



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

MINUTES
SPECIAL MEETING

9:00 AM

April 18, 2016

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance to the Flag was led by Harold Matthews.

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order at **9:00 a.m.**, by Board President Peterson in the Board Room at Las Virgenes Municipal Water District headquarters at 4232 Las Virgenes Road in Calabasas. Josie Guzman, Clerk of the Board, conducted the roll call.

Present: Directors Charles Caspary, Jay Lewitt, Leonard Polan, Lee Renger, and Glen Peterson

Absent: None

Staff Present: David Pedersen, General Manager
David Lippman, Director of Facilities and Operations
Donald Patterson, Director of Finance and Administration
Carlos Reyes, Director of Resource Conservation and Public Outreach
Josie Guzman, Clerk of the Board
Doug Anders, Administrative Services Coordinator
Brett Dingman, Water Reclamation Manager
Mike Hamilton, Financial Analyst
Harold Matthews, Information Systems Manager
Larry Miller, Water Systems/Facilities Manager
Sherri Paniagua, Human Resources Manager
Jeff Reinhardt, Public Affairs and Communications Manager
Mark Uribe, Finance Manager
John Zhao, Principal Engineer

2. PUBLIC COMMENTS

None.

3. STRATEGIC PLAN AND BUDGET WORKSHOP

General Manager David Pedersen noted that District staff had been working with John Ruetten from Resource Trends, Inc., regarding strategic planning since July 2015. He stated that the strategic plan update was founded on four key principles:

1. Building off previous planning work;
2. Reviewing the structure and organization of the strategic plan and learning from similar organizations that have gone through this process recently;
3. Receiving District employees' input from all levels of the organization; and
4. Proposing a framework and content of a strategic plan to the Board, receiving the Board's feedback, and addressing key challenges and opportunities for the coming 10 years.

John Ruetten, representing Resource Trends, Inc., provided his background information and reviewed the workshop agenda.

Director of Facilities and Operations David Lippman, Director of Resource Conservation and Public Outreach Carlos Reyes, and Director of Finance and Administration Donald Patterson reviewed the progress on Fiscal Year 2015-16 Tactical Actions and Activities.

General Manager David Pedersen noted that one of the items not included in the progress report was the District's efforts during the drought. He stated that drought response has been a major undertaking and all of the departments have been very active in responding to the State Water Resource Control Board's (Water Board) 36 percent reduction standard. He noted that the District was currently at nearly a 29 percent cumulative reduction. He also noted that he would be attending a Water Board hearing in Sacramento on April 20 to provide comments and input on the emergency regulations and on more science-based regulations. He noted that the Water Board is looking at a potential long-term framework for conservation beyond 20 by 2020. Lastly, he noted that he would be participating in discussions with a newly formed ACWA Task Force.

Director Caspary expressed concern with flood protection measures for the Tapia Water Reclamation Facility (Tapia) and reintroduction of the red-legged frog in the Malibu Creek Watershed, which could adversely affect the long-term safety of Tapia when an endangered species is re-established in a tributary. General Manager David Pedersen responded that staff would look into this issue with the California State Parks, along with looking into issues with nesting birds.

Director Polan expressed support for a goal for the District to become a net energy producer and a quasi-environmental agency, and to conduct branding to reflect the District's activities.

General Manager David Pedersen reviewed the framework for the strategic plan and the strategic plan terminology provided in the agenda packet.

Mr. Ruetten noted that some utilities use the term “core values” in their foundation for the organization, and he suggested that better terminology would be “behavioral values” and “business values.” He noted that some of the District’s current goals are fundamental commitments or business values of the organization, and that typically goals and objectives have a timeframe. He also noted that some of the goals are actually on-going standards of the organization. He reviewed the handouts outlining the meaning of strategic objective, purpose of the strategic plan, the District’s current Mission Statement and strategic foundation, proposed behavioral values, and proposed business values with key standards.

Board President Peterson referred to the proposed key standard for “Exceptional Customer Service” and suggested changing it to reference “Customer Satisfaction.”

Mr. Ruetten referred back to the Strategic Foundation handout and the District’s current Mission Statement: “Dedicated to Providing Quality Water and Wastewater Services.” He noted that some utilities add “in a cost effective and environmentally sensitive manner” to their Mission Statement. He inquired whether the Board wished for the Mission Statement to remain as is or whether there was an interest in adding cost effectiveness and an environmental component.

Director Lewitt referred to the current Mission Statement and suggested using different terminology for wastewater services such as reclaimed water, recycled water or reused water. Mr. Ruetten suggested the Board could consider just using the term “water” in the Mission Statement.

Board President Peterson noted that the Board was looking toward brevity when it developed the current Mission Statement, and he stated that he believed environmental and fiscal responsibility needed to be recognized separately.

A discussion ensued regarding the statements listed under “We Value” beneath the District’s current Mission Statement. Director Caspary suggested moving up Fiscal Responsibility and Environmental Stewardship to the Mission Statement. Board President Peterson suggested adding items to the outside border, such as solar generation.

