

**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

July 7, 2014

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

2. APPROVAL OF AGENDA

A Moved by _____, seconded by _____, that the agenda for the Regular Meeting of July 7, 2014, 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. CONSENT CALENDAR

A Minutes: Regular Meeting of June 2, 2014 (Pg. 3) Approve

5. ACTION ITEMS

A Rehabilitation of 18-inch Recycled Water Pipeline Phase II: Engineering Services (Pg. 9)

Accept the proposal from and authorize the General Manager to execute a professional services agreement with HDR for engineering services in the amount of \$31,500 for the Rehabilitation of 18-inch Recycled Water Pipeline Phase II Project.

B Tapia Water Reclamation Facility NPDES Effluent Limit Exceedences: Consideration of Settlement Offer No. R4-2011-0157-M, Expedited Payment Program (Pg. 15)

Determine whether or not to accept Settlement Offer R4-2011-0157-M from the Los Angeles Regional Water Quality Control Board, involving participation in the Expedited Payment Program and payment of \$72,000 in penalties, for settlement of alleged violations of the NPDES Permit for the Tapia Water Reclamation Facility.

6. BOARD COMMENTS

7. ADMINISTERING AGENT/GENERAL MANAGER REPORT

8. FUTURE AGENDA ITEMS

9. INFORMATION ITEMS

A Board Meeting Follow-up Items (Pg. 24)

B Tapia Headworks Grit Conveyor: Final Acceptance (Pg. 26)

C Independent Audit Services: Acceptance of Proposal (Pg. 33)

D Joint Powers Authority Fiscal Year 2014-15 Budget: Follow-Up Items (Pg. 35)

10. 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

11. CLOSED SESSION

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

1. Las Virgenes Municipal Water District vs. Onsite Power Systems, Inc.
2. Las Virgenes - Triunfo Joint Powers Authority v. United States Environmental Protection Agency and Heal the Bay, Inc. v. Lisa P. Jackson

12. ADJOURNMENT

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

5:00 PM

June 2, 2014

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance to the Flag was led by Chairman, Charles Caspary.

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 Board President Caspary in the Board Room of Las Virgenes Municipal Water District Headquarters Board Room. Daryl Betancur, Clerk of the Board conducted the roll call.

Present: Directors, Polan, Renger, Steinhardt, Peterson, Caspary, Iceland, McReynolds, Orkney, Paule, and Wall
Absent: None

2. APPROVAL OF AGENDA

A Approval of agenda

Administering Agent/General Manager Pedersen indicated that there were no changes to the agenda.

On a motion by Director Paule, seconded by Director Iceland, the Board voted 10-0 to approve the agenda as presented. Motion carried unanimously.

3. PUBLIC COMMENTS

None.

4. CONSENT CALENDAR

A Minutes: Regular Meeting of April 7, 2014 and Regular Meeting of May 5, 2014

Director Orkney stated that she had a correction on the minutes of April 7, on the second page where her name was spelled incorrectly.

Clerk of the Board Betancur stated that in addition to Director Orkney's correction, there was one correction to the minutes of May 5, in that Mr. Patterson was not present and instead Mr. Lillio had presented the staff report for item 6C.

Director Orkney moved to approve the minutes with corrections. Motion seconded by Director Iceland and carried by the following vote: ~~ITEM 4A~~

AYES: Director(s): McReynolds, Iceland, Orkney, Paule, Wall, Polan, Renger, Steinhardt and Caspary
 NOES: Director(s): None
 ABSTAIN: Director(s): Peterson

5. ILLUSTRATIVE AND/OR VERBAL PRESENTATION AGENDA ITEMS

A Proposed Joint Powers Authority budget for Fiscal Year 2014-15.

Administering Agent/General Manager Pedersen stated that at the last meeting the budget was discussed and staff had incorporated the comments and feedback received from the Board. Administering Agent/General Manager Pedersen asked Don Patterson, Director of Finance and Administration to present the report.

Mr. Patterson stated that this item is before the Board for approval and highlighted the following: that there are no material changes to the proposed budget presented earlier; budget is \$22.6 million dollars; budget is comprised of \$15.3 million in operating expenses and \$7.3 million in capital; spoke about projected revenues from the sale of recycled water for \$2.5 million; and commented on the wholesale water rates.

There were questions and comments from the Board related to: reclaimed water, pump stations' electricity consumption and whether or not it includes savings generated from the solar panels; percentage changes in sanitary sewer flows to Tapia; operating expenses and possibly to have the different percentages noted that the two agencies pay; treatment composting figures need to be looked at; and allocation of vehicle expenses; whether or not we have a list of assets included under depreciation and what specific JPA assets make up the category for regulated water.

Director Orkney asked a question relative to the use of recycled water and the percentages that the different agencies receive, whether or not the actual flow to the sewer is more or less, and if the actual volume of waste-water treated affects the amount of recycled water allocated to each agency; and that if staff does not have the answer at this time, she would like an answer at the next meeting.

Triunfo Sanitation District Counsel John Matthews rephrased the question as "If Triunfo is putting in more waste-water than the 29% allocation what happens to that water or what happens to the allocation of recycled water to buy?" Administering Agent/General Manager Pedersen suggested that perhaps staff should check on this point as the subject has never come up.

Further, there was a question relative to the polymer system at Rancho, which needs to be evaluated and updated for better efficiency; and yet there is no number included on the estimated impact on the annual operating expenses.

Staff responded to the Board's questions making reference to the document presented.

Following a substantive discussion on the budget, Director Iceland moved to approve the budget as presented by staff. Motion seconded by Director Paule with the caveat that staff is to provide answers to the questions discussed on the budget in the form of an addendum. Motion carried unanimously.

6. ACTION ITEMS

A Recycled Water, Sanitation, and Integrated Master Plan Updates 2014: Receive and File

Receive and file the Recycled Water Master Plan Update 2014 (JPA Report No. 2561.00), Sanitation Master Plan Update 2014 (JPA Report No. 2560.00, and Integrated Master Plan Update 2014

(JPA Report No. 2563.00); and approve a budget and appropriation increase of \$15,162, consisting of \$7,936 to CIP Job No. 10515 for the Sanitation Master Plan Update and \$7,226 to CIP Job No. 10516 for the Recycled Water Master Plan Update.

Administering Agent/General Manager Pedersen stated that these plans had been presented before and that comments received from the Board had been incorporated; and that more importantly, this was an opportunity to present the Integrated Master Plan Update 2014, which is the first time this document is presented to the Board.

Roger Null from Kennedy/Jenkins Consultants presented the staff report and explained the components of the Master Plans including goals and objectives and alluding to the fact that the feedback received by the Board at the May 5 meeting was incorporated.

There was an extensive discussion on these plans with comments and questions from the Board relative to the vacant land mapping with Board members making comments about the data's accuracy and reliability.

Director Iceland moved to accept staff's recommendation for the budget adjustment and appropriation for the amount stated in the staff report. Motion seconded by Director Orkney and carried by the following vote:

AYES: Director(s): McReynolds, Iceland, Orkney, Paule, Wall, Polan, Renger, Peterson and Caspary
NOES: Director(s): None
ABSTAIN: Director(s): Steinhardt

B Tapia Water Reclamation Facility NPDES Effluent Limit Exceedences: Consideration of Settlement Offer No. R4-2011-0157-M, Expedited Payment Program

Determine whether or not to accept Settlement Offer R4-2011-0157-M from the Los Angeles Regional Water Quality Control Board, involving participation in the Expedited Payment Program and payment of \$72,000 in penalties, for settlement of alleged violations of the NPDES Permit for Tapia Water Reclamation Facility.

Administering Agent/General Manager Pedersen explained for the Board the history on this item and stated that the Board needs to make a decision as to whether or not to accept the expedited payment program settlement offered by the Regional Board on an on-going dispute on regulatory penalties for exceedences of effluent limitation in the District's NPDES permit for Tapia.

Administering Agent/General Manager Pedersen went into a detailed report on the issue and explained the history of what lead to the infractions and subsequently to the penalties; explained what the number of violation were, which were 19, and which had been later reduced to 9 after staff had sent a letter of appeal; commented on the amount of the penalties; and the extraordinary flows that Tapia received during the March 2011 event, which lead to the turbidity levels being high on all three measures for a period of three days; and spoke about the remaining issues moving forward, which include whether or not to accept the proposed settlement or proceed with the administrative process.

District Counsel Keith Lemieux commented on a letter received from the Regional Board in response to the District's earlier communications and stated that having contacted the Regional Board's attorney the essence of the letter was that the final issue that the Regional Board was waiting for to make their decision is a legal analysis from the JPA and that the legal analysis rests on the Water Code section as to whether or not the three rain events collectively constituted an unanticipated natural disaster, which was an "exceptional", inevitable and irresistible event.

Following Mr. Lemieux's comments, there were a number of questions and comments from the Board related to ways to minimize impact and minimize exposure in the future; implications of ~~STEVENIA~~ year

and measures taken to avoid similar events from happening, water turbidity, whether or not the District can get a written relief for those turbidity events in exchange for a good-will settlement agreement, parameters to establish a forward looking policy to deal with such turbidity events, whether or not it is worth the JPA's time and effort to go through the Administrative Hearing process and the cost associated with taking this to the next level as well as chances for success through a legal process.

Chairman Caspary and members of the Board concurred to have this item come back at the next meeting for an update.

C Recycled Water Seasonal Storage Project: Revised Guiding Principles

Approve the revised Guiding Principles for the Recycled Water Seasonal Storage Project.

Administering Agent/General Manager Pedersen presented the staff report indicating that staff had taken into account the Board's comments and feedback and had prepared the Guiding Principles using layman's terms and making the document more user friendly.

There were several comments and questions from the Board. Director Polan requested to include the word "water" after recycled on paragraph 2 of the Guiding Principles document.

Director Peterson moved to approve and adopt the Guiding Principles with the noted correction. Director McReynolds seconded. Motion carried unanimously.

7. BOARD COMMENTS

Director Orkney stated that she had attended the public workshop on May 22 for the Enhanced Watershed Management Program for Santa Monica Bay and that she had found it very informative.

Director McReynolds commented that he had attended the Heal the Bay meeting; made comments relative to the NPDES permit limitations and recycled water, suggesting that an optimal amount of storage be figured for the project.

Chairman Caspary stated that he too had attended the Heal the Bay meeting and that it was refreshing to see that there are a number of stakeholders whose interest is in coming up with real solutions to improve the quality of the Bay.

8. ADMINISTERING AGENT/GENERAL MANAGER REPORT

Administering Agent/General Manager Pedersen informed the Board about the creek flow and how the flow is measured; spoke about the comments made by Director Orkney about a meeting that was held on regulations for manure run-off and an article in the Ventura County Star on the subject.

9. FUTURE AGENDA ITEMS

None.

10. INFORMATION ITEMS

A Construction of Impressed Current Cathodic Protection System for Centrate Treatment and Storage Tanks: Postponement of Construction Work

No discussion.

B Board Meeting Follow-up Items

ITEM 4A

There was no report on follow-up items.

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11. PUBLIC COMMENTS

None.

12. CLOSED SESSION

District Counsel Lemieux stated that there was no need for the closed session.

