



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

MINUTES
REGULAR MEETING

5:00 PM

January 27, 2015

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance to the Flag was led by Dr. Randal Orton, Resource Conservation Manager, Las Virgenes Municipal Water District.

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 Peterson in the District offices. Daryl Betancur, Clerk of the Board conducted the roll call.

Present: Lewitt, Polan, Renger, Caspary and Board President Peterson.
Absent: None
Staff Present: David Pedersen, General Manager
Daryl Betancur, Clerk of the Board
Brett Dingman, Water Reclamation Manager
Carlos Reyes, Director of Resource Conservation and Public Outreach
Don Patterson, Director of Finance and Administration
Wayne Lemieux, District Counsel

2. APPROVAL OF AGENDA

A Approval of agenda

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

District Counsel Lemieux indicated that for closed session, he had nothing to report on San Diego, but that he did have something to report on the other two items.

Director Renger moved to approve the agenda as presented. Motion seconded by Director Caspary. Motion carried unanimously.

3. PUBLIC COMMENTS

Dr. Randal Orton addressed the Board regarding his upcoming retirement from the District after 22-years of employment and thanked the Board for their support over the years.

Board Members offered congratulations to Dr. Orton on his retirement and thanked him for the significant contributions to the Las Virgenes Municipal Water District, particularly for his leadership in the watershed.

4. CONSENT CALENDAR

A Minutes: Regular Meetings of January 13, 2015. Approved

B List of Demands: January 27, 2015 Approved

Director Caspary moved to approve the consent calendar, items 4A and 4B. Motion seconded by Director Lewitt. Motion carried unanimously.

5. ILLUSTRATIVE AND/OR VERBAL PRESENTATION AGENDA ITEMS

A Legislative and Regulatory Updates.

Dave Pedersen, General Manager stated that there was no report at this time.

B Water Supply Conditions and Drought Response.

Dave Pedersen, General Manager, spoke relative to the water supply statistics included in the agenda packet; commented that a lot has happened since staff last reported on this item in November, 2014; spoke about California Department of Water Resources announcement in December of its initial allocation for the State Water Project, which came out at 10%; stated that due to the recent rains in January, DWR increased the previous allocation to 15%; spoke about the 8-station index of precipitation in the Sierra's, and stated that it was about 23.1 inches meaning 90% of average.

C Budget-Based Rates: Progress Update and Proposal for Expedited Implementation.

Carlos Reyes, Director of Resource Conservation and Public Outreach presented the item.

After a lengthy presentation, the Board posed several questions to staff regarding three main points: 1) ways to encourage customers to convert to on-line/electronic billing; 2) whether or not there is anything that can be done to reduce or minimize the third-party vendor charges for credit card payments; and 3) plans to do a presentation to the LVHOF sooner rather than later, so the word can trickle down to the Home Owners Associations.

6. TREASURER

Director Lewitt reported that he had looked at the list of demands and found everything to be in order.

7. BOARD OF DIRECTORS

A Nominations for ACWA Region 8 Board of Directors

Accept nominations for candidates to serve on the ACWA Region 8 Board, select the most qualified candidate, and authorize preparation of a draft resolution expressing support for the selected candidate.

Director Renger moved to nominate Director Polan as a candidate to serve on the ACWA Region 8 Board of Directors. Motion seconded by Director Polan. Motion carried unanimously.

8. GENERAL MANAGER

A **California Water Commission: Proposed Workplan and Activities for Water Storage Investment Program.**

Dave Pedersen, General Manager, spoke briefly regarding the mission and purpose of California Water Commission and its role in administering the water storage funds approved by the voters with Proposition 1.

9. FACILITIES AND OPERATIONS

A **30-Inch Potable Water Main Break: Completion**

Dave Pedersen, General Manager presented the staff report.

