groups will be developed in collaboration with Watershed Authority Groups, Municipalities, and stakeholders.

4. Eligible Expenditures.

Pursuant to the Los Angeles County Flood Control Act, Water Quality Fee revenues may only be used to fund the costs of the water quality benefit(s) provided by a water quality project. Other costs of water quality projects are not eligible to be funded with revenues from the Water Quality Fee except insofar as those costs are incidental to a water quality benefit provided by the project.

Expenditures eligible for use with Water Quality Fee revenues will include, but not be limited to, the following:

- a. Planning, design, construction, implementation, operation and maintenance, and monitoring of water quality projects by Watershed Authority Groups, Municipalities, the District, and their contractors, including consultants, government agencies, and NGOs.
- b. Preparation of WQIPs by Watershed Authority Groups, including research and data development.
- c. Studies, investigations, computer modeling, and monitoring related to pollutants and pollutant loading in water bodies.
- d. The cost of adding a water quality element to a project built for another purpose.
- e. Preparing environmental documents and obtaining permits necessary to implement eligible water quality projects.
- f. Applying for and complying with regulatory permits issued by the Regional Board or State Water Resources Control Board, including MS4 permits.
- g. Joint water quality projects with adjoining Watershed Authority Groups, Municipalities, or the District with recognized mutual benefit.
- h. Investigation, defense, litigation, settlement and payment of any judgments for claims and liability associated with obligations for the design and implementation of eligible water quality projects.
- i. Operation and maintenance activities, and where applicable, upgrade and replacement of existing facilities providing

water quality benefits that meet the requirements of the Program.

- j. Debt service and debt issuance costs should the District, a Municipality, or a Watershed Authority Group determine that bonds are prudent and necessary to implement the Program.
- k. Cost/benefit analyses and other evaluation of the relative beneficial and adverse aspects and costs of the water quality benefit.
- l. Administrative costs. Watershed Authority Group and Municipality administrative costs are limited to ten percent (10%) of the annual Water Quality Fee revenues allocated to that entity in a fiscal year. "Administrative costs" means all administrative costs of a Watershed Authority Group, a Municipality, or the District in connection with the Program, including salary costs for executive officers and managers, clerical support, organizational legal support, payroll and personnel support, and accounting staff, including all applicable employee benefits, overhead costs, and services and supplies. It also includes depreciation costs applicable to fixed assets and all costs associated with consulting and the performance of regular audits.
- m. Educational and outreach programs designed to enlist the public in reducing pollution in stormwater and urban runoff.
- n. Water quality projects at public schools including infrastructure improvements and curriculum.
- o. Real property acquisition, leases, and easements necessary to carry out water quality projects.
- p. Local incentive programs as described in Paragraph III(H)(4) below.
- q. Municipalities' participation in a Watershed Authority Group.
- r. Compensation paid to members of Stakeholder Advisory Panels pursuant to Paragraph III(C)(5)(d).

5. Ineligible Expenditures.

Below are examples of ineligible expenditures or uses of Water Quality Fee revenues:

- a. Non-water quality components of water quality projects except insofar as these components are incidental to the water quality benefit.
- b. Expenditures incurred prior to the effective date of the ordinance that the Board is required to adopt to establish criteria for implementation of the Water Quality Fee.
- c. Payment of fines imposed by the Regional Board or other regulatory agency unrelated to eligible water quality projects.
- d. Expenditures related to the investigation, defense, litigation, or judgment associated with any regulatory permit violation, notices of violations, or noncompliance regulations brought forth by any State, Federal, or local regulatory agency, or a third party unrelated to eligible water quality projects.
- e. Expenditures by a Municipality or Watershed Authority Group for the investigation or litigation of any claim or action against the District, County, or their officers, employees or agents alleging improper allocation, withholding or reassignment of Water Quality Fee revenues.
- f. Payment of the Water Quality Fee on behalf of any parcel owner, including parcels owned by Municipalities that are subject to the Water Quality Fee.

C. Watershed Authority Group Formation, Governance, and Project Planning and Selection Procedures

1. Formation of Watershed Authority Groups.

A Watershed Authority Group will be established for each of the following nine (9) watershed areas within the boundaries of the District: Ballona Creek, Dominguez Channel, Upper Los Angeles River, Lower Los Angeles River, Rio Hondo River, Upper San Gabriel River, Lower San Gabriel River, Santa Clara River, and Santa Monica Bay. Each Watershed Authority Group will be formed in accordance with the Joint Exercise of Powers Act, Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code and must be approved by the District and comply with the requirements of the Program for a Watershed Authority Group. A joint powers authority ("JPA") must be approved by the District as the Watershed Authority Group for a watershed area in order to be eligible to enter into the transfer agreement in accordance with Paragraph III(A)(2) above. The District will provide administrative and technical assistance relating

to the formation of the Watershed Authority Groups including developing a model JPA Agreement.

An existing JPA may act as the Watershed Authority Group for a watershed area if it complies with the requirements for a Watershed Authority Group. The Chief Engineer will develop procedures in the event there is more than one JPA seeking to be the Watershed Authority Group for a watershed area.

At the discretion of the District, a Watershed Authority Group may be ineligible to receive disbursements from the Water Quality Fee unless Municipalities with more than fifty percent (50%), collectively, of the combined land area within the watershed area of the Watershed Authority Group are members of the Watershed Authority Group.

2. Boundaries of Watershed Areas.

Descriptions of the watershed areas are included below. The Chief Engineer will be required to prepare and maintain on file a detailed map(s) setting forth the precise boundaries of the watershed areas based upon the Chief Engineer's determination of the hydrologic topographies of the watersheds.

- a. Ballona Creek Watershed: The Ballona Creek Watershed includes the Cities of Beverly Hills, Culver City, West Hollywood, the northerly side of the City of Inglewood, various portions of the City of Los Angeles, and various portions of the unincorporated areas of the County, as depicted on maps in the Office of the Chief Engineer. The jurisdiction of the City of Los Angeles is over forty percent (40%) of the total land area in the Ballona Creek Watershed.
- b. Dominguez Channel Watershed: The Dominguez Channel Watershed includes the Cities of Carson, Gardena, Hawthorne, Lawndale, Lomita, easterly portion of Rancho Palos Verdes, Rolling Hills Estates, westerly portion of Compton, easterly portion of El Segundo, southerly portion of Inglewood, northerly portions of Redondo Beach, westerly portion of Long Beach, Rolling Hills, various portions of the City of Los Angeles, easterly portion of Torrance, and portions of unincorporated areas of the County, as depicted on maps in the Office of the Chief Engineer.
- c. Upper Los Angeles River Watershed: The Upper Los Angeles River Watershed includes the Cities of Burbank, Glendale, La Canada Flintridge, Hidden Hills, San

Fernando, South Pasadena, the westerly portions of Alhambra, easterly portion of Calabasas, Monterey Park, Pasadena, northerly portion of Vernon, various portions of the City of Los Angeles, and various portions of the unincorporated areas of the County, as depicted on maps in the Office of the Chief Engineer. The jurisdiction of the City of Los Angeles is over forty percent (40%) of the total land area in the Upper Los Angeles River Watershed.

- d. Lower Los Angeles River Watershed: The Lower Los Angeles River Watershed includes the Cities of Bell, Bell Gardens, Commerce, Compton, Cudahy, Huntington Park, Lynwood, Maywood, South Gate, portions of Carson, the westerly portions of Downey, westerly portion of Lakewood, Long Beach, Paramount, Pico Rivera, Signal Hill, southerly portions of Montebello, southern portion of Monterey Park, Vernon, portions of the City of Los Angeles, and portions of the unincorporated areas of the County, as depicted on maps in the Office of the Chief Engineer.
- e. Rio Hondo Watershed: The Rio Hondo River Watershed includes the Cities of Arcadia, Monrovia, San Gabriel, San Marino, Sierra Madre, Temple City, El Monte, South El Monte, Industry, Pico Rivera, Montebello, Rosemead, South Pasadena, Whittier, northerly portion of Monterey Park, easterly portions of Alhambra, Pasadena, and various unincorporated areas of the County, as depicted on maps in the Office of the Chief Engineer.
- f. Upper San Gabriel River Watershed: The Upper San Gabriel River Watershed includes the Cities of Azusa, Baldwin Park, Claremont, Covina, Glendora, Industry, La Puente, La Verne, Pomona, San Dimas, Arcadia, Bradbury, La Habra Heights, Pico Rivera, Whittier, Walnut, West Covina, easterly portions of Duarte, El Monte, Irwindale, westerly portion of Diamond Bar, and various unincorporated areas of the County, as depicted on maps in the Office of the Chief Engineer. The jurisdiction of the County is over forty percent (40%) of the total land area in the Upper San Gabriel River Watershed.
- g. Lower San Gabriel River Watershed: The Lower San Gabriel River Watershed includes the Cities of Artesia, Bellflower, Cerritos, Hawaiian Gardens, La Mirada, Lakewood, Norwalk, Santa Fe Springs, Whittier, southern portions of Diamond Bar, easterly portions of Downey, Long Beach, Paramount, Industry, La Habra Heights, Pico Rivera,

Signal Hill, and unincorporated areas of the County, as depicted on maps in the Office of the Chief Engineer.

- h. Santa Clara River Watershed: The Santa Clara River Watershed includes the City of Santa Clarita, and various portions of unincorporated areas of the County and portions of the City of Palmdale, as depicted on maps in the Office of the Chief Engineer. No parcels in the City of Palmdale are subject to the fee. The jurisdiction of the County is over forty percent (40%) of the total land area in the Santa Clara River Watershed.
- i. Santa Monica Bay Watershed: The Santa Monica Bay Watershed includes the Cities of Agoura Hills, Hermosa Beach, Malibu, Santa Monica, Westlake Village, westerly portions of Palos Verdes Estates, central and south-westerly portions of Redondo Beach, southerly portion of Rancho Palos Verdes, westerly portions of Calabasas, El Segundo, Manhattan Beach, southerly portion of the City of Rolling Hills, Rolling Hills Estates, Torrance, portions of the City of Los Angeles, and various portions of unincorporated areas of the County, as depicted on maps in the Office of the Chief Engineer. The jurisdiction of the County is over forty percent (40%) of the total land area in the Santa Monica Bay Watershed.

3. Composition of the Watershed Authority Groups.

All Municipalities that are located within the boundaries of a watershed area and contain parcels that are subject to the Water Quality Fee will be eligible to become members of the Watershed Authority Group for that watershed area. A Municipality that is located in more than one watershed area will be eligible for membership in the Watershed Authority Groups for all watershed areas in which it is located. A Municipality will be able to join a Watershed Authority Group at any time.

For each Watershed Authority Group except the Santa Clara River Watershed Authority Group, the Board of Supervisors will select two (2) public agencies to serve as non-Municipality members. One public agency will be a public water supply, wastewater, or replenishment agency with experience in stormwater capture and/or water reuse for water supply augmentation and the other public agency will be a state conservancy or other public agency with experience identifying and bringing together funding from multiple sources and implementing projects with multiple benefits in the watershed area for the Watershed Authority Group for which

the agency is selected. For the Santa Clara River Watershed Authority Group, the Board of Supervisors will select only one (1) public agency, meeting the requirements of one of the types of public agencies described above, and this agency will be eligible to serve as a member of the Santa Clara River Watershed Authority Group.

