



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

MINUTES
REGULAR MEETING

5:00 PM

November 14, 2017

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance to the Flag was led by Howard Marsden.

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, Calabasas, CA 91302. Josie Guzman, Clerk of the Board, conducted the roll call.

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

Absent: None

Staff Present: David Pedersen, General Manager
David Lippman, Director of Facilities and Operations
Don Patterson, Director of Finance and Administration
Carlos Reyes, Director of Resource Conservation and Public Outreach
Josie Guzman, Clerk of the Board
Wayne Lemieux, District Counsel

2. APPROVAL OF AGENDA

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

3. PUBLIC COMMENTS

Howard Marsden, representing General and Office Unit SEIU Local 721 employees, stated that the employees are dedicated workers who pride themselves in providing quality customer service to the ratepayers. He also stated that the employees have gone without a wage increase for several years, many are seasoned workers, and many are set to retire within the next five years. He asked the Board to consider SEIU's proposal during Closed Session.

4. CONSENT CALENDAR

A List of Demands: November 14, 2017: Ratify

B Minutes: Regular Meeting of October 24, 2017 and Special Meeting of October 27, 2017: Approve

C Directors' Per Diem – October 2017: Ratify

D ACWA General Session Membership Meeting and Election of Officers

Authorize the Board President to serve as the District's voting delegate for the ACWA General Session Membership Meeting on Wednesday, November 29, 2017.

F Potable Water Air-Vacuum Release Valves Relocation Project: Final Acceptance

Execute a Notice of Completion and have the same recorded; approve an additional appropriation, in the amount of \$30,920, for administration costs; and, in the absence of claims from subcontractors and others, release the retention, in the amount of \$13,758.30, within 30 calendar days after filing the Notice of Completion for the Potable Water Air-Vacuum Release Valves Relocation Project.

F Carbon Tower Media Replacement: Authorization of Purchase Order

Authorize the General Manager to issue a purchase order, in an amount of \$40,000, to Prominent Systems, Inc., for replacement of the carbon tower media at the Tapia Water Reclamation Facility and Lift Station Nos. 1 and 2.

E Resolution of Intent for Continuation of Potable Water Standby Charge

Pass, approve and adopt the proposed Resolution of Intent for continuing the Standby Charge pursuant to the Municipal Water Law of 1911; order notification for those properties that changed ownership since the last Standby Charge assessment; order publication of a Notice of Public Hearing in a newspaper of general circulation once a week for a two-week period; and set a public hearing on the matter for 5:00 p.m. on January 9, 2018.

RESOLUTION NO. 2531

A RESOLUTION OF THE BOARD OF DIRECTORS OF LAS VIRGENES MUNICIPAL WATER DISTRICT INITIATING PROCEEDINGS FOR THE CONTINUATION OF THE WATER AVAILABILITY OR STANDBY CHARGE FOR THE FISCAL YEAR COMMENCING JULY 1, 2018

(Reference is hereby made to Resolution No. 2531 on file in the District's Resolution Book and by this reference, the same is incorporated herein.)

H Sewer Service Capacity Fees: Resolution for Extended Grace Period for Water-Only Customers

Pass, approve and adopt Resolution No. 2529, amending Resolution No. 2468 (Administrative Code) as it relates to sewer service capacity fees.

RESOLUTION NO. 2529

A RESOLUTION OF THE BOARD OF DIRECTORS OF LAS VIRGENES MUNICIPAL WATER DISTRICT AMENDING RESOLUTION NO. 2468 (ADMINISTRATIVE CODE) AS IT RELATES TO SEWER SERVICE CAPACITY FEES

(Reference is hereby made to Resolution No. 2529 on file in the District's Resolution Book and by this reference the same is incorporated herein.)

Director Caspary moved to approve the Consent Calendar. Motion seconded by Director Renger. Motion carried unanimously.

