



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

MINUTES
REGULAR MEETING

5:00 PM

November 13, 2012

PLEDGE OF ALLEGIANCE

At the request of President Renger, the Pledge of Allegiance to the Flag was led by Director of Facilities and Operations Lippman.

1. CALL TO ORDER AND ROLL CALL

A Call to order and roll call

The meeting was called to order at 5:00 p.m. by President Renger in the District offices. Deputy Secretary Mundy called the roll. Those answering present were Directors Bowman, Caspary, Peterson, Renger and Steinhardt.

2. APPROVAL OF AGENDA

A Approval of agenda

General Manager Mundy requested "9.A: Proposed Change of Dental Insurance Provider" be heard following "4.B: Legislative and Regulatory Updates" as Sherry Skarda of Poms would be present to discuss the proposal.

Director Steinhardt stated the recommendation on "9.A: Proposed Change of Dental Insurance Provider" needed to be updated by removing the words "renewal of a" as this is a new carrier not a renewal of an existing plan.

Director Caspary stated he did not want to reorder the agenda as there were several members of the public who were present, and requested the agenda be approved as presented.

On a motion by Director Charles Caspary, seconded by Director Lee Renger, the Board of Directors voted 5-0 to Approve the agenda for the Regular Board Meeting of November 13, 2012, as presented.

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

3. PUBLIC COMMENTS

One speaker card was received from the public (1) Neil Ticktin who directly addressed Director Bowman and wanted to thank him for stepping up ten years ago to serve on the Board and also for making decisions he felt were best for the customers and for the agency; stated it was not appropriate for the Board to attack members of the public and fellow board members, which is a sign of arrogance; the Board does not select who represents the customers, the public votes for who serves on the Board; he told the Board a year ago that it acted in an arrogant manner and that if the Board didn't change the way it acted the public would change the Board and Mr. Bowman has learned this the hard way; as shown in Division 4 the public is not happy about the tank project and rate increases which will be discussed later in the meeting; in a couple of years a few of you (the board members) will be up for re-election and if you don't change then the public will decide which seat needs to be changed; is going to repeat comments he has previously made in regards to civil change in the way business is conducted, which could make Las Virgenes a leader in the industry or not, the first way to show this is by who is selected as the next general manager (someone who listens to the public and can do outreach to the public), the Board should not go after one another nor should they criticize members of the public by name during a meeting or in a public forum, the public should have the chance to respond to the criticisms in the same way, publicly; every single detail should be video recorded for the web, otherwise it gives an appearance you have something to hide and he doesn't want to hear about the cost involved; and before the next meeting have staff come up with a way to: (1) video record the board meetings, (2) a culture change prior to hiring the next general manager, (3) avoid practices where you try to discredit the public in any way, and once these three things are done you need to find a way to communicate the changes to the public.

4. ILLUSTRATIVE AND/OR VERBAL PRESENTATION AGENDA ITEMS

A 10-Year Service Award: Joseph Bowman, Director Division 4

President Renger discussed Director Bowman's ten year history on the Board including federal and legislative committee service, and his fiscal conservatism.

Director Bowman stated it has been a privilege and honor to serve on the Board; he has never been lobbied to vote a certain way and the board members have always been independent thinkers; on the issue of transparency he finds Mr. Ticktin's comments offensive as in his ten years on the Board nothing has ever been hidden or distorted, the facts have always been laid out; congratulated Mr. Polan and wishes he would have had a chance to debate him and hopes he understands that the seat on the Board is a lot of work, the seat on the Board represents all of the ratepayers not only those in Division 4, fiduciary responsibility and putting what is right for the District ahead of personal opinions; in his ten years on the Board the District's financial record has been spotless; another duty is to ensure there is proper infrastructure and that the District is properly staffed, concerned that now there are two board members who feel there is a bloated bureaucracy and that employees do not work hard enough; lost during the election was outreach is criticized even though a recent survey indicated in the area of outreach on water issues a positive result in the 92nd percentile, also lost during the election is that eight positions have been cut from the District and the General Manager has opined twice now that further cuts would be detrimental to operations, cuts to outreach and customer service could be done, but yet the survey indicated positive results of 88th-92nd percentile in customer satisfaction; and stated to employees that there are always people in your life who criticize you and he hopes that employees do not allow those people to give them any angst and hopes staff continues to come to work motivated (Legal Counsel Lemieux interjected that this was not the time for a farewell speech); in closing, he hopes staff goes home each day with a feeling of accomplishment because you are a

good staff and Las Virgenes is one of the most highly respected district's in the State of California and wishes everyone good luck.

General Manager Mundy stated he had received another public speaker card from Ann Sturman regarding conservation and although past public comments asked President Renger if she could speak at this point in the meeting as there is not an item pertaining to the topic on the agenda.

President Renger requested Ms. Sturman provide her comments. Public Comments (2) Ann Sturman, stated she wondered why the Board is voting on the tank and rate increases, but she has not heard anything about conservation; the old billing format provided a lot of information about conservation, which leads her to believe the District is no longer concerned about conservation, in the East Bay area customers are paid \$100-\$200 for tearing out their lawns and replacing with drought tolerant, instead of this district spending money on a tank it should spend money on conservation and not raise rates, why is voting taking place on water rate hikes and the tank when you know there is going to be a leadership change on the Board, or are you just moving things along, encourages the Board not to vote on anything that will make changes.