4. Governance of the Watershed Authority Groups.

- a. The governing board of each Watershed Authority Group will consist of one representative with demonstrated expertise in water quality from each of its members. The governing body of each member will appoint its representative and one alternate to serve in the absence of the representative.
- b. Each member Municipality will have one seat on the Watershed Authority Group Board and one vote on items of business, except that the adoption of a WQIP or funding of projects identified in the WQIP by a Watershed Authority Group will require the consent of any member Municipality whose jurisdiction comprises more than forty percent (40%) of the total land area within such Watershed Authority Group.
- c. The representatives of the public water supply, wastewater, or replenishment agency and state conservancy or other public agency will each have one seat on the Watershed Authority Group Board and one vote on items of business.
- d. At its first meeting and annually thereafter, the Watershed Authority Group governing board will be required to choose from among its members a chair and vice-chair to serve for one (1) year.
- e. A quorum is required for the governing board of a Watershed Authority Group to take action on any item of business. A quorum will consist of a simple majority of the members, except that a quorum of the governing board of the Santa Clara Watershed Authority Group must include both member Municipalities. If a quorum is present, approval of any item of business requires a simple majority vote of those in attendance; except that the adoption of a WQIP or funding of projects identified in the WQIP by a Watershed Authority Group will require the consent of any member Municipality whose jurisdiction comprises more than forty percent (40%) of the total land area within such Watershed Authority Group.

- f. The governing board of each Watershed Authority Group will determine the frequency, location, and schedule for regular meetings. Meetings will be held quarterly at a minimum. Subject to the requirement of quarterly meetings, a regular meeting may be cancelled if the chair determines that there is no business to be transacted and so notifies the members.
- g. Each Watershed Authority Group is a public body and will be required to comply with open public meeting requirements of the Ralph M. Brown Act (Government Code Sections 54950 – 54963), the Public Records Act (Government Code Section 6200), the Political Reform Act (Government Code Section 87100), and all other laws applicable to such bodies.

5. Duties of the Watershed Authority Groups.

Watershed Authority Groups will have the following duties:

- a. Prepare and adopt a WQIP every three (3) years, or sooner if necessary.
- b. Plan, implement, and maintain regional projects.
- c. Implement the Public School Clean Water Program as developed by the District in accordance with Section III(E)(K).
- d. Create and convene a Stakeholder Advisory Panel in accordance with the transfer agreement provided for in Paragraph III(A)(2) above, including a minimum of three (3) members and a maximum of nine (9) members. Representatives must reflect a balanced variety of stakeholder interests. Watershed Authority Group members may not be Stakeholder Advisory Panel members. Watershed Authority Groups shall compensate Stakeholder Advisory Panel members, unless prohibited by their employers, in the amount of Fifty Dollars (\$50) per meeting attended. If a member is required to travel in the performance of his or her official duties for the Stakeholder Advisory Panel, the Watershed Authority Group shall reimburse such member for his or her necessary travel expenses, including transportation, meals, and lodging.
- e. Establish that the Watershed Authority Group's fiscal year shall begin on July 1 and end on June 30.
- f. Prepare and adopt annually, no later than June 30th, an annual budget for the coming fiscal year. The District will

provide specific directives and guidance for preparation of the budget.

- g. Prepare annually, within twelve (12) months after the end of each fiscal year, an audit report for the prior fiscal year prepared by a certified public accountant. The District will be required to provide specific directives and guidance for preparation of audit reports. Watershed Authority Group governing boards will be required to certify the audit report and confirm that all expenditures met the requirements of the Program.
- h. Submit to the District annually, within thirty (30) days of the annual anniversary of the adoption of its WQIP, a WQIP implementation progress report summarizing the progress made over the preceding twelve (12) month period. The District will provide specific directives and guidance for preparation of the report.
- i. Prepare and maintain a five (5) year schedule for regional projects selected for funding including a budget of each regional project's estimated capital and operating costs, by year, by funding source.
- j. Provide the District additional financial and other information, as required by the District.
- k. Help identify project partners and additional sources of funding to augment Water Quality Fee revenues for water quality projects.

6. Duties of the Stakeholder Advisory Panels.

Each Stakeholder Advisory Panel will have the following duties:

- a. Identify and recommend regional projects for inclusion in the WQIP.
- b. Review draft WQIPs and provide input to the Watershed Authority Group.
- c. Recommend regional projects from approved WQIPs for implementation.
- d. Serve as liaison between Watershed Authority Group and other Stakeholders, community and interest groups.

- e. Help identify project partners and additional sources of funding to augment regional projects funded by the Water Quality Fee.
- f. Provide input on other matters affecting the Watershed Authority Group and implementation of the Program, including input to the Watershed Authority Group for its recommendation to the Board of Supervisors on the Oversight Board appointee representing the corresponding watershed area pursuant to Paragraph III(F)(1) below.

7. Administration of the Watershed Authority Groups.

Each Watershed Authority Group will be strictly accountable for all funds, receipts, and disbursements of the Watershed Authority Group. The Treasurer and Tax Collector of the County of Los Angeles ("Treasurer") will act as the treasurer of each Watershed Authority Group and will be the depository and have custody of all funds of each Watershed Authority Group. The Auditor-Controller of the County of Los Angeles ("Auditor") will perform the functions of the controller of each Watershed Authority Group. The Treasurer and Auditor, at their discretion, may delegate their functions to a treasurer or controller designated by the Watershed Authority Group. The Watershed Authority Group will be required to reimburse the Treasurer and the Auditor for costs incurred in connection with the performance of their duties. Members of the governing board of a Watershed Authority Group will not receive compensation for their service to the Watershed Authority Group governing board.

A Watershed Authority Group may contract with businesses, non-governmental organizations ("NGOs"), its members, or the District to perform any work related to the business of the Watershed Authority Group such as studies; preparation of the WQIP; and implementation of regional projects which includes activities such as planning, design, construction, and operation and maintenance.

8. Preparation of Water Quality Improvement Plans.

Each Watershed Authority Group will be required to prepare a WQIP for the watershed area it represents that identifies pollutants, establishes targets for improvement, and identifies and prioritizes regional projects for planning, design and implementation within the next five (5) years using proceeds of the Water Quality Fee allocated to the Watershed Authority Group. Watershed Authority Groups will be required to consult and receive input and

recommendations from its Stakeholder Advisory Panel regarding the preparation of the WQIP.

WQIPs must be prepared and include Sections as follows:

- a. Identification of pollutants affecting the watershed area and, as appropriate, their source(s).
- b. Selection of improvement targets, and a timeline for accomplishing the targets.
- c. Identification of potential water quality project concepts for planning and further development consistent with the eligibility criteria and goals pursuant to Paragraphs III(B)(1) and (B)(2) above, respectively.
- d. Identification and description of water quality projects, as evaluated and prioritized in accordance with evaluation procedures developed by the Chief Engineer. Projects to be evaluated must meet the following conditions:
 - (1) Be fully fundable by the Water Quality Fee or other committed source of funds.
 - (2) List estimated expenditures and revenues, and the components to be financed with revenue from the Water Quality Fee.
 - (3) Provide a description of any multiple benefits, as described in Paragraph III(C)(2)(g) above.
 - (4) Undergo a cost/benefit analysis that compares the costs of the water quality project to the water quality, environmental, socioeconomic, and other benefits of the water quality project.
 - (5) Include plans and annual provisions for funding operation and maintenance.
- e. Description of the Stakeholder Advisory Panel and Stakeholder involvement process.
- f. Plans for implementation of the Public School Clean Water Program within the watershed area, in accordance with the procedures developed by the District in accordance with Section III(E)(1)(l).

- g. Description of performance measurements to ensure intended performance of their regional projects after they are constructed or implemented.

9. Approval of Water Quality Improvement Plans.

The following approval process will apply to WQIPs:

- a. Watershed Authority Groups will prepare, adopt and submit a WQIP to the Chief Engineer.
- b. The Chief Engineer will have sixty (60) days to review WQIPs submitted by Watershed Authority Groups and make findings. During its review, the Chief Engineer may request Watershed Authority Groups to submit additional information or to make changes to the WQIP. Watershed Authority Groups may elect to not follow the Chief Engineer's request and direct for the WQIP to be advanced to the Oversight Board established in accordance with Paragraph III(F) below.
- c. The Oversight Board will have forty-five (45) days to review WQIPs submitted by Watershed Authority Groups, along with the findings and recommendations submitted by the Chief Engineer and comments received from stakeholders, and make findings and recommendations to the Board of Supervisors as to their compliance with the requirements of the Program. During its review, the Oversight Board may request Watershed Authority Groups to submit additional information or to make changes to the WQIP. Watershed Authority Groups may elect to not follow the Oversight Board's request and direct for the WQIP to be advanced to the Board of Supervisors.
- d. The Board of Supervisors will be required either to approve the WQIP or return it to the Oversight Board for further work.
- e. A Board of Supervisors approved WQIP will be required in order for annual funding to be disbursed to a Watershed Authority Group, except that, as stated in Paragraph III(E)(1)(m), the Watershed Authority Group may request a one-time advance of up to 20% of its first year's allocation of the Water Quality Fee to use for development of the WQIP. The WQIP will be valid for a period of three (3) years after that approval.

10. Development and Implementation of Regional Projects.

Each Watershed Authority Group will be required to select regional projects from its WQIP for implementation and funding following approval of its WQIP by the Board of Supervisors. Selection of projects for implementation will require the consent of any member Municipality whose jurisdiction comprises more than forty percent (40%) of the total land area within the watershed area.

A Watershed Authority Group will also be required to consult and receive input and recommendations from its Stakeholder Advisory Panel regarding selection and funding of regional projects.

Watershed Authority Groups will be required to create and maintain a five (5) year schedule for regional projects selected for implementation including a budget forecast of each regional project's estimated costs, by year, by funding source. Additionally, Watershed Authority Groups will be required to provide the District with an annual WQIP Implementation Progress Report pursuant to Paragraph III(C)(5)(h) above.

Regional projects implemented or constructed by a Watershed Authority Group will be owned, operated, and maintained by the Watershed Authority Group or, by agreement, a Watershed Authority Group may transfer ownership of a regional project to a member of the Watershed Authority Group or to another governmental agency for ownership and maintenance.

D. Program Requirements for Municipal Projects

1. Duties of Municipalities.

Each Municipality receiving funding from the Water Quality Fee will have the following duties:

- a. Plan, implement, and maintain municipal projects.
- b. Expend Water Quality Fee revenues in the watershed area from which they were collected.
- c. Be strictly accountable for all funds, receipts, and disbursements by the Municipality.
- d. Prepare and maintain a list of its proposed municipal projects to be financed with Water Quality Fee revenues, including their projected expenditures, and annually, inform the Watershed Authority Group(s) in which it is located, of

the municipal projects it intends to implement, with updates as necessary.