A. Conference with District Counsel- Existing Litigation pursuant to Government Code Section 54956.9 (a).

1. Las Virgenes Municipal Water District v. Onsite Power Systems, Inc.
2. Las Virgenes – Triunfo Joint Powers Authority v. United States Environmental Protection Agency.
3. Heal the Bay, Inc. v. Lisa P. Jackson

13. ADJOURNMENT

Seeing no further business to come before the Board, the meeting was duly adjourned at **6:53 p.m.**

ITEM 4A

Charles Caspary, Chair

ATTEST:

Steven Iceland, Vice Chair

July 7, 2014 JPA Board Meeting

TO: JPA Board of Directors

FROM: Facilities & Operations

Subject: Rehabilitation of 18-inch Recycled Water Pipeline Phase II: Engineering Services

SUMMARY:

This project consists of the second phase (Phase II) of a two-phase effort to rehabilitate and control corrosion for the 18-inch recycled water main between the Tapia Water Reclamation Facility and Mulholland Highway. Construction of Phase I was completed in May 2013. A Request for Proposals was sent to two corrosion control engineering firms that have previously performed similar work for the JPA: Harper & Associates and HDR/Schiff (HDR). The scope of work includes field testing and evaluation of the pipeline for electrical continuity. Harper & Associates decided not to submit a proposal due to other obligations. HDR provided a proposal in the amount of \$31,500.

RECOMMENDATION(S):

Accept the proposal from and authorize the General Manager to execute a professional services agreement with HDR for engineering services in the amount of \$31,500 for the Rehabilitation of 18-inch Recycled Water Pipeline Phase II Project.

FINANCIAL IMPACT:

Sufficient funds for this work are included in the adopted Fiscal Year 2014-15 Budget.

DISCUSSION:

The 18-inch recycled water pipeline is cement mortar lined and coated steel pipe installed in 1971. Due to corrosion and/or poor mortar coating at the joints, the pipeline has had eight leaks that required repair between the Tapia Water Reclamation Facility (Tapia) and Mulholland Highway. The last leak was in 2008. Five of the leaks occurred within Camp David Gonzalez and were associated with the highly corrosive soils in the area. In 2004, a report was prepared by M.J. Schiff & Associates, now HDR/Schiff, recommending installation of a cathodic protection (CP) system to extend life of the pipeline. In March 2008, Schiff prepared drawings and specifications for installation of a CP system; however, due to the high cost of bonding every joint and lack of a redundant system to allow the pipeline to be temporarily taken out of service, the project was postponed.

Completion of the parallel 24-inch recycled water pipeline in 2010 provided the redundancy needed to take the 18-inch pipeline out of service. In 2012, the 2008 design was modified for installation of a CP system in the area of the most highly corrosive soil and where the majority of leaks occurred, which was from Tapia to Camp David Gonzales. The work also included replacement of one 40-foot section of pipe in Tapia Park that was observed to be severely corroded during the installation of the 24-inch pipeline. This work (Phase I) was completed in May 2013.

While the project was successful, subsequent electrical continuity testing showed that additional joint bonding is needed to provide the desired CP for the full length of the pipeline. Phase II of the effort will evaluate current pipeline conditions along Las Virgenes Road to Mulholland Highway to identify any discontinuities and, based on the results, develop solutions to maximize the life of the pipeline.

HDR will perform continuity testing on the pipeline in Las Virgenes Road and in two areas within Camp David Gonzalez where testing was not completed during Phase I to evaluate whether joint bonding and CP is recommended for the pipeline. HDR has the specialized expertise required for corrosion control evaluations and design services. Additionally, HDR has successfully completed several corrosion control projects for the JPA and prepared the plans and specifications for Phase I of this effort. The results and recommendations developed through the Phase II testing and evaluation by HDR will be presented to the

Board when complete and will serve as a basis for the subsequent preparation of plans and specifications¹⁰
for a CP system, which is not included as part of this proposal.

Prepared By: Lindsay Cao, P.E., Associate Engineer

ATTACHMENTS:

Project Limits Map

HDR Proposal

Las Virgenes Municipal Water District is not responsible for the accuracy of this presentation. This presentation is for illustrative purposes only. Verify the physical location of all property lines, water lines and ancillary information prior to use.

MULHOLLAND HWY
END PHASE II

18 inch
Las Virgenes Rd

STA 62+25.43
BEGIN PHASE II

STA 62+25.43
END PHASE I

STA 29+91.30
BEGIN PHASE I



1 inch = 900 feet

Sources: Esri, DeLorme, HERE, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom

Rehabilitation of 18-Inch Recycled Water Pipeline

April 18, 2014

Lindsay Cao, PE
Project Manager
4232 Las Virgenes Road
Calabasas, CA 91302

Subject: Proposal for Engineering Services – 18-inch REW Pipeline Evaluation

Dear John:

HDR Engineering, Inc. (HDR | Schiff) is very pleased to submit this proposal to provide electrical continuity and other testing services for the 18-inch recycled water (REW) pipeline in Las Virgenes (LV) Road, between Camp Gonzalez and Mulholland Highway and for two areas within Camp Gonzalez. This testing is important for assessing the corrosion of the pipeline and determining cost-effective mitigation measures.

Project Background

The 18-inch REW pipeline is welded steel, originally installed in 1964. Eight leak repairs have occurred along this pipeline, five at Camp Gonzalez and three in Las Virgenes Road (one near its intersection with Las Virgenes Canyon Road and two near Mulholland Highway). All eight were due to corrosion; several were attributed to poor mortar coating at joints.

A 2004 report by M. J. Schiff & Associates (now HDR) determined that soil in the area ranged from moderately to severely corrosive. Schiff recommended that cathodic protection (CP) be installed to extend the pipeline life. The original drawings showed the pipe joints were generally not welded. This meant that up to 70 pipeline joints might be needed to be bonded to create electrical continuity for complete cathodic protection of the pipeline.

In March 2008, Schiff prepared drawings and specifications for installation of a CP system on the 18-inch REW pipeline, between the Tapia Water Recycling Facility and Mulholland Highway, but due to the cost of the joint-bonding, this design was never fully implemented. However test stations were installed, which allow further evaluation of the pipeline.

In 2013, a galvanic cathodic protection system was installed on the portion of pipeline within Camp Gonzales and Tapia State Park, between the Tapia Water Recycling Facility (station 26+40) and the pipeline's entry into Las Virgenes Road (station ~62+00). The goal of that project was to provide protection where 5 of 8 repairs had occurred. While this project was mostly successful, subsequent continuity testing showed that additional joint bonding was needed in order to provide the desired cathodic protection. In a report dated March 10, 2014, HDR recommended bonding of specific joints and further testing to determine if additional discontinuities exist. Additionally, with test stations now available in the area south of Camp Gonzalez, it is possible to assess electrical continuity here and determine whether joint bonding and galvanic protection south of Camp Gonzalez is warranted.

HDR recommends that the following steps be taken to improve the corrosion protection for this pipeline:

- (1) Perform continuity testing on the pipeline in LV Road (south of Mulholland Highway), and in two areas of Camp Gonzalez where testing was not completed earlier. These areas are:
 - a. STA 53+07 to STA 57+00
 - b. STA 57+00 to STA 61+72
- (2) Evaluate whether joint bonding and CP is recommended for the pipeline in LV Road.
- (3) Prepare plans and specifications for bonding of joints in Camp Gonzales and possibly the installation of anodes and bonding of joints along LV Road
- (4) Engage a qualified CP contractor to complete the work described in the plans and specs. Upon completion of these services, have the Contractor test continuity and submit a report.
- (5) Evaluate whether further testing, joint bonding, and anode installation is warranted

This proposal is to perform the services involved in Steps (1) and (2), including the preparation of a letter report. A proposal for Step (3) will be provided later; the required effort varies significantly depending on what work is recommended for the pipe in LV Road. While the test stations along Las Virgenes Road enable continuity testing and CP anode installation, finding and bonding discontinuous joints could be relatively expensive, because the pipe is below the pavement of a very busy roadway. Work in LV Road would require a permit from the County, traffic control, and work-hour restrictions. Thus it is not certain at this point whether work in Las Virgenes Road will be recommended.

Scope of Services

HDR will perform the following tasks:

1. **Kickoff meeting.** Attend kickoff meeting with District staff. Discuss scope of work, project alternatives, and schedule. HDR attendance: Brien Clark and Dan Ellison.
2. **Data review.** Review latest records on pipeline repair, in conjunction with data from earlier studies.
3. **Field testing.** Perform continuity testing as described above.
4. **Letter report.** Evaluate testing results and provide recommendations.
 - a. **Estimate.** Prepare opinion of probable cost for recommended work.
 - b. **QC review.** Perform internal review of report by a senior engineer not directly involved in the project.
5. **Review meeting.** Attend meeting to discuss recommendations. HDR attendance: Brien Clark and Dan Ellison.

Schedule

The completion of this work will take approximately 3 months, following notice to proceed.

Terms and Conditions

These services will be performed on a time-and-materials basis, in accordance with the terms and conditions of a mutually acceptable agreement for professional services. Maximum fee will not exceed the amount shown in the Fee Estimate, unless authorized by the District.

Assumptions and Exclusions


1. Current work is limited to testing and evaluation only. A separate proposal will be provided for preparation of plans and specs.
2. Work does not include permit procurement. The District will arrange right-of-entry and/or permits with all property owners and agencies, including the County (Camp Gonzalez, Tapia County Park, and Las Virgenes Road) and the State (Tapia County Park and Malibu Creek State Park). No environmental permits (DFG) are anticipated.
3. Work is assumed to be exempt from CEQA. This determination will be made by the District.
4. This proposal is good for 90 days. It is assumed that bid-phase will immediately follow completion of design.

Fee Estimate

Task Description								Non-Labor			Budget			
	Senior Engineer-PJM21 (\$280 /Hr)	Associate Engineer-PJM13 (\$230 /Hr)	Sr Corrosion Engr-EC130 (\$180 /Hr)	Field Engineer-TEC02 (\$140 /Hr)	Corrosion Technician-TEC01 (\$125 /Hr)	Project Support-PJS02 (\$95 /Hr)	Total Hours	Mileage (miles @ \$1.25/mile)	CONUS Per Diem (days @ \$72/day)	Lodging (nights @ \$150/night)	Labor	Tech Charge	Non-Labor	Total
Pre-Design														
Task 1: Kickoff Meeting	4		6			4	14	220		\$ 2,580	\$ 52	\$ 404	\$ 3,036	
Task 2: Review Records		2	8				10			\$ 1,900	\$ 37	\$ 95	\$ 2,032	
Task 3: Field Testing			8	40	40		88	200	10	\$ 12,040	\$ 326	\$ 2,772	\$ 15,138	
Task 4: Letter Report		4	20	24		2	50			\$ 8,070	\$ 185	\$ 404	\$ 8,659	
Task 5: Review Meeting	4		6				10	220		\$ 2,200	\$ 37	\$ 385	\$ 2,622	
Subtotal	8	6	48	64	40	6	172	640	10	\$ 26,790	\$ 636	\$ 4,060	\$ 31,486	
Total	8	6	48	64	40	6	172	640	10	\$ 26,790	\$ 636	\$ 4,060	\$ 31,486	
Total for Above Tasks													\$31,500	

HDR appreciates the opportunity to provide this proposal, and we look forward to working with you and your staff on this project. If you have any questions, please contact either of us.