Director Renger discussed "mow no mow" and stated unfortunately conservation will not replace the need for the tank as it is needed for emergency supply and fire flow, appreciates her coming in and her comments, and in regards to rate increases there are still fixed costs and water purchases from Metropolitan that need to be paid for. Director Steinhardt thanked Ms. Sturman for speaking in regards to conservation and discussed devices that measure moisture, 70% of our potable water is used for landscaping and if conservation levels were maintained as they were recently there would not be justification for the tank. Director Peterson inquired of Director of Resource Conservation and Public Outreach Reyes if the bills had changed (Reyes: the water shortage information had been cut out of the bills, but believes the historical water usage data had been put back, consumption is still shown); Sturman: it's not comparative to prior years (Reyes: correct only this year to last year).

President Renger requested staff look at bill format and that former allocation information was useful (Mundy: allocation information was removed because it gave the impression customers were still under the allocation program). Director Caspary said he would like to hear back at a future meeting in regards to the customer question regarding historical usage on billings.

B Legislative and Regulatory Updates

General Manager Mundy stated there was no legislative or regulatory report.

5. CONSENT CALENDAR

On a motion by Director Charles Caspary, seconded by Director Glen Peterson, the Board of Directors voted 5-0 to Approve Consent Calendar 5A-5C as presented in the recommendations. Director Bowman stated an abstention from approving any minutes from meetings he did not attend (for the record: Director Bowman was absent on March 13, 2012).

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

A Minutes: Regular Meeting of March 13, 2012 and October 9, 2012. **Approve**

B List of Demands: November 13, 2012. **Approve**

C Directors' Per Diem: October 2012; and a November 2012 per diem and reimbursement in the amount of \$45 to Director Barry Steinhardt for attendance at the Agoura Hills: State

of the City Luncheon on November 1, 2012. **Ratify**

6. **TREASURER**

Treasurer Steinhardt stated he conducted a random review of checks and found all to be in order.

7. **BOARD OF DIRECTORS**

A Revised Minutes: Regular Meeting of June 26, 2012 and Special Meeting of September 4, 2012.

Approve the revised Regular Meeting Minutes of June 26, 2012 and Special Meeting Minutes of September 4, 2012.

General Manager Mundy stated revisions had been requested for both sets of minutes being considered and prior to approval wanted to confirm there were no additional changes.

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

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

8. **FACILITIES AND OPERATIONS**

A 1235' Backbone Improvement Program Agoura Hills Pipeline - Final Acceptance

Approve the proposed Change Order #3 for a total amount of \$38,656.00 for 120.8 tons of additional asphalt at the unit bid price of \$320 per ton and authorize the General Manager to execute Change Order #3; approve the final Progress Payment in the amount of \$54,906.53 to J. Fletcher Creamer & Son Inc. and Spiniello Companies, a Joint Venture; approve execution of a Notice of Completion by the Secretary of the Board for and on behalf of the District and have the same recorded; and that in the absence of claims from subcontractors and others, release retention in the amount of \$381,380.55 thirty calendar days after filing the Notice of Completion for the 1235' Backbone Improvement Program Agoura Hills Pipeline Project.

General Manager Mundy stated he had received a speaker card from Craig Maronde, but would like to clarify whether he would like to speak on 8B: tank or 8A: pipeline acceptance (Maronde: tank item 8B).

General Manager Mundy provided an overview of the Agoura Hills Pipeline project and discussed change orders resulting from an increase in asphalt tonnage and stated the two previous changes orders had previously been approved by the Board.

Director Peterson inquired as to whether a claim had been filed by a restaurant (Director of Facilities and Operations Lippman stated no).

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

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

B Engineering Design Services for the 1235-foot Backbone Improvement Program 5 MG Tank

Accept the proposals from AECOM for engineering services for the 1235-foot Backbone Improvement Program 5 Million Gallon Tank in the amount not to exceed \$497,777.

General Manager Mundy stated he had received four speaker cards on this agenda item. President Renger stated staff would make their presentation first and then public speakers

would be heard.