- e. Prepare, within six (6) months after the end of that Municipality's fiscal year, an audit report for the prior fiscal year prepared by a certified public accountant. The District will provide specific directives and guidance for preparation of audit reports. The governing board of each Municipality will be required to certify the audit report and that all expenditures comply with the requirements of the Program.
- f. Provide the District additional financial and other information, as required by the District.
- g. Engage stakeholders in the planning process for their municipal projects.
- h. A Municipality may, at the discretion of its governing board, enter into a binding agreement with another Municipality, the County, the District, a consultant, or other entity to carry out the Municipality's duties under the Program.
- i. Submit to the Chief Engineer plans for municipal projects in which the total costs of the water quality benefit are expected to exceed Two Million Dollars (\$2,000,000), for review and submittal to the Oversight Board in accordance with Paragraph III(D)(3) below. Solely for purposes of applying this \$2 million threshold, the following terms will have the following meanings: "municipal projects" refers only to infrastructure and capital projects, and includes not only individual projects but also a series of actions which can be characterized as one large project or as logical parts in a chain of actions; and "total costs of the water quality benefit" includes eligible expenditures for all phases of planning, design, and implementation of the portion of a municipal project that provides a water quality benefit. Operation and maintenance activities are exempt from the \$2,000,000 threshold as are regional projects included in an approved WQIP. If a Municipality first determines that the total costs of the water quality benefit are not expected to exceed Two Million Dollars (\$2,000,000), but then subsequently revises its plans or the project budget so that the total costs of the water quality benefit are expected to exceed the \$2,000,000 threshold, it must submit plans for the project to the Chief Engineer in a timely manner for review and submittal to the Oversight Board in accordance with Paragraph III(D)(3) below. The requirements in this paragraph do not apply to

municipal projects that are also included as regional projects in an approved WQIP in accordance with Paragraph III(C)(8)(d).

- j. The \$2,000,000 threshold will be adjusted annually according to the Consumer Price Index ("CPI") by the increase, if any, in the CPI for all urban consumers in the Anaheim, Los Angeles, and Riverside areas, as published by the United States Government Bureau of Labor Statistics from March of the previous calendar year to March of the current calendar year.
- k. Prepare informational materials to provide members of the public with up-to-date information on the Municipality's actual and budgeted use of revenues from the Water Quality Fee, and make the information available to the public through the Municipality's websites and on request.

2. Development and Implementation of Municipal Projects.

Municipalities will be required to develop and implement their municipal projects in accordance with the following requirements:

- a. Municipal projects must meet required water quality project criteria that are described in stated Paragraph III(B)(1) above.
- b. Municipal projects must be planned and selected giving consideration to the water quality project goals listed in Paragraph III(B)(2) above and the evaluation procedures used by Watershed Authority Groups for selection of projects.
- c. A balanced variety of stakeholders must be engaged in the project selection process.
- d. Municipal projects in which the total costs of the water quality benefit are expected to exceed Two Million Dollars (\$2,000,000) must be approved by the Oversight Board in accordance with Paragraph III(D)(3) below.
- e. Municipal projects constructed or otherwise carried out or implemented by a Municipality shall be owned, operated, and maintained by the Municipality or, by agreement, a Municipality may transfer ownership of a municipal project to another governmental agency for ownership and maintenance.

3. Approval Process for Large Municipal Projects.

The following approval process will apply to new Municipal projects:

- a. Municipalities will submit to the Chief Engineer, plans for municipal projects in which the total costs of the water quality benefit are expected to exceed Two Million Dollars (\$2,000,000), as required by Paragraph III(D)(1)(i) above.
- b. The Chief Engineer will have fifteen (15) days to review each such municipal project and make findings and recommendations to the Oversight Board as to its compliance with the requirements of the Program. During its review, the Chief Engineer may request the Municipality to submit additional information or make changes to the municipal project. Municipalities may elect to not follow the Chief Engineer's request and direct for the municipal project to be advanced to the Oversight Board.
- c. The Oversight Board will have forty-five (45) days to review such municipal project, along with the finding and recommendations submitted by the Chief Engineer and testimony received from stakeholders, for compliance with the requirements of the Program in order to determine whether to approve the municipal project or return it to the Chief Engineer for further work.

In the event that a Municipality needs approval prior to the next meeting of the Oversight Board in order to apply for or receive grant funds for a municipal project in which the total costs of the water quality benefit are expected to exceed Two Million Dollars (\$2,000,000), the Municipality may submit the project plans to the Chief Engineer for approval, rather than the Oversight Board. The Chief Engineer, on behalf of the Oversight Board, will have ten (10) days to review the municipal project and determine whether to approve it or return it to the Municipality for further work.

E. Duties of the District.

1. Duties of the District

The District shall have the following duties:

- a. Administer the Los Angeles County Flood Control District Water Quality Improvement Program.
- b. Provide for the levy and collection of the Water Quality Fee, the distribution of the Water Quality Fee revenues generated

by imposition of the Water Quality Fee, and any other related activities associated with administering the Water Quality Fee and the Program.

- c. Provide specific directives and guidance to Watershed Authority Groups and Municipalities for preparation of budgets, audit reports, and WQIP Implementation Progress Report.
- d. Develop and, subject to approval of the Board of Supervisors, enter into transfer agreements with Municipalities and Watershed Authority Groups pursuant to Paragraph III(A)(2) above.
- e. Develop guidelines and requirements for Stakeholder Advisory Panels.
- f. Review WQIPs submitted by Watershed Authority Groups and make findings and recommendations to the Oversight Board as to their compliance with the requirements of the Program.
- g. Review municipal projects in which the total costs of the water quality benefit are expected to exceed Two Million Dollars (\$2,000,000) and make findings and recommendations to the Oversight Board as to their compliance with the requirements of the Program.
- h. Review and determine whether to approve Municipal projects in which the total costs of the water quality benefit are expected to exceed Two Million Dollars (\$2,000,000), where grant funds are contemplated.
- i. Act as secretary and serve as staff to the Oversight Board.
- j. Take actions, as necessary, to comply with Article XIII D of the California Constitution and the requirements of the Program.
- k. Develop a model JPA Agreement that may be used as a basis for Watershed Authority Groups, with input from a working group consisting of counsel for Municipalities and the District.
- l. Develop policies, guidelines, procedures, standards, or requirements, subject to approval by the Board of Supervisors, including evaluation procedures for selection of water quality projects by Watershed Authority Groups and

administrative adjustments to WQIPs, and procedures for the Public Schools Clean Water Program.

- m. Upon request by a Watershed Authority Group, authorize a one-time advance of up to twenty percent (20%) of its first year's allocation of the Water Quality Fee collected to be used for development of the first WQIP.
- n. Conduct audits not less than once every five years of Municipalities' and WAGs' use of Water Quality Fee revenues for compliance with requirements of the Program.
- o. Withhold, at its discretion and pending compliance, future disbursements of Water Quality Fee revenues for a Municipality or Watershed Authority Group that fails to comply with any requirements of the Program.

F. Water Quality Projects Oversight Board.

1. Composition and Purpose of Oversight Board

A Water Quality Projects Oversight Board ("Oversight Board") will be established and will consist of thirteen (13) members appointed by the Board of Supervisors as follows: one (1) member from the environmental community; one (1) member from the District; two (2) at-large members from the general public; and nine (9) members to represent each of the watershed areas. The Board of Supervisors will appoint each member representing a watershed area as nominated by the corresponding Watershed Authority Group's governing board. The environmental community, District, and general public members may be selected without regard to watershed area. Members representing the watershed areas must either live or have qualifying water quality experience within the watershed area they represent. Oversight Board members, except for the two general public members, shall have a minimum of five (5) years expertise in water quality and be qualified in one or more of the following areas: science, engineering, water supply, flood control, biology, chemistry, law, fiscal analysis, and environmental science. Individuals with these qualifications may be selected from academia, professional societies, nongovernmental organizations, and private and public sector employees.

The purpose of the Oversight Board will be to conduct public hearings and make findings and recommendations to the Board of Supervisors on matters related to the WQIPs. The Oversight Board will also review proposed Municipal projects in which the total costs of the water quality benefit are expected to exceed Two Million

Dollars (\$2,000,000) for compliance with the requirements of the Program in order to determine whether to approve or return them to the District for further work, except for projects that are also included on an approved WQIP as set forth in Paragraph III(D)(1).

The District will be responsible for providing administrative and technical support to the Oversight Board and for keeping a record of all proceedings and notifying all interested parties of the findings and decisions of the Oversight Board.

2. Term and Tenure of Members of the Oversight Board.

Members of the Oversight Board will serve for a renewable term of two (2) years, subject to removal by the Board of Supervisors at any time for any reason. If a member is removed, a replacement shall be appointed within sixty (60) days of such removal. Any member whose term has expired may continue to discharge the duties as a member until a successor has been appointed. Terms shall be staggered to ensure continuity.

3. Officers of the Oversight Board.

At its first meeting and annually thereafter, the Oversight Board will be required to choose from among its members a chair and vice-chair to serve for one (1) year. The District will serve as staff for the Oversight Board and act as secretary.

4. Meetings - Quorum of the Oversight Board.

The Oversight Board will determine the frequency and schedule for regular meetings, except that meetings will need to be held as necessary to process the review of Watershed Authority Group, WQIPs and Municipal projects in which the total costs of the water quality benefit are expected to exceed Two Million Dollars (\$2,000,000) in a timely manner. Regular meetings may be cancelled if the chair determines that there is no business to be transacted and so notifies the members.

A quorum is required for the Oversight Board to take action on any item of business. A quorum will consist of seven (7) members of the Oversight Board. If a quorum is present, approval of any item of business requires a simple majority vote of those in attendance.

5. Compensation of the Oversight Board.

The Members of the Oversight Board, unless prohibited by their employer, will be compensated in the amount of Fifty Dollars (\$50) per meeting attended. If a member is required to travel in the

performance of their official duties of the Oversight Board, that member will be reimbursed for his/her necessary travel expenses, including transportation, meals, and lodging. Said compensation will be paid by Water Quality Fee revenues allocated to the District.

6. Rules and Regulations of the Oversight Board.

The Oversight Board will be required to recommend rules and regulations governing its own procedures for adoption by the Board of Supervisors. Prior to consideration by the Board of Supervisors, any such rules and regulations will be submitted to the Watershed Authority Groups and they shall have ninety (90) days to provide written comment thereon. Copies of these rules and regulations will be made available to the public.

The Oversight Board is a public body and will be required to comply with open public meeting requirements of the Ralph M. Brown Act (Government Code Sections 5495 – 54963), the Public Records Act (Government Code Section 6200), the Political Reform Act (Government Code Section 87100), and all other laws applicable to such bodies.

7. Duties of Oversight Board.

The Oversight Board will have the following duties:

- a. Review WQIPs submitted by Watershed Authority Groups and make findings and recommendations to the Board of Supervisors as to their compliance with the requirements of the Program.
- b. Review for compliance with the requirements of the Program and determine whether to approve Municipal projects in which the total costs of the water quality benefit are expected to exceed Two Million Dollars (\$2,000,000), which are submitted to the Oversight Board in accordance with Paragraph III(D)(3).
- c. Consider comments from Stakeholders on WQIPs and new Municipal projects in which the total costs of the water quality benefit are expected to exceed Two Million Dollars (\$2,000,000).

G. Revenue Bonds

Bonds issued hereunder by the governing body of a Municipality, the District, or a Watershed Authority Group, to the extent such entity is authorized by law to issue and sell revenue bonds, may be secured by

Water Quality Fee revenues as set forth in this chapter. Only those amounts specifically allocated to a Municipality, the District, or a Watershed Authority Group may be used as security for its respective bonds.

Revenue bonds issued pursuant to this chapter shall not constitute any indebtedness of the District or the County, but shall be payable, principal and interest, only from revenues received from the Water Quality Fee.

H. Provisions Relating to the Calculation and Collection of the Water Quality Fee

1. Calculation of the Water Quality Fee

The Water Quality Fee will be calculated for each parcel subject to the fee based upon the parcel's impervious area, which will be determined based upon the lot size and other specified characteristics of the parcel, to reflect the parcel's proportional allocation of the cost of the projects and services that are funded by revenues from the Water Quality Fee. The boundaries of the area, and identification of the parcels, subject to the fee and the method for calculating the Water Quality Fee for each parcel are supported by, and set forth in, an engineer's report prepared at the direction of the Chief Engineer and filed with the clerk of the Board of Supervisors. The Chief Engineer will make the engineer's report available to any person upon request at no charge. The maximum rate used for calculating the Water Quality Fee, as set forth in the engineer's report, will remain the same from year to year, unless an increase is approved in accordance with Article XIII D of the California Constitution.

