



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

MINUTES
REGULAR MEETING

5:00 PM

August 13, 2013

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance to the Flag was led by President Caspary.

1. CALL TO ORDER AND ROLL CALL

A Call to order and roll call

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

2. APPROVAL OF AGENDA

A Approval of agenda

On a motion by Director Lee Renger, seconded by Director Leonard Polan, the Board of Directors voted 5-0 to Approve the agenda for the Regular Board Meeting of August 13, 2013, as presented.

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

3. PUBLIC COMMENTS

No speaker cards were received from the public.

4. ILLUSTRATIVE AND/OR VERBAL PRESENTATION AGENDA ITEMS

A Probability Analysis and Risk Management Discussion

General Manager Pedersen gave a presentation entitled "Probability Analysis and Risk Management Discussion", which discusses purpose, academia and business community references, three design conditions, six approaches for analysis, two overriding considerations, engineering references, risk management perspective provided by Tolman and Wiker (broker) and Alteris Insurances Services (underwriter), and conclusions.

A summary of Board comments included: include a brush fire scenario if probability analysis is done; analysis of costs on injuries; if the three conditions happen all at once, we can use untreated water, would the flow rate be the same as with the 5-million-gallon tank (flow would be the same, we need additional volume not additional flow); Tolman and Wiker letter is an opinion and not an industry standard, not specific and would disregard, all insurance companies would like a lot of water to avoid losses; probability can be done just as they do in the rocket and oil industry; we have a reservoir and we shouldn't run out of water; we have the filtration plant; wants an underwriter to review not Tolman and Wiker and wants a probability study (there are fields that use engineering probability, which is different than designs of water systems), we shouldn't have a flaw in the system; can people withstand 1-2% of water available; use an actuary not an underwriter; ACWA / JPIA attorney said if Orange County tank had been built, less loss would have occurred, and doesn't want Las Virgenes to suffer any of these consequences, if engineering report shows infrastructure should be built then it should be built; Yorba Linda tank to reservoir (they didn't have an open tank), then we are comparing apples to oranges; if we go through a probability analysis is there a return on investment, loss of life cannot be measured; did Alteris say anything that was not included in the Tolman and Wiker letter (yes, Jeff Dodds (Tolman and Wiker Insurance) and Paul Fuller (underwriter at Alteris expressed concerns)); Legal Counsel Lemieux cautioned that the discussion was bordering on closed session liability versus open session for probability; if probability showed 98% should the tank be built, what is the acceptable level of risk, the Board needs to determine what is acceptable (Legal Counsel Lemieux stated the probability analysis is interesting on a policy level, probability analysis versus generally accepted engineering practices may not agree and general engineering practices should be followed, it's up to the Board to determine what is acceptable); what is industry standard for general engineering and what is the cost; insurance costs are increased based on risk, any idea of what the insurance premiums would increase by (not discussed with Tolman and Wiker); asked other insurance carriers and there would be no additional cost; not willing to serve inferior water to customers, the reservoir is not a backup for the 5-million-gallon tank; increase in costs to customers in the west end too if we don't have sufficient storage; 5-million-gallon tank is needed so there is water until the filtration system is up and running; engineering reports from 2006 say there is a storage deficiency (General Manager Pedersen stated he analyzed when he came on board, filtration plant does not have sufficient capacity to serve entire district); increase in size to Westlake Filtration Plant (15 to 18 million-gallons per day), can the plant be doubled; excellent staff and consultants for 50-years and is not going to reinvent engineering solutions; rebuilding cost of Westlake Filtration Plant would be enormous; we need to look outside the box, 50-years of history doesn't mean everything was done right.

The Board continued to discuss a variety of topics including: probability suggestion is fraught with problems; what is the purpose of the agenda item; President Caspary requested staff bring the probability item back to the Board; other probability than general engineering practices shouldn't be used; do a probability analysis, but do not use our insurance company or our broker, can this be voted on (Legal Counsel Lemieux: yes; General Manager Pedersen stated staff does not believe probability analysis would be of value).

Director Renger made a motion to conduct a probability and cost analysis, which would include a scope of work for brush fire and loss of life costs, the motion was seconded by Director Leonard Polan.

President Caspary asked what a reasonable cost would be for conducting of a probability analysis (Director Renger: \$10,000), and to define the scope of work.

A summary of Board comments included: we are going down too many rabbit holes; staff is spending too much time on this one issue; we have a huge complex report in the agenda

discussing need, believes we are close to being able to make a decision on whether the tank is needed or not; we keep talking about consumption yet Westlake Village is not building and development of 131 units was voted down.

President Caspary stated the Board should determine the scope of work and not staff.