Director of Facilities and Operations Lippman provided an overview of the 1235 foot Backbone Improvement Program, which includes transmission main improvements in Agoura Hills and Calabasas, expansion of the Westlake Filtration Plant, modernization of the Westlake Pump Station and construction of the 5-mil tank at Westlake Reservoir; the 5-mil tank is intended to meet current and future needs including peaking needs, address deficiencies in the system and storage allowing for expanded use of Westlake Reservoir for emergencies and summer time peaking needs; the projects are funded from two different sources (replacement funds and construction funds (potable connection fee monies, which by law cannot be used to offset rate increases)); the system was designed based on two requirements (1) fire flow requirements set by Los Angeles County Fire Department and (2) State of California Title 22 requirements to meet max-day demand at all times; chronological summary: 2007 Master Plan, 2008 began work on an alternative backbone improvement program and a Mitigated Negative Declaration (process included meeting with City of Westlake Village, City of Calabasas, City of Agoura Hills and made several presentations at council meetings and homeowners' associations); the Mitigated Negative Declaration was adopted in October 2009; multiple meetings and workshops were held allowing for public comment, which included a review of potential tank sites, addressing of Valley Fever Concerns, alternative access, all of which were posted to the District's web page; outreach has continued through the beginning of the year including a March 24th workshop and in June the Board of Directors selected Site A for tank construction and approved issuance of a Request for Proposals for design services; the public had several good questions and comments including why is the tank needed, what is the basis of design and population projections as a percentage (this can be misleading, so the District used three planning documents to determine projected population (1) 2005 Urban Water Management Plan, (2) 2007 Master Plan, (3) 2010 Urban Water Management Plan; all three documents determined the same growth by 2030); demand recovery after the drought (it appears demand will return to 2007 levels even with projected conservation); demand conditions determined the size of the tank and ranged from 2.5-5-million gallons), and would the District save any money if a smaller tank was constructed now and another smaller tank later (it was determined that very little money would be saved as many of the process efforts would need to be duplicated and high expense items such as grading would need to be completed regardless of whether one tank was constructed now and another later); reliability of system with and without tank (the western system could be depleted of water within ten hours and it takes at least eight hours to bring the treatment plant online, so it would be likely there would not be sufficient water remaining for fire flow); what level of conservation would be needed in order to eliminate the need for the tank (1980s consumption or the usage level obtained during the last drought (38% overall District-wide reduction in usage - Caspary: can you please list three contributing factors that led to the 38% reduction; Lippman: the most significant factor that led to reduced usage was the District was allocating water, followed by penalties and education); possibility of using a boil order (removing untreated water from the reservoir for fire flow and use by customers violates the Clean Water Act and primary drinking water standards; would require all restaurants, hotels, schools and business boiling all water before drinking or preparing food and only the Department of Public Health has the legal right to issue boil orders); and now for the Request for Proposals (RFP) process, which was approved in June, five firms received the RFP and three proposals were received; staff is recommending approval of the AECOM proposal, noted the HDR proposal was \$60,000 less, but that AECOM has an added value as they are very familiar with the project and are the firm that designed the Westlake Filter Plant and will be able to better integrate the tank into the existing system and operations, and additional added value is that AECOM also has a sub-contract with an outreach firm, which will allow for assistance in working with surrounding cities as the District committed to during the MND process related to the community, traffic impacts, blasting and aesthetics; design of the tank is expected to be completed by April 2013 and construction towards the end of 2014; the

Calabasas pipeline call for bids is expected soon; expansion of the filtration plant and modernization of the pump station sometime in 2013 and completion of the backbone improvement program in 2015-16

A summary of Board questions and comments included: Bowman: confirm for the benefit of the public present at the meeting that this request is not for approval of the tank project, but only for the design of the tank itself and that additional input from the new general manager will be considered in the second or third quarter of 2013 (Lippman: correct); explain to the audience what an equivalent residential unit (ERU) is and projections for demands are also based on industrial and commercial demand (Lippman: residential, commercial/industrial and change in land use are all considered when determining growth (at Mureau Road a one acre parcel was zoned for six large residential units and the zoning has changed to allow for forty senior housing units; Legal Counsel Lemieux stated the project has been approved, but the project can be stopped at any point in time and as an example if the design is not approved tonight then the project does not go anywhere, or if the construction contract is not awarded in the future then construction won't happen, there are many approvals during the course of the project, not just one approval)); Renger: how much of the District is comprised of commercial (Lippman: unsure of the exact commercial percentage); and discussed the process for staff, public comments (speaker cards must be completed and provided to the General Manager) and Board action; Steinhardt: thanked Legal Counsel Lemieux for the clarification, stated he disagrees with the growth projections, use the \$7 million to offset rates (Mundy: the connection fee portion of the \$7 million cannot be used to offset rates, but other monies in reserves could be), are we out of compliance now (Lippman: yes, as we cannot meet supply under certain conditions and water allocations in 2008 also helped to meet demand, but we can demonstrate that demand is going back up; Mundy: in past years we have run Equestrian Tank dry, additional piping has been installed, but the District is still very vulnerable), the issue of building a 3-million gallon tank versus a 5-million gallon tank - believes a cost savings of 20% or \$1.4 million dollars is significant, in regards to issuing a boil order - yes Department of Public Health would have to issue the boil order, the water has been treated once and may contain bird droppings, but it can be done and has been done during earthquakes, it may be inconvenient, but it can be done, some of the commercial properties filter their own water such as the Four Seasons Hotel (Lippman: this would not excuse them from the boil order), isn't sure whether it excuses them or not, but they do filter the District's water already before it goes to their guests, getting back to which firm we might use, AECOM has a \$33,000 outreach budget yet he just heard from another board member that the District has a great outreach department and is blown away that we cannot use our own staff and that we are going to spend \$60,000 more with half of that amount being used for outreach, if we can't do outreach in-house then we have another problem, HDR is very qualified and how many of the people at AECOM that built the filtration plant are still there as people move around and retire, believes HDR should be selected if the Board decides to move ahead with the design (Mundy stated one of AECOM's engineers was in the audience and he is one of the people who worked on the filtration plant project, staff is recommending AECOM, not saying HDR could not do the work), a lot of money was spent to beautify the filtration building (archways, etc.) even though the majority of the public will never even see it and considers that money wasted.

