



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

MINUTES
REGULAR MEETING

5:00 PM

May 12, 2015

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance to the Flag was led by Wayne Lemieux, who also gave the background on the history of the Pledge.

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order at **5:00 p.m.** by Board President Peterson in the Board Room at Las Virgenes Municipal Water District headquarters at 4232 Las Virgenes Road in Calabasas. Joanne Bodenhamer, Interim Clerk of the Board, conducted the roll call.

Present: Director(s) Lewitt, Polan, Renger, Caspary and Peterson.
Absent: Director(s)

2. APPROVAL OF AGENDA

Director Peterson requested to move item 9C to follow the Consent Calendar.

On a motion by Director Caspary, seconded by Director Renger, the Board voted unanimously to approve the agenda with the change in order.

3. PUBLIC COMMENTS

None.

4. CONSENT CALENDAR

A Directors' Per Diem: April 2015

B Minutes: Regular Meeting of March 10, 2015

C Annual Printing Services: Request for Bids

Approve a Request for Bids for annual printing services.

D Purchase and Delivery of Fire Hydrants: Award

Accept the bid from Famcon Pipe and Supply, Inc., and authorize the General Manager to approve an annual purchase order in the amount of \$65,236.50 with four one-year renewal options.

E List of Demands: May 12, 2015

On a motion by Director Renger, seconded by Director Polan, the Board voted unanimously to approve the Consent Calendar.

5. ILLUSTRATIVE AND/OR VERBAL PRESENTATION AGENDA ITEMS

A Legislative and Regulatory Updates

General Manager Pedersen gave a brief update on the State Water Resource Control Board meeting that took place last week which was attended by Director Caspary; on May 5th at 7:30pm, the State Board adopted statewide emergency regulations for Urban Water Conservation; the State Board accepted approximately eight hours of public comments along with approximately 300 comment letters; the District submitted a comment letter, which focused on three areas: 1) recognizing the District and JPA's investment in recycled water; 2) to distinguish between climate zones and differences in residential housing densities throughout the State; and 3) using a 9-month residential GPCD for establishing the tiers for water agencies; the State Board ultimately adopted the Resolution and the Regulations; some of the comments were partially incorporated. Director Caspary gave a recap of the meeting and added his comments.

B Building No. 1: Planning for the Next 50 Years

General Manager Pedersen gave an overview of the item and explained that the goal is to achieve consensus on what to do with Building #1. He noted there are a variety of options for the building.

Tony Principe from Westcord Commercial Real Estate Services (Westcord) gave a presentation on the "vision" of the building stating that there is more value and long term potential associated with tenancy by converting the building to medical; the size of the building is good and no medical buildings have been built in this area; the building has to be remodeled for any tenants; and the building will be modified to meet the new standards and to repurpose the building.

Eric Rohlifing, architect from ENRdesign Inc. answered questions of the Board.

Darin Arrasmith, representing Westcord, stated the focus is to head towards the highest and

the best use; medical rent is the highest; the building codes have changed and the HVAC needs to be modified; efficiencies are built in using glass and materials for low heat transfer; three bids were received from prevailing wage contractors; they will explore the idea of taking the idea to entitlement; there will be no real-estate taxes; the plan is to expand the building to 16,000 feet, adding an additional 3,000 feet; there are a number of issues with the building which include: the need to increase the number of parking spaces from 44 to 82; update the facade; add fresh air recycling; and add solar panel covered parking.

General Manager Pedersen commented that the design and features are something the District could be proud of and it will have positive economic value.

Mr. Principe added that preleasing could generate income; vacancy factor of 5%; and year one would be worth 8 million dollars with a 3% annual increase.

Don Patterson stated that he looked at the numbers from Westcord and it is a conservative approach as the new building should have less maintenance; potable water fund revenues will be maintained and funding options were reviewed; cost was more than expected at first, but the numbers work.

Discussion took place and questions of the Board were answered.

6. TREASURER

Director Lewitt stated the Treasurer's report was in order.

7. BOARD OF DIRECTORS

A General Manager Employment Agreement: Consideration of Compensation Adjustment

Consider an adjustment to the compensation package for the General Manager following completion of his annual performance review on April 28, 2015.

Director Peterson stated that everyone had a copy of the agreement; he recommended that General Manager Pedersen's salary be increased by 5.5%; his salary is currently the second lowest of the 13 agencies surveyed; the increase would put him in the 25th percentile of the agencies; the annual salary of the Department Heads is just below \$200,000 and one should normally see about a 15-20% difference; this would allow him to get within that range; it has been 2.5 years that Mr. Pedersen has been with the District and he has not had any salary increases.

