



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

MINUTES
SPECIAL MEETING

6:00 PM

October 26, 2015

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance to the Flag was led by Norm Buehring.

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order at **6:00 p.m.** by Board President Peterson in the Board Room at Las Virgenes Municipal Water District headquarters at 4232 Las Virgenes Road, Calabasas CA 91302. Josie Guzman, Clerk of the Board, conducted the roll call.

Present: Directors: Caspary, Lewitt, Polan, Renger, and Peterson
Absent: Director(s): None.
Staff Present: David Pedersen, General Manager
Josie Guzman, Clerk of the Board
Carlos Reyes, Director of Resource Conservation and Public Outreach
Donald Patterson, Director of Finance and Administration
David Lippman, Director of Facilities and Operations
Keith Lemieux, District Counsel

2. APPROVAL OF AGENDA

Director Renger moved to approve the Agenda as presented. Motion seconded by Director Polan. Motion carried unanimously.

3. ACTION ITEMS

A Proposed Potable Water, Recycled Water and Sanitation Rates: Public Hearing and Adoption

Conduct a public hearing on proposed potable water, recycled water and sanitation rates, and upon conclusion of the public hearing and in the absence of a majority protest: (1) find that the recommended actions are statutorily exempt from the California Environmental Quality Act; (2) receive and file the 2015 Potable Water, Recycled Water and Sanitation Rate Study prepared by Raffelis Financial Consultants, Inc.; and (3) pass, approve and adopt proposed Resolution No. 2475, revising the District's potable water, recycled water and sanitation rates.

RESOLUTION NO. 2475

A RESOLUTION OF THE BOARD OF DIRECTORS OF LAS VIRGENES MUNICIPAL WATER DISTRICT REVISING POTABLE WATER, RECYCLED WATER AND SANITATION RATES

(Reference is hereby made to Resolution No. 2475 on file in the District's Resolution Book and by this reference the same is incorporate herein.)

Board President Peterson provided introductory remarks regarding the conduct of the public hearing for the District's proposed potable water, recycled water, and sanitation rates, and the process for providing an opportunity for the public to speak on the matter.

Clerk of the Board Josie Guzman noted that the District mailed a notice of public hearing to all property owners and customers of the District and a copy of the notice was provided in the agenda packet. She also noted that a notice of public hearing was published in *The Acorn* newspaper on October 15, 2015, and posted at three public locations throughout the District's service area: District Headquarters, Westlake Village City Hall, and Agoura Hills City Hall.

General Manager David Pedersen provided a summary of the rates proposal, rationale for transition to budget-based rates, guiding principles, and the public process leading up to the public hearing.

Board President Peterson opened the public hearing at 6:07 p.m.

Herb Eckerling, Agoura Hills resident, expressed concern with the change from bimonthly billing to monthly billing, and being asked to decrease water usage while the cost for water service is increasing. He noted that the monthly bill includes a standard service charge, rate structure, and sanitation charge, and he questioned how the Board intends to keep the rates fair so that customers are not paying more for less water use. He noted that the Proposition 218 notice included comparisons to other districts; however, there were no comparisons to households.

General Manager David Pedersen responded that changing to monthly billing allows the District to provide more timely feedback to customers on their water usage. He stated that the proposed rate increase was not due to reduced sales as a result of water conservation efforts. He noted that water use reduction has created a financial challenge for the District, and the District is unable to collect the fixed cost for operations; however, the Board previously adopted a rate stabilization fund in the amount of \$8 million and the District is able to draw from this fund in times where there are shortfalls. He also noted that the unit cost of water would increase slightly; however, customers who reduce water usage to an efficient level may see a decrease in their water bill.

Hal Helsley, Calabasas resident, commended staff and the consultant on preparing a thorough study and conducting public outreach. He suggested that the District join the Resource Conservation District, Tom Ash, and the Theodore Payne Foundation to sponsor efforts to support converting front lawns to native plant gardens. He expressed his support of the proposed rates.

Zeev Sagi, Agoura Hills resident, submitted his written protest against the rate increases. He noted that he installed a drip irrigation system on his property and his water bills have been increasing despite reduced water usage. He expressed the following concerns: 1) the District's cost of treating, transporting, and maintaining equipment should decrease with water use reduction; 2) the pricing structure is set to impose penalties for heavy water users and increases the funds that the District will collect; 3) the proposed sanitation fees are too high and rates are lower in other cities such as Torrance who charges \$10 for sanitation; and 4) the Proposition 218 notice included comparisons with Thousand Oaks, Simi Valley, and Los Angeles showing that the District's sanitation rate is double the amount charged by these cities. He suggested the Board consider connecting the wastewater system to Los Angeles, Thousand Oaks or Simi Valley in order to benefit from their cost structure. He also suggested the Board invest in projects that produce more water, such as desalination.

General Manager David Pedersen responded that the actions taken by Mr. Sagi to conserve water usage, such as the installation of a drip system, would not count against him with the proposed new rate structure as his water budget allocation would be based on his entire irrigated areas. He addressed Mr. Sagi's comments regarding the cost structure and the District's reduced water sales by stating that the District has to pay fixed costs for District buildings, staffing, and utilities. He also noted that the District's customers live in one of the most environmentally sensitive and heavily regulated areas, and the District's fees reflect the cost to operate in the Malibu Creek Watershed. He noted that small households would likely see a decline in their sanitation rates.

Sanjay Gaur, representing Raftelis Financial Consultants, Inc., noted that the City of Torrance only charges for the collection system and property owners are charged separately for the treatment costs by the sanitation district through the property tax roll.

Mr. Sagi suggested the Board conduct a study to explore connecting the wastewater system with a neighboring agency. Board President Peterson responded that the District invested greatly in its wastewater system and it would be difficult to pump uphill. He also noted that the recycled water system is a large asset to the District, and if the District did not have the use of the recycled water the amount of potable water used would increase.

Clerk of the Board Josie Guzman noted that four written comments and one verbal comment were received from customers, and copies of the written comments, along with District staff's responses, were provided in the agenda packet. She also noted that two protests were received by the District.

Board President Peterson noted there was no majority protest that would prevent the District from approving the matter, and he closed the public hearing at 6:32 p.m.

Director Renger moved to approve Item 3A as recommended. Motion seconded by Director Caspary. Motion carried unanimously.

General Manager David Pedersen noted that the rate increases for 2017 through 2020 do not include Metropolitan Water District's pass through rate increases, but those amounts are proposed to be passed through to customers. The Board and customers would be notified in advance of any pass-through amounts for years 2017 through 2020.

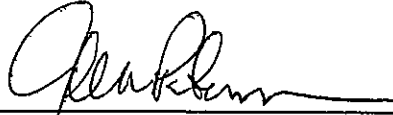
Director Renger moved to clarify the motion that the Board: 1) found that the recommended actions are statutorily exempt from the California Environmental Quality Act; 2) received and filed the 2015 Potable Water, Recycled Water and Sanitation Rate Study prepared by Raftelis Financial Consultants, Inc.; and 3) passed, approved and adopted Resolution No. 2475, revising the District's potable water, recycled water and sanitation rates. Motion seconded by Director Caspary. Motion carried unanimously.

4. PUBLIC COMMENTS

None.

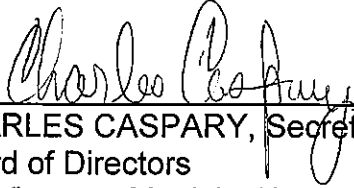
5. ADJOURNMENT

Seeing no further business to come before the Board, the meeting was duly adjourned at 6:37 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)