President Renger began public comments and General Manager Mundy stated four speaker cards had been received: (1) Craig Maronde: requested the tank not be approved and to use conservation as a long term option, tremendous opposition from the community in regards to the tank due to aesthetics, disruption, etc. and requested the process not move forward, but he does appreciate the aesthetics at the filtration plant; (2) Kayla Sayeg: reiterated the request to not approve the tank, public not aware of the impacts, penalties got customers to conserve, go back to conservation, if more people from Westlake Village heard about the tank there would be more opposition, seriously requests it not be approved; (3) Anup Bhowmik: stated it was premature to approve as there is a new board member and a new general manager coming on

board soon and has two questions for Mr. Lippman (1) was unable to find the capacity of Las Virgenes Reservoir being used or was unused and how does it compare to the proposed tank (Lippman: right now we can take and refill on an annual basis approximately 2500 acre feet, without the backbone improvements you cannot take anymore than that amount, by completing the backbone improvements the amount will increase to approximately 3500 acre feet, Renger: as clarification tank project is not for increasing reservoir storage capacity and explained treatment process MWD to LVMWD to customers, peaking in summer months and use for when Las Virgenes is cutoff from receiving water from MWD, treatment of reservoir supply takes several hours and the tank would contain fully treated water for direct distribution into the system; Mundy: projected growth comes from numbers provided by the cities) and (2) did not get a clear picture of rates between residential/commercial and usage ratios (Mundy: stated the residential/commercial explanation was very detailed and asked if staff could contact him with the explanation, Mr. Bhowmik stated this was fine); (3) Neil Ticktin: stated there is a lot of conflicting information and because the District is not collaborative and doesn't communicate well it basically wants customers to take their word for it and this is not appropriate for a public organization, tonight is the first night the public has heard that some of the money in reserves is restricted, fire flow is not required only recommended by the fire department, every time questions are posed there is new information and the public does not have time to evaluate and question further, has heard a variety of boil order information, the tank is like a spare tire on a car it gives more flexibility and now the tank looks like it is the second spare tire on the car not the first, as far as action items for tonight as he has said before put the tank on hold as there are still many questions that have not been answered and issues that have not been clarified, there needs to be proper fiduciary assessments done, a new general manager is coming online and may have very different ideas, feels there is a rush to move this project forward, keeps hearing rate increases are not related to the tank, use the \$7 million in reserves to offset the rate increase, actions speak louder than words, if the tank and rate increases are approved it's the answer, but if you pause you will have a lot more of the community on your side (Caspary: pleased Mr. Ticktin came to the meeting tonight and is sorry he was unable to come to many of our other meetings as many of the issues were discussed and its been months since he has been at a meeting, is glad he is here and appreciates his attendance, would ask what makes our communities in the area so desirable (land, beautiful developments, school system) and when the District was formed 50 years ago the purpose was to supply safe and reliable water to an area where the wells had run dry, we have heard from members of the public who have said we should offset rate increases by not building the tank, but in his mind this seriously affects the reliability of the system, Directors AKA politicians have an obligation to make their best informed judgment on issues and some politicians may temper decisions based on their fear of not being re-elected thereby kicking the can down the road, you have made a comment that there has been no outside scrutiny of the tank project, is Martin Jansen has scrutinized the project and feels there is a need for a 3-million gallon tank (a portion of Mr. Ticktin's response was inaudible, but he did state he had previous commitments on two of the meeting days, the meetings were recorded for him, which he appreciated, but he did hear what was discussed, which is another reason meetings need to be recorded)); Bowman: we hear comments tonight that the community doesn't know what is going on, we have had two workshops (July 2011 and March 2012) that were both well noticed, ads in the newspaper and communications to homeowners' associations, particularly to Three Springs including details of the project, Mr. Ticktin requested that a fresh look be taken in regards to the project, which he committed to doing, the Board requested staff go back and look at every number, calculation, regulation, talk to our outside consultant and come back to the Board and let them know if the staff recommendation still stood, when you were unable to attend meetings he made an offer to meet one and one and he is sorry you did not take him up on the offer as it may have alleviated some of the angst, you are still not satisfied that the tank is needed (Ticktin: he is not against the tank, he is against a project that has not been proved to be necessary, he has asked several questions

and gotten either no answer or an evasive answer, he believes every staff member and every board member has strong feelings about doing what they believe is the right thing to do, he has a lot of communications experience through radio, as an editor and publisher of a magazine, and believes this District has done everything it knows how to do in regards to communications, but it's not good at communicating and when you see this many people in the board room who have issues there is clearly something wrong and this is a District that does not know how to communicate, it's not that the tank shouldn't be built, it's that there are other options and ideas, ideas have been presented by staff and board members, but not through an interactive process (Caspary: you talk about communications being important, he would like to know where the 40% rate increase number came from that he chose to publish and communicate that has no reflection of the legal documents the District is required by law to send with notices of rate changes, the 40% communication was clearly to achieve a desired end); Peterson: are you speaking on the rates (Ticktin: yes), then this conversation will wait until the rate presentation as this is a discussion of the tank); and (4) Martin Jansen discussed his experience as a mechanical engineer in oil transportation, project manager, sales, etc. and stated he holds seventeen patents and is stating this to show he is qualified to think outside of the box, discussed elevation and flow, peak demand, max-day demands needs to be looked at, talked about a device the District could use that would turn off water to sprinklers via a solenoid switch (storage conservation switch (SCS)) controlled by the District and used in conjunction with the smart meter controls currently in use, 7% of water is for outdoor use and could be shutoff by the District in case of emergencies only, otherwise controlled by the homeowner (Renger: the five minute speaker time is running out; Jansen: if no one minds I have additional comments, Steinhardt: intrigued by topic and would like to hear more), stated for Director Peterson that there is quite a bit of water being used by wineries in the Santa Monica Mountains and it seems incongruent to be importing water and emailed General Manager Mundy in March asking how much water the wineries were using and received no response (Peterson: his grapes use 12 gallons of water per year per plant (Jansen: I wasn't asking you, I will get to you later), no, you asked about grapes and I am telling you how much I use, which is half a gallon per hour through drip irrigation), if recycled water was used, but that's another discussion, he has been saying the reservoir is polluted with bird droppings and other things and that one-third is very polluted and it's the right thing to do to use reservoir water for grapes (inaudible disagreement began and Board President Renger stated the speaker had been allotted more than five minutes and therefore comments had concluded, stated ideas were interesting, thanked him for coming in and for his comments and explained the reservoir treatment process, Jansen continued to talk and Renger requested Mundy call the next speaker, if any; Steinhardt: stated he would like staff to contact Jansen to discuss the controller, Mundy stated he would like to hear this direction from the Board not a Director, Steinhardt asked why direction could be given by a Director earlier, but not now, Mundy stated this request was time consuming and costly and would like there to be concurrence from the Board in regards to direction to staff; further inaudible discussions took place and Board President Renger directed General Manager Mundy to look into a similar device, but a significant amount of money should not be spent on doing so, Steinhardt: Southern California Edison is using a similar device to control air conditioning use, Renger: Edison has a lot of individual controls in their system).