Sincerely,
HDR Engineering, Inc.


 Steven Fox, PE
 Vice President


 Dan Ellison, PE
 Project Manager

July 7, 2014 JPA Board Meeting

TO: JPA Board of Directors

FROM: Facilities & Operations

Subject: Tapia Water Reclamation Facility NPDES Effluent Limit Exceedences: Consideration of Settlement Offer No. R4-2011-0157-M, Expedited Payment Program

SUMMARY:

On November 15, 2011, the Los Angeles Regional Water Quality Control Board (Regional Board) issued the JPA a notice of alleged violations of effluent limits for the Tapia Water Reclamation Facility. A total of 19 violations were alleged, 17 of which were subject Mandatory Minimum Penalties (MMPs) of \$3,000 each, consisting of exceedances of dichlorobromomethane (DCBM), total residual chlorine and turbidity for a total penalty of \$51,000.

In December 2011, the JPA responded to the Regional Board, disputing all but one of the violations. Almost two years later in October 2013, the Regional Board agreed to dismiss all but nine of the disputed violations. The nine violations were for high turbidity caused by rainstorms between March 20 and March 25, 2011. However, at the same time, the Regional Board alleged 19 new violations, 17 of which were subject to MMPs, for a total updated penalty of \$81,000.

In November 2013, the JPA again disputed the nine original turbidity violations and three new violations for total trihalomethanes (TTHM). The Regional Board responded in May 2014 and agreed to dismiss the three TTHM violations but not the nine turbidity violations, for a total penalty of \$72,000. The amount included \$27,000 for the nine turbidity violations.

The JPA argued that the rainstorms between March 20 and March 25, 2011 that resulted in the turbidity violations constituted "an unanticipated, grave natural disaster or other natural phenomenon of an exceptional, inevitable and irresistible character, the effects which could not have been prevented or avoided by exercise of due care or foresight" as defined by Water Code Section 13385(j)(l)(B). This statute stipulates that violations of a waste discharge requirement caused by this type of event are not subject to MMPs. The Regional Board responded that the JPA has not demonstrated that the rainfall events met the requirements of an affirmative defense under Water Code section 13385(j)(l)(B), and when asked for further clarification, referred the JPA to the Regional Board's legal counsel.

As reported at the June 2, 2014 JPA Board meeting, the JPA's Legal Counsel has been in communication with the Regional Board's counsel to discuss the disputed turbidity violations. Attached is a copy of a letter sent to the Regional Board by the JPA's Legal Counsel, explaining that the JPA is immune from liability for the alleged turbidity violations pursuant to the "natural disaster" affirmative defense contained in the California Water Code. However, a response has not been received from the Regional Board as of the publication date of the agenda. The JPA's Legal Counsel will brief the Board on any subsequent communications at the JPA Board meeting.

At this time, the JPA can participate in the Expedited Payment Program by signing the Acceptance of Conditional Resolution and Waiver of Right to Hearing form agreeing to pay the penalty of \$72,000. Alternatively, the JPA forgo the Expedited Payment Program and further contest the alleged violations through the Regional Board's formal administrative complaint proceedings, which include a right to a hearing. The deadline for a decision to participation in the Expedited Payment Program was extended by the RWQCB on June 2, 2014 to July 14, 2014.

RECOMMENDATION(S):

Determine whether or not to accept Settlement Offer R4-2011-0157-M from the Los Angeles Regional Water

Quality Control Board, involving participation in the Expedited Payment Program and payment of \$72,000 in penalties, for settlement of alleged violations of the NPDES Permit for the Tapia Water Reclamation Facility.

FINANCIAL IMPACT:

The adopted JPA Fiscal Year 2013-14 Budget does not include funds for penalties associated with permit violations. Of the 34 violations alleged between October 2010 and June 2013, staff concurs that fifteen are legitimate violations for a total penalty of \$45,000. The nine disputed turbidity violations have an associated penalty of \$27,000. Acceptance of Settlement Offer R4-2011-0157-M would require paying the \$72,000 penalty from the JPA's operating funds. The penalty would be shared between the JPA partners with 70.6% of the cost to LVMWD (\$50,832) and 29.4% of the cost to TSD (\$21,168).

DISCUSSION:

In November 2011, the Regional Board issued the JPA a notice of alleged violations of effluent limitations for the Tapia Water Reclamation Facility. The alleged violations included exceedances of limitations for DCBM, total residual chlorine and turbidity, resulting in a total penalty of \$51,000. Staff responded to the allegations on December 5, 2011, explaining that the total residual chlorine samples should not result in a violation because they were drawn for a verification check of the dechlorination system from the effluent forebay, which is not representative of the recycled water discharged to Malibu Creek. Staff also argued that the turbidity violations resulted from a single operational upset due to near record rainfall between March 20 and March 25, 2011, and constituted a single violation. In addition, staff explained that the turbidity results of March 31, 2011 were caused by a data entry error and should be dismissed. The JPA did violate the DCBM water quality limit. In the December 5, 2011 letter to the Regional Board, staff proposed that the penalty should be reduced from \$51,000 to \$3,000.

Almost two years later on October 18, 2013, the Regional Board responded to the JPA's December 5, 2011 letter. The Regional Board concurred with staff's argument that total residual chlorine violations and March 31, 2011 turbidity violation should be dismissed. However, Regional Board representatives did not agree with staff's argument that the turbidity violations should be dismissed because Water Code Section 13385(f) states that a single operational upset that leads to simultaneous violations of more than one pollutant parameter shall be treated as a single violation and only turbidity, a single parameter, was violated.

In addition, the Regional Board added 19 new violations that allegedly took place between November 2011 and June 2013. Based on staff's investigation, all but three of the additional alleged violations are legitimate. Three violations for TTHM were incorrectly based a final limit, not the interim limit that is currently in place until September 2014, and should be dismissed.

With regard to the outstanding turbidity violations, the Regional Board appears to be correct in its strict interpretation of Water Code Section 13385(f) that the JPA only violated a single parameter. The rain events of March 20 to March 25, 2011 caused Tapia's influent flows to peak at close to 33 MGD, compared to the normal peak of 14 MGD. These storm events were near record setting and much of the state including Southern California experienced record-breaking rain events in mid-March 2011. Water Code section 13385(j)(l)(B) stipulates that violations of a waste discharge requirement effluent limitation shall not be subject to mandatory minimum penalty, if the violations are caused by "an unanticipated, grave natural disaster or other natural phenomenon of an exceptional, inevitable, and irresistible character, the effects of which could not have been prevented or avoided by the exercise of due care or foresight."

On November 19, 2013, staff responded to October 18, 2013 notice from the Regional Board, explaining that the rain events of March 20 to March 25, 2011 were an unanticipated natural phenomenon of an exceptional, inevitable, and irresistible character, the effects of which the JPA could not have been prevented or avoided by the exercise of due care or foresight.

In December 2013, staff meet with Regional Board representatives to discuss the disputed turbidity violations, and in January 2014, staff provided the Regional Board with additional information as requested. On May 5, 2014, the Regional Board dismissed the three TTHM violations but not the nine disputed turbidity violations. The Regional Board stated in its May 5, 2014 letter that "the Permittee has not demonstrated that the rainfall events meet the requirements of an affirmative defense under Water Code section 13385 subdivision (j)(l)(B)." When staff requested additional clarification and information on this determination, the Regional Board referred the JPA to the Regional Board's legal counsel.

Settlement Offer R4-2011-0157-M provides for participation in the Expedited Payment Program by executing¹⁷ an Acceptance of Conditional Resolution and Waiver of Right to Hearing. By participating in the program, the JPA agrees to pay \$72,000, deemed as payment in full of any civil liability for the violations. If the JPA opts to participate in the program, a notice is published for 30 days to solicit public comments. If any significant comments are submitted in opposition, the offer will be withdrawn and formal enforcement action will proceed.

Conversely, if the JPA chooses not to participate in the program, then formal enforcement action will be taken by the Regional Board. The process will consist of administrative complaint proceedings, which include a right to a hearing. The JPA would have an opportunity to argue its position with regard to the disputed turbidity violations. However, the Regional Board could seek additional discretionary civil liabilities of up to \$10,000 for each day in which the violations occurred, plus \$10 for each gallon discharged but not cleaned up in excess of 1,000 gallons.

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

ATTACHMENTS:

Response Letter

June 13, 2014

Vanessa M. Young
Staff Counsel, Office of Enforcement
State Water Resources Board
1001 I Street, 16th Floor
Sacramento, California 95814

Re: Las Virgenes Municipal Water District, Tapia Reclamation Facility, 731 Malibu Canyon Road, Calabasas, CA (Order No. R4-2010-0165, NPDES Permit No. CA 0056014, CI No. 4760)

EXECUTIVE SUMMARY

The Los Angeles Regional Water Quality Control Board ("Regional Board") has alleged nine (9) turbidity violations for Tapia Water Reclamation Facility ("Tapia"), for a total fine of \$27,000. District contends that these turbidity exceedances were caused by severe rainstorm events in March of 2011, and that it is immune from liability under the "natural disaster" affirmative defense contained in Water Code section 1385(j)(1)(B). The Regional Board has rejected District's request to dismiss on grounds that District failed to meet its burden of proof for this affirmative defense. We believe this decision was in error, and we request that you reconsider in light of the following.

Background

On November 15, 2011, the Regional Board issued a notice of nineteen (19) alleged violations of effluent limits for Tapia Water Reclamation Facility ("Tapia") for a total penalty of \$51,000. Nine (9) of the alleged violations were for exceedance of turbidity limits, all subject to Mandatory Minimum Penalties (MMPs) of \$3,000 each.¹ The alleged turbidity violations were caused by the severe rainstorm events on March 20th – 25th, 2011.²

The District responded by disputing eighteen (18) of the alleged violations.³ Nearly two years later, the Board dismissed ten disputed violations, but did not dismiss the nine (9) alleged turbidity violations. Board also alleged nineteen (19) new violations, seventeen (17) of which were subject to MMPs, for a total updated penalty of \$81,000. The District again disputed the original nine (9) turbidity violations in addition to three (3) of the new violations for total trihalomethanes (TTHM).⁴

¹ CRWQCB, Letter re Settlement Offer No. R4-2011-0157-M, Exhibit "A" (Nov. 15, 2011);

² CRWQCB, Letter re Response to Request for Alleged Violation Review at pp. 1-2 (Oct. 18, 2013).

³ LVMWD, Letter re Settlement Offer No. RF-2011-0157-M p. 1-2 (Dec. 5, 2011).

⁴ LVMWD, Letter re Response to Settlement Offer No. RF-2011-0157-M p. 1-2 (Nov. 19, 2013); LVMWD, Letter re Response to Request for Additional Information at pp. 1-3 (Jan. 16, 2014).