The Chief Engineer will determine annually that the revenues derived from the Water Quality Fee do not exceed the cost of providing the Service. The Board of Supervisors will reduce the Water Quality Fee in the event that revenues are found to exceed the cost of providing the Service.

2. Collection—General Procedure

The Water Quality Fee will be collected for each fiscal year on the property tax roll in the same manner, and at the same time as, the general taxes of the County are collected or through direct invoicing to parcel owners that do not receive a consolidated property tax bill. The Auditor will provide each Watershed Authority Group with an annual accounting of the total revenues collected from the Water Quality Fee in their watershed, including the revenues collected in each Municipality. The Auditor will also provide an annual

statement of the revenues collected from the Water Quality Fee to each Municipality.

Insofar as feasible and not inconsistent with the Program, the times and procedures regarding exemptions, due dates, installment payments, corrections, cancellations, refunds, late payments, penalties, liens, and collections for secured roll ad valorem property taxes will be applicable to the collection of the Water Quality Fee.

3. Claims for Reimbursement and Appeals

A claim and appeal process will be established as follows:

- a. Contesting the Water Quality Fee: Any parcel owner aggrieved by the Water Quality Fee will be able to seek review of the fee on one or more of the following grounds:
 - (1) Change in the ownership of a parcel.
 - (2) Subdivision of an existing parcel.
 - (3) Error in the ownership, land use designation, or area of a parcel.
 - (4) Mathematical error in the calculation of the Water Quality Fee.

In order to be entitled to review of the Water Quality Fee, the parcel owner will be required to submit a claim to the Chief Engineer on a form provided by the Chief Engineer, including all of the information required by the form. All claims must be submitted within one year from the close of the fiscal year in which the Water Quality Fee is imposed.

The Chief Engineer will review the claim and make any adjustments to the Water Quality Fee that are appropriate based upon the criteria set forth above, and will be required to send the parcel owner written notice of his or her decision. If the Chief Engineer determines that the Water Quality Fee billed to the parcel owner exceeds the fee that should have been charged, he or she shall refund any amounts that were overpaid. The Chief Engineer will also be required to submit any adjustments in the Water Quality Fee to the Auditor, Municipality, and Watershed Authority Group.

- b. Appeals: Any parcel owner who disagrees with the decision of the Chief Engineer will be able to appeal the decision and request an administrative hearing. Any such appeal must be

submitted in writing within thirty (30) days of the date the notice of decision was mailed, and must contain a statement as to why the parcel owner contests the decision. After receiving a timely appeal, the Chief Engineer will be required to schedule an administrative hearing before a hearing officer designated by the Chief Engineer. The parcel owner will be given not less than ten (10) calendar day's prior written notice by first class mail, postage prepaid, of the date, time, and place of the hearing and the name of the hearing officer who will conduct the administrative hearing. The Chief Engineer will be required to designate a hearing officer who was not involved in the decision on the claim. The decision of the hearing officer will be final.

- c. The submission of a claim or appeal will not relieve any parcel owner of the obligation to pay amounts on the tax bill that are due. If an adjustment is subsequently made which reduces the amount of the Water Quality Fee, the parcel owner will receive a refund of any overpayment.
- d. Additional procedures for addressing requests by property owners for adjustments to the fees imposed on their properties may be included in the Implementation Manual.

4. Local Incentive Programs

Municipalities will be able to adopt local incentive programs for parcel owners to receive credit for implementing significant on-site measures to reduce impervious areas or other Low Impact Development ("LID") standards, as determined by the Municipality. Municipalities will be able to rebate annually up to sixty percent (60%) of the municipalities' share of the Water Quality Fee paid by a parcel owner upon satisfactory implementation of sustained on-site measures. Said rebate must be paid from Water Quality Fee revenues allocated to the Municipality or from other funds of the Municipality. The implementation of a Municipality's local incentive program is subject to audit by the District.

I. Miscellaneous Provisions

1. Carryover of Uncommitted Municipality and Watershed Authority Group Water Quality Fee Revenues.

Municipalities will be able to carry over uncommitted Water Quality Fee revenues for up to five (5) years from the end of the fiscal year in which those revenues are transferred from the District to the Municipality's account, with additional requirements as may be

included in the transfer of proceeds agreement as described in Paragraph III(A)(2) above, provided that sufficient details on future water quality projects are included in the annual audit report.

A Watershed Authority Group will be able to carry over uncommitted Water Quality Fee revenues for up to five (5) years from the end of the fiscal year in which those revenues are transferred from the District to the Watershed Authority Group's account, with additional requirements as may be included in the transfer of proceeds agreement, provided that a WQIP has been approved by the Board of Supervisors and that sufficient details on future water quality projects are included in the annual audit report.

Uncommitted Water Quality Fee revenues that are carried over for more than five (5) years will revert back to the District. The District will have two (2) years to spend reverted revenues from Municipalities on District water quality projects within that municipality's jurisdiction. The District will also have two (2) years to spend reverted revenues from Watershed Authority Groups on District water quality projects in the same watershed area from which the revenues were collected or be returned to the parcel owners.

Water Quality Fee revenues not spent within seven (7) years from the end of the fiscal year in which they were collected will be refunded to the parcel owners.

2. Recordkeeping Requirements.

The following recordkeeping and audit requirements will apply to with respect to the Water Quality Fee and the Program:

- a. Water Quality Fee revenues received by the District, Municipalities, and Watershed Authority Groups will be required to be held in separate interest-bearing accounts and not combined with other funds. Interest earned on Water Quality Fee revenues will be required to be used for water quality projects in the Watershed Authority Group or Municipality in which it was earned, consistent with the requirements of the Program.
- b. Municipalities and Watershed Authority Groups will be required to retain, for a period of ten (10) years after certification by their governing boards, the annual audit reports outlined in Paragraphs III(C)(5) and III(D)(1) above. Municipalities and Watershed Authority Groups, upon demand by authorized representatives of the District,

including the Auditor, will be required to make those reports available for examination and review or audit by the District or its authorized representative.

- c. Municipalities, Watershed Authority Groups, and the District will be required to retain, for a period of ten (10) years after water quality project completion, all records necessary to determine the amounts expended, and eligibility of water quality projects. Municipalities and Watershed Authority Groups, upon demand by authorized representatives of the District, including the Auditor, will be required to make such records available for examination and review or audit by the District or its authorized representative.
- d. At all reasonable times, Municipalities and Watershed Authority Groups will be required to permit the Chief Engineer, or his or her authorized representative, to examine all water quality projects that were erected, constructed, implemented, operated, or maintained using Water Quality Fee revenues. Municipalities and Watershed Authority Groups will be required to permit the authorized representative, including the Auditor, to examine, review or audit, and transcribe any and all audit reports, other reports, books, accounts, papers, maps, and other records that relate to projects funded with revenues from the Water Quality Fee.

3. Procedures for Addressing Misuse of Water Quality Fee Revenues and Failure to Comply with the Requirements of the Program.

- a. If a Municipality or Watershed Authority Group is found by the Chief Engineer to have misused Water Quality Fee revenues, it will, upon written notification by the Chief Engineer, be required to refund those revenues, including associated interest, to the District within thirty (30) days of notification. The revenues will then, at the Chief Engineer's discretion, either be returned to the Municipality or Watershed Authority Group from where they came, or be reassigned and used to plan, implement, and maintain water quality projects:
 - (1) Water Quality Fee revenues misused by a Municipality will be reassigned to the corresponding Watershed Authority Group for funding regional projects located within the jurisdiction of the Municipality.

- (2) Water Quality Fee revenues misused by a Watershed Authority Group will be reassigned to the District for its use in implementing water quality projects in the same watershed area from which the revenues were collected or be returned to the parcel owners.

Failure to repay misused Water Quality Fee revenues by the required date will result in immediate suspension of Water Quality Fee revenue disbursement to that entity.

- b. If a Municipality or Watershed Authority Group fails to comply with applicable requirements of the Program, the Chief Engineer, at her discretion, may withhold future disbursements of Water Quality Fee revenues pending compliance. Withheld disbursements will be retained by the Chief Engineer for a period of five (5) years after which, if the offending issue has not been resolved, they will revert back to the District. The District will have two (2) years to spend the reverted revenues on qualified water quality projects in the same watershed from which they were collected.
- c. Municipalities and Watershed Authority Groups may appeal the decision of the Chief Engineer and request an administrative hearing. Any such appeal must be in writing, must be made within sixty (60) days of the date the Chief Engineer's written decision was mailed, and must contain a statement as to why the District's decision is being disputed. After receiving a timely appeal, the Chief Engineer will schedule an administrative hearing and designate a hearing officer. The Municipality or Watershed Authority Group will be given not less than thirty (30) calendar days prior written notice by first class mail, of the date, time, and place of the hearing and the name of the hearing officer who will conduct the administrative hearing. The Chief Engineer must designate a hearing officer who was not involved in the Chief Engineer's prior decision. The decision of the hearing officer shall be final.

The submission of a claim or appeal does not relieve the Municipality or Watershed Authority Group of the obligation to refund the Water Quality Fee revenues in dispute. If the hearing officer determines an adjustment is required, that adjustment will be reflected in the next disbursement of Water Quality Fee revenues.

4. District Held Harmless.

The District will not be required to accept ownership or responsibility for any water quality project developed, implemented or constructed by a Municipality or a Watershed Authority Group with Water Quality Fee revenues. Unless the District enters into an express agreement with a Watershed Authority Group or Municipality to the contrary, neither the District, nor the County to the extent that it is acting on behalf of the District,, their officers, employees, agents or volunteers ("District Indemnitees") will be liable in connection with errors, defects, injuries, property damage caused by or attributed to any water quality project that is funded in whole or in part with Water Quality Fee revenues, and each Municipality and Watershed Authority Group will be required to indemnify the District Indemnitees and hold them harmless for claims, liability, and expenses, including attorneys' fees, incurred by any District Indemnitees as a result of any water quality project developed, implemented, or constructed by the Municipality or Watershed Authority Group that is funded with the Water Quality Fee, except for claims, liability, and expenses, including attorneys fees, resulting from the sole negligence or willful misconduct of District Indemnitees.

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ORDINANCE NO. _____

An ordinance adding Chapter 18 to the Los Angeles County Flood Control District Code to impose, subject to voter approval, a fee upon parcels located within the Los Angeles County Flood Control District to pay for projects relating to improving surface water quality within the district.

The Board of Supervisors of the County of Los Angeles ordains as follows:

Section 1. Chapter 18 is hereby added to the Los Angeles County Flood Control District Code to read as follows:

Chapter 18

18.01 Short Title.

18.02 Definitions.

18.03 Purpose and Intent.

18.04 Water Quality Fee Imposed.

18.05 Allocation of Revenues from Imposition of the Water Quality Fee.

18.06 Agreements for Transfer of Proceeds of the Water Quality Fee.

18.07 Required Water Quality Project Criteria.

18.08 Implementation of this Chapter.

18.09 Formation and Composition of Watershed Authority Groups.

18.10 Water Quality Projects Oversight Board.

18.11 Revenue Bonds.

18.12 District Held Harmless.

18.01 Short Title.

This chapter shall be known as the "Los Angeles County Flood Control District Water Quality Improvement Program Ordinance."