B **Rancho Las Virgenes Digester Gas Line Leak: Emergency Declaration.**

Declare the 6-inch digester gas like leak at the Rancho Las Virgenes Composting facility an emergency requiring immediate action without delay.

Director Renger moved to declare the emergency and approve the recommendation as presented. Motion seconded by Director Polan. Motion carried unanimously.

10. FINANCE AND ADMINISTRATION

A **Financial Analysis and Rate Study: Results of Financial Review**

Consider the results of the financial review presented by Raftelis Financial Consultants, Inc., and provide staff with feedback on the information and a proposed depreciation-based reserve policy.

Don Patterson, Finance and Administration Director stated that regarding this analysis, the scope of work involved three main components: 1) financial analysis; 2) cost of service analysis; and 3) rate development. Mr. Patterson commented that Raftelis efforts are being made in conjunction with the District's efforts to transition to budget-based water rates; commented that the presentation would focus on two major areas: 1) the District's reserve policies and the review of such policies; and 2) a review of the financial analysis.

Director Patterson further stated that the Board would not have to make any decisions on this matter at this meeting, however; the input received will help drive the assumptions that will go into the cost of service analysis; commented that staff is seeking input and feedback on three specific areas: 1) confirmation of the District continuing to pass-through MWD cost increases thus achieving full cost-recovery within each enterprise; 2) should the recycled water cost of service analysis assume Consumer Price Index (CPI) increases; and 3) whether or not the District should change its reserve target Financial Policy No. 7 to three years of depreciation from the current policy of three years of CIP.

Sanjay Gaun, principal from Raftelis presented the financial analysis.

After a lengthy discussion, the Board provided the following feedback: 1) supported the concept of changing the financial policy for reserves from three years of CIP to three years of depreciation; 2) supported the concept of passing through MWD's potable water increases plus some addition for Las Virgenes Municipal Water District's cost increase; and 3) supported the concept of continuing with the

CPI for recycled water but would also like staff to look at potentially pegging the rate to some percentage of potable rates.

B Information Technology Network Switch System Upgrade: Award of Bid

Accept the bid from Starnet Data Design, Inc., in the amount of \$53,878.80, for the purchase of the network switch system including the first year of maintenance and support, and authorize the General Manager to execute a purchase order for the same.

Director Renger moved to approve. Director Polan seconded the motion. Director Caspary noted an error in the extended price for one year of support (Bid item 13) and indicated that the 2-year support appeared to be more favorably priced. As a result, Director Caspary asked for an amendment to the motion regarding the years of maintenance and support indicating that the numbers seem to reflect two years (quantity 2) instead of one and that he was asking for an amendment to reflect approval of two years of maintenance and support. The amendment carried unanimously.

11. LEGAL SERVICES

A Potable Water Replacement Fund Standby Charge.

By a roll call vote, waive the full reading of proposed Ordinance No. 275 as it relates to continuation of the Water Replacement Fund Standby Charge for the fiscal year commencing July 1, 2015; give second reading of the Ordinance by title only; approve, the rules and regulations for Water Standby Charge Deferrals; pass, approve and adopt the Ordinance as presented; and order publication within 30 days of adoption using a summary of the Ordinance.

ORDINANCE NO. 275 (SECOND READING AND ADOPTION)

AN ORDINANCE OF THE BOARD OF DIRECTORS OF LAS VIRGENES MUNICIPAL WATER DISTRICT AS IT RELATES TO STANDBY CHARGES FOR THE FISCAL YEAR COMMENCING JULY 1, 2015.

Director Polan moved to waive the fill reading and approve the rules and regulations for Water Standby Charge Deferrals. Motion seconded by Director Renger. Motion carried by the following vote:

AYES: Director(s): Caspary, Lewitt, Polan, Renger, and Board President Peterson
NOES: Director(s): None
ABSTAIN: Director(s): None

Director Caspary moved to pass, approve and adopt Ordinance No. 275 as presented. Motion seconded by Director Renger. Motion carried by the following roll call vote:

AYES: Director(s): Caspary, Lewitt, Polan, Renger, and Board President Peterson
NOES: Director(s): None
ABSTAIN: Director(s): None

District Counsel Lemieux read Ordinance No. 275 by title only.