On a motion by Director Caspary, seconded by Director Renger, the Board voted unanimously to approve the recommendation of Director Peterson.

8. FACILITIES AND OPERATION

A Building No. 1 Asbestos Abatement: Construction Award

Waive formal bidding requirements for the asbestos abatement due to maintenance nature of the work, and authorize the General Manager to issue a purchase order to Westcor Environmental, Inc. in the amount of \$71,440.

General Manager Pedersen gave an overview of the item stating that the asbestos removal was brought up previously and it was decided to hold off on it; now is the right time to move ahead; in April 2013, an environmental company took samples from the walls, floors, ceiling tiles and vinyl base material and found there was asbestos in the floor and ceiling tiles; they included in their report recommendations on how to abate the asbestos; three bids were received.

On a motion by Director Caspary, seconded by Director Lewitt, the Board voted unanimously to approve item 8A

Brief discussion took place and questions of the Board were answered.

B Canwood Street Water Main Break near Clareton Drive: Emergency Declaration and Ratification of Purchase Order

Declare the water main break on Canwood Street near Clareton Drive an emergency that required immediate action without delay, and ratify the General Manager's approval of a purchase order to Toro Enterprises, Inc., in the amount of \$36,838.50, for the pipeline and roadway repair work.

On a motion by Director Caspary, seconded by Director Polan, the Board voted unanimously to approve item 8B as declared as an emergency.

On a motion by Director Caspary, seconded by Director Lewitt, the Board voted unanimously to approve item 8B to ratify the purchase order for Toro Enterprises, Inc.

Director Polan asked regarding the condition of the old pipeline. Director of Facilities and Operations David Lippman responded that the pipe is approximately 10 to 15 years old; the damage was caused when they backfilled; they placed a rock on top of the pipe and, as they compacted the backfill above it, broke the coating which exposed the steel and caused corrosion.

C Las Virgenes Scenic Corridor Completion Project: Grant of Easement to City of Calabasas

Authorize the General Manager to approve an easement, in a form approved by District Legal Counsel, to the City of Calabasas for construction of a retaining wall for the Las Virgenes Scenic Corridor Completion Project.

General Manager Pedersen gave a brief overview of the item stating that this project involves the widening of Las Virgenes Road and improvements with signalized intersections with two lanes in each direction and bike paths on both sides with a sidewalk on the west side; there is a fairly steep slope in front of the spray fields, so the City is proposing a two tier retaining wall in which they need an easement from the District; preliminary authorization has been received from the State Water Resource Control Board; one minor change to the recommendation was proposed to add "upon the receipt of approval from both the State Water Resources Control Board and the EPA".

On a motion by Director Renger, seconded by Director Polan, the Board voted unanimously to approve item 8C with the above-mentioned change.

Discussion took place and questions of the Board were answered.

9. FINANCE AND ADMINISTRATION

A Financial Review: Third Quarter of Fiscal Year 2014-15

Receive and file the financial review for the third quarter of Fiscal Year 2014-15.

Finance Manager Joe Lillio gave an overview of the item stating that the report summarizes the financial review as of March 31st; the cumulative volume of water delivered through the 3rd quarter totaled 15,600 acre feet compared to the prior year of 17,400 acre feet, which is a 10% reduction; total revenues are down from the prior year and from the current year budget; total expenses are greater than the prior year due to an increase in capital project activity for the current year; expenses are \$6.7 million less than budgeted for the current year due to \$5.5 million in capital projects that have not yet been done; about \$1 million in reduction in source of supply due to less potable water sales and \$100,000 related to staff vacancies; capacity fees received year to date is just under \$60,000; by the end of the fiscal year it is anticipated that capacity fees taken in will be around \$350,000.

Discussion took place and questions of the Board were answered.

On a motion by Director Renger, seconded by Director Caspary, the Board voted unanimously to approve item 9A.

B Claim by Cindi Nazarian

Deny the claim from Cindi Nazarian.

On a motion by Director Renger, seconded by Director Caspary, the Board voted unanimously to approve item 9B.

C Claim by Merrill and Leslie Tyler

Deny the claim from Merrill and Leslie Tyler.

Mr. Tyler addressed the Board stating that the claim submitted is in the amount of \$4,500 which is an estimate; the claim was filed because the water pressure was too high and the regulator blew which was allowing 150-175 psi to reach the house and as a result blew out a line in the fire sprinklers; two sprinklers had to be changed out, 8 valves were replaced and numerous water sprinklers; the water bill never went down after the repairs; he estimates \$1,400 for the repair to cut through the drywall and get into the ceiling; he urged the Board not to deny his claim as it was the District's equipment that failed, causing the problems.