President Caspary appointed an ad hoc committee consisting of Director Leonard Polan and Director Lee Renger to develop a scope of work related to conducting of a probability analysis and a policy related to acceptable risk, and to request assistance from the General Manager in the event of difficulties and/or questions.

Director Renger withdrew his previous motion therefore a formal vote of the Board of Directors was not taken.

Director Steinhardt inquired as to whether Las Virgenes is responsible for brush fires (General Manager Pedersen stated public water systems are not designed for brush fires, but in the event of a brush fire the public water system is frequently used to fight brush fires, it is designed for commercial fires and Director Renger stated the District is responsible to the public).

B Update on Population and Water Demand Projections, 20x2020 Water Conservation Plan, and Water Conservation Incentives

Approve a District-paid supplement to the financial incentive for the Mow-No-Mow Turf Removal Rebate Program, providing up to \$3.00 per square foot of turf removed with a maximum of \$4,500 per property, and approve the addition of \$100,000 to the approved Fiscal Year 2013-14 Budget to fund the supplemental incentives.

Roger Null, Vice President, Kennedy/Jenks Consultants gave a presentation entitled "Water Master Plan Population and Demand Projections", which discusses water demand projections purpose and methodology; basis of planning: data sources; understanding and utilizing spatial data; summary of projected population; projected water demands statistical analysis; effect of economy (unemployment rate) on single family residential water use; effect of weather (evapotranspiration) on single family residential use; effect of drought on single family residential water use; summary of projected water demands and summary of findings.

Director of Facilities and Operations Lippman gave a presentation entitled "Water Conservation Act of 2009" (also known as 20 by 2020 or SBx7-7), which discusses targets (four methods were considered); baseline GPCD (gallons per capita per day); LVMWD targets; projected population; projected annual demand; compliance; 2015 UWMP (Urban Water Master Plan).

A question was asked in regards to what CII stood for (Commercial Industrial Institutional).

Director of Resource Conservation and Public Outreach Reyes gave a presentation entitled "2020 Demand Scenarios", which discusses 20% x 2020 reductions under three demand scenarios (partial drought recovery, no drought recovery, full drought recovery); three strategies for compliance; LVMWD conservation programs; MWD conservation programs; CUWCC BMPs (California Urban Water Conservation Council/Best Management Practices); MWD conservation factors; historical conservation; Fiscal Year 2012/13 Incentive Subscription; comparison of lawn removal programs; ranges of lawn removal costs; and staffs' recommendation.

A summary of Board comments included: how much water will be saved in comparison to \$100,000 spent (payback takes a long time); believes we are saving more if Las Virgenes

reimburses 500 square feet and if 1,000 square feet is converted then additional water is saved; 2/3 of an acre average conversion (usage for some customers actually increased); not happy with Mow-No-Mow (when considering the economics using averages the program is not going to solve 20 by 2020); does this type of program work with water based budgeting as a cross purpose or does it send a different message (hardscaping won't need water, but doesn't believe it is a cross message).

Director Steinhardt requested consideration of water conservation incentives be tabled to the next meeting in order to determine (1) what have our past customers done and (2) what square footage did customers replace versus how much they were reimbursed for (Director Caspary estimated there is a 40-year payback); is the data correct one-acre versus possibly four-acres (data will be discussed with other agencies).

A summary of Board comments included: problem in our communities is the number of large properties, doesn't want to approve \$3.00 until Metropolitan Water District (MWD) puts in their \$1.00, put money into recycled water, concerned about new owners removing artificial turf and reinstalling regular lawn; with climate change we have to do something, we need to use recycled water; analysis of fixtures, was Southern California Edison considered (no, only MWD), talk to Edison; residential plumbing retrofit for showerheads and aerators for sinks.

A summary of Board comments/questions to Roger Null included: projection data (analytical analysis used to determine GPCD for 20 by 2020); struck by population graph, ceiling of 90,000 people (doesn't know land use of all member agencies city General Plans are utilized); a lot of land within the District became dedicated to State Park Service; address consistency of current analysis to prior studies (studies had General Plan consistency, water usage for different account types analyzed numerically, false sense of security if economy looks like it isn't rebounding); this area is affluent, do other areas having lower incomes have the same evapotranspiration as Las Virgenes (working with Santa Monica and Riverside who have very different supply strategies; Mr. Reyes had good strategies for conservation/20 by 2020); 8-years of data seems consistent (a lot of time has been spent to quantify population).

President Caspary requested the recommendation for Water Conservation Incentives be brought back to the Board for consideration and that staff should include information on budget, Mow No Mow, average customer life-cycle (Director Renger asked when you sell a house there are certain low-flow requirements, do we need to worry about customer turnover or do county requirements take care of it), and phased rebates.