President Renger stated since there were no other speaker cards that it was now time for the Board to discuss and vote on the item.

A summary of Board comments included: Bowman: spent so many hours, made every effort to answer every question even if the comment has been made that questions have not been answered to their satisfaction, Mr. Ticktin's very popular Westlake Revelations publication says it only states the facts yet some statements are not factual, but only opinions, since July 2011 the District has spent over \$180,000 on outside people to answer questions; Renger to

Lippman: when it comes to Valley Fever, have we discussed with AECOM that we would like the dust covered (Lippman: yes, this was part of the negative declaration and there are regulations from City of Westlake Village and AQMD that must be managed as part of the construction project); Caspary: received a call today from a resident of Westlake Village who was concerned about the dust and visual aspects of the project among other things and mentioned there was something going on at the reservoir several weeks ago (Lippman: there is work going on at the reservoir for construction of the second cell tower site, there were some concerns, which were addressed with the contractor and noted the contractor was not hired by the District).

Peterson: moves the recommendation and stated he has never seen a project looked at so many times and with so much outreach; Caspary: stated the District will do everything in its power to make sure customers get safe and reliable water and for customers to think about how a boil order would affect their families and ramifications to local employers before advocating boiling of water as a solution; Steinhardt: as a Director not as a politician and having a financial background he looks at the entire community which has been affected by the economy, the tank can be used for other areas in the District, but the problems being discussed have not happened yet and we do have other alternatives like the boil order, start thinking about water conservation, we have 20x2020 coming up, look at the device mentioned by Martin Jansen similar to what SCE uses versus spending gobs of money on the tank that could be used for the community and to avoid the disruption, his first obligation is to look at safety and the proper delivery of water and the second he believes the tank is necessary he will change his direction, but he doesn't see the need right now, but he firmly believes in reliable water with proper delivery and in conservation; Renger: he is a nut about fire safety, has lost a home to a fire and wouldn't want anyone else to go through that, does not believe the fire department requirements are accurate and believes they are underestimated, the economy is down right now and so is construction, this is the time to build the tank for the least amount of money possible.

On a motion by Director Glen Peterson, seconded by Director Joseph Bowman, the Board of Directors voted 4-1 to Approve the recommendation as presented.

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

NOES: Director(s) Steinhardt

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

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.

General Manager Mundy stated the third digester is another project that has been before the Board on several occasions and is needed for regulatory compliance as the existing digesters cannot be taken off line for maintenance, the JPA Board approved the plans and specifications and the item is before the Las Virgenes Board as Administering Agent as authorized in the JPA Agreement, if the call for bids yields higher quotes than what is budgeted staff will have to go back to the JPA Board for an additional appropriation.

Director Bowman stated there have been several hearings on this item and if Director Caspary makes a motion he will second.

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

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

D Rehabilitation of 18-inch Recycled Water Pipeline from Tapia State Park to Camp David Gonzalez: Approval of Plans and Specifications and Call for Bids

Approve the plans and specifications for the Rehabilitation of 18" REW Pipe project; and authorize a Call for Bids in accordance with the project specifications and the proposed Bid Schedule.

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

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

9. FINANCE AND ADMINISTRATION

Director Bowman left the board meeting at 6:52 p.m.

A Proposed Change of Dental Insurance Provider

Authorize the General Manager to execute a renewal of a two year contract with United Concordia to provide dental Insurance coverage at an annual cost of \$136,499.

General Manager Mundy stated Human Resources Manager Paniagua as well as Director Steinhardt had been in discussions with Sherry Skarda of Poms and Associates in regards to dental plans.

Human Resources Manager Paniagua discussed the review of dental plans and proposed rate increases, stated dental plans had to be in accordance with the existing MOUs in that providers can be changed, but the level of benefits must remain as is, and stated Sherry Skarda of Poms and Associates would provide an overview and answer any questions.

Sherry Skarda stated the first few pages of the proposal are general requirements such as privacy, proposal assumptions based on number of employees covered, plan comparison, rate increase negotiations with the current provider MetLife, and recommends United Concordia as the proposed rate is approximately 15% less than what the District is currently paying without any plan changes and in fact with some enhancements, and the recommendation is to approve a contract with United Concordia.

A summary of Board comments included: Caspary: pleased with rates; Steinhardt: Ms. Skarda did an outstanding job looking at the plans, tried to get MetLife to match rates for the next couple of years for the purpose of consistency, worked diligently with ACWA, but the numbers didn't work out, United Concordia is a big company and supports the recommendation; Ms. Skarda further stated they also looked at a displacement summary in relation to how many employees would have to change dentists and the summary showed very few changes to the dentists on the MetLife plan and one item the Board may want to look at is the rate for a one year contract versus the rate for a two year contract.