In May of 2014, the Board dismissed the disputed TTHM violations but not the nine (9) originally disputed turbidity violations, for a total penalty of \$72,000, \$27,000 were attributed to the 9 turbidity violations.⁵ District again disputed the nine (9) turbidity violations, raising the affirmative defense that the violations were caused by the March 20th – 25th rainstorm events, which constituted “an unanticipated, grave natural disaster or other natural phenomenon of an exceptional, inevitable and irresistible character, the effects which could not have been prevented by exercise of due care or foresight” as defined by Water Code section 1385(j)(1)(B).⁶

The Regional Board responded on May 16, 2014, concluding that the District did not meet its burden of proving all elements of the natural phenomenon affirmative defense. The Regional Board offered District a Settlement Offer No. RD-2011-0157-M, which provided for participation in the Expedited Payment Program by executing an Acceptance of Conditional Resolution and waiver of Right to Hearing Form and paying the \$72,000 penalty, which included the \$27,000 attributed to the 9 turbidity violations.⁷

March 2011 Rainstorms

March 2011 was a near record setter for precipitation in California. The statewide average for precipitation was 6.41 inches, 205% of the long-term average.⁸ These exceptional rains led the Governor to declare the end of the three-year drought in California.⁹ In April 2011, the Governor declared a state of emergency for nineteen (19) California counties caused by the severe storm system that struck between March 15th and 27th, 2011, including Ventura and Santa Barbara Counties.¹⁰ Approximately one-third (1/3) of the wastewater flow into Tapia comes from Ventura County.¹¹

Tapia was impacted by two severe storm events during March of 2011. The first storm event occurred on March 20th – 21st and the second storm event occurred on March 23rd – 25th. Between March 20th and March 25th, the rainfall at Tapia was nearly double the monthly average. From March 19th to 21st, Tapia received a total of 5.55 inches of rain.¹² The March 20th rainstorm was a seven (7) year storm. Furthermore, if the first and second storm events were combined into a single twenty-four hour rain event, it would have constituted an eight (8) or nine (9) year storm.¹³

⁵ CRWQCB, Letter re Response to Request for Alleged Violation Review pp. 1-2 (May 5, 2014). This amount included \$27,000 for the nine turbidity violations.

⁶ LVMWD, Letter re Alleged Violation Review p. 1 (May. 8, 2014).

⁷ CRWQCB, Letter re Response to Las Virgenes Municipal Water District at p. 1 (May. 16, 2014).

⁸ LVMWD Letter, *supra* p. 2 (Nov. 19, 2013). On March 20th, 2011, Santa Barbara Airport received 4.91 inches of rain, exceeding its prior 1991 record of 0.90 inches. That same day, Camarillo recorded 4.91 inches of rain, exceeding its prior 1954 record of 2.26 inches. Los Angeles Airport recorded its third wettest March day with a total of 2.36 inches.

⁹ *Ibid.*

¹⁰ Cal. Proclamation of State of Emergency Cal. Exec. Order.

¹¹ See LVMWD Letter, *supra* p. 2 (Jan. 16, 2014).

¹² See LVMWD Letter, *supra* p. 2 (Nov. 19, 2013). Tapia received 0.08 inches on March 19th; 4.95 inches on March 20th; and 0.52 inches on March 21st.

¹³ See LVMWD Letter, *supra* p. 2 (Jan. 16, 2014).

Turbidity Violations from March 20th through 25th

This intense amount of rainfall over a short period caused a much higher than normal amount of influent flow to Tapia. On March 20th, peak flow was 32.6 MGD, compared to a normal peak flow of 14.5 MGD. The treated effluent flow was 17.59 MG, in contrast to the normal effluent flow of 9.6 MG. This high flow into the facility exceeded capacity of the tertiary filters and the balancing pond, causing an involuntary bypass of secondary treated effluent around the tertiary filters. The bypass caused high turbidity in the effluent. A report of the bypass was submitted to the Board within 24 hours as required.¹⁴

The second rain event on March 23rd-25th (1.86 inches) occurred before the system could recover from the first rain event, causing turbidity limits to be exceeded again. Due to these two rainstorm events, it was unsafe to perform additional sampling in the Malibu Creek because of the surge in flow, so sampling was not performed.¹⁵

These storm events resulted in nine turbidity violations. The Regional Board reported three violations on March 20th: (1) daily average; (2) daily maximum and (3) instantaneous. The Board reported three turbidity violations on March 21: (1) daily average; (2) daily maximum; and (3) instantaneous.¹⁶ On March 25, three turbidity violations were reported: (1) daily average; (2) daily maximum; and (3) instantaneous.¹⁷

The March rain events provided the maximum storm bursts (intensity) in the five (5) minute, 12 hour and one (1) day duration for the year.¹⁸ Although the District was aware of the storm event and made all reasonable preparations for it, it was not aware of its intensity.

The District Prepared for The Storm Event

During winter, all tanks at Tapia are prepared for treatment use or placed into service to act as a buffer for high flows during rain events. In 2011, all primary clarifiers, secondary clarifiers, and the balancing pond were ready to be placed into service. All storm water is treated on site for the first twenty-four (24) hours of a storm event and to a minimum of one (1) inch of rain. The storm flows from the March rain event were diverted to the treatment process for the first 24 hours.¹⁹

On March 19th, Tapia had three primary clarifiers, six aeration basins, and seven secondary clarifiers in operation. Two primary clarifiers, three secondary clarifiers, and the balancing pond were available for storage of excess flow. When the high flow from the rainstorms hit, the empty tanks were filled to reduce the effect of the high storm flow and remained in service throughout the storm event.²⁰

¹⁴ See See LVMWD Letter, *supra* p. 1 (Dec. 11, 2011).

¹⁵ *Ibid.* at p. 2.

¹⁶ CRWQCB Letter, *supra* Exhibit "A" (Nov. 15, 2011).

¹⁷ *Ibid.*

¹⁸ See LVMWD Letter, *supra* p. 3 (Dec. 11, 2011).

¹⁹ See LVMWD Letter, *supra* p. 2 (Jan. 16, 2014).

²⁰ *Ibid.* The two primary clarifiers are 200,000 gallons each. The three secondary clarifiers are 225,000 gallons each. The balancing pond is a 2.4 MG tank used for secondary effluent equalization.

Tapia was beyond capacity during the storm event. Tapia has a total storage and treatment capacity of 31.69 MGD and the peak flow on March 20th was 36.2 MGD.²¹ Even with all available tanks placed into service, the tertiary filters could not keep up as their capacity was exceeded.

SUMMARY OF LAW

Alleged Effluent Limit Violations (Cal. Water Code Section 13385)

The District has received a notice of alleged violations of effluent turbidity limits under Water Code sections 13385.

Section 13385 is modeled after the Clean Water Act and imposes civil liability for violations of National Pollution Discharge Elimination System ("NPDES") permits. Under subdivisions (h) and (i), the Permittee is subject to a mandatory minimum penalty of three thousand dollars (\$3,000) for specified serious and chronic effluent limit violations.

Affirmative Defense to Liability for Violation Caused by Unanticipated Grave Natural Disaster or Natural Phenomenon (Cal. Water Code Section 13385(j)(1)(B))

An affirmative defense to Section 13385(h)-(i) liability is a violation caused by "an unanticipated, grave natural disaster or other natural phenomenon of an exceptional, inevitable, and irresistible character, the effects of which could not have been prevented or avoided by the exercise of due care or foresight."²²

The elements of such a storm are as follows: the rainstorm was (1) exceptional; (2) inevitable; (3) irresistible; and (4) could not be avoided by exercising due care or foresight.²³ A natural event is exceptional if it does not normally occur; inevitable if its severity was unforeseen; and irresistible if it cannot be addressed simultaneously.²⁴ California courts have not discussed the Section 13385(j)(1)(B) affirmative defense in detail. However, when a statute contains ambiguous language, courts may consider the overall scheme to ascertain its intended meaning.²⁵

Water Code Section 13385 was enacted to comply with certain provisions the federal Clean Water Act ("CWA"). The CWA NPDES authorizes states to issue their own NPDES permits for dischargers within state borders and to establish federal approved programs that satisfy federal standards.²⁶ The California Legislature enacted chapter 5.5 of the "Water Quality" division of the Water Code, which contains

²¹ *Ibid.* at p. 3.

²² Water Code § 13385(j)(1)(B).

²³ *City of Brentwood v. Cent. Valley Reg'l Water Quality Control Bd.*, 123 Cal. App. 4th 714, 720-22 (2004).

²⁴ *See e.g., City of Brentwood, supra*, 123 Cal. App. 4th at 720-22; *see also* Ryan v. Rogers, 96 Cal. 349, 352-53 (1892) ("The words "irresistible, superhuman cause" are equivalent in meaning to the phrase "act of God," and refer to those natural causes the effects of which cannot be prevented by the exercise of prudence, diligence, and care...").

²⁵ *City of Brentwood, supra*, 123 Cal. App. 4th at 722.

²⁶ *See* 33 U.S.C. §§ 1311(a), 1312; 1342(a), & 1342(b).

section 13385. Permits issued under the Water Quality division are an integral part of the CWA's discharge permit system.²⁷

The CWA defines an "Act of God" as an "act occasioned by an unanticipated grave natural disaster."²⁸ Water Code section 13385(j)(1)(B) also contains the same exact language as the "act of God" defense found in the Comprehensive Environmental Response Compensation and Recovery Act ("CERCLA").²⁹ The Legislative history of CERCLA clarifies that the "act of God" defense requires proof of three elements: (1) exceptional; (2) inevitable; and (3) irresistible.³⁰

THE STORM EVENT WAS (1) EXCEPTIONAL, (2) INEVITABLE, AND (3) IRRESISTIBLE

The March 2011 storm events were not of merely unusual intensity. The first rainstorm event on March 20th – 21st was exceptional because Tapia has never received 4.95 inches of rainfall in one day. Between March 19th and 21st, Tapia received a total of 5.55 inches of rain. Between March 19th and 25th, Tapia received a total of 7.41 inches of rain. If the March 20th through 21st and March 23rd through 25th storms had been combined into a single 24-hour event, this would have been an eight (8) or (9) year storm. In turn, the March 20th through 25th rainstorm events caused a single operational upset at Tapia because of factors beyond the reasonable control of District.

The March 20th through 25th rainstorm events were inevitable because the District could not have foreseen that the total amount of rainfall would double the monthly average. The system contains a total storage and treatment capacity of 31.69 MGD, and given the history of rainfall in the region, was reasonably designed. This single operational upset was not caused by operational error, improperly designed treatment facilities, or lack of maintenance. Rather, the upset was caused by an intense three-day rain event followed by another three-day rain event.

Finally, the rainstorm was irresistible because it could not be addressed simultaneously. The March rain events provided the maximum storm bursts (intensity) in the 5 minute, 12 hour and 1 day duration for the year. The facility was being operated properly at the time of the upset and notice was provided to the Board as required. Under these circumstances, were no remedial measures that could have been undertaken to address the exceedance of turbidity levels.

The violations on March 23rd - 25th could not have been avoided because the second storm event occurred before the system could recover from the previous storm event. The March 19th-21st storm event was a continuous superseding cause in fact of the turbidity violations that occurred during the second storm. The March 23rd and 25th violations would not have occurred but not for the first intense three day rainstorm event.

²⁷ See *City of Brentwood*, *supra*, 123 Cal. App. 4th at 724.