C Legislative and Regulatory Updates

General Manager Pedersen reported on legislative correspondence issued by the District including SB 731 (Steinberg) California Environmental Quality Act (oppose); and SB 601 (Boxer) Water Infrastructure Finance and Innovation Act of 2013 (support).

5. CONSENT CALENDAR

A Minutes: Regular Meetings of July 9, 2013 and July 23, 2013. **Approve**

B List of Demands: August 13, 2013. **Approve**

C Directors' Per Diem: July 2013. **Ratify**

On a motion by Director Glen Peterson, seconded by Director Barry Steinhardt, the Board of Directors voted 5-0 to Approve Consent Calendar 5A-5C as presented in the recommendations.

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

6. TREASURER

Treasurer Polan inquired as to whether the check to CS Engineering for \$31,000 had been cashed (Director of Facilities and Operations Lippman stated no, but the contractor indicated they were going to).

7. BOARD OF DIRECTORS

A 5-Million-Gallon Tank: Follow-up on Alternatives to Address Storage Deficiency

Consider alternatives to address the storage deficiency in the western portion of the District's potable water system, identify the alternatives that best address the storage deficiency, rank the identified alternatives, and direct staff to proceed accordingly.

General Manager Pedersen provided an overview and summary of prior Board actions to date; discussed "Table A/Table B: Follow-Up on Alternatives to Address Storage Deficiency"; bladder alternative Granite Environmental, Inc. (distributor) and SolHuTec Group (manufacturer) both stated the pillow type bladder tanks are a temporary solution not a permanent solution with a lifespan of 1-7 years when used as a remote base or construction site and if used routinely there is a lifespan of 3-5 years, per the manufacturer not suitable for our intended use; and discussed the process to rank remaining alternatives.

General Manager Pedersen facilitated a two-round voting process to rank the three remaining alternatives, at the conclusion of voting by the Board of Directors, Alternative # 46: no additional action (received the lowest ranking (third) and was therefore eliminated during round one); at the conclusion of round two, Alternative # 1: Tank at Site A (3 board members voted to rank the tank alternative as first); Alternative # 2: Install bladder in LV Reservoir for treated water (2 board members voted to rank the bladder alternative as first, and lacking a majority it was ranked second).

Director Renger inquired as to whether the call for suggestions had yielded a response (minimal responses to date); and stated if discussions with Calleguas Municipal Water District are incredibly fruitful and it mitigates the District's storage problem then the Board can do whatever it wants to, and we could then drop the tank totally assuming we haven't committed to it and use that instead, the scenario is improbable, but possible.

No further action was taken by the Board of Directors.

B Calabasas Road 10-inch Water Main Repair and Replacement: Continuation of Emergency Authorization

Approve continuation of the emergency authorization for the General Manager to replace approximately 1,500 feet of deteriorated 10-inch water main on Calabasas Road following informal bidding procedures in an amount not to exceed \$700,000.

Director of Facilities and Operations Lippman provided an update in regards to the emergency authorization including: on August 12th, Blois Construction slip-lined and tested the repair sites; during the process, the contractor discovered fourteen lateral valves that were in poor condition; the costs of valve/nut/bolt replacements were approximately \$25,000; and with this expenditure, the emergency repairs are still under the \$700,000 authorization limit.

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

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

8. FINANCE AND ADMINISTRATION

A Claim by Vista Pointe Homeowners Association

Deny the claim from Vista Pointe Homeowners Association.

General Manager Pedersen reported the mineral deposits were caused by over-watering and Director of Facilities and Operations Lippman reported that Water System and Facilities Manger Miller had met with the homeowners association regarding over-watering.

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

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

9. LEGAL SERVICES**A Street Lighting Districts: Negotiated Tax Exchange Resolutions Resulting from Annexation of Territory Petition No. 5-212 to County Lighting Maintenance District 10032**

