

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

5:00 PM

October 6, 2014

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance to the Flag was led by Chairman 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 Chairman Caspary in the Board Room at District Headquarters, located at 4232 Las Virgenes Road, Calabasas, CA. Daryl Betancur, Clerk of the Board conducted the roll call.

Present: Director(s): Polan, Renger, Steinhardt, Peterson, Board Chairman
Caspary, McReynolds, Orkney, Paule, Vice Chairman Iceland (arrived at
5:03 p.m.) and Wall
Absent: Director(s): None

2. APPROVAL OF AGENDA

A Approval of agenda

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

On a motion by Director Paule, seconded by Director Polan, the Board voted 9-0 to approve the agenda as presented. (Director Iceland arrived after this item was heard). Motion carried as follows:

AYES: Director(s): Polan, Renger, Steinhardt, Peterson, Board Chairman, Caspary,
McReynolds, Orkney, Paule and Wall
NOES: Director(s): None
ABSENT: Director(s): Iceland (arrived after a vote on this item was taken)

3. PUBLIC COMMENTS

There were no public comments.

4. CONSENT CALENDAR

A Minutes: Regular JPA Meeting of September 2, Approve

Director Peterson moved to approve the minutes of September 2, 2014 as presented. Director Renger seconded. Motion carried as follows:

AYES: Director(s): Polan, Renger, Steinhardt, Peterson, Caspary, McReynolds, Orkney, and Paule.
NOES: Director(s): None
ABSTAIN: Director(s): Wall
ABSENT: Director(s): Iceland (arrived after the consent calendar was approved)

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

A Woodland Hills Country Club Recycled Water System Extension: Pricing Policy Discussion.

Provide direction to staff on pricing policy options for the sale of wholesale recycled water to the Los Angeles Department of Water and Power via the proposed Woodland Hills Country Club Recycled Water Systems Extension.

Administering Agent/General Manager Pedersen provided a brief summary on this item indicating that the item is for the Board to provide feedback to staff and not for making a decision at this time. Mr. Pedersen asked David Lippman, Director of Facilities and Operations, to present the staff report.

Mr. Lippman commented on the pricing policy relative to the sale of recycled water; spoke about the Woodland Hills Country Club recycled water extension, which comprises about 4.6 miles of pipeline running from the JPA service area to the Woodland Hills Country Club on Dumont Street; spoke about the potential demand of this extension, which can generate up to 300 acre feet per year of new demand in the Los Angeles Department of Water and Power (LADWP) service area; spoke about past Board actions going back to August 2011, when the Board provided staff direction; spoke about the negotiation of the term sheets with LADWP, which were approved in September 2013; with the JPA approving a Cooperative Agreement on August 4, 2014, at which time the Board requested discussion of the pricing policy issues for preliminary design and environmental documentation.

Mr. Lippman further stated that the discussion on the pricing policy is based on certain assumptions: 1) cost recovery, 2) that no capital requirement is required since there is no capital investment by the JPA on this project; and 3) that the JPA wholesale rate includes depreciation, which will fund the ultimate replacement of this project.

Mr. Lippman explained in detail various charts related to demand patterns and supply in relation to the Woodland Hills Country Club project; he explained that the first chart shown included data from 2005-2014 where staff took an average of monthly demands considering dry, wet and normal years to establish a base-line for comparison purposes.

There were some questions from the Board that Mr. Lippman answered, relative to the amount of supplement, cost and benefits of discharge, demand during shoulder months and unit cost per acre foot. Additionally, there was an extensive discussion regarding the cost versus benefits of the potable supplement, wholesale rate, avoided disposal cost and wholesale rate as a benefit, as well as the 125.0 AF of potable supplement at a rate of \$1,159/AF; and the accompanying 112.5 AF at a rate of \$1,150/AF for avoided disposal.

In summary, Mr. Lippman explained the four options that the Board needed to consider:

- Option 1- Term Sheet Pricing- Wholesale Cost plus the cost of potable water supplement escalated by CPI (\$856/AF).
- Option 2- Actual Cost Annually- One year in arrears, i.e., FY15-16 pricing based on FY14-15 potable supplement and disposal volumes still estimates based on prior use patten, and require more staff time but reflects actual cost.
- Option 3- Hybrid Term Sheet Pricing Policy – potable supplement escalated on MWD cost increase, wholesale rate escalated based on CPI and price point resetting every three to five

years.