18.02 Definitions.

The following definitions apply to this Chapter 18:

"Auditor" means the Auditor-Controller of the County of Los Angeles.

"Board of Supervisors" means the Los Angeles County Board of Supervisors acting as the governing body of the Los Angeles County Flood Control District.

"Chief Engineer" means the Chief Engineer of the District or his/her authorized deputy, agent, or representative.

"County" means the County of Los Angeles.

"District" means the Los Angeles County Flood Control District.

"Impervious area" means impermeable surfaces, such as pavement or rooftops, which prevent the infiltration of stormwater and urban runoff into the ground.

"Implementation Manual" means goals, policies, guidelines, procedures, standards, and requirements prepared by the Chief Engineer and approved by the Board of Supervisors to implement this chapter, as described in Section 18.08.

"Municipal projects" means water quality projects carried out by Municipalities and financed in whole or in part with Water Quality Fee revenues allocated to the Municipalities.

"Municipality" means a city or the collective unincorporated areas within the boundaries of the District.

"Parcel" means a parcel of real property situated within the established boundaries of the District, as shown on the latest equalized assessment roll of the County and identified by its Assessor's Parcel Number ("APN").

"Regional projects" means water quality projects of regional significance that are carried out by Watershed Authority Groups and financed in whole or in part with Water Quality Fee revenues, and that affect a combined tributary area exceeding one hundred (100) acres of land, address pollutant loads from more than one Municipality, or are part of a plan that treats an entire reach of a river or subwatershed.

"Stormwater" means water that originates from atmospheric moisture (rainfall or snowmelt) and falls onto land, water, and/or other surfaces within the District.

"Surface water" means water that flows or collects on the surface of the ground.

"Treasurer" means the Treasurer and Tax Collector of the County of Los Angeles.

"Urban runoff" means surface water flow that may contain, but is not composed entirely of stormwater, such as flow from residential, commercial, or industrial activities.

"Water quality benefit" means any activity that contributes to the improvement of surface water quality.

"Water Quality Fee" means the fee imposed pursuant to this chapter to provide funding for water quality projects.

"Water Quality Improvement Plan (WQIP)" means a plan prepared by a Watershed Authority Group for the watershed area it represents and approved by the Board of Supervisors, which identifies pollutants, establishes targets for improvement,

and identifies and prioritizes regional projects for planning, design and implementation within the ensuing five (5) years, in accordance with procedures and requirements set forth in the Implementation Manual.

"Water quality project" means a project or program that includes a water quality benefit.

"Watershed Area" means one of the nine (9) geographic areas identified in Section 18.09 of this chapter and in Section 2 of the Los Angeles County Flood Control Act, subsection 8b(C), as described on maps prepared and maintained by the Chief Engineer based upon the Chief Engineer's determination of the hydrologic topographies of the watersheds.

"Watershed Authority Group" means a group formed in accordance with Section 18.09 and with the Joint Exercise of Powers Act, Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code, consisting of Municipalities and other public agencies within each watershed area identified in Section 18.09, and which is responsible for preparing a WQIP and carrying out regional projects within the watershed area.

18.03 Purpose and Intent.

This chapter is enacted pursuant to Section 2, subsection 8c, of the Los Angeles County Flood Control Act (Chapter 755 of the Statutes of 1915 and subsequent amendments). The purpose of this chapter is to implement the authority provided by Assembly Bill 2554 (2010) to provide funding for Municipalities, Watershed Authority Groups, and the District to initiate, plan, design, construct, implement, operate,

maintain, and sustain projects and services to improve surface water quality and reduce stormwater and urban runoff pollution in the District. It is also the intent of this chapter to encourage the design of such projects to achieve multiple benefits and incorporate sustainable solutions, as provided in the Implementation Manual.

18.04 Water Quality Fee Imposed.

A. A Water Quality Fee will be imposed upon certain parcels within the District in the manner set forth in this chapter. The Water Quality Fee will be levied and collected by the Treasurer and apportioned by the Auditor. The Board of Supervisors will make appropriations from the District's funds in a manner that authorizes the disbursement of Water Quality Fee revenues in accordance with Section 18.05.

B. The Water Quality Fee will be calculated for each parcel subject to the fee based upon the parcel's impervious area, which will be determined based upon the lot size and other specified characteristics of the parcel, to reflect the parcel's proportional allocation of the cost of the projects and services that are funded by revenues from the Water Quality Fee. The boundaries of the area, and identification of the parcels, subject to the fee and the method for calculating the Water Quality Fee for each parcel are supported by, and set forth in, an engineer's report prepared at the direction of the Chief Engineer and filed with the clerk of the Board of Supervisors. The Chief Engineer will make the engineer's report available to any person upon request at no charge. The maximum rate used for calculating the Water Quality Fee, as set forth in the engineer's report, will remain the same from year to year, unless an increase is approved in accordance with Article XIII D of the California Constitution.

C. The Water Quality Fee will be collected for each fiscal year on the property tax roll in the same manner and at the same time as the general taxes of the County are collected, or through direct invoicing to parcel owners that do not receive a consolidated property tax bill. The Auditor will provide each Watershed Authority Group with an annual accounting of the total revenues collected from the Water Quality Fee in its respective watershed area, including the revenues collected in each Municipality. The Auditor will also provide an annual statement of the revenues collected from the Water Quality Fee to each Municipality.

D. Insofar as feasible and not inconsistent with this chapter, the times and procedures regarding exemptions, due dates, installment payments, corrections, cancellations, refunds, late payments, penalties, liens, and collections for secured roll ad valorem property taxes will be applicable to the collection of the Water Quality Fee.

18.05 Allocation of Revenues from Imposition of the Water Quality Fee.

The revenues from the Water Quality Fee shall be allocated and used, subject to the terms and conditions of this chapter, as follows:

A. Ten percent (10%) shall be allocated to the District to be used for implementation and administration of water quality projects, as determined by the District, including activities such as planning, water quality monitoring, and any other related activities, and for payment of the costs incurred in connection with the levy and collection of the Water Quality Fee and distribution of the funds generated by imposition of the Water Quality Fee, and any other related activities associated with administering this chapter.

B. Forty percent (40%) shall be allocated to the Municipalities, in the same proportion as the amount of the Water Quality Fee collected within each Municipality, to be expended by the Municipalities within the Municipalities' respective jurisdictions for eligible municipal projects. Any Municipality may assign some or all of its allocation of the Water Quality Fee to the Watershed Authority Group for any watershed area(s) in which the Municipality is located for funding regional projects located in whole or in part within the jurisdiction of the Municipality.

C. Fifty percent (50%) shall be allocated to the nine (9) Watershed Authority Groups established in accordance with Section 18.09, in the same proportion as the amount of the Water Quality Fee collected within the watershed area of each Watershed Authority Group, to be expended by the Watershed Authority Groups to prepare WQIPs and carry out regional projects within that watershed area through a collaborative process as provided in the Implementation Manual. The implementation of a WQIP by a Watershed Authority Group requires the consent of any Municipality member of the Watershed Authority Group whose jurisdiction comprises more than forty percent (40%) of the total land area in the applicable watershed area.

18.06 Agreements for Transfer of Proceeds of the Water Quality Fee.

Prior to its receipt of any Water Quality Fee revenues, a Municipality or Watershed Authority Group must enter into an agreement with the District to provide for the transfer and use of the revenues as provided in this chapter. The transfer of proceeds agreement is designed to carry out the requirements of this chapter, the Implementation Manual and other laws governing the Water Quality Fee. A form

agreement will be prepared by the District in collaboration with Municipalities and Watershed Authority Groups and approved by the Board of Supervisors and will include:

- A. Requirement for compliance with the terms of this chapter and the Implementation Manual.
- B. Provisions as necessary to provide clarity and accountability in the use of Water Quality Fee revenues.
- C. Provision for indemnification of the District.

18.07 Required Water Quality Project Criteria.

A. All water quality projects funded under this chapter are required to comply with the following criteria:

- 1. That the water quality project demonstrates the ability to provide and sustain long-term water quality benefits.
- 2. That the water quality project is based on generally accepted scientific and engineering principles and the best available information.
- 3. Pursuant to the Los Angeles County Flood Control Act, that only the costs of the water quality benefit(s) provided by a water quality project are funded with revenues from the Water Quality Fee. Other costs of water quality projects are not eligible to be funded with revenues from the Water Quality Fee except insofar as these costs are incidental to a water quality benefit provided by the project.

B. All regional projects funded under this chapter are required to be included in an approved WQIP that is prepared in accordance with the Implementation Manual.

18.08 Implementation of this Chapter.

The Chief Engineer will develop an Implementation Manual setting forth goals, policies, guidelines, procedures, standards, and requirements to implement this chapter, subject to approval by the Board of Supervisors.

The Implementation Manual will include standards for determining eligibility of water quality projects to be funded with Water Quality Fee revenues, as well as requirements and procedures for preparation of WQIPs by Watershed Authority Groups and evaluation procedures for selection of water quality projects by Watershed Authority Groups, the evaluation procedures to be developed in collaboration with Watershed Authority Groups, Municipalities, and stakeholders, consistent with the provisions of this chapter. The Implementation Manual will include goals and policies for the planning and selection of water quality projects by Municipalities, Watershed Authority Groups, and the District, including policies and guidance to encourage and facilitate the design of water quality projects to achieve multiple benefits and incorporate sustainable solutions where feasible and appropriate.

The Implementation Manual will also set forth procedures and requirements for the following:

- A. Audits, reporting and recordkeeping relating to expenditures of Water Quality Fee revenues by Municipalities, Watershed Authority Groups, and the District.
- B. Addressing misuse of Water Quality Fee revenues and other failures to comply with the terms of this chapter or the Implementation Manual.

C. Executing transfer agreements pursuant to Section 18.06 and addressing the failure of any Municipality or Watershed Authority Group to sign a transfer agreement.

D. Formation and governance of Watershed Authority Groups, including requirements and procedures for an existing joint powers authority to serve as a Watershed Authority Group(s).

E. Provisions for stakeholder involvement.

F. Matters relating to the Water Quality Projects Oversight Board described in Section 18.10.

G. Request by a property owner for correction or adjustment of the fee that has been imposed on his or her property.

18.09 Formation of Watershed Authority Groups.

A Watershed Authority Group will be established for each of the following nine (9) watershed areas within the boundaries of the District: Ballona Creek, Dominguez Channel, Upper Los Angeles River, Lower Los Angeles River, Rio Hondo River, Upper San Gabriel River, Lower San Gabriel River, Santa Clara River, and Santa Monica Bay. Each Watershed Authority Group must be formed in accordance with the Joint Exercise of Powers Act, Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code. The Chief Engineer will prepare and maintain on file maps setting forth the precise boundaries of the watershed areas based upon the Chief Engineer's determination of the hydrologic topographies of the watersheds.

All Municipalities that are located within the boundaries of a watershed area and contain parcels that are subject to the Water Quality Fee, as established by Section 18.10, are eligible to become members of the Watershed Authority Group for that watershed area. A Municipality that is located in more than one watershed area is eligible for membership in the Watershed Authority Groups for all watershed areas in which it is located. A Municipality may join a Watershed Authority Group at any time.