Pass, approve and adopt Resolution No. 08-13-2442 for Negotiated Tax Exchange (LVMWD) Annexation of Petition No. 5-212; and pass, approve and adopt Resolution No. 08-13-2443 for Negotiated Tax Exchange (LVMW-Improvement District No. 9) Annexation of Petition No. 5-212 to County Lighting Maintenance District 10032. RESOLUTION NOS. 08-13-2442 and 08-13-2443: JOINT RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, THE BOARD OF TRUSTEES OF THE LOS ANGELES COUNTY WEST VECTOR CONTROL DISTRICT, THE BOARD OF DIRECTORS OF THE RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS, THE CITY COUNCIL OF THE CITY OF AGOURA HILLS, THE BOARD OF DIRECTORS OF THE LAS VIRGENES MUNICIPAL WATER DISTRICT, AND THE BOARD OF DIRECTORS OF THE LAS VIRGENES MUNICIPAL WATER IMPROVEMENT DISTRICT NO. 9 APPROVING AND ACCEPTING THE NEGOTIATED EXCHANGE OF PROPERTY TAX REVENUES RESULTING FROM ANNEXATION OF PETITION NO. 5-212 TO COUNTY LIGHTING MAINTENANCE DISTRICT 10032(Reference is hereby made to Resolution Nos. 08-13-2442 and 08-13-2443 on file in the District's Resolution Book and by this reference the same are incorporated and made a part hereof.)

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

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

B Resolution in Support of the Bay Delta Conservation Plan

Pass, approve and adopt Resolution No. 08-13-2444 in support of the Bay Delta Conservation Plan (BDCP). RESOLUTION NO. 08-13-2444: A RESOLUTION OF THE BOARD OF DIRECTORS OF LAS VIRGENES MUNICIPAL WATER DISTRICT IN SUPPORT OF THE BAY DELTA CONSERVATION PLAN, RELIABLE WATER SUPPLIES AND ENVIRONMENTAL RESTORATION(Reference is hereby made to Resolution No. 08-13-2444 on file in the District's Resolution Book and by this reference the same are incorporated and made a part hereof.)

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

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

10. INFORMATION ITEMS**A Procedure for Dealing with Bees, Snakes and Pests in Meter Boxes, Vaults or Other District Facilities****B Renewal of Sodium Bisulfite Contract**

Director Caspary inquired as to how the bill of lading is verified (Director of Resource Conservation and Public Outreach Reyes stated the tank has a site gauge).

C Renewal of Sodium Hypochlorite Contract

11. NON-ACTION ITEMS

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

(1) MWD Representative Peterson stated there was no report as Metropolitan's Regular Board Meeting had been adjourned to August 20th.

(2) Director Steinhardt reported on an ACWA Region 8 meeting he attended via conference call during which there was a discussion of Legal Counsel Lemieux and General Manager Pedersen providing presentations at the ACWA Fall Conference in December 2013.

B Director's Reports on Outside Meetings

Director Steinhardt stated due to the length of tonight's meeting he would provide a report on outside meetings August 27th.

Director Polan reported on his attendance at the August 8th, Southern California Water Workshop, hosted by Congresswoman Napolitano, during which outreach to elected officials regarding diversification in meeting long-term water conservation goals was discussed.

Director Caspary reported he was working with Santa Monica Bay Restoration Commission (SMBRC) on their 25th anniversary ceremony to be held in October 2013, noted Resource Conservation Manager Orton was serving as treasurer, accomplishments of the organization and those who assisted with the watershed would be recognized; and further reported that he has not received any commitments and is not approaching any consultants for donations due a conflict of interest and the next SMBRC meeting would be held on August 15th.

C General Manager Reports (1) General Business; (2) Follow-Up Items

(1) General Manager Pedersen provided an update on general business of the District including: the upcoming CASA Conference, TMDL presentation would be made to The Westlakers community group on August 20th, four weekly landscape classes were being held beginning August 21st, and a Westlake Joint Board HOA Watershed Tour was scheduled for August 22nd.

(2) No report was given.

D Director's Comments

None.

12. FUTURE AGENDA ITEMS

None.

13. PUBLIC COMMENTS

No speaker cards were received from the public.

The meeting convened into break at 8:17 p.m.

14. CLOSED SESSION

The meeting reconvened into Closed Session at 8:25 p.m.

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

1. Rommel Marzan v. Las Virgenes Municipal Water District
2. Dorna S. McKee v. Las Virgenes Municipal Water District
3. San Diego County Water Authority v. Metropolitan Water District of Southern California (Cases 1 and 2)
4. Las Virgenes Municipal Water District v. Millgee Investment Company, Inc.

B Conference with District Counsel - Potential Litigation (Government Code Section 54956.9): One Case

1. In the opinion of District Counsel, disclosure of the identity of the litigant would be prejudicial to the district.

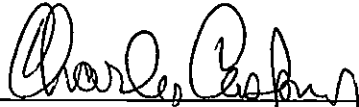
C Conference with District Counsel - Existing Litigation:

1. Heal the Bay, Inc. v. Lisa P. Jackson

15. OPEN SESSION AND ADJOURNMENT

The meeting convened into Open Session at 9:00 p.m. No reportable actions were taken during Closed Session.

The Chair declared the meeting adjourned at 9:01 p.m.



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

ATTEST:



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

(SEAL)