²⁸ 33 U.S.C. § 1321(a)(12).

²⁹ 42 U.S.C. § 9601(1).

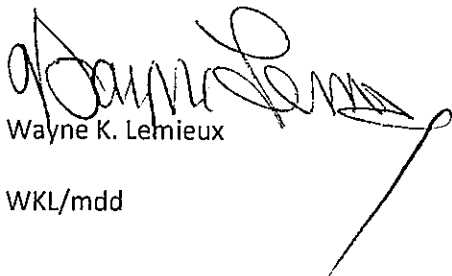
³⁰ See H.R. Rep. 99 253 (IV), 99th Cong., 1st Sess. 1985, 1986 U.S.C.C.A.N. 3068, 2101, 1985 WL 25940.

CONCLUSION

Tapia was Constructed, Designed and Operated in Accordance with California Law and Industry Standards. District is immune from liability under Water Code section 13385(j)(1)(B) because the March 20th-21st and 23rd-25th rainstorm events constituted an unanticipated grave natural disaster of an exceptional, inevitable, and irresistible character. These two rainstorm events caused a single operational upset at Tapia that could not have been avoided through the exercise of due care.

Very truly yours,

LEMIEUX & O'NEILL



Wayne K. Lemieux

WKL/mdd

July 7, 2014 JPA Board Meeting

TO: JPA Board of Directors

FROM: General Manager

Subject: Board Meeting Follow-up Items

SUMMARY:

Attached is a list of follow-up items from previous JPA Board meetings. The list provides a brief description of the various items, origination dates, and responsible managers.

Prepared By: David W. Pedersen, Administering Agent/General Manager

ATTACHMENTS:

[Board Meeting Follow-up Items](#)

BOARD MEETING FOLLOW-UP ITEMS

<u>Item No.</u>	<u>Origination Date</u>	<u>JPA or LVMWD</u>	<u>Description</u>	<u>Responsible Manager</u>
1	01/06/2014	JPA	Provide an update on changes to the State's draft Toxicity Policy.	Lippman
2	05/05/2014	JPA	FUTURE AGENDA ITEM - Determine the appropriate retention period for JPA Board meeting video recordings.	Pedersen

ITEM9A

7/1/2014

July 7, 2014 JPA Board Meeting

TO: JPA Board of Directors

FROM: Facilities & Operations

Subject: Tapia Headworks Grit Conveyor: Final Acceptance

Las Virgenes-Triunfo Joint Powers Authority approved funding for this matter in the Joint Powers Authority Budget. At its June 24, 2014 meeting, the LVMWD Board, acting as the Administering Agent for the Joint Powers Authority, approved the execution of a Notice of Completion by the Secretary of the Board and had the same recorded; and in the absence of claims from subcontractors and others, will release the retention in the amount of \$5,736.25 within 30 days after filing the Notice of Completion for the Tapia Headworks Grit Conveyor Project.

SUMMARY:

On October 7, 2013, the JPA Board awarded the Tapia Headworks Grit Conveyor Project to Pacific Advanced Civil Engineering (PACE) in the amount of \$112,800. The project consisted of installation of a conveyor to improve handling of grit from the classifiers at the headworks of the Tapia Water Reclamation Facility into exterior trash bins. One change order was administratively approved for \$1,925.

FINANCIAL IMPACT:

Sufficient funds were available in the adopted JPA Fiscal Year 2013-14 Budget for the project.

The final construction costs are summarized as follows:

Construction Contract \$112,800.00

Change Order No.1 \$1,925.00

Total Cost \$114,725.00

DISCUSSION:

Change Order No. 1, in the amount of \$1,925, was administratively approved by the General Manager for additional items that were not included in the original design of the project. The change order consisted of the addition of two 8-inch x 8-inch drain boxes and 4-inch PVC piping for the concrete pad holding the grit bin to allow residual moisture within the bins to drain back into the sewer system. Change Order No. 1 also included additional hours required for programming the controls for the system.

Attached for reference are copies of photos of the completed conveyor system, Change Order No. 1, and the Notice of Completion.

Prepared By: Eric Schlageter, P.E., Associate Engineer

ATTACHMENTS:

[Grit Conveyor Photos](#)

[Grit Conveyor Change Order #1](#)

[Notice of Completion](#)



ITEM 9B



ITEM 9B



4232 Las Virgenes Road
Calabasas, California 91302-1994

CONTRACT CHANGE ORDER

No. 1

Project Tapia Grit Conveyor System

Project No. Acct. No. 10499.1880.605

Contractor Pacific Advanced Civil Engineering, Inc

Date 05/30/2014

CONTRACTOR CHANGE ORDER NO. 1 The Contractor is hereby authorized and directed to make the herein described changes from the Plans and Specifications or do the following work not included in the Plans and Specifications for the construction of this project.

This change requested by: Pacific Advanced Civil Engineering, Inc.

DESCRIPTION OF CHANGE:

	Description	Amount	Days
1	To provide (2) 8" x 8" drain Boxes and 4" PVC drain for concrete pad	\$1,300.00	0
2	5 Hours of additional programming for control & instrumentation specialist for the zero-speed PLC	\$625.00	0
	TOTAL	\$1,925.00	0

INCREASES
TOTAL AT AGREED PRICES OR FORCE ACCOUNT \$1,925.00
DECREASES

ITEM 9B

Contract Change Order No. 1 Project No. 10499 Acct. No. 1880.605

Date 5/30/2014

(2) Estimate of increases and/or decreases in contract items at contract unit prices:

INCREASES

Item	Description	Quantity	Unit Price	Total
------	-------------	----------	------------	-------

TOTAL INCREASES \$ N/A

DECREASES

Item	Description	Quantity	Unit Price \$	Total \$
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TOTAL DECREASES \$ _____

TOTAL NET _____ IN CONTRACT ITEMS AT CONTRACT UNIT PRICES \$ _____

TOTAL COST OF THIS CHANGE ORDER **\$1,925.00** **INCREASE**

DECREASE

It is agreed 0 consecutive calendar days extension of time will be allowed by reason of this change.

Recommended by

[Signature]
Eric Schlageter, P.E.
Project Engineer

Departmental Approval

[Signature]
David R. Lippman
Director of Facilities and Operations

ACCEPTED:

Pacific Advanced Civil Engineering

By: [Signature]

Date: 6-5-14

APPROVED:

Las Virgenes Municipal Water District

By: [Signature]

David W. Pedersen, General Manager

Date: 06/16/14

Note: Attention is called to the sections of the Special Provisions and Standard Provisions on EXTRA, ADDITIONAL OR OMITTED WORK.

- THIS CHANGE ORDER IS NOT EFFECTIVE UNTIL APPROVED BY OWNER
- IF ACCEPTABLE TO THE CONTRACTOR, THIS CHANGE ORDER IS EFFECTIVE IMMEDIATELY

Las Virgenes Municipal Water District

AND WHEN RECORDED MAIL TO

Name Joanne Bodenhamer
Street Address 4232 Las Virgenes Road
City & State Calabasas CA 91302
Zip

T 420 LEGAL (9-94)

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Notice of Completion

NOTICE IS HEREBY GIVEN THAT:

- 1. The undersigned is the owner of the interest or estate stated below in the property hereinafter described.
2. The full name of the undersigned is Las Virgenes Municipal Water District (NAME).
3. The full address of the undersigned is 4232 Las Virgenes Road, Calabasas CA 91302

(NUMBER AND STREET, CITY, STATE, ZIP).

- 4. The nature of the title of the undersigned is (E.G., owner in fee OR vendee under contract of purchase OR lessee OR OTHER APPROPRIATE DESIGNATION).
5. The full names and full addresses of all persons, if any, who hold title with the undersigned as joint tenants or as tenants in common are:

Names Addresses

N/A

- 6. The names of the predecessors in interest of the undersigned, if the property was transferred subsequent to the commencement of the work of improvement herein referred to are (OR IF NO TRANSFER WAS MADE, INSERT THE WORD "none"):

Names Addresses

N/A

- 7. A work of improvement on the property hereinafter described was completed on May 23, 2014 (DATE).
8. The name of the original contractor, if any, for the work of improvement was Pacific Aquascape International, Inc. (NAME OF CONTRACTOR, OR IF NO CONTRACTOR FOR THE WORK OF IMPROVEMENT AS A WHOLE, INSERT THE WORD "none"). [IF NOTICE COVERS COMPLETION OF CONTRACT FOR ONLY PART OF THE WORK OF IMPROVEMENT, ADD: The kind of work done or material furnished was (GIVE GENERAL STATEMENT, E.G., furnishing of concrete for sidewalks).
9. The property on which the work of improvement was completed is in the City of Los Angeles, County of Los Angeles, State of California, and is described as follows: Tapia Water Reclamation Facility Headworks (set forth description of jobsite sufficient for identification, using legal description if possible).
10. The street address of the said property is None (NUMBER AND STREET, OR, IF THERE IS NO OFFICIAL STREET ADDRESS, INSERT THE WORD "none".)

Dated: June 24, 2014

Las Virgenes Municipal Water District

(SIGNATURE) Barry S. Steinhardt, Secretary of the Board (TYPED NAME)

VERIFICATION

I, the undersigned, say: I am the person who signed the foregoing notice. I have read the above notice and know its contents, and the facts stated therein are true of my own knowledge.

I declare under penalty of perjury that the foregoing is true and correct.

Executed at Calabasas, California, this 24th day of June, 2014

(SIGNATURE) Barry S. Steinhardt, Secretary of the Board

DO NOT RECORD**Recommended Procedure in the Preparation of a Notice of Completion**

A notice of completion must be filed for record *within 10 days* after completion of the work of improvement (to be computed exclusive of the day of completion), as provided in section 3093, Civil Code.

The "owner" who must file for record a notice of completion of a building or other work of improvement means the owner (or his successor in interest at the date of notice is filed) on whose behalf the work was done, though his ownership is less than the fee title. For example, if A is the owner in fee, and B, lessee under a lease, causes a building to be constructed, then B, or whoever has succeeded to his interest at the date the notice is filed, must file the notice.

If the ownership is in *two or more persons as joint tenants or tenants in common*, the notice may be signed by any one of the co-owners (in fact, the foregoing form is designed for giving of the notice by only one co-tenant), but the names and addresses of the other co-owners must be stated in paragraph 5 of the form.

In paragraphs 3 and 5, the full address called for should include street number, city, county and state.

As to paragraph 6, insert the date of completion of the work of improvement as a *whole* if applicable. However, if the notice is to be given only of completion of a particular contract, where work of improvement is made pursuant to two or more original contracts, strike the words "a work of improvement" and insert a general statement of the kind of work done or materials furnished pursuant to such contract (e.g. "The foundations for the improvements").

If the notice is to be given as a notice of completion of the work of improvement as a *whole*, insert the name of the prime contractor, if any, in paragraph 7. No contractor's name need be given if there is no general contractor, e.g., on so-called "owner-builder jobs". However, if the notice is to be given only of completion of a particular contract, where work of improvement is made pursuant to two or more original contracts, insert the name of the contractor who performed that particular contract.

Paragraph 8 should be completed only where the notice is signed by a successor in interest of the owner who caused the improvement to be constructed.