For each Watershed Authority Group except the Santa Clara River Watershed Authority Group, the Board of Supervisors will select two (2) public agencies to serve as non-Municipality members. One public agency will be a public water supply, wastewater, or replenishment agency with experience in stormwater capture and/or water reuse for water supply augmentation, and the other public agency will be a state conservancy or other public agency with experience identifying and bringing together funding from multiple sources and implementing projects with multiple benefits in the watershed area for the Watershed Authority Group for which the agency is selected. For the Santa Clara River Watershed Authority Group, the Board of Supervisors will select only one (1) public agency meeting the requirements of one (1) of the types of public agencies described above, and this agency will be eligible to serve as a non-Municipality member of the Santa Clara River Watershed Authority Group.

Each Watershed Authority Group is strictly accountable for all funds, receipts, and disbursements of the Watershed Authority Group. The Treasurer will act as the treasurer of each Watershed Authority Group and will be the depository and have custody of all funds of each Watershed Authority Group. The Auditor will perform the

functions of the controller of each Watershed Authority Group. The Treasurer and Auditor, at their discretion, may delegate their functions to a treasurer or controller designated by the Watershed Authority Group. The Watershed Authority Group is required to reimburse the Treasurer and the Auditor for costs incurred in connection with the performance of their duties.

18.10 Water Quality Projects Oversight Board.

A Water Quality Projects Oversight Board is established and will be referred to hereinafter in this chapter as the "Oversight Board." The Oversight Board will consist of members with water quality experience drawn from academia, professional societies, nongovernmental organizations, and the private and public sectors, as well as members from the general public who are not necessarily required to have water quality experience. The composition and qualifications of the Oversight Board, the method of appointing members, and procedures governing the Oversight Board and its duties will be set forth in the Implementation Manual.

The purpose of the Oversight Board is to conduct public hearings and make findings and recommendations to the Board of Supervisors on matters related to the WQIPs prepared by Watershed Authority Groups. In addition, review and approval by the Oversight Board is required for proposed municipal projects for which the total costs of the water quality benefit, excluding operation and maintenance, are expected to exceed two million dollars (\$2,000,000), as described in the Implementation Manual.

18.11 Revenue Bonds.

Bonds issued hereunder by the governing body of a Municipality, the District, or a Watershed Authority Group, to the extent such entity is authorized by law to issue and sell revenue bonds, may be secured by Water Quality Fee revenues as set forth in this chapter. Only those amounts specifically allocated to a Municipality, the District, or a Watershed Authority Group may be used as security for its respective bonds.

Revenue bonds issued pursuant to this chapter shall not constitute any indebtedness of the District or the County, but shall be payable, principal and interest, only from revenues received from the Water Quality Fee.

18.12 District Held Harmless.

Nothing in this chapter requires the District to accept ownership or responsibility for any water quality project developed, constructed, or otherwise carried out or implemented by a Municipality or a Watershed Authority Group with the Water Quality Fee revenues. Unless the District enters into an express agreement with a Watershed Authority Group or Municipality to the contrary, neither the District nor the County to the extent that it is acting on behalf of the District, nor their officers, employees, agents or volunteers ("District Indemnitees") will be liable in connection with errors, defects, injuries, or property damage caused by or attributed to any water quality project that is funded in whole or in part with Water Quality Fee revenues, and each Municipality and Watershed Authority Group is required to indemnify the District Indemnitees and hold them harmless for claims, liability, and expenses, including attorneys fees, incurred by any District Indemnitees as a result of any water quality project developed, constructed,

or otherwise carried out or implemented by the Municipality or Watershed Authority Group pursuant to this chapter, except for claims, liability, and expenses, including attorneys fees, resulting from the sole negligence or willful misconduct of District Indemnitees.

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DRAFT

Los Angeles County

clean water, clean beaches measure

The Los Angeles County Flood Control District is proposing to adopt a Clean Water, Clean Beaches Measure, which would establish an annual fee to pay for clean water programs. The proposed clean water fee would be imposed upon property owners within the Los Angeles County Flood Control District, which includes most of Los Angeles County (with the exception of portions of the Antelope Valley), for the purpose of improving water quality and reducing pollution from stormwater and urban runoff.

Stormwater and urban runoff flush bacteria, trash and other pollutants into gutters in streets and into storm drains and from there into lakes, rivers and the ocean and onto beaches. Waterways throughout Los Angeles County have been found to be polluted above acceptable levels under the federal Clean Water Act and other state and federal laws.

The proposed clean water fee would provide dedicated funding for local and regional projects and programs to help keep pollution out of stormwater and runoff, clean up pollution that flows into our waterways, and use stormwater and runoff to recharge groundwater supplies, which are an important source of drinking water. The fee could also be combined with other funding such as state and federal grants for multibenefit projects that improve water quality and provide other public benefits as well.

(Continued on next page)

Notice to Property Owners of Public Hearing

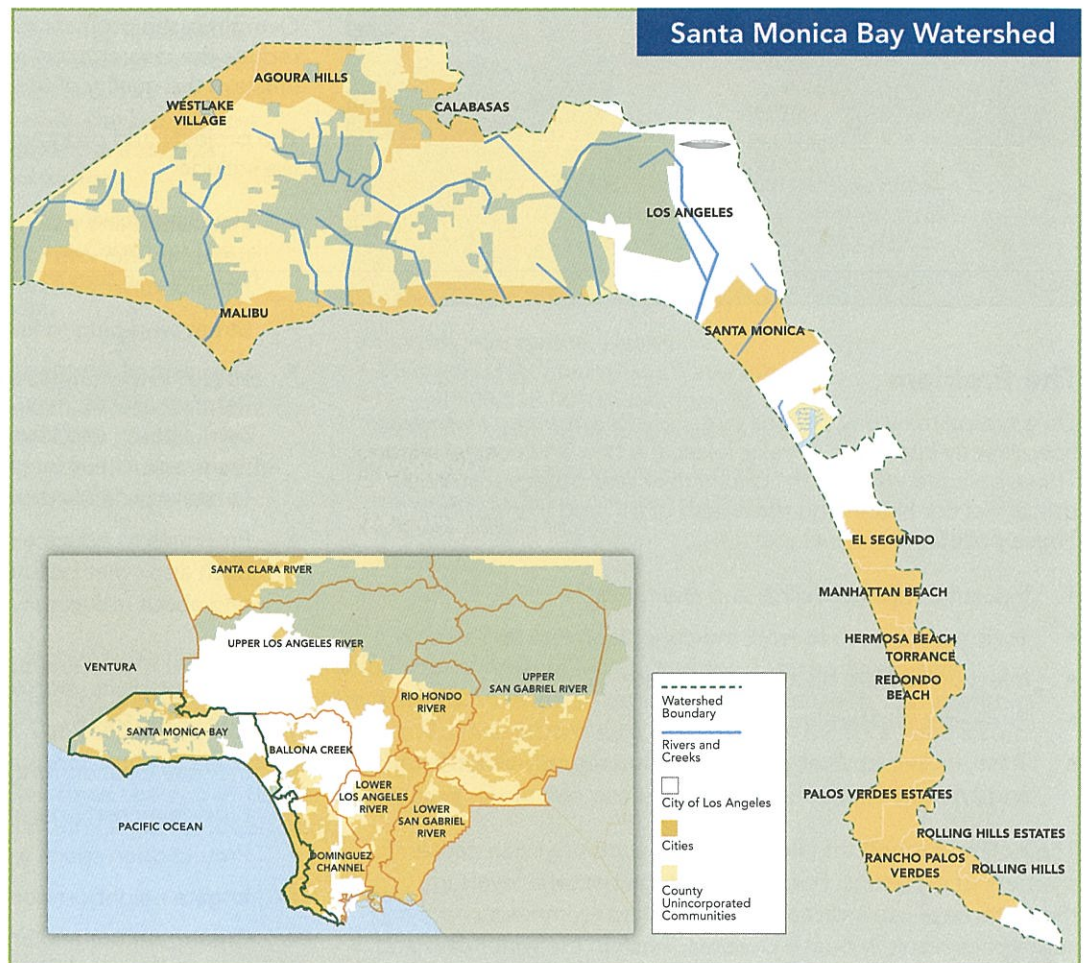
The Board of Supervisors of the County of Los Angeles will hold a public hearing (details inside) on January 15, 2013 to consider a Clean Water, Clean Beaches Measure proposed by the Los Angeles County Flood Control District to establish an annual clean water fee, which would be collected with the property taxes beginning on the 2013-2014 County of Los Angeles property tax roll.

4455-027-906

N/A N/A
N/A CA N/A

Your Proposed Clean Water Fee:

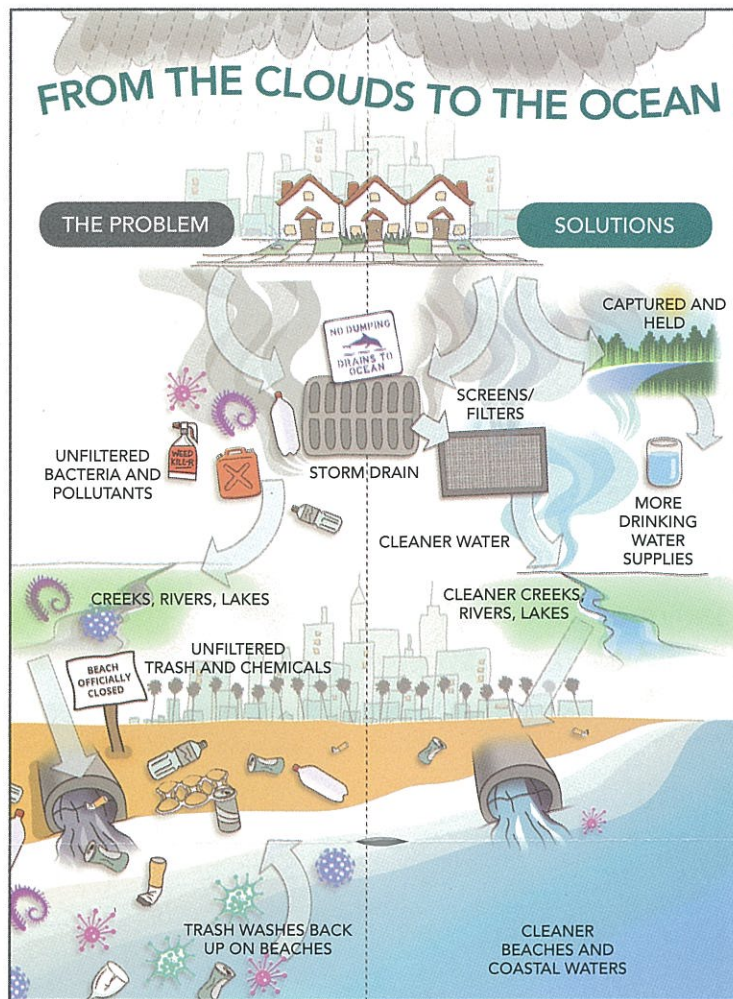
\$301.00 a year.



There are nine watersheds in the Los Angeles County Flood Control District in which the proposed clean water fee would be collected annually. You own property in the Santa Monica Bay Watershed, which drains to waterways including the Santa Monica Bay and includes all the cities and unincorporated communities shown on the detail map.

ITEM 6A

www.LACountyCleanWater.org



The Problem

On a typical rainy day, billions of gallons of untreated stormwater flow directly into rivers, creeks, lakes, the bay, and coastal waters. These polluted waters can contain toxic and other substances that affect our health and the health of fish and marine life. These pollutants can include:

- Industrial solvents, paints and chemicals
- Toxic metals, such as lead, mercury, chromium and arsenic
- Infection-causing bacteria and viruses
- Pesticides and fertilizers
- Trash, including plastics, cigarette butts, candy wrappers and syringes

The polluted runoff that flows into the waterways can cause a variety of problems. For example, high bacteria levels in the waterways can indicate a health risk to swimmers and sometimes result in beach closures. Trash in the waterways and polluted runoff can also be toxic to aquatic life.