- Option 4- In-Lieu Potable Water Return – Assuming that LVMWD sells potable water supplement to JPA; JPA sells REW to LADWP at wholesale rate plus delta for potable water supplement; LADWP provides “in lieu” potable water to Las Virgenes and Las Virgenes and Triunfo Sanitation District share in “in lieu” revenue on a 70/30 split.

Following an extensive discussion on these options, the Board agreed to direct staff to model options two and four with some real dollar scenarios assuming the increased demand for LADWP and what the demand would be for both Triunfo Sanitation District and Las Virgenes Municipal Water District and the corresponding effect. With respect to option two, Board President Caspary indicated that the model should take into account the addition of another new wholesale customer and how will that impact the financial stability of the JPA and the relative cost to each agency.

Director Peterson commented that the other options do not make sense because they do not deal with the critical issue of allocation. Hence, the Board directed staff to run forecast models for options two and four only and report back at a future meeting.

6. ACTION ITEMS

A **Lost Hills Interchange 10-inch Recycled Water Main Relocation Project.**

Authorize the Administering Agent/General Manager to execute the Utility Agreement with the City of Calabasas, subject to non-substantive changes and in a form approved by Legal Counsel, and to accept the lowest responsible construction bid identified by the City of Calabasas for the Lost Hills Interchange Improvement Project, including the recycled water main relocation work, provided that the bid items for the water main relocation do not exceed \$500,000; accept the proposal from AECOM in the amount of \$45,062 to incorporate design review comments from Caltrans and to provide bidding and construction support services for the work and authorize the Administering Agent/General Manager to execute a professional services agreement with AECOM for the same; and appropriate \$401,357 to CIP Job No. 10540, the Lost Hills Interchange 10-inch Recycled Water Main Relocation Project.

Administering Agent/General Manager Pedersen commented that this project is a City of Calabasas project; commented on the scope, nature, purpose and cost associated with the project, which is about 25 million dollars.

Mr. Pedersen further provided a brief narrative on the issue at hand, stating that as part of this project the JPA owned 10-inch recycled water main that is on the existing bridge requires relocation and the pipeline provides recycled water to the landfill; that particular main needs to be relocated into the new bridge. Because of the tight deadlines associated with this project, there may be a need for the JPA to hold a special meeting to evaluate the bids; according to the project timeline, the bid opening will take place on December 4, which is after the December 1 JPA regular meeting; the City of Calabasas plans to award the project within a week of the bid opening and thus will provide the bids for evaluation to the JPA to determine whether or not the cost of the relocation of the 10-inch recycled water main is acceptable or not.

Mr. Pedersen further commented that what staff is asking in the recommendation is for the Board to delegate the authority to the Administering Agent/General Manager to accept the bids and notify the City that the JPA would like them to proceed on its behalf with that portion of the work; the recommendation includes three parts: 1) authorize the Administering Agent/General Manager to execute the Utility Agreement with the City of Calabasas, subject to non-substantive changes in a form approved by Legal Counsel; 2) to accept the lowest responsible construction bid identified by the City of Calabasas for the Lost Hills Interchange Improvement Project, including the recycled water main relocation work, provided that the bid items for the water main relocation portion of the work does not exceed \$500,000; and 3) to accept the proposal from AECOM in the amount of \$45,062 to incorporate design review comments from Caltrans and to provide bidding construction support services for the

work and authorize the Administering Agent/General Manager to execute a professional services agreement with AECOM for the same; and appropriate \$401,357 for the project to move forward.

There were several comments and questions from the Board relative to the requested appropriation amount of \$401,357, which amounts to 80% of the estimated cost of \$500,000; that the item of the 10-inch recycled water main should be put out to bid and that based on past performance AECOM should not be designated as a responsible bidder.

Motion made by Director Peterson to approve the recommendation as presented. Motion died for a lack of second.