In paragraph 9, insert the *full legal* description, not merely a street address or tax description. Refer to deed or policy of title insurance. If the space provided for description is not sufficient, a rider may be attached.

In paragraph 10, show the street address, if any, assigned to the property by any competent public or governmental authority.

**NOTICE
OF COMPLETION**

CHICAGO TITLE COMPANY



WESTERN DIVISION HEADQUARTERS
245 S. LOS ROBLES AVENUE, SUITE 105
PASADENA, CALIFORNIA 91101-2820
(818) 432-7600

CHICAGO TITLE COMPANY



ITEM 9B

July 7, 2014 JPA Board Meeting

TO: JPA Board of Directors

FROM: Finance & Administration

Subject: Independent Audit Services: Acceptance of Proposal

Las Virgenes-Triunfo Joint Powers Authority approved funding for this matter in the Joint Powers Authority Budget. The Las Virgenes Municipal Water District (LVMWD) Board, as Administering Agent for the Joint Powers Authority, accepted the proposal from Pun & McGeady LLP to provide independent audit services to the District and Las Virgenes-Triunfo Joint Powers Authority and authorized the General Manager to execute a one-year professional services agreement with Pun & McGeady LLP in the amount of \$30,000 with up to four one-year renewal options using a 3% escalation factor per year.

SUMMARY:

Staff received 15 proposals for professional independent audit services for LVMWD and the JPA in response to a Request for Proposals issued on March 11, 2014. A staff review committee was formed to evaluate the proposals. The four highest-rated firms were invited for interviews; three firms completed the interview process.

The top two firms from the staff interviews were invited to give presentations to LVMWD's Audit Committee, consisting of LVMWD Board President Charles Caspary and Treasurer Len Polan. Following the presentations, the Audit Committee met to discuss the qualifications of the two highest-rated firms and recommended that the LVMWD Board accept the proposal from Pun & McGeady LLP.

FINANCIAL IMPACT:

The cost of the audit services for the JPA is \$3,000 for the first year with an annual escalation of 3% for future years.

DISCUSSION:

On March 11, 2014, the LVMWD Board approved a Request for Proposal (RFP) to provide professional audit services to LVMWD and the JPA, as the Administering Agent. The scope of work was prepared in conformance with the Government Finance Officer's Association (GFOA) Best Practices Guidelines. The Los Angeles County Grand Jury has issued guidance that audit services should be considered at least once every five years. As a result, it was anticipated that the selected firm would provide audit services for LVMWD and the JPA for a minimum of three and a maximum of five years, subject to meeting performance expectations of the LVMWD and JPA Boards.

The RFP was sent to firms providing audit services and advertised on the California Society of Municipal Finance Officers (CSMFO) website. CSMFO has a strong regional and state-wide presence in the government finance community and likely supported the strong response to the RFP with 15 proposals received. The responses were initially reviewed and ranked by a staff review committee consisting of the Director of Finance and Administration, Finance Manager and Senior Accountant. The four highest-rated firms were invited for interviews; however, one firm declined to participate. Following the interviews, the two highest-rated firms were referred to the LVMWD Audit Committee, consisting of LVMWD Board President Charles Caspary and Treasurer Len Polan. The Audit Committee recommended that the LVMWD Board accept the proposal from Pun & McGeady LLP.

Pun & McGeady LLP was formed from auditors previously employed by the firm of Caporicci and Larson CPAs, which had served government agencies since 1989 prior to being purchased. The key Pun & McGeady LLP personnel proposed for assignment to the LVMWD and JPA audits originally came from Caporicci & Larson and provide extensive government audit experience. Pun & McGeady LLP presented a

comprehensive approach to the audit services, demonstrated thorough knowledge of the current and ³⁴ upcoming Government Accounting Standards Board (GASB) requirements, and proposed a team with a track record of successfully performing government agency audits. Additionally, the firm offered annual client seminars that assist staff in keeping current on the latest changes affecting government accounting and auditing.

Reference checks for Pun & McGeady LLP revealed that the firm has a record of professional and efficient services that meet deadlines. It was also reported that the firm provides valuable guidance and helps to identify operational efficiencies.

The Pun & McGeady LLP proposal was in the amount of \$30,000 for the first year of audit services, \$27,000 for LVMWD and \$3,000 for the JPA, with an annual escalation factor of approximately 3% for future years. Because LVMWD and the JPA did not receive any federal funds during Fiscal Year 2013-14, single audit services that are associated with federal funds will not be required for the first year. However, should LVMWD and/or the JPA require a single audit, Pun & McGeady LLP proposed to provide the services for an additional fee of \$2,000.

Prepared By: Don Patterson, Director of Finance & Administration and Joseph Lillio, Finance Manager

July 7, 2014 JPA Board Meeting

TO: JPA Board of Directors

FROM: Finance & Administration

Subject: Joint Powers Authority Fiscal Year 2014-15 Budget: Follow-Up Items**SUMMARY:**

On June 2, 2014, the JPA Board adopted the Joint Powers Authority Fiscal Year 2014-15 Budget. At that meeting, the Board requested additional information on several items. This report addresses those items; the applicable changes will be incorporated in the final budget document or provided as an addendum.

DISCUSSION:

Additional information or clarification on the following items was requested by the Board:

1. Provide actual percentage figures to the four bullet point items for allocations shown on Page A-3.

The percentages have been added to the final budget document.

2. In reference to the "Group B" allocation on Page B-3, Director Orkney asked about whether or not a participant's sewage flow would impact its ability to receive its share of recycled water based on capacity reservation in the system.

Attachment A consists of a letter from the JPA's Legal Counsel, addressing this question in the context of the January 26, 2009 JPA Agreement between Las Virgenes Municipal Water District and Triunfo Sanitation District.

3. Provide a list of the actual assets being depreciated to total the \$845,440 figure on Page B-6 for the Fiscal Year 2012-13 depreciation associated with the wholesale recycled water system.

Attachment B provides the total audited JPA accumulated depreciation as of June 30, 2012, the \$845,440 additional depreciation for the JPA's recycled water system accumulated during Fiscal Year 2012-13, and the total accumulated depreciation as of June 30, 2013. Attachment C shows the breakdown of the accumulated depreciation between Las Virgenes Municipal Water District and Triunfo Sanitation District. Attachment D provides descriptions of the various depreciated assets. The JPA's assets are recorded and depreciated in accordance with Generally Accepted Accounting Principles (GAAP) as set by the Government Accounting Standards Board (GASB). All JPA assets are audited each fiscal year and have resulted in compliance with GAAP standards.

4. Verify the allocation of expenses for CIP No. 10446, Buffer Land at Rancho.

Per Section 13 of the January 26, 2009 JPA Agreement, "land acquisition costs shall be shared based upon the capacity rights in the project for which the land is acquired." As a result, the allocation of costs for CIP No. 10446, Buffer Land at Rancho, are 70.6% to Las Virgenes Municipal Water District and 29.4% to Triunfo Sanitation District.

5. Provide specifics on allocation of vehicle expenses to the JPA.

Las Virgenes Municipal Water District, as Administering Agent, charges all vehicle costs to Business Unit 701325. The costs are then allocated throughout the Internal Services Fund based on the type of vehicle and its use. The allocated cost of fleet maintenance is included in the General and

ITEM 9D

Administrative (G&A) cost pool, and the JPA's share is determined based upon labor hours in accordance with the JPA Agreement. Attachment E provides a summary of the allocation of vehicle expenses to the JPA. ³⁶

6. What cost savings are associated with CIP No. 10448, Rancho Polymer Feed System Rehabilitation?

This project is completed and, therefore, cost savings can be estimated with relative certainty. During Fiscal Year 2013-14, through May, the JPA realized a 43% cost savings, or approximately \$55,000, in the purchase of polymer. The savings were achieved due to the installation of new polymer blending units combined with the ability to utilize a lower-priced polymer that recommended with the project. The costs savings was realized despite an increase in the average daily dewatered volume from 83,711 gallons in Fiscal Year 2012-13 to 86,313 gallons in Fiscal Year 2013-14.

7. What are the potential avoided costs associated with environmental compliance/regulatory fine avoidance as a result of CIP No. 10522, Reservoir No. 2 Improvements?

By constructing Recycled Water Reservoir No. 2 Improvements, the JPA will be better positioned to avoid regulatory fines associated with discharges to the Los Angeles River. The NPDES Permit for the Tapia Water Reclamation Facility includes three limits for turbidity: (1) a daily average of 2 Nephelometric Turbidity Units (NTUs); (2) 5 NTUs for 5% of a 24-hour day (72 minutes); and (3) a daily maximum of 10 NTUs. Because of these limits, the JPA can be subject to multiple turbidity violations in a single day. Each violation carries a mandatory minimum penalty amount of \$3,000, and with chronic and persistent violations, the penalty amounts can increase up to a maximum of \$25,000 per day or \$25 per gallon. Staff currently manages the recycled water system in a manner that seeks to avoid regulatory violations. Nevertheless, violations can occur on occasion due to circumstances beyond the control of staff. In calendar year 2013, the JPA could have faced \$195,000 in mandatory minimum penalties. For calendar year 2014 through June 6th, the JPA could have faced \$90,000 in mandatory minimum penalties. Completion of this project will substantially reduce the JPA's exposure to those penalties.

Prepared By: Don Patterson, Director of Finance & Administration

ATTACHMENTS:

[Attachment A - Legal Opinion](#)

[Attachment B - Depreciation](#)

[Attachment C - Depreciation](#)

[Attachment D - Financial Statements](#)

[Attachment E - Vehicle Expenses](#)

July 1, 2014

David W. Pedersen, General Manager
Las Virgenes Municipal Water District
4232 Las Virgenes Road
Calabasas, CA 91302

Re: Allocation of Recycled Water Within the Joint Venture

We are asked whether actual sewage flow contributed to Tapia by Las Virgenes or Triunfo impacts Triunfo's or Las Virgenes' right to receive a share of recycled water. For example, if Las Virgenes contributed 68% of the sewage flow to Tapia, is Las Virgenes still entitled to receive 70.6% of the recycled water flow because Las Virgenes has 70.6% of the capacity in the system?

The use of recycled water from the Project is limited under certain circumstances by the amount of sewage contributed by that party. Section 18 of the agreement describes each party's right to take recycled water from the project as a percentage of the water produced from the facility. The parties do not have an obligation to take the full amount of this capacity, but can take "up to" their total percentage. Pursuant to section 19 of the agreement, each party has the right to use the unused capacity of the other party. However, section 24 indicates that "[t]he minimum each party is entitled to receive from the joint system is the amount of treated effluent equivalent to the sewage contribution from its county."

If Triunfo contributes 32% of the sewage flow, then Triunfo would have the right to use up to 32% of the recycled water. In the event that Triunfo uses less than 32%, then Las Virgenes would have the right to use the balance of the flow. Stated another way, when taking recycled water, a party may be limited to the amount of its sewage contribution when the other party is making full use of its sewage contribution.