5. ILLUSTRATIVE AND/OR VERBAL PRESENTATION AGENDA ITEMS

A Legislative and Regulatory Updates

General Manager David Pedersen reported that the State Water Resources Control Board (Water Board) issued a notice proposing permanent prohibitions on wasteful water use similar to the regulations adopted during the drought. He stated that one prohibition causing concern is prohibiting irrigation of turf in center medians and parkways and expanding the prohibition to the application of recycled water. He noted that the concern is that the proposal goes beyond the State's authority to declare this a waste and unreasonable use of water; therefore, staff would provide comment on this proposal to request that the restriction only apply to the application of potable water. He also reported that there has been discussion regarding the water conservation framework for AB 1668 and SB 606, which are expected to move forward during the second year of the legislative session. He noted that some of the items subject to Committee discussion deal with the indoor water use standard, which is currently 55 gallons per person per day. He stated that the bill proposes a 52.5 gallon per person per day indoor water use standard and subsequently 50 gallons per person per day. He also stated that the water community would like to see some studies done to evaluate the impacts of the lower indoor water

use standards and lower flows to the sewer system, which affect recycling and in some cases the ability of wastewater systems to function properly. He also reported that there was renewed effort at the federal level to seek a tax exemption on water conservation rebates. He noted that the District signed onto S. 1464 and H.R. 448, which propose a water conservation rebate tax exemption. He responded to a question regarding the time period for prohibiting irrigation of turf in center medians and parkways by stating that the proposal would be in place at all times. He further responded to a question regarding the rationale for prohibiting the use of recycled water for irrigating turf in center medians and parkways by stating that the Water Board does not see value in turf in these locations and wants to see it removed. He noted that he notified the city managers of Agoura Hills, Calabasas, and Westlake Village regarding the Water Board's proposal, and they indicated that they would provide comment on the regulation as well.

B Water Supply Conditions Update

No additional update was provided.

C Update on Billing System Upgrades, Posting and Publishing Information on Wasteful Water Use, and Targeted Customer Outreach

Darrell Johnson, Customer Service Manager, provided a PowerPoint presentation with an update on billing system upgrades, including Invoice Cloud registration, a payment transaction summary, addressing wasteful water use, and posting information for wasteful water use on the District's website. He responded to questions regarding rebilling customers going back six months to correct errors in the amount of irrigated area and the recent aerial survey to obtain the most updated imagery.

Dave Roberts, Resource Conservation Manager, continued the PowerPoint presentation regarding targeted customer outreach, including tracking water usage, continued water conservation, current efforts, and next steps. He noted that there were approximately 725 customers that chronically exceed their water budget, and staff would conduct a more targeted outreach effort to these customers by sending a mailer that includes information on avoiding wasteful water use penalties. Director Lewitt suggested obtaining these customers' email addresses and sending information via email instead of a mailer.

Director Renger inquired regarding the overall annual reduction in water use compared to 2013. Dave Roberts, Resource Conservation Manager, responded that this calculation was not performed; however, he would provide this information to the Board.

Director Caspary requested a copy of the PowerPoint presentation.

Director Polan suggested that the text on the graphs showing the months should be in bold type. He also suggested that the mailer include bold or underlined text where it addresses that as the days get shorter, landscaping needs less water regardless of temperature.

6. **TREASURER**

Director Renger stated that the Treasurer's report was in order.

Board President Peterson reorganized the agenda to consider Item 9A at this time.

9. **FINANCE AND ADMINISTRATION**

A Fiscal Year 2016-17 Comprehensive Annual Financial Report

Receive and file the Fiscal Year 2016-17 Comprehensive Annual Financial Report.

Ken Pun, representing The Pun Group, accompanied by Frances Kuo, provided a PowerPoint presentation.

Director Polan inquired whether the unfunded actuarial accrued liabilities would affect the District's credit rating. Mr. Pun responded that credit rating agencies look at the pension and OPEB liabilities, and that in his opinion and based on his review of the District's financial statements, the District was in a strong financial position.

Director Lewitt inquired regarding the decrease in non-operating revenues from \$2.2 million to approximately \$1.6 million. Don Patterson, Director of Finance and Administration, responded that non-operating revenues include reimbursements from the Los Angeles Department of Water and Power and rental payments to the District.

Board President Peterson suggested increasing the District's contribution to its OPEB trust.

Director Caspary inquired regarding CalPERS' ability to meet its stated discount rate. Mr. Pun responded that CalPERS approved dropping the discount rate from 7.5% to 7% beginning June 30, 2018. He stated that this would affect municipalities from 2026 through 2028, when the contribution rate will be at its peak, and there would most likely be a net increase in pension liability at the same time that the discount rate is being dropped. He also stated that, in his opinion, he believed the 7% rate is aggressive but achievable based on the historical trend.

Director Renger moved to receive and file Item 9A. Motion seconded by Director Polan. Motion carried unanimously.