Director Paule asked a question relative to funding for the project commenting why is the JPA not getting funding as well for this project. Administering Agent/General Manager stated that the JPA is a guest on the bridge and as such is required to relocate the 10-inch recycled water main and shoulder the cost.

Director Orkney questioned why the JPA should pay for the project given the fact that there is no revenue benefit from it. Mr. Pedersen commented that this is a facility that was designed and constructed by the JPA; Director Orkney further commented that this is something that needs to be reevaluated further and that she is not in agreement with this at this time.

Additional discussion ensued regarding the cost associated with the project; the evaluation of the bids; the feasibility of bidding the relocation of the 10-inch recycled water main as a stand-alone bid item in a formal bid process and the timing associated with the City's schedule to award the bid. Upon further discussion, the Board directed staff to work with the City of Calabasas and thus ascertain the most appropriate time for a special JPA Board meeting.

Director Paule moved to accept the staff recommendation as written with the caveat to only approve a contingency of 10% above the Engineer's rather than the \$500,000 proposed. Motion seconded by Director Polan. Motion carried by the following vote:

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

B Resolution in Support of the Water Quality, Supply and Infrastructure Improvement Act of 2014.

Pass, approve and adopt Resolution No. 3, expressing support for the Water Quality, Supply and Infrastructure Improvement Act of 2014.

RESOLUTION NO. 3: A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LAS VIRGENES-TRIUNFO JOINT POWERS AUTHORITY IN SUPPORT OF THE WATER QUALITY, SUPPLY AND INFRASTRUCTURE IMPROVEMENT ACT OF 2014.

Director Iceland moved to adopt Resolution No. 3, expressing support for the Water Quality, Supply and Infrastructure Improvement Act of 2014. Motion seconded by Director Steinhardt. Motion carried unanimously.

7. BOARD COMMENTS

None

8. ADMINISTERING AGENT/GENERAL MANAGER REPORT

Administering Agent/General Manager Pedersen reported on two items: 1) Heal the Bay has a change

in leadership; that Ruskin Hartley has resigned and that the Heal the Bay Board has appointed Alix Hobbs as President and CEO; and 2) with respect to the JPA Board meeting calendar for 2015, there is one Board meeting that falls on a legally observed holiday and thus the Board needs to consider an alternate meeting date for its September 2015 monthly meeting.

Upon a brief discussion the Board opted to have the September 2015 meeting on Monday, August 31, 2015.

9. FUTURE AGENDA ITEMS

None

10. INFORMATION ITEMS

- A State Water Resources Control Board Draft Toxicity Policy Update**
- B Waters of the United States: Proposed Definition**
- C Odor Control Scrubber Carbon Replacement: Authorization of Purchase Order**
- D Tapia Primary Clarifier No. 1 Rehabilitation Project: Change Order No. 1**
- E SCADA Communications Upgrade Phase 1: Call for Bids**
- F Agoura Road Recycled Water Pipeline Project: Ladyface Court to Cornell Road**
- G 8-Inch Sludge Force Main Failure: Declaration of Emergency and Authorization to Procure Good and Services**

There were several questions from the Board regarding toxicity levels, and the impact of the proposed definition of Waters of the United States, and Change Order No. 2 to for item 10E. Staff provided answers to these and other related questions and concerns.

11. PUBLIC COMMENTS

None.

12. CLOSED SESSION

The Board recessed to closed session at **7:02 p.m.**, and reconvened to open session at **7:04 p.m.**

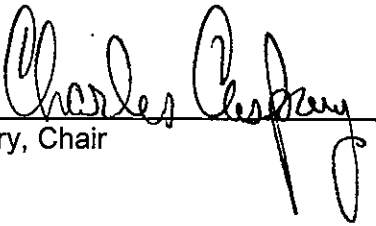
General Counsel Lemieux reported that the Board had met in closed session to receive a brief update on the item listed on the agenda, but there were no reportable actions.

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

1. Las Virgenes – Triunfo Joint Powers Authority v. United States Environmental Protection Agency and 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 **7:05 p.m.**



Charles Caspary, Chair

ATTEST:



Steven Iceland, Vice Chair