



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

MINUTES
REGULAR MEETING

9:00 AM

June 16, 2020

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance to the Flag was led by Charles Caspary.

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order at **9:00 a.m.** by Board President Lewitt via teleconference in the Board Room at Las Virgenes Municipal Water District headquarters at 4232 Las Virgenes Road, Calabasas, CA 91302. The meeting was conducted via teleconference pursuant to the provisions of the Governor's Executive Order, N-29-20, which suspended certain requirements of the Ralph M. Brown Act to support social distancing guidelines associated with response to the coronavirus (COVID-19) outbreak. Josie Guzman, Clerk of the Board, conducted the roll call.

Present: Directors Charles Caspary, Jay Lewitt, Lynda Lo-Hill, Len Polan, and Lee Renger

Absent: None

Staff Present: David Pedersen, General Manager
Joe McDermott, Director of Engineering and External Affairs
Don Patterson, Director of Finance and Administration
John Zhao, Director of Facilities and Operations
Josie Guzman, Clerk of the Board
Wayne Lemieux, District Counsel

2. APPROVAL OF AGENDA

Director Polan asked that Item 7C be moved to follow the Consent Calendar as he needed

to depart early from the meeting.

Director Caspary lost connection to the teleconference at 9:02 a.m.

Director Polan moved to approve the agenda as amended. Motion seconded by Director Lo-Hill. Motion carried by the following roll call vote:

AYES: Lewitt, Lo-Hill, Polan, Renger

NOES: None

ABSTAIN: None

ABSENT: Caspary

3. PUBLIC COMMENTS

None.

4. CONSENT CALENDAR

A List of Demands: June 16, 2020: Receive and file

B Minutes Regular Meeting of June 2, 2020: Approve.

C Directors' Per Diem May 2020: Ratify

Director Polan moved to approve the Consent Calendar. Motion seconded by Director Lo-Hill. Motion carried by the following roll call vote:

AYES: Lewitt, Lo-Hill, Polan, Renger

NOES: None

ABSTAIN: None

ABSENT: Caspary

7. BOARD OF DIRECTORS – (This item was moved out of sequence)

C Summary of Annual Expenditures for Legal Notices and Paid Advertisements

Review the summary of annual expenditures for legal notices and paid advertisements, and provide staff with feedback on the allocation of funds for this purpose going forward.

General Manager David Pedersen presented the report.

A discussion ensued regarding concerns with editorials published in *The Acorn*, which cast the District in an unfavorable light and relied on inaccurate information, and seeking other publications and social media for advertising.

Director Caspary reconnected to the teleconference at 9:06 a.m.

General Manager David Pedersen noted that the Editor of *The Acorn* had provided the opportunity for the District to make corrections to editorials. He also noted that *The Acorn* publishes many articles regarding the District's efforts related to Solar Cup, water conservation, etc. He suggested that Board President Lewitt send a letter to the Editor expressing the Board's concerns, and asking that the District be allowed to respond to inaccuracies.

A discussion ensued regarding balancing advertising amongst the various local newspapers, asking the Editor to allow the District to make a rebuttal to editorials, asking the Editor that the District's rebuttal be included in both the printed and online versions of the newspaper, and allowing staff to make decisions on where to place advertisements.

Mike McNutt, Public Affairs and Communications Manager, commented on the use of *The Acorn* and *The Calabasas-Las Virgenes Enterprise* for advertising and public service announcements. He noted that the District spent approximately \$862 to increase social media advertisements and content since the beginning of the year, which received approximately 31,500 impressions. He stated that staff would ensure diversification of the advertising portfolio to reach the District's customers most effectively.

The Board agreed with the feedback provided to staff.

5. ILLUSTRATIVE AND/OR VERBAL PRESENTATION AGENDA ITEMS

A MWD Representative Report

Glen Peterson, MWD Representative, reported that the MWD Board inducted new Director Ardashes "Ardy" Kassakhian from the City of Glendale. He also reported that the MWD Board approved a \$4 million change order for the Second Lower Feeder Reach 2 Rehabilitation Project; approved a \$3 million increase for the existing agreement for security guard services; and approved a funding agreement extension and payment of \$736,000 for support of the Colorado River Board and Six Agency Committee. He noted that there was much discussion and testimony related to SB 625 (Bradford), Central Basin Municipal Water District receivership. He stated that the MWD Board voted to watch and engage on the proposed bill as needed to protect MWD's interests. He also reported that the MWD Board authorized allowing the General Manager to place matters greater than \$2 million or requiring a roll call vote on the consent calendar for the duration of the State of Emergency declared by Governor Gavin Newsom's Executive Order.

General Manager David Pedersen noted that a copy of SB 625 was included in the agenda packet.

Board President Lewitt asked Clerk of the Board Josie Guzman to send a copy of the MWD meeting calendar to the Board. He also asked MWD Representative Glen Peterson to inform Ms. Guzman of any upcoming MWD Board special meetings.