Very truly yours,

LEMIEUX & O'NEILL


W. Keith Lemieux

KL/mdd

LAS VIRGENES - TRIUNFO JOINT POWERS AUTHORITY 38

		Fiscal Year Ending June 30, 2013			
		Beginning Balance	Additions	Retirement & Transfer	Ending Balance
Capital Asset, Being depreciated:					
Sewer and treatment plant					
a-1	752/754.1632	11,293,138	0	0	11,293,138
a-2	752/754.1633 minus (a-3)	23,188,109	0	(598,116)	22,589,993
a-3	(c-3) & minus part of	4,537,762		0	4,537,762
a-4	equipments	20,196,566		0	20,196,566
a-5	752/754.1637	1,299,931	0		1,299,931
a-6	752.1633	27,193,623	1,440,829	0	28,634,452
a-7	752.1646 - 1 of 3	25,994,174			25,994,174
a-8		256,147	0		256,147
a-9	see equipment schedule	374,405	0		374,405
	Sub-Total	114,333,855	1,440,829	(598,116)	115,176,568
Compost Plant and Farm					
b-1	752/754.1631	47,706,304	1,199,737	(1,344,827)	47,561,214
b-2	752.1646 - 2 of 3	15,347,113			15,347,113
b-3	see equipment schedule	148,254	0	0	148,254
	Sub-Total	63,201,671	1,199,737	(1,344,827)	63,056,581
Recycled Water System					
c-1	752/754.1634 minus (c-4)	29,091,996	0	0	29,091,996
c-2	752.1646 - 3 of 3	1,989,441			1,989,441
c-3	Part of 752.1633	290,433			290,433
c-4	part of 752.1634	294,028			294,028
c-5	see equipment schedule	10,646	0		10,646
	Sub-Total	31,676,544	0	0	31,676,544
Total capital assets being depreciated		209,212,070	2,640,566	(1,942,943)	209,909,693
Accumulated depreciation:					
Sewer and treatment plant					
a-1	752/754.1732	(3,726,787)	(149,284)		(3,876,071)
a-2,3	752/754.1733 minus (a-3)	(28,152,391)	(1,812,039)	508,714	(29,455,716)
a-5	752/754.1737	(473,573)	(37,139)		(510,712)
a-6	part of 752.1733	(10,755,518)	(573,323)		(11,328,841)
a-7	752.1746 - 1 of 3	(22,972,126)	(742,654)		(23,714,780)
a-8		(156,825)	(21,782)		(178,607)
a-9	see equipment schedule	(333,018)	(8,151)	0	(341,169)
	Sub-Total	(66,570,238)	(3,344,372)	508,714	(69,405,896)
Compost Plant and Farm					
b-1	752/754.1731	(25,618,141)	(1,738,999)	1,118,891	(26,238,249)
b-2	752.1746 - 2 of 3	(13,562,876)	(438,467)		(14,001,343)
b-3	see equipment schedule	(124,602)	(9,508)	0	(134,110)
	Sub-Total	(39,305,619)	(2,186,974)	1,118,891	(40,373,702)
Recycled Water System					
c-1	752/754.1734 minus (c-4)	(13,590,980)	(784,298)	0	(14,375,278)
c-2	752.1746 - 3 of 3	(1,758,147)	(56,838)		(1,814,985)
c-3	Part of 752.1733-F/depr.	(290,433)	0		(290,433)
c-4	part of 752.1734	(41,077)	(3,910)		(44,987)
c-5	see equipment schedule	(8,024)	(394)	0	(8,418)
	Sub-Total	(15,688,661)	(845,440)	0	(16,534,101)
Total accumulated depreciation		(121,564,518)	(6,376,786)	1,627,605	(126,313,699)

LVMWD AND TSD
STATEMENT OF EQUITY - CONSTRUCTION & REPLACEMENT FUNDS
6/30/13

DESCRIPTION	LVMWD AND TSD			LVMWD U1 & U2			TSD					
	BALANCE 6/30/2012	ADDITIONS & ADJUSTMENTS	BALANCE 6/30/2013	BALANCE 6/30/2012	ADDITIONS & ADJUSTMENTS	BALANCE 6/30/2013	BALANCE 6/30/2012	ADDITIONS & ADJUSTMENTS	BALANCE 6/30/2013	MEMO TOTAL	% SHARE	MEMO TOTAL
TOTAL LAND COSTS - GRANTS	8,921,828.64	0.00	8,921,828.64	4,460,914.32	0.00	4,460,914.32	4,460,914.32	0.00	4,460,914.32	4,460,914	50.0%	4,460,914
TOTAL LAND COSTS	3,336,961.85	0.00	3,336,961.85	2,064,937.95	0.00	2,064,937.95	2,064,937.95	0.00	2,064,937.95	2,064,938	61.8%	2,064,938
TOTAL LAND	12,258,790.49	0.00	12,258,790.49	6,525,852.27	-	6,525,852.27	6,525,852.27	-	6,525,852.27	6,525,852	53.2%	6,525,852
TRUNK SWR CONTRACT COSTS	1,336,422.70	0.00	1,336,422.70	778,778.53	0.00	778,778.53	778,778.53	0.00	778,778.53	778,779	58.3%	778,779
UNITS A, A-1, B, B-1	360,165.11	0.00	360,165.11	102,205.66	0.00	102,205.66	102,205.66	0.00	102,205.66	102,206	28.4%	102,206
UNITS A-2, C-3	62,680.17	0.00	62,680.17	3,278.45	0.00	3,278.45	3,278.45	0.00	3,278.45	3,278	5.2%	3,278
UNITS C, C-1, C-2	856,056.55	0.00	856,056.55	492,061.30	0.00	492,061.30	492,061.30	0.00	492,061.30	492,061	57.5%	492,061
UNIT C-4	672,392.36	0.00	672,392.36	95,504.57	0.00	95,504.57	95,504.57	0.00	95,504.57	95,505	14.2%	95,505
UNITS D, D-1	3,136,188.58	0.00	3,136,188.58	1,540,750.95	0.00	1,540,750.95	1,540,750.95	0.00	1,540,750.95	1,540,751	48.1%	1,540,751
UNIT E	2,129,694.34	0.00	2,129,694.34	973,483.28	0.00	973,483.28	973,483.28	0.00	973,483.28	973,483	45.7%	973,483
UNITS F-1, F-2	1,963,331.73	0.00	1,963,331.73	498,895.28	0.00	498,895.28	498,895.28	0.00	498,895.28	498,895	25.4%	498,895
UNITS F-3, F-4, F-5, F-6	557,977.80	0.00	557,977.80	60,153.67	0.00	60,153.67	60,153.67	0.00	60,153.67	60,154	10.8%	60,154
HOPE SLUDGE FORCE MAIN - 700 FT	61,889.48	0.00	61,889.48	43,693.97	0.00	43,693.97	43,693.97	0.00	43,693.97	43,694	70.6%	43,694
EL CANON SEMER DIVERSION	156,339.06	0.00	156,339.06	110,375.38	0.00	110,375.38	110,375.38	0.00	110,375.38	110,375	70.6%	110,375
SUB-TOTAL TRUNK SWRS	11,293,137.88	0.00	11,293,137.88	4,699,181.04	0.00	4,699,181.04	4,699,181.04	0.00	4,699,181.04	4,699,181	41.6%	4,699,181
TAPIA EXPANSION IV	31,357,330.64	1,440,828.76	32,798,159.40	22,262,411.42	1,017,225.10	23,279,636.52	23,279,637	423,603.66	9,084,919.22	9,084,919	71.0%	23,279,637
TREAT PLANT TO 8 MGD	4,512,723.75	0.00	4,512,723.75	3,182,746.65	0.00	3,182,746.65	3,182,747	0.00	1,329,977.10	1,329,977	70.5%	3,182,747
TREAT PLANT (EXP III)	16,729,001.20	(598,115.61)	16,130,885.59	11,511,757.57	(422,269.62)	11,089,488.11	11,089,488	(175,845.99)	5,217,243.47	5,041,397	68.7%	11,089,488
MISC COMPUTER EQUIP	64,714.68	0.00	64,714.68	45,688.57	0.00	45,688.57	45,689	0.00	19,026.11	19,026	70.6%	45,689
COMPUTER EQUIP COSTS	27,395.98	0.00	27,395.98	19,341.56	0.00	19,341.56	19,342	0.00	8,054.42	8,054	70.6%	19,342
RADIO COMM EQUIP/SYSTEM	100,118.80	0.00	100,118.80	70,683.87	0.00	70,683.87	70,684	0.00	29,434.93	29,435	70.6%	70,684
SCADA SYSTEM EQUIP COSTS	25,415.52	0.00	25,415.52	17,943.36	0.00	17,943.36	17,943	0.00	7,472.16	7,472	70.6%	17,943
AREA WIDE FACILITIES PLANT	25,994,173.96	0.00	25,994,173.96	18,343,630.96	-	18,343,630.96	18,343,631	-	7,650,543.00	7,650,543	70.6%	18,343,631
OTHER CONSTRUCTION - NPDES	1,299,930.91	0.00	1,299,930.91	917,751.23	0.00	917,751.23	917,751	0.00	382,179.68	382,180	70.6%	917,751
MISCELLANEOUS EQUIPMENT	1,427,470.85	0.00	1,427,470.85	1,007,794.44	0.00	1,007,794.44	1,007,794	0.00	419,676.41	419,676	70.6%	1,007,794
OTHER CONSTR COSTS	21,502,437.34	0.00	21,502,437.34	15,032,425.39	0.00	15,032,425.39	15,032,425	0.00	6,470,011.95	6,470,012	69.8%	15,032,425
SUB-TOTAL TREAT PLANT	103,040,713.63	842,713.15	103,883,426.78	72,412,175.18	594,955.48	73,007,130.66	73,007,131	247,757.67	30,876,296.12	30,876,295	28.7%	30,876,295
RANCHO LV - COMPOST PLANT	47,706,306.33	(145,090.76)	47,561,215.57	33,680,652.26	(102,434.07)	33,578,218.19	33,578,218	(42,656.69)	13,982,997.38	13,982,997	70.6%	33,578,218
AREA WIDE FACILITIES PLANT	15,347,112.99	0.00	15,347,112.99	10,830,167.46	0.00	10,830,167.46	10,830,167	0.00	4,516,925.52	4,516,926	70.6%	10,830,167
R LV - COMPOST PLANT MISC EQUIP	148,253.82	0.00	148,253.82	104,667.21	0.00	104,667.21	104,667	0.00	43,586.61	43,587	70.6%	104,667
SUB-TOTAL COMPOST PLANT	63,201,673.13	(145,090.76)	63,056,582.37	44,615,506.93	(102,434.07)	44,513,072.86	44,513,073	(42,656.69)	18,543,509.51	18,543,510	70.6%	44,513,073
MEMO TOTAL												