Solutions

Fee revenues collected in the Santa Monica Bay Watershed would be used by cities, the County of Los Angeles, and an established watershed authority group for projects in the Santa Monica Bay Watershed that would help protect public health and the environment by keeping toxic chemicals, harmful bacteria, and trash out of waterways such as the Santa Monica Bay, including projects to increase local groundwater supplies, which are an important source of drinking water.

The proposed fee would be used for projects that could generate thousands of local jobs in construction, engineering, landscaping, environmental work and other trades. By law, fees collected within the Santa Monica Bay Watershed will be used for projects and programs to improve water quality within that watershed. Fees collected in the other watersheds will be used for water quality projects and programs within those watersheds.

The measure does not earmark funds for specific projects and programs, but establishes criteria for the use of the funds and allows local jurisdictions to determine how best to use those funds to achieve water quality benefits.

Over time, the projects that the fee pays for will significantly reduce the degradation of waterways in Los Angeles County and improve the quality of the water in those waterways.

The projects and programs that could be funded with the fee include:

- Installation and maintenance of catch basin screens and treatment devices to reduce trash, chemicals and other harmful substances in stormwater and urban runoff;
- Street sweeping to keep trash out of storm drains;
- Diversion of stormwater and urban runoff before it pollutes lakes, rivers, and the ocean; this water is held, filtered and cleansed (both naturally and using manmade filters) in groundwater basins, and used to recharge underground drinking water sources;
- Programs to educate children and adults about keeping trash and other pollutants out of streets and storm drains and about reducing water runoff from their properties.

Multibenefit projects can combine fee revenues with other funding sources to improve water quality and provide other benefits to the public, such as:

- Increase local drinking water supplies;
- Provide recreational areas such as parks and ball fields;
- Protect open space and natural areas;
- Irrigate neighborhood parks, ball fields and school grounds;
- Create, restore and improve wetlands and habitat; and
- Protect public health and safety.

Notice to Property Owners of Public Hearing on Proposed Clean Water, Clean Beaches Measure

Proposed Fee

A clean water fee is proposed that would generate over \$200 million annually in dedicated funding for reducing pollution from stormwater and urban runoff in Los Angeles County waterways.

The proposed fee would be paid by property owners within the Los Angeles County Flood Control District, which includes most of the County, excluding portions of the Antelope Valley. All properties generate runoff, and the more impervious surfaces that a parcel has (such as buildings and pavement), the more runoff it generates. The fee is determined by the average amount of runoff that properties generate, based on parcel size (but not property value) and land use classification, such as whether the property is residential, commercial, industrial or undeveloped, because this is an indication of the percentage of the parcel that has impermeable surfaces.

The fee for your property is shown on the front page of this brochure. An Engineer's Report explaining the fee calculations for all properties can be found at: www.LACountyCleanWater.org.

As required by law, 40 percent of the fee revenues collected will be allocated to the city in which the properties are located, or to the County of Los Angeles for the unincorporated areas, for water quality improvement programs as determined by each city or the County. Another 50 percent of the fee revenues collected will be allocated to the watershed authority group established for the watershed in which the properties are located for water quality improvement programs in the watershed. The remaining 10 percent of the fee revenues must be used by the Los Angeles County Flood Control District for water quality monitoring, research, technical assistance and administration.

The fee will be collected every year with the property taxes and will continue annually until terminated by the County of Los Angeles Board of Supervisors. By law, fees cannot not be raised without another public hearing and election.

Program Accountability

These funds could not be diverted or used for any other purpose. All expenditures would be subject to independent annual audits, and all project information would be available for public review. In addition, an independent Oversight Board will ensure that the funds are only used for projects that meet established criteria.

Public Hearing

The California Constitution requires that the proposed fee go through a two-step approval process, which includes both a public hearing and an election. As the governing body of the Los Angeles County Flood Control District, the Board of Supervisors of the County of Los Angeles will hold a public hearing on:

January 15, 2013 at 9:30 a.m.
Board of Supervisors Hearing Room
Kenneth Hahn Hall of Administration
500 West Temple Street, Los Angeles, CA 90012

Auxiliary aids and services for people with disabilities are available with three business days notice by calling: 800-218-0018 or TDD, 626-282-7829.

At the public hearing, the Board of Supervisors will receive oral and written testimony about the proposed clean water fee. Any property owner may testify or file a written protest with the Executive Officer of the Board of Supervisors at any time before the end of the public hearing. A written protest must identify the parcel address and assessor's parcel number, and must be signed by the property owner or an authorized representative. You may use the protest form included below or write a letter.

Mail to:
Executive Officer
Board of Supervisors
P.O. Box 866006
Los Angeles, CA 90086

Or hand deliver to:
Executive Officer
Board of Supervisors
Kenneth Hahn Hall of
Administration, Room 383
500 West Temple Street
Los Angeles, CA 90012

The Board of Supervisors may continue the hearing to a future date. If the Board of Supervisors has not received written protests against the proposed fee by a majority of property owners before the end of the public hearing, the Board of Supervisors may authorize an election to approve the fee.

For more information, please:

- Visit www.LACountyCleanWater.org
- Or call 800-218-0018 (8am-5pm, M-Th)
- Or email water.info@dpw.lacounty.gov

Para el Aviso o información en Español, por favor

- visite www.LACountyCleanWater.org
- o llame 1-626-458-6981

Protest Form

Property owners or an authorized representative may complete this form or write a letter, and mail to the Executive Officer of the Board of Supervisors, P.O. Box 866006, Los Angeles, CA 90086 or hand deliver at the Kenneth Hahn Hall of Administration, Room 383, 500 West Temple Street, Los Angeles, CA. To be counted as a protest, this form or your letter must include the Assessor's Parcel Number and parcel address, be signed by the property owner or an authorized representative and be delivered no later than the end of the public hearing. Only one protest per property will be accepted and counted. (The barcode contains a parcel identifier.)

Assessor's Parcel Number: 4455-027-906

Parcel Address: N/A N/A
N/A CA N/A



I protest the proposed clean water fee.

ITEM 6A

Print name _____

Sign name _____

Clean Water, Clean Beaches Program
County of Los Angeles Flood Control District
PO Box 861809
Los Angeles, CA 90086

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LAS VIRGENES MUN WATER DIST
4232 LAS VIRGENES RD
CALABASAS CA 91302-3589



17-136548

SM7
SM7

Los Angeles County Clean Water, Clean Beaches Measure Official Notice to Property Owners of Public Hearing

Notice of Public Hearing for:
Los Angeles County
clean water, clean beaches measure

The Clean Water, Clean Beaches Measure would address water-related challenges in Los Angeles County:

- Polluted water is flowing through Los Angeles area rivers and creeks and into lakes, the bay and coastal waters.
- The Los Angeles area needs more local sources of water to use for drinking water.

The Clean Water, Clean Beaches Measure would fund projects to reduce pollution in Los Angeles County waterways, including projects that divert and cleanse stormwater and urban runoff to preserve and increase supplies of groundwater that are usable as local sources of drinking water.

More Information:

www.LACountyCleanWater.org
1-800-218-0018



ITEM 6A



Printed on paper containing a minimum of 30% post-consumer content.

January 7, 2013 JPA Board Meeting

TO: JPA Board of Directors

FROM: Facilities & Operations

Subject: Malibu Creek Watershed Emerging Issues: Update

DISCUSSION:

The National Pollutant Discharge Elimination System (NPDES) permit for the Tapia Water Reclamation Facility became effective on October 22, 2010 and expires on August 10, 2015. On February 2, 2015, 180 days prior to the expiration date the JPA will need to apply for a permit renewal. Even with the permit renewal a little over two years away, several emerging issues in the Malibu Creek and neighboring watersheds will influence the renewal. This memo provides an update of the emerging issues.

Malibu Creek and Lagoon Benthic Community Effects, Sedimentation and Benthic Macroinvertebrates TMDL:

In 1999, a 13-year schedule for the development of TMDLs in the Los Angeles region was established by a consent decree between the EPA and environmental groups. The consent decree was modified in 2010 and 14 TMDL projects were removed and four were added, including a TMDL for Benthic Community Effects for the Malibu Lagoon and a TMDL for Sedimentation and Benthic Macroinvertebrates for Malibu Creek. The deadline for the EPA to establish these TMDLs is March 24, 2013. The EPA released a draft TMDL for review on December 12, 2012. A public meeting is scheduled for January 14, 2013 and comments are due January 23, 2013. The proposed concentration based load allocations for Tapia are 0.6 mg/L total nitrogen (TN) in the summer and 1.0 mg/L TN in the winter and 0.1 mg/L total phosphorus (TP) year round. Tapia's current limits are 8 mg/L nitrate + nitrite as nitrogen and 3 mg/L TP. The proposed limits will be virtually impossible to achieve if imposed on the JPA's discharge into Malibu Creek. There is an "invitation to comment on alternative option." This alternative considers the Modelo (Monterey) formation but would change only the TP instream target to no greater than 0.04 mg/L and makes no changes to the TN targets. Staff is getting a proposal from MWH to update the 2005 report that estimated the \$180 million cost to build facilities to meet the 1.0 mg/L TN and 0.1 mg/L TP summer time limits in EPA nutrient TMDL.

Ventura River Algae TMDL:

The Regional Water Quality Control Board (RWQCB) approved the Ventura River Algae TMDL on December 6, 2012. JPA staff provided oral comments at the hearing, attached is the transcript of the comments presented by Dr. Randal Orton. The RWQCB approved the TMDL and provided the Ojai Valley Sanitation District with a ten-year compliance schedule. The TMDL includes summer and winter limits for total nitrogen (TN) and dry weather and wet weather limits for total phosphorus (TP). The winter limit for TN is 4.6 mg/L and the wet weather limit for TP is 2.6 mg/L. Compliance for dry weather and summer limits are based on effluent concentrations and flow.

California Biological Objectives Policy:

The State Water Resource Control Board issued a notice of CEQA Public Scoping meetings to solicit comments on the Statewide Biological Objectives Policy. The policy is intended to provide direction to regional boards for numeric objections for the biological condition of perennial wadeable streams. Water quality objectives can be narrative, numeric or both. Numeric objectives are typically expressed as a limit or range for chemical, physical or toxicological thresholds. For example, the basin plan objective for total dissolved solids for Malibu Creek is 2,000 mg/L. "The waste discharged shall not cause the receiving water to contain any substance in concentrations that adversely affect any designated beneficial use" is an example of a narrative water quality objective. There is great diversity in the state's streams and the "one size fits all" approach does not take into account the differences in local conditions to come up with attainable, practical

and realistic discharge requirements that result in improvements in beneficial uses and do not waste ratepayer's money. The SWRCB has not yet responded to comments on the proposed policy.

MS4 permit:

The Municipal Separate Storm Sewer (MS4) permit was approved at the November 8, 2012 RWQCB board meeting. The MS4 permit will regulate storm water and non-storm water discharges into the storm water conveyance systems in Los Angeles County, these are typically non-point source discharges. The Los Angeles County Flood Control District, the County of Los Angeles and 84 incorporated cities are permittees and will be responsible for implementing the permit and monitoring and reporting plan. The monitoring and reporting plan can take the form of a consolidated plan rather than 86 individual plans but until the permit is adopted, it is uncertain what form the plan will take. Although the JPA is not a permittee but as the only point source discharger in the Malibu Creek watershed the adoption of the permit may influence the operations of the JPA activities, in particular water quality monitoring reporting requirements. It is still early to determine what impact the MS4 permit will have on JPA activities.