7. **BOARD OF DIRECTORS**

A 2018 Board Meeting Calendar: Reschedule Meetings

Review the 2018 Board Meeting Calendar and make any scheduling adjustments.

General Manager David Pedersen presented the report.

The Board discussed the following meeting date adjustments: Cancel the January 23, 2018 meeting and schedule a meeting on January 30, 2018; cancel the February 27, 2018 meeting; cancel the May 8, 2018 meeting; cancel the September 11, 2018 meeting and schedule a meeting on September 13, 2018; cancel the November 27, 2018 meeting; cancel the December 11, 2018 and the December 25, 2018 meetings, and schedule meetings on December 4, 2018 and December 18, 2018. The Board also discussed scheduling special meetings if necessary.

Director Renger moved to approve the 2018 Board Meeting Calendar as amended. Motion seconded by Director Polan. Motion carried unanimously.

B Local Agency Formation Commission (LAFCO): Nomination of Candidates for Independent Special District Representative and Alternate

Nominate candidates, if any, for consideration to fill upcoming vacancies as the independent special district representative and alternative positions on the Los Angeles County Local Agency Formation Commission.

General Manager David Pedersen presented the report.

No action was taken.

8. FACILITIES AND OPERATIONS

A 6-inch Recycled Water Main Break on Canwood Street at Alfonso Drive: Emergency Declaration

Pass, approve and adopt Resolution No. 2532, declaring an emergency due to a 6-inch recycled water main break on Canwood Street at Alfonso Drive in the City of Agoura Hills.

RESOLUTION NO. 2532

A RESOLUTION OF THE BOARD OF DIRECTORS OF LAS VIRGENES MUNICIPAL WATER DISTRICT FINDING THAT AN EMERGENCY WILL NOT PERMIT A DELAY RESULTING FROM COMPETITIVE SOLICITATION FOR REPAIR OF A 6-INCH PVC RECYCLED WATER MAIN ON CANWOOD STREET AT ALFONSO DRIVE IN AGOURA HILLS

(Reference is hereby made to Resolution No. 2532 on file in the District's Resolution Book and by this reference the same is incorporated herein.)

General Manager David Pedersen presented the report.

Director Lewitt moved to approve Item 8A. Motion seconded by Director Polan.

General Manager David Pedersen responded to a question regarding whether traffic was currently being diverted in this area by stating that cones have been placed around the affected area due to the uneven pavement.

David Lippman, Director of Facilities and Operations, responded to a question regarding the number of recycled water pipe failures by stating that this incident was the first failure and it was likely a rapid failure as opposed to a leak over time.

Motion carried unanimously.

B Tapia and Headquarters Lighting Efficiency Upgrade Project: Award

Accept the proposal from Retro-Tek Energy Services, Inc.; and authorize the General Manager to execute a contractual services agreement, in the amount of \$441,616, for the Tapia and Headquarters Lighting Efficiency Upgrade Project.

General Manager David Pedersen presented the report.

Director Renger moved to approve Item 8B. Motion seconded by Director Caspary.

A discussion ensued regarding assurance that the upgraded lighting would be the most current, longest-lasting technology and whether the current lighting fixtures could be replaced with LED bulbs. David Lippman, Director of Facilities and Operations, responded that not all of the current lighting fixtures would accept regular LED bulbs, and the upgrade would also include passive lighting controls such as room sensors to help reduce energy costs. He noted that the greater cost savings would be achieved at Tapia, which has much older lighting fixtures and exterior lights.

John Zhao, Principal Engineer, responded to a question regarding the lowest bidder by stating that Retro-Tek received very good references and met all of the contract requirements.

Board President Peterson suggested that outdoor lighting at District facilities not be so bright as to adversely affect neighbors.

Motion carried unanimously.

9. FINANCE AND ADMINISTRATION

B Monthly Cash and Investment Report – September 2017

Receive and file the Monthly Cash and Investment Report for September 2017.

Don Patterson, Director of Finance and Administration, provided a PowerPoint presentation.

Director Polan moved to receive and file Item 9B. Motion seconded by Director Lewitt.

Director Polan expressed concern with investing in municipal bonds in areas near the ocean due to natural disasters, such as the recent hurricanes in Texas and Florida. Don Patterson, Director of Finance and Administration, responded that the District has not invested in municipal bonds in Texas or Florida, and noted that the District's strategy is diversifying the locations of the municipal bonds.

Motion carried unanimously.