LVMWD AND TSD
STATEMENT OF EQUITY - CONSTRUCTION & REPLACEMENT FUNDS
6/30/13

LVMWD AND TSD

D E S C R I P T I O N	BALANCE 6/30/2012	ADDITIONS & ADJUSTMENTS	BALANCE 6/30/2013	MEMO TOTAL
RWS - OTHER	15,582,838.68	0.00	15,582,838.68	15,582,839
RWS - LAS VIRGENES VALLEY	3,002,401.27	0.00	3,002,401.27	3,002,401
RWS TO THE WEST PHASE I	1,422,017.09	0.00	1,422,017.09	1,422,017
RWS TO THE WEST PHASE II	7,504,328.11	0.00	7,504,328.11	7,504,328
RW RESERVOIR	1,541,658.54	0.00	1,541,658.54	1,541,659
RWS-OAK PARK	38,753.07	0.00	38,753.07	38,753
WASTE SPRAYFIELD SYSTEM	290,433.06	0.00	290,433.06	290,433
AREA WIDE FACILITIES PLANT	1,989,441.00	0.00	1,989,441.00	1,989,441
MISCELLANEOUS EQUIPMENT	10,646.48	0.00	10,646.48	10,646
DEDICATED RW WATER SYSTEM	294,027.65	0.00	294,027.65	294,028
SUB-TOTAL	31,676,544.95	0.00	31,676,544.95	31,676,545
CONSTRUCTION IN PROGRESS	2,237,515.79	1,291,733.42	3,529,249.21	3,529,249
TOTAL CONSTRUCTION COSTS	211,449,585.38	1,989,355.81	213,438,941.19	213,438,941
TOTAL LAND & CONSTRUCTION	223,708,375.87	1,989,355.81	225,697,731.68	225,697,732
LESS:				
ACCUMULATED DEPRECIATION	(3,723,663.19)	(149,283.88)	(3,872,947.07)	(3,872,947)
TRUNK SEWERS	(38,914,335.82)	(1,876,648.62)	(40,790,984.44)	(40,790,984)
TREATMENT PLANT	(22,972,246.68)	(742,654.01)	(23,714,900.69)	(23,714,901)
AWFP-TREATMENT PLANT	(473,573.41)	(37,139.04)	(510,712.45)	(510,712)
OTHER CONST COSTS - NPDES	(100,754.17)	(4,792.00)	(105,546.17)	(105,546)
MISC COMP EQUIPMENT COSTS	(295,765.19)	(18,472.97)	(314,238.16)	(314,238)
RADIO COMM EQUIP/SYSTEM	(90,016.79)	(6,667.91)	(96,684.70)	(96,685)
MISC EQUIP-TREATMENT	(25,618,142.80)	(620,107.56)	(26,238,250.36)	(26,238,250)
RANCHO LV - COMPOST PLANT	(13,562,643.10)	(438,466.49)	(14,001,109.59)	(14,001,110)
AWFP-COMPOST PLANT	(124,602.50)	(9,507.91)	(134,110.41)	(134,110)
MISC EQUIP-COMPOST	(13,922,492.25)	(788,208.22)	(14,710,700.47)	(14,710,700)
RECLAIMED WATER SYSTEM	(1,758,259.16)	(56,838.40)	(1,815,097.56)	(1,815,098)
AWFP-RECLAIMED WATER SYS	(8,023.81)	(394.29)	(8,418.10)	(8,418)
MISC EQUIP-RECLAIMED WATER	(121,564,518.87)	(4,749,181.30)	(126,313,700.17)	(126,313,699)
SUB TOTAL ACCUM. DEPRE.	102,143,857.00	(2,759,825.49)	99,384,031.51	99,384,032
EQUITY OF PARTICIPANTS				

LVMWD U1 & U2

D E S C R I P T I O N	BALANCE 6/30/2012	ADDITIONS & ADJUSTMENTS	BALANCE 6/30/2013	MEMO TOTAL
	11,019,503.72	0.00	11,019,503.72	11,019,504
	2,119,695.30	0.00	2,119,695.30	2,119,695
	1,003,943.81	0.00	1,003,943.81	1,003,944
	5,306,516.49	0.00	5,306,516.49	5,306,516
	1,088,410.93	0.00	1,088,410.93	1,088,411
	27,359.67	0.00	27,359.67	27,360
	205,045.74	0.00	205,045.74	205,046
	1,403,913.49	0.00	1,403,913.49	1,403,913
	7,516.42	0.00	7,516.42	7,516
	207,583.52	0.00	207,583.52	207,584
	22,389,489.09	0.00	22,389,489.09	22,389,489
	1,798,976.30	911,963.77	2,710,940.07	2,710,940
	145,915,328.54	1,404,485.18	147,319,813.72	147,319,814
	152,441,180.81	1,404,485.18	153,845,665.99	153,845,666
	(1,470,269.34)	(63,576.71)	(1,533,846.05)	(1,533,846)
	(27,200,749.57)	(1,315,591.20)	(28,516,340.77)	(28,516,341)
	(16,211,163.79)	(524,077.86)	(16,735,241.65)	(16,735,242)
	(334,342.80)	(26,220.16)	(360,562.96)	(360,563)
	(71,132.45)	(3,383.15)	(74,515.60)	(74,516)
	(63,551.80)	(4,707.54)	(68,259.34)	(68,259)
	(208,810.22)	(13,041.92)	(221,852.14)	(221,852)
	(18,086,237.85)	(437,622.53)	(18,523,860.38)	(18,523,860)
	(9,570,950.17)	(309,418.08)	(9,880,368.25)	(9,880,368)
	(87,969.36)	(6,712.58)	(94,681.94)	(94,682)
	(9,846,253.92)	(557,231.52)	(10,403,485.44)	(10,403,485)
	(1,240,776.66)	(40,109.86)	(1,280,886.52)	(1,280,887)
	(5,664.80)	(278.37)	(5,943.17)	(5,943)
	(84,397,872.73)	(3,301,971.48)	(87,699,844.21)	(87,699,844)
	68,043,308.08	(1,897,486.30)	66,145,821.78	66,145,822

TSD

D E S C R I P T I O N	BALANCE 6/30/2012	ADDITIONS & ADJUSTMENTS	BALANCE 6/30/2013	MEMO TOTAL
	4,563,334.96	0.00	4,563,334.96	4,563,335
	882,705.97	0.00	882,705.97	882,706
	418,073.28	0.00	418,073.28	418,073
	2,197,811.62	0.00	2,197,811.62	2,197,812
	453,247.61	0.00	453,247.61	453,248
	11,393.40	0.00	11,393.40	11,393
	85,387.32	0.00	85,387.32	85,387
	585,527.51	0.00	585,527.51	585,528
	3,130.06	0.00	3,130.06	3,130
	86,444.13	0.00	86,444.13	86,444
	9,287,055.86	0.00	9,287,055.86	9,287,056
	438,539.49	379,769.65	818,309.14	818,309
	65,534,256.84	584,870.63	66,119,127.47	66,119,127
	71,267,195.06	584,870.63	71,852,065.69	71,852,065
	(2,253,393.85)	(85,707.17)	(2,339,101.02)	(2,339,101)
	(11,713,586.25)	(561,057.42)	(12,274,643.67)	(12,274,644)
	(6,761,082.89)	(218,576.15)	(6,979,659.04)	(6,979,659)
	(139,230.61)	(10,918.88)	(150,149.49)	(150,149)
	(29,621.72)	(1,408.85)	(31,030.57)	(31,031)
	(28,464.99)	(1,960.37)	(30,425.36)	(30,425)
	(86,954.97)	(5,431.05)	(92,386.02)	(92,386)
	(7,531,904.95)	(182,485.03)	(7,714,389.98)	(7,714,390)
	(3,991,892.93)	(129,048.41)	(4,120,941.34)	(4,120,941)
	(36,633.14)	(2,795.33)	(39,428.47)	(39,428)
	(4,076,238.33)	(230,976.70)	(4,307,215.03)	(4,307,215)
	(517,482.50)	(16,728.54)	(534,211.04)	(534,211)
	(2,359.01)	(115.92)	(2,474.93)	(2,475)
	(37,166,646.14)	(1,447,209.82)	(38,613,855.96)	(38,613,855)
	34,100,548.92	(862,339.19)	33,238,209.73	33,238,210

LAS VIRGENES-TRIUNFO JOINT POWERS AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013 and 2012

2. CASH AND INVESTMENTS (CONTINUED):

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.

3. CAPITAL ASSETS:

Changes in capital assets for the year ended June 30, 2013 is as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Capital assets, not being depreciated:				
Land and land rights	\$ 12,258,791	\$ -	\$ -	\$ 12,258,791
Construction in progress	<u>2,237,518</u>	<u>3,932,299</u>	<u>(2,640,566)</u>	<u>3,529,251</u>
Total capital assets, not being depreciated	<u>14,496,309</u>	<u>3,932,299</u>	<u>(2,640,566)</u>	<u>15,788,042</u>
Capital assets, being depreciated:				
Sewer and treatment plant	114,333,855	1,440,829	(598,116)	115,176,568
Compost plant and farm	63,201,671	1,199,737	(1,344,827)	63,056,581
Recycled water system	<u>31,676,544</u>	<u>-</u>	<u>-</u>	<u>31,676,544</u>
Total capital assets, being depreciated	<u>209,212,070</u>	<u>2,640,566</u>	<u>(1,942,943)</u>	<u>209,909,693</u>
Less accumulated depreciation for:				
Sewer and treatment plant	(66,570,238)	(3,344,372)	508,714	(69,405,896)
Compost plant and farm	(39,305,619)	(2,186,974)	1,118,891	(40,373,702)
Recycled water system	<u>(15,688,661)</u>	<u>(845,440)</u>	<u>-</u>	<u>(16,534,101)</u>
Total accumulated depreciation	<u>(121,564,518)</u>	<u>(6,376,786)</u>	<u>1,627,605</u>	<u>(126,313,699)</u>
Total capital assets, being depreciated, net	<u>87,647,552</u>	<u>(3,736,220)</u>	<u>(315,338)</u>	<u>83,595,994</u>
Total capital assets, net	<u>\$ 102,143,861</u>	<u>\$ 196,079</u>	<u>\$ (2,955,904)</u>	<u>\$ 99,384,035</u>

See independent auditors' report.

I Labor Hour Ratio

Division	Hours	Ratio (Formula)	Ratio (Value)
LV	36,684	41.3201%	41.32%
JPA	48,012	54.0797%	54.08%
CIP's	4,084	4.6001%	4.60%
Total	88,780	99.9999%	100.00%

II Allocation Ratio for Vehicle Expenses (701325)

Total Expenses in "701325"

565,988

Alloc To:	Bus Unit	Ratio	Allocated \$
	701121	0.0097	5,490
	701221	0.1359	76,918
	701223	0.0097	5,490
	701226	0.0194	10,980
	701240	0.0000	0
	701310	0.0097	5,490
	701320	0.0068	3,849
	701321	0.1457	82,464
	701322	0.2623	148,460
	701326	0.0873	49,411
	701330	0.0029	1,641
	701331	0.1651	93,445
	701340	0.0097	5,490
	701341	0.0194	10,980
	701342	0.0388	21,960
	701343	0.0388	21,960
	701350	0.0291	16,470
	701420	0.0097	5,490
Total		1.0000	565,988

JPA Share

0.005246 2,968.99

**LVMWD
only**

0.005246 2,968.99

0.003678 2,081.54

0.078794 44,596.53

0.141853 80,287.17

0.047212 26,721.47

0.001568 887.45

0.089286 50,535.06

0.005246 2,968.99

0.012998 7,356.60

0.020983 11,875.97

0.020983 11,875.97

0.015737 8,906.98

0.005246 2,968.99

0.454074 257,000.70

JPA Expenses 257,000.70