On a motion by Director Barry Steinhardt, seconded by Director Charles Caspary, the Board of Directors voted 4-0 -1 to Approve the recommendation as presented. Director Steinhardt noted this was not a renewal, but execution of a new two year contract.

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

ABSENT: Director(s) Bowman

10. LEGAL SERVICES

A Consideration of the Proposed Ordinance 11-12-270, Amending Potable Water, Recycled Water and Sanitation Rates and Temporary Water Fees

The full reading of the proposed Ordinance 11-12-270, Amending Las Virgenes Administrative Code (Ordinance No. 11-86-161) As It Relates To Potable Water, Recycled Water and Sanitation Rates and Temporary Water Fees, be waived, and the Board order publication within 30 days of adoption using a summary of the ordinance. The Board by a roll call vote of Ayes: Noes: Abstain: Absent that the proposed Ordinance 11-12-270, Amending Las Virgenes Administrative Code (Ordinance No. 11-86-161) As It Relates To Potable Water, Recycled Water and Sanitation Rates and Temporary Water Fees be given second reading by title only. ORDINANCE NO. 11-12-270 AN ORDINANCE OF THE BOARD OF DIRECTORS OF LAS VIRGENES MUNICIPAL WATER DISTRICT AMENDING LAS VIRGENES ADMINISTRATIVE CODE (ORDINANCE NO. 11-86-161) AS IT RELATES TO POTABLE WATER, RECYCLED WATER AND SANITATION RATES AND TEMPORARY WATER FEES (Reference is hereby made to Ordinance No. 11-12-270 on file in the District's Ordinance Book and by this reference the same is incorporated herein and made a part of hereof.)

Legal Counsel Lemieux stated this was the second reading of the proposed ordinance and requested the Board waive the full reading of the proposed ordinance.

On a motion by Director Charles Caspary, seconded by Director Glen Peterson, the Board of Directors voted 4-0 -1 to Approve the recommendations to waive the full reading of the proposed ordinance and order publication within 30 days of adoption using a summary of the ordinance.

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

ABSENT: Director(s) Bowman

General Manager Mundy stated he received three speaker cards and would like to note a couple of items including that he had been in contact with Mr. Ticktin via email and had questioned the 40% rate increase number he had come up with, Mr. Ticktin indicated that he had looked at 5-years and compounded, staff is asking for the Board to look at 3-years of rate modifications not 5-years and had prepared a summary comparison of tiers as well as a restructuring of sanitation rates that would allow lower level water users a break on their sewer bill and recycled rates would be adjusted annually based on the Consumer Price Index, and that Metropolitan will continue to have an increase of approximately 6% per year, there have been several public meetings on rates, also outreach events and if the Metropolitan rate increase are not passed-through the next three years and reserves are used there will end up being a 20% rate increase in three years versus a 5% increase per year, which is a point the Board needs to be cognizant of, but it's the Board's choice what to do.

A summary of Board comments included: Caspary: reminded customers of the 218 Notices sent (rate change notification sent by the District), additional copies are on the dais, and stated surrounding agency rate comparisons show Las Virgenes to be the lowest cost provider in the area.

Three speaker cards were received from the public: (1) Dr. Meril Platzer: stated she is a conservationist, is opposed to the rate increase schedule and believes the community needs to conserve if there is a shortage of water, many people have been affected by the economy, foreclosures, unemployment levels are high and increases will cause hardships to families in the community, water is a basic necessity and she appreciates having clean water, but it can be provided without additional expense to the community, the Board should reconsider and use existing funds instead of asking the community to fork out more funds (Caspary: has one question and thanked Dr. Platzer for coming; are you aware that the Tier 1 rate the District charges for water for the first 16 units of water every two months is less than the actual cost the District pays to Metropolitan for the actual cost of water (Platzer: yes she is aware of this and stated she had a small leak and was gone for two weeks and her bill tripled during the billing period and she discussed conservation methods she uses at her residence); Caspary: are you