C Financial Review: First Quarter of Fiscal Year 2017-18

Receive and file the Financial Review for the First Quarter of Fiscal Year 2017-2018.

Angela Saccareccia, Finance Manager, provided a PowerPoint presentation.

Board President Peterson requested that staff include a chart for Cumulative Accrued Penalty Revenue for the quarterly financial review.

General Manager David Pedersen responded to a question regarding the definition of income available for replacement and debt service by stating that these amounts would be the difference between revenue and expense resulting in net income.

Director Lewitt moved to receive and file Item 9C. Motion seconded by Director Caspary. Motion carried unanimously.

D Confirmation of Potable Water, Recycled Water and Sanitation Rates for 2018

Pass, approve and adopt Resolution No. 2530 revising sanitation rates.

RESOLUTION NO. 2530

A RESOLUTION OF THE BOARD OF DIRECTORS OF LAS VIRGENES MUNICIPAL WATER DISTRICT REVISING SANITATION RATES

(Reference is hereby made to Resolution No. 2530 on file in the District's Resolution Book and by this reference the same is incorporated herein.)

Don Patterson, Director of Finance and Administration, provided a PowerPoint presentation.

Director Caspary moved to approve Item 9D. Motion seconded by Director Renger.

Don Patterson, Director of Finance and Administration, responded to questions related to the Board's adopted five-year rate plan for potable water, recycled water, and sanitation services, which was based on the cost of service analysis.

General Manager David Pedersen responded to a question regarding impacts to recycled water use by the City of Calabasas with its proposed project for a new drainage system and underground water storage at Gates Canyon Park by stating that this a joint project with the County of Los Angeles to eliminate runoff and it would not have a significant impact to the recycled water system.

Motion carried unanimously.

10. NON-ACTION ITEMS

A Organization Reports

(1) MWD Representative Report/Agenda(s)

Board President Peterson reported that the MWD Board met earlier in the day and approved funding in the amount of \$14.7 million for a three-year multi-media water conservation campaign.

(2) Other

Director Caspary reported that he attended the Santa Monica Bay Restoration Commission meeting on October 19th where the Commission considered approval of the Santa Monica Bay Restoration Authority's 2017-2019 annual budgets for restoration projects. He noted that the draft environmental impact report for the Ballona Wetlands Ecological Preserve was available for review and comment. He also reported that the Santa Monica Bay Foundation was working on releasing the Kelp Restoration Report and the Malibu Lagoon Restoration Report. He noted that the next meeting would be on December 14, 2017.

B Director's Reports on Outside Meetings

None.

C General Manager Reports

(1) General Business

General Manager David Pedersen reported that the creek discharge prohibition period would end on November 15th. He noted that staff would be sending notices regarding the pass-through rate change as part of the AB 3030 process. He stated that an update on the Direct Potable Reuse Research Initiative would be included on the December 12th agenda. Lastly, he reviewed the Community Calendar.

(2) Follow-Up Items

D Directors' Comments

None.

11. FUTURE AGENDA ITEMS

None.

12. PUBLIC COMMENTS

None.

13. CLOSED SESSION

The Board recessed to Closed Session at **6:43 p.m.** to discuss the following item:

A Conference with Labor Negotiator (Government Code Section 54957.6):

Agency designated representatives: David W. Pedersen, General Manager; Donald Patterson, Director of Finance and Administration; Sherri Paniagua, Human Resources Manager; and Kristi Recchia, Liebert Cassidy Whitmore.

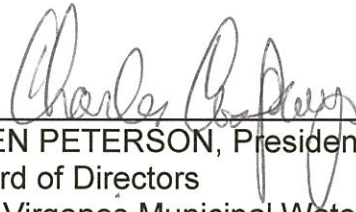
Employee Organizations: General and Office Units represented by the Service Employees International Union Local 721.

14. OPEN SESSION AND ADJOURNMENT

The Board reconvened to Open Session at **7:16 p.m.**

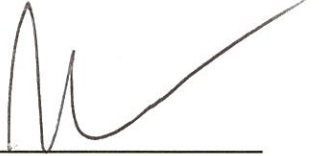
Wayne Lemieux, District Counsel announced that the Board considered SEIU's offer during the Closed Session and authorized negotiations to proceed.

Seeing no further business to come before the Board, the meeting was duly adjourned at **7:17 p.m.**



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

ATTEST:



JAY LEWITT, Secretary
Board of Directors
Las Virgenes Municipal Water District

(SEAL)