12 NON-ACTION ITEMS

A Organization Reports

(1) MWD

Board President Peterson reported on the recent MWD meeting stating that the Chairman had made his selection for the positions he wanted on his leadership team; reported that he had

been made chairman of the Engineering and Operations Committee; and stated that he remains the Chair of the Bay Delta Committee.

(2) Other

None

B Director's Reports on Outside Meetings

Director Caspary, Polan and Renger reported on the ACWA Fall Conference event attended late last year. Director Caspary reported on having attended the Santa Monica Bay Restoration Commission Executive Committee.

Director Renger reported on the AWA Waterwise Breakfast he attended and commented on weather information relative to NOAA weather predictions and statistics for California.

Director Polan reported on the CASA Conference he attended in Palm Springs; spoke about a risk assessment workshop he had attended regarding cyber security and that he had passed this information on to the General Manager.

C General Manager Reports

(1) General Business

General Manager Pedersen recognized Dr. Orton for his many years of service to the District and the contributions he has made over the years; spoke about a possible strategic planning workshop for Tuesday, March 17; mentioned the recycled water seasonal storage workshop of January 29; updated the Board on the Colorado River Aqueduct Tour in March; reported on an offer to lease the vacant suite in Building No. 8; made brief remarks on the meeting with the Agoura Hills Mayor and City Manager regarding the Agoura Road Recycled Water Main Extension Project.

(2) Follow-Up Items

None

D Director's Comments

Director Polan commented on the issue of conservation in a broad sense and stated that communication to the rate payers needs to continue, informing them that we are still in a drought situation; spoke about the Friends of the Las Virgenes Creek receiving funding to remove non-native species of crayfish; inquired as to why the District doesn't have a policy to become proactive to work with different communities and NGO's to help with watershed issues; suggested that we should take a greater and more active role in working with different groups and reach out to the community.

Director Caspary remarked that the comments by Director Polan refer to one of the District's long-term goals; provided some history about the District providing a leading role in the watershed and asked that this be revisited as one of the goals for Fiscal Year 2015-2016.

Director Renger made several comments on the following topics: Australia's drought response; cost of recycled water and recycled water pricing; EPA comments on defining "waters of the U.S."; and water bond proposed projects.

12. FUTURE AGENDA ITEMS

Director Polan asked to have an item to discuss a program to implement a community college intern program.

13. PUBLIC COMMENTS

There were no other public comments.

14. CLOSED SESSION

The Board recessed to closed session at 7:49p.m. and reconvened to open session at 7:58 p.m.

District Counsel Lemieux reported that the Board had met in closed session to discuss items 2 and 3 of the listed closed session agenda and that with respect to item 14A (2) a report was provided and no reportable actions were taken; on item 14A (3) the Board had approved a budget for this matter.

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

1. San Diego County Water Authority v. Metropolitan Water District of Southern California, et al.
2. Las Virgenes- Triunfo Joint Powers Authority v. United States Environmental Protection Agency and Heal the Bay, Inc. v. Lisa P. Jackson.
3. Ben Magendavid v. Las Virgenes Municipal Water District

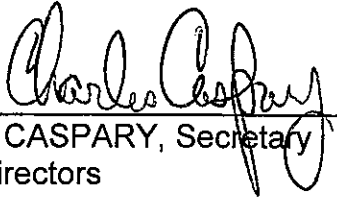
15. OPEN SESSION AND ADJOURNMENT

Seeing no further business to come before the Board, the meeting was duly adjourned at 7:59 p.m.



GLEN PETERSON, President
Board of Directors
Las Virgenes Municipal Water District

ATTEST:



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

(SEAL)