aware of the leak adjustment policy (Platzer: yes, but it is only \$125, and her bill was triple what it had been in the past due to rate increases); Renger: how did you discover the leak (Platzer: Las Virgenes staff, but it was two weeks into the leak when it was discovered and she also had to pay \$600 in plumbing fees); (2) Kayla Sayeg (Mundy noted she had left the meeting and was no longer present); (3) Neil Ticktin stated he had been called out again by name and wanted to clarify that he never said the District is hiding something, he said it appears the District is hiding something as they don't communicate to us and there is a huge difference between the two as one questions integrity (Caspary: if you are on the receiving end of that, are you sure there is a huge difference, Ticktin: that is a really good piece of feedback and he appreciates it), the survey was biased, he answered each question, which would give the impression he was completely satisfied with the District and said the survey was written in a completely biased way and requested it not be referred to as proof people are really happy with the District, Bowman talked about facts in Westlake Revelations, it is a fact the community doesn't understand the need for the tank it's not their fault, it's the District's fault they don't understand, he did offer to meet with him and answer questions, but it was after the Board made the decision to move forward with the tank, so what's the point if the decision has already been made, and as far as the rate increase, it has not been shown that the tank is necessary and it has not been shown that the rate increases are necessary, you do have reserves and rate stabilization reserves and during a time like this you would think the District would want to use them, you say meetings have been held and notices have been sent and he would say again if you aren't getting responses then the communications are not effective, it's your approach that is at fault, the Board's behavior in calling people out, people have said they don't attend board meetings because they don't want to be called out or embarrassed, scheduling a rate meeting in Westlake on back to school night is not going to have participation as people put their kids first, some communications were not done thoroughly such as the rate calculator, he looked at the calculator and it does not address more than one month at a time, it does not include calculations for more than just the first year of increases, it does not address the variability of seasonal billings, it does not include the projected rate increases from Metropolitan, a lot of money was spent on the calculator for the web site, originally supported the money being spent on the calculator, but in the end the calculator was a joke and the District was ripped off, the sanitation rates are going to go down, that's great, but does everyone know that the District's sanitation rates are the third highest out of the thirteen surrounding water districts, pass-through rates from Metropolitan which are supposedly projected to be 5% per year for the next five years and then he heard Mr. Mundy say 6% tonight, show us why you need the tank, why you need the rate increases versus using reserves, why we can't look at other measures first and people just really don't understand how much they are actually going to be paying over a multi-year period and I ask that you put the rate increases on hold until there is an understanding of need (Steinhardt: would like to hear more about the rate calculator and what is wrong with it; Caspary to Mundy: what did we pay for the rate calculator, Mundy: nothing, Caspary to Ticktin: then in your opinion we got what we paid for, Ticktin: stated he was told the calculator cost was thousands of dollars, Mundy: then you need to contact someone who knows what they are talking about, Director of Resource Conservation and Public Outreach Reyes stated the calculator was paid for, but he is unsure of the exact amount and what was not paid for was the video comparison to other agencies; Steinhardt: if we paid for the calculator then why is it defective, Renger: whether the consultant created the calculator or whether staff created it there was a cost, Ticktin: the calculator is a great way to show the public what they will be paying, but it was done very poorly, Caspary: if I could put in the water use for my house and have the calculator tell me what I would pay that would be helpful, Ticktin: it does not though, it only shows you one month, it does not show you what you would pay over the course of a year or what the cost would be with the proposed rate increases from Metropolitan; Caspary: 218 Notice covers three years; Ticktin: if something changes there would be additional increases (Caspary: no, the rates could be lower, if higher the District would have to go through another costly 218 process); Ticktin: if the Board

approves then the rates go through (Caspary: yes, in an amount not to exceed or another 218 process); Renger: in the third year we do not know what the Metropolitan pass-through rate will be; Caspary: we disclosed the amount we know Metropolitan rates will be for the next two years and water districts are allowed to pass-through wholesale cost increases without going through a 218 public hearing process (Mundy: we are required to notify every customer of the pass-through); Ticktin: Mundy stated earlier 6% per year for six years (Mundy: tired of words being twisted, what he said was Metropolitan puts out a notice of a 5% increase, but Metropolitan also has fixed cost increases, which makes the rate closer to 6%, what it means to Las Virgenes' customers is closer to a 3%-4% increase, rates for the first two years from Metropolitan are known and the third year rate from Metropolitan is unknown; Ticktin: Mundy said 6% per year for six years (Mundy: no, 6% for two years); Renger: 218 published for three years, if rates change then another 218 process has to be done; Ticktin: calculator doesn't include Metropolitan only Las Virgenes, knows charts and tiers are there, but difficult to figure out; Mundy: three years are to recover costs of Metropolitan increases, not costs related to the tank, reserves could be used to offset rates for operating costs; Reyes: calculator includes both Las Virgenes and Metropolitan pass-through costs; Caspary discussed 2009 bond refunding, for those who were not here in 2009 the District had an opportunity to refund bonds at a favorable interest rate, the advisors/bankers said only in sanitation and recycled, but not in potable as the numbers were upside down (Mundy: after the three years of proposed increases the District will still not be able to refund bonds at a favorable rate in potable); Renger: in favor of high rates in high tiers, when people conserve we lose income, we need to recoup costs in lower tiers, increase now is due to Metropolitan putting of rate increases for so many years; Caspary: Metropolitan didn't raise rates from 2000-2007, Las Virgenes reduced rates to customers three separate times, so rates weren't increased for six years.

On a motion by Director Charles Caspary, seconded by Director Lee Renger, the Board of Directors voted 3-1 -1 to Approve the recommendation as presented, amending Las Virgenes Administrative Code as it relates to potable water, recycled water, and sanitation rates and temporary water fees to be given second reading by title only (Legal Counsel Lemieux stated also to adopt); Director Caspary reiterated and to adopt.

General Manager Mundy conducted a roll call vote: Ayes: Renger, Caspary, Peterson; Noes: Steinhardt; Absent: Bowman; Abstain: None.

Legal Counsel Lemieux gave the second reading of Ordinance 11-12-270 by title only (amended by removal of the word "administrative"), and to read "AN ORDINANCE OF THE BOARD OF DIRECTORS OF LAS VIRGENES MUNICIPAL WATER DISTRICT AMENDING LAS VIRGENES CODE (ORDINANCE NO. 11-86-161) AS IT RELATES TO POTABLE WATER, RECYCLED WATER AND SANITATION RATES AND TEMPORARY WATER FEES".