A lengthy discussion took place regarding the claim; it was decided to direct the General Manager to meet with Mr. Tyler to negotiate a settlement of the claim.

10. RESOURCE CONSERVATION AND PUBLIC OUTREACH

Meter Reading Services: Request for Proposals

Authorize a Request for Proposals for contract meter reading services.

Director of Resource Conservation and Public Outreach, Carlos Reyes gave an overview of the item stating as part of the plan going to budget based rates, the Board was notified some time ago that they did not want to have two big changes happening at the same time so they wanted to initiate monthly billing ahead of the actual budget based rates taking place; the RFP will solicit services of a firm to provide monthly meter reading service on a temporary basis with an option to renew for 1 year; the expected start date is September; the firm will read the meters in the densely populated areas of the District and LV personnel will read the meters in the outlying areas.

On a motion by Director Lewitt, seconded by Director Caspary, the Board voted unanimously to approve item 10A.

11. INFORMATION ITEMS

A GFOA Certificate of Achievement for Excellence in Financial Reporting

12. NON-ACTION ITEMS

A Organization Reports

- (1) MWD Representative Report/Agenda(s)

Director Peterson reported on MWD's items which included the issue of funding \$165 million for the turf program, which has some very large flaws in the program; North Ranch Country Club uses reclaimed water to begin with; they have 400-450 members and received \$5 million from the program; the efforts are to change the program so it has a cap; this week there were \$50 million worth of sign-ups; 50% of the sign-ups were contracts larger than \$100,000; because they couldn't get a consensus at the Board meeting, they paused for 2 weeks.

- (2) Other

None.

B Director's Reports on Outside Meetings

Director Caspary reported on his attendance at the State Water Resources Control Board Meeting and ACWA meeting.

Director's Caspary, Lewitt and Polan reported on their attendance at the ACWA meeting.

C General Manager Reports

- (1) General Business

General Manager Pedersen recognized the Accounting staff (Don Patterson, Joe Lillio and Jennifer Chen and her staff) for the work they did on the GFOA Certificate of Achievement; there will be a Special Board Workshop on June 3rd from 9:00 a.m.-12:00 p.m. to talk about the Rate Study with Raftelis; the Heal the Bay Gala is postponed to the first Thursday in June due to weather; all customers will receive a notice this week prominently marked in red with Drought Emergency Information, which will describe the new restrictions on water use; the District is preparing for some enforcement activities and is moving ahead with working with Dial Security to assist with 2 people patrolling the District; in terms of accountability, they have GPS in their vehicles and a supervisor who is always on site or in the area who oversees their work; they are used to reporting back on their findings; there is quite a bit of control over how the routes are designated and to ensure they are doing what they are asked to do; the District is also working on a notice to customers "call them all" which will be launched before the end of the month; this morning individual letters were written to 8 of the District's highest profile celebrities asking them to show leadership in conservation.

(2) Follow-Up Items

General Manager Pedersen reported that the Board had interest in a Conservation Demonstration Garden; a proposal is being discussed to do it at a fairly low cost; the Code of Conduct (Preliminary Draft) is complete and will be brought back to the Board; the documentation was completed today for the Recycled Water Fill Station to submit to the Regional Water Quality Control Board, which will be sent in tomorrow.

D Director's Comments

Director Polan asked about the status of the AMR/AMI Project and wanted to know how they will track how much water is being used. Mr. Pedersen responded this item should be brought back to the Board to discuss more thoroughly; with the meter reading proposal, it is temporary; staff spoke with a consultant who was hired by Padre Dam Water District who is very good; the consultant was interviewed by staff and she is very knowledgeable and staff will be working with her on a recommendation on which technology will best suit the District's needs.

Director Polan commented that he put an article in *The Acorn* this week about conservation and using water.

13. FUTURE AGENDA ITEMS

None.

14. PUBLIC COMMENTS

None

15. CLOSED SESSION

A Conference with District Counsel – Anticipated Litigation (Government Code Section 54956.9 (d)(2) and (e)(2)):

District Claim for Utility User Tax Refund from City of Calabasas

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

Las Virgenes - Triunfo Joint Powers Authority v. United States Environmental Protection Agency and Heal the Bay, Inc. v. Lisa P. Jackson

The Board recessed to Closed Session at 7:12 p.m. and reconvened to Open Session at 7:17 p.m.

During closed session, the settlement with Calabasas was discussed and the General Manager was authorized to make a settlement offer.

16. ADJOURNMENT

Seeing no further business to come before the Board, the meeting was adjourned at 7:18 p.m. in memory of former Las Virgenes Municipal Water District General Manager Richard Baird, who served from March 1981 to October 1986.



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

ATTEST:



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

(SEAL)