Mr. Ruetten addressed the question regarding changing the word “wastewater” in the Mission Statement, and he suggested the Mission Statement could be changed to “Dedicated to Providing Reliable Water Services in a Cost Effective and Environmentally Sensitive Manner.” He spoke regarding the difference between the District selling water versus selling reliable water service, and noted that conserving water is part of the reliability equation. He also noted that reliability was not currently in the Mission Statement. He stated that he and General Manager David Pedersen could work together to offer suggestions for a new Mission Statement for the Board’s consideration.

Mr. Ruetten referred back to the Strategic Foundation handout and noted the proposed behavioral values. He stated that the decisions made daily are based on these values, and he highlighted the sentences under responsibility, collaboration, and leadership.

Board President Peterson inquired who would be considered “we” as listed under the behavioral values. Mr. Ruetten responded that behavioral values are related to the employees of the organization. He commented that the sentence under commitment stating “We give our individual best to get the job done right” was structured a bit odd. General Manager David Pedersen suggested striking the word “individual.”

The Board recessed to a break at 10:27 a.m. and reconvened at 10:36 a.m.

Mr. Ruetten reviewed the proposed business values with key standards.

General Manager David Pedersen stated that reference would be made to these standards when bringing items to the Board in order to connect the action with the business values.

Board President Peterson inquired whether the business values should include innovation. Mr. Ruetten responded that some utilities list innovation under “Efficient Operations”.

A discussion ensued regarding “Advocate for Science-Based Regulations” and moving this from “Maximum Reuse and Resource Recovery” to “Sound Planning and Appropriate Investment”.

Mr. Ruetten referred to the Employee Interview Summary handout. General Manager David Pedersen noted that the Department Directors, Managers, and employees from multiple levels of the organization participated in the employee interviews. Mr. Ruetten reviewed each of the categories listed in the employee interview summary.

Mr. Ruetten referred to the handouts titled Draft Strategic Objectives and Discussion Prompts for Strategic Objectives.

The Board and staff divided into five groups and engaged in an exercise for the development of draft strategic objectives using the discussion prompts. The prompts focused on identifying the relevant business values and standards, key challenges, necessary actions or investments, appropriate timing and ramifications of not acting on certain draft strategic objectives.

Director Lewitt departed from the meeting at 12:00 p.m.

The following draft strategic objectives were discussed during the group exercise:

- Develop a strategy to maintain a highly-effective workforce.
- Support customers to meet water-use efficiency standards.

- Provide new or improved customer tools to enhance service delivery.
- Achieve an AAA credit rating
- Further offset District's energy usage with renewables.
- Improve the District's water supply reliability.
- Eliminate discretionary discharge to Malibu Creek.
- Develop a process to act on efficiency improvement suggestions.
- Enhance the District's asset management programs.

Upon conclusion of the exercise, a spokesperson from each group shared feedback on the draft strategic objectives. Several groups recommended modifying the description of a strategic objective. General Manager David Pedersen stated that he and Mr. Ruetten would prepare a draft strategic plan using the recommendations from the exercise, and prepare suggestions for a Mission Statement to bring back to the Board in June.

Director of Finance and Administration Donald Patterson presented a PowerPoint presentation of the Preliminary Fiscal Years 2016-18 Budget Plan, which included a financial overview, compliance with fiscal policies, budget overview, operating budget, capital budget, and next steps. He noted that the drivers and assumptions included MWD's rate adjustments, slow economic growth, incorporation of current employment contracts, no turf removal rebates, and slow drought rebound. He also noted that challenges in developing the budget included TMDL implementation/NPDES permit for Tapia, the Recycled Water Seasonal Storage Project, funding for Building No. 1 rehabilitation, AMR/AMI funding, and rebuilding potable water reserves.

Finance Manager Mark Uribe continued the PowerPoint presentation, which included the Fiscal Years 2016-17 and 2017-18 budget overview, timeline leading up to budget adoption, budget summary showing the three enterprises, preliminary budget summary, and budget overview with operating revenue and operating expenses.

Financial Analyst Mike Hamilton continued the PowerPoint presentation and reviewed the potable water, sanitation, and recycled water enterprise budgets, internal services budget, and the capital improvement projects budget. Board President Peterson noted that the budget for the Centrate Tank Equalization Project needed to be adjusted to reflect the additional appropriation required for award of the construction contract.

Director of Finance and Administration Donald Patterson provided a brief recap of the presentation, which included a proposal for a balanced operating budget, trends consistent with the rate study, and resources for capital projects from the three enterprises. He stated that the next steps would include a JPA preliminary budget presentation on May 2, LVMWD budget adoption on May 24, and JPA budget adoption on June 6.

Director Caspary inquired regarding revenue expectations with the new budget-based rates. Mr. Hamilton responded that staff used the same methodology used by Raftelis in developing the rate model and included passing-through MWD's rate increase effective January 1, 2017.

4. **ADJOURNMENT**

Seeing no further business to come before the Board, the meeting was duly adjourned at **2:16 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)