AYES: Director(s) Caspary , Peterson , Renger

NOES: Director(s) Steinhardt

ABSENT: Director(s) Bowman

B Resolution of Intent for Continuation of Potable Water Standby Charge

Adopt the proposed Resolution of Intent (Resolution No. 11-12-2435) continuing the Standby Charge pursuant to the "Municipal Water District Law"; order notification of properties which changed ownership since the last standby assessment; order publication of the Notice of Public Hearing in a newspaper of general circulation once a week for a two week period and; set a Public Hearing for 5:00 PM, January 8, 2013 to consider the continuation of the Standby Charge. RESOLUTION NO. 11-12-2435A RESOLUTION OF THE BOARD OF DIRECTORS OF LAS VIRGENES MUNICIPAL WATER DISTRICT INITIATING PROCEEDINGS FOR THE CONTINUATION OF THE WATER AVAILABILITY OR STANDBY CHARGE FOR THE FISCAL

YEAR COMMENCING JULY 1, 2013.(Reference is hereby made to Resolution No. 11-12-2435 on file in the District's Resolution Book and by this reference the same is incorporated herein and made a part of hereof.)

General Manager Mundy discussed the standby charge process, deferrals, and stated money is used for the potable water replacement fund and the county places the standby charge on tax bills.

On a motion by Director Lee Renger, seconded by Director Glen Peterson, the Board of Directors voted 4-0 -1 to Approve the recommendations as presented.

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

ABSENT: Director(s) Bowman

11. INFORMATION ITEMS

A Appointment of Charles P. Caspary, Division 1: Revised full term of office ending date to January 2, 2017

General Manager Mundy stated the information item was to document that the election process for Director Caspary had been completed and that he and Director-elect Polan would need to take their oath of office prior to the JPA Board Meeting on January 7, 2013.

Legal Counsel Lemieux stated the Secretary of the Board, a Notary Public or Judge could administer the oath of office.

Director-elect Polan stated he would like Ned Davis, City of Westlake Village, City Council to administer his oath and asked Legal Counsel Lemieux to follow up as to whether a Councilmember can administer his oath of office or not.

12. NON-ACTION ITEMS

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

(1) MWD Representative Peterson reported on general business of Metropolitan Water District including U.S.-Mexico sharing of water storage (Mexico can sell entitlement of water they conserve and IID (Imperial Irrigation District) is monitoring); shortage sharing with Arizona and Nevada; declared surplus: overflow of dam spillway is unlimited surplus; big deal for both countries and an opener for future collaborative deals.

(2) Director Caspary reported on his bi-monthly attendance at the Bay Restoration Committee meeting and stated it was interesting to see Heal the Bay push the Executive Committee of the Bay Commission to bring forth a Resolution related to three lobster fishermen who would like to have a couple of additional areas to lobster in as the marine life protected areas took a lot of the area away from them, and Heal the Bay was pushing for the Bay Commission to adopt a Resolution opposing any changes and stated that the process is typically a three year process to take scientific testimony and perform studies, and he asked the Technical Advisory Committee of the Bay Commission to review it and opine on its merits to the Governing Board at their next meeting; Santa Monica Bay kelp restoration, money from a grant related to the Montrose Settlement Restoration Program; L.A. County Sanitation District concerned with basin objectives that could cost millions of dollars.

B Director's Reports on Outside Meetings

Director Caspary reported on his attendance at AWA during which there were discussions of investigating environmental remediation measures; rainbow trout to steelhead/salt to freshwater; and overdrafting of aquifers. Director Steinhardt stated he had also attended the

AWA meeting.

C General Manager Reports

General Manager Mundy provided an update on upcoming calendar events (AWA; office closures; special meeting for general manager recruitment; CASA Mid-Year Conference).

D Director's Comments

Director Steinhardt thanked City of Westlake Village Councilmember, Ned Davis for attending and sitting through the entire board meeting; and congratulated Len Polan on being elected to office.

President Renger stated he just completed CERT training, encouraged other people/families to attend and recommended information regarding CERT training be put in the Current Flow. Director Steinhardt stated Agoura Hills also has a CERT program

13. FUTURE AGENDA ITEMS

General Manager Mundy stated he made note of two future agenda items (1) Director Steinhardt requested information on an irrigation control device; (2) Director Caspary requested information on historical water use and changes made to the customer billing format.

14. CLOSED SESSION

The meeting convened into Closed Session at 7:55 p.m.

A Labor Negotiations (Government Code Section 54957.6):

1. Employee Compensation and Benefits

B Conference with District Counsel - Property Acquisition and Disposition (Government Code Section 54956.8):

1. APN # 2069-020-001
2. Building # 1 Lease

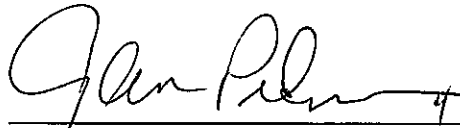
C Conference with District Counsel - Existing Litigation (Government Code Section 54956.9 (a)):

1. San Diego County Water Authority v. Metropolitan Water District of Southern California (Cases 1 and 2)
2. Cooper, et al. v. Las Virgenes Municipal Water District
3. Weber v. Las Virgenes Municipal Water District

15. OPEN SESSION AND ADJOURNMENT

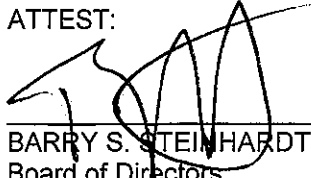
The meeting reconvened into Open Session at 8:46 p.m. No reportable actions were taken during Closed Session.

Chair Renger declared the meeting adjourned at 8:47 p.m.



CHARLES P. CASPARY, President
Board of Directors
Las Virgenes Municipal Water District

ATTEST:



BARRY S. STEINHARDT, Secretary
Board of Directors
Las Virgenes Municipal Water District

(SEAL)