Malibu Creek Watershed Wide Monitoring Plan submittal:

The 2010 NPDES permit for Tapia required the analysis of decades of watershed monitoring data and a proposed watershed wide monitoring plan. The analysis was submitted by the regulatory deadline and no comments were received on the analysis from the RWQCB. On March 28, 2012, a proposed watershed wide monitoring plan was submitted and the attached letter from RWQCB provides comments on the proposal. The RWQCB has requested that the JPA provide detailed information on permit modifications for other agencies in the watershed. Our position is that this should be the RWQCB responsibility as the permitting authority supporting by the JPA analysis and achieved through a stakeholder driven process facilitated by the RWQCB. The letter also requests that this effort be delayed until the MS4 permit is adopted. With approval of the MS4 permit staff will start preparing a response to RWQCB.

It is prudent that the JPA continues to be engaged in the review, comment and formulation of these issues. There are severe economic consequences from significantly lower water quality objectives with no resulting improvements in beneficial uses of the watershed. Engagement needs to be on the regulatory, economic, political and scientific fronts. Commenting on the Malibu Creek and Lagoon Benthic Community Effects, Sedimentation and Benthic Macroinvertebrates TMDL and building stakeholder awareness of the TMDL will be the focus of staff's efforts in the coming weeks. Staff will report back to the board on the progress of these issues at the February JPA meeting.

Prepared By: David R. Lippman, Director of Facilities & Operations

January 7, 2013 JPA Board Meeting

TO: JPA Board of Directors
FROM: Facilities & Operations

Subject: Rancho Las Virgenes Composting Facility Amendment Purchase and Excess Compost Sale: Update

DISCUSSION:

At the October 1, 2012 JPA meeting the board authorized a Request for Quotations (RFQ) for purchase of surplus bulk compost and optional supply of bulk amendment. The purpose of this RFQ was to find a buyer for surplus compost that is produced at the Rancho facility that is not given away to customers or sold under the bulk loading program. Currently, when there are large volumes of excess compost staff contacts haulers and offers the compost free of charge to reduce inventory. The RFQ was sent to fourteen composting companies and vendors and three responses were received by the November 16, 2012 due date. The responses were as follows:

Vendor	Purchase of Excess Compost	Supply of Amendment
Agromin	\$6.00/ cubic yard	\$12.00/ cubic yard
B & B Pallet	\$1.00/ cubic yard	\$10.42/ cubic yard
Redwood Products	\$0.00/ cubic yard	\$11.00/ cubic yard

A financial analysis was performed to evaluate the bids. Data was taken from the last four years of composting operations to determine the amount of amendment purchased and the amount of excess compost that is produced. The results of this analysis showed that the cost savings are very similar between the proposals from Agromin and B&B Pallet. This is because cost savings vary dependent upon the amount of amendment purchased and excess compost sold. Because of this, staff would like to analyze other factors that might affect the bottom line costs of these bids such as screening or the addition of alternative forms of amendment. In the financial analysis, data was taken from the last four years of composting operations to determine the amount of amendment purchased and the amount of excess compost that is produced. Amendment purchases and excess compost production are shown below.

B&B Pallet Proposal

	Minimum Year	Maximum Year	Average Year	Average Annualized Year
\$10.42/ cu yd. Amendment	\$104,408	\$251,383	\$216,270	\$181,451
\$1.00/ cu yd. Compost	\$865	\$11,352	\$6,441	\$6,244
Net Cost	\$103,543	\$240,031	\$209,829	\$175,207

Agromin Proposal

	Minimum Year	Maximum Year	Average Year	Average Annualized Year
\$12.00/ cu yd. Amendment	\$120,240	\$289,500	\$249,063	\$208,965
\$6.00/ cu yd. Compost	\$5,190	\$68,112	\$38,645	\$37,464
Net Cost	\$115,050	\$221,388	\$210,418	\$171,501

Redwood Products Proposal

	Minimum Year	Maximum Year	Average Year	Average Annualized Year
\$11.00/ cu yd. Amendment	\$110,220	\$265,375	\$228,308	\$191,551
\$0.00/ cu yd. Compost	\$0	\$0	\$0	\$0
Net Cost	\$110,220	\$265,375	\$228,308	\$191,551

By screening the compost, large pieces of amendment that did not break down during the composting reaction can be separated out and sent back into the process. It is expected that screening will result in a reduction in the amount of amendment purchased as well as in the amount of compost produced. Additionally, it may be possible to obtain high quality green waste to augment the current amendment supply at a low cost or free of charge that meets size specifications for the amendment we currently use. Green waste is a fire hazard due to its potential for heat producing reactions. If specifications are met, green waste can be loaded manually into the amendment conveyance system downstream of the bulk amendment storage bin where the risk of a fire is greatest.

Staff will report back to the JPA in February on the progress of these efforts.

Prepared By: Brett Dingman, Water Reclamation Manager

January 7, 2013 JPA Board Meeting

TO: JPA Board of Directors

FROM: Facilities & Operations

Subject: Rancho Las Virgenes Third Digester: CEC Grant Opportunity

DISCUSSION:

The design of a third digester at the Rancho Las Virgenes Composting Facility was recently completed by Kennedy/Jenks Consultants and on November 13, 2012 a call for bids was issued. Also in November, Kennedy/Jenks notified staff of an opportunity to partner with them to apply for a California Energy Commission grant to help fund the construction of a portion of the new digester. The California Energy Commission Community Scale Renewable Energy Development, Deployment and Integration Program provides a 3:1 funding match ratio for projects that perform field demonstration of innovative (emerging) renewable energy projects that have a community level energy benefit.

Since the mixing system in the new digester is designed for the co-digestion of fats, oils, and grease (FOG) and food waste, which can increase digester gas to create more energy, it is considered a candidate for CEC grant funding up to approximately \$750,000. Demonstration and optimization of the co-digestion of food waste can be performed when the new digester is placed in service. The volume of food waste required for the demonstration is minimal and so it is not expected to have significant impact upon the digesters available capacity. A copy of the JPA letter of support for the CEC grant application is attached.

Prepared By: Brett Dingman, Water Reclamation Manager

ATTACHMENTS:

[CEC Grant Participation Letter](#)



Las Virgenes – Triunfo Joint Powers Authority
4232 Las Virgenes Road, Calabasas, CA 91302
818.251.2100



28 November 2012

Ms. Crystal Presley-Willis
California Energy Commission
1516 Ninth Street, MS-18
Sacramento, CA – 95814

Re: Letter of Participation and Support
Community Scale Renewable Energy Development, Deployment and Integration
Program (Solicitation PON-12-502)

Dear Ms. Presley-Wills:

The Las Virgenes-Triunfo Joint Powers Authority (JPA) is pleased to be a part of Kennedy/Jenks Consultants' team for the community scale renewable energy proposal for field demonstration of a novel FOG/food waste co-digestion process that will not only enhance gas (energy) production from the digesters but also simultaneously reduce digested solids load requiring disposal. The JPA treats and reuses 9 MGD wastewater at its Tapia Water Reclamation Facility, and treats its sludge by mesophilic anaerobic digestion process using two digesters at the nearby Rancho Las Virgenes Composting Facility.

The JPA finds your proposed study timely and important because we will soon be constructing a new digester to meet our increasing needs and to possibly add food waste for enhanced biogas production. At the same time it is very important for us to understand the fate of co-digested solids since the JPA is currently composting its solids at an estimated cost of approximately \$200 per wet ton. A potential reduction in digested solids could lower the solids disposal cost and make the implementation of co-digestion process economically viable. Odor control of digester gases and dewatered cake is also of great interest to the JPA.

The JPA will support the Kennedy/Jenks Consultants in the proposed CEC program by being the site for field demonstration of this technology, subject to JPA Board approval, upon award of the project by CEC. The JPA budget includes funds to construct a new digester to accept municipal sludge, and also with an intent to accept food waste and contract award is scheduled for February 4, 2013 (see attached board memo). Accordingly, the new digester is designed with piping to deliver food waste/FOG from a future co-waste receiving station. The future FOG/food waste receiving station is included in our 5 year CIP planning document. The JPA budget includes funding in the amount of \$250,000 that is intended be used for the construction of the mixing system for this digester during the proposed CEC project period (June 2013 to March 2015) as the match fund for the CEC study. Furthermore, The JPA will provide some level of labor support for field studies, and providing sludge samples during the bench scale and field

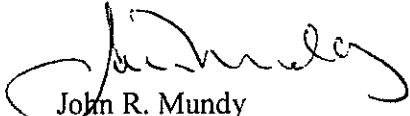
Lee Renger
Chair, Las Virgenes-Triunfo
Joint Powers Authority
President, Las Virgenes Municipal Water District
Board of Directors

Janna Orkney
Vice Chair, Las Virgenes-Triunfo
Joint Powers Authority
Chair, Triunfo Sanitation District
Board of Directors

demonstration phases of this study. We can provide additional information, if needed, during contract negotiations.

We look forward to working with Kennedy Jenks Consultants in this exciting and challenging project.

Sincerely,

A handwritten signature in black ink, appearing to read "John R. Mundy". The signature is fluid and cursive, with a large initial "J" and "M".

John R. Mundy
Administering Agent/ General Manager



November 13, 2012 LVMWD Regular Board Meeting

TO: Board of Directors

FROM: Facilities & Operations

Subject: Rancho Las Virgenes Design of a Third Digester: Approval of Plans and Specifications and Call for Bids

Las Virgenes-Triunfo Joint Powers Authority approved funding for this matter in the Joint Powers Authority Budget. This recommendation is before the LVMWD Board of Directors for action, as administering agent, as authorized under the Joint Powers Authority Agreement.

SUMMARY:

At the November 7, 2011 JPA meeting, the JPA awarded the design of a third digester at the Rancho Las Virgenes Composting Facility to Kennedy/Jenks Consultants. As part of their design services, Kennedy/Jenks was authorized to prepare plans and specifications for the proposed digester system. On September 4, 2012, District staff presented a progress report on the plan and specifications, and value engineering efforts taken at the 60% phase of design. The construction plans and specifications are now completed.

The proposed schedule will assure the project is complete by June 14, 2014:

Call for Bids	November 13, 2012
1st Advertisement	November 26, 2012
2nd Advertisement	December 3, 2012
Mandatory pre-bid job walk	December 12, 2012
Bid opening	January 16, 2013
Project award	February 4, 2013
Project completion	June 14, 2014

Additionally, Kennedy/Jenks Consultants, the design engineers for the project, submitted a proposal at the request of District staff, for bid support services. The estimated cost of service is \$11,000.00

RECOMMENDATION(S):

Approve the plans and specifications for the Rancho Las Virgenes Third Digester Project; authorize a Call for Bids in accordance with the project specifications and the proposed Bid Schedule; and approve the contract with Kennedy/Jenks Consultants in the amount of \$11,000.00 for bid support services.

FINANCIAL IMPACT:

A total of \$3,531,418.00 was approved in the FY 12-13 budget. No additional funds are required at this time.

DISCUSSION:

The existing digesters have been in continuous service since the initial startup of the facility in 1993 and there is insufficient capacity to take either of the digesters out of service for cleaning and maintenance. Additionally, the digesters were originally designed for a loading rate of 80,000 gallons per day to achieve a 29 day solids retention time. Lately, Tapia has increased sludge production and is currently sending

ITEM 8C
ITEM 9C