B Legislative and Regulatory Updates

Joe McDermott, Director of Engineering and External Affairs, reported that the Senate and House of Representatives were continuing negotiations regarding the next federal stimulus bill in response to the COVID-19 pandemic; however, a new version of the Health and Economic Recovery Omnibus Emergency Solutions Act (HEROES) was not likely to be passed until September. He noted that the District's lobbyist continued to seek relief for non-payments, exemptions to the payroll tax, and infrastructure funding. He also reported that SB 1099 (Dodd) related to emergency generator testing was passed by the Senate Appropriations Committee. He expressed concern that the current version included amendments regarding stipulated agreements. He stated that the Air Quality Management District would continue to have the ability to impose penalties against agencies that exceed runtimes for maintenance or actual runtimes during emergencies; however, the fines could be used towards the cost to replace emergency generators. He also stated that staff was working closely with the District's lobbyist on addressing these amendments once the bill reached the Assembly, at which time it would be the appropriate time to propose further changes.

Director Caspary noted that the Association of California Water Agencies (ACWA) State Legislative Committee and ACWA staff recommended that the committee change its recommendation on SB 1099 from "support" to "watch and amend." He noted that the solid waste industry expressed interest in having some of their facilities classified as critical facilities in order to come under protections for generator runtimes.

General Manager David Pedersen noted that the deadline for bills to pass out of their house of origin was June 26th, and SB 1099 would go for a Senate floor vote before June 26th. He stated that staff would work on a floor alert with Syrus Devers from Best Best & Krieger and the California Municipal Utilities Association (CMUA). He noted that the City of Malibu would consider a recommendation of support at its next City Council meeting, the Hidden Hills City Council had taken a support position. He also reported that the County of Los Angeles would present an item to the Board of Supervisors to seek support.

Mr. McDermott noted that the amendments to SB 1099 include generator replacements within five years, and he expressed concern that having to replace generators within five years would defeat the purpose of the bill. He also expressed concern that the proposed bill included language that it needed to be economically feasible, which needed to be better defined. He stated that the District's generators could easily last another 15 years, and he noted that the cost to replace all of the District's generators would be several million dollars.

C Water Supply Conditions Update

Joe McDermott, Director of Engineering and External Affairs, presented the report and noted that the State Water Project allocation was increased to 20 percent.

6. TREASURER

Director Lo-Hill stated that the Treasurer's report was in order.

7. BOARD OF DIRECTORS

A Response to Coronavirus (COVID-19) Pandemic: Amended and Reenacted Emergency Declaration with Additional Relief for Customers

Pass, approve, and adopt proposed Resolution No. 2578, amending and reenacting the declaration of a local state of emergency due to the novel coronavirus (COVID-19) pandemic, and authorizing a partial credit to commercial hotel customers for fixed sewer charges for the months of April and May, with a maximum 50% reduction of the charges.

RESOLUTION NO. 2578

A RESOLUTION OF THE BOARD OF DIRECTORS OF LAS VIRGENES MUNICIPAL WATER DISTRICT AMENDING RESOLUTION NOS. 2572, 2574, AND 2576, STATE OF EMERGENCY DUE TO THE NOVEL CORONAVIRUS (COVID-19) PANDEMIC AND AUTHORIZING ACTIONS TO SUPPORT THE RESPONSE AND RECOVERY EFFORT

(Reference is hereby made to Resolution No. 2578 on file in the District's Resolution Book and by this reference the same is incorporated herein.)

Joe McDermott, Director of Engineering and External Affairs, presented the report.

Ursula Bosson, Customer Service Manager, addressed commercial hotel customers' fixed sewer charges and shared an example of a hotel's billing statements, comparing April 2019 to April 2020. She noted that the hotel experienced a decrease in occupancy due to the COVID-19 pandemic. She pointed out that in April 2020 the hotel used 98 units of water and was charged \$7,364.40 for the fixed sewer service charge, compared to 2019 where the hotel used 984 units of water and was charged \$7,219.20 for the fixed sewer service charge. She explained staff's recommendation to provide a maximum 50 percent reduction of the fixed sewer charges to commercial hotel customers for the months of April and May 2020.

Mr. McDermott responded to questions regarding cost savings to the District due to decreases in sewage from hotels by stating that the District saved in the costs for chemicals used at the Tapia Water Reclamation Facility, pumping from the lift stations, and electrical usage; however, costs continued for labor, infrastructure and capital improvement projects.

Board President Lewitt suggested asking for credit for fixed sewer charges in the next federal stimulus package.

Director Polan asked staff to evaluate the water usage from schools during the period of April and May 2020, and determine whether a recommendation was warranted related to schools' fixed sewer service charges.

Ms. Bosson provided an update on customer-related impacts of COVID-19, including customer calls, payment plan arrangements, a comparison of yearly balances due, payment numbers and totals comparing current and previous year/month data, and customers' use of on-line billing features.

Director Caspary moved to approve Item 7A. Motion seconded by Director Polan.

Director Caspary asked staff to include the dollar amount of billing credits provided to customers to reduce the impacts of COVID-19 in future updates.

Motion carried unanimously by roll call vote.

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

Nominate candidates, if any, for consideration to fill a vacancy as the Independent Special District Alternate Representative on the Los Angeles County Local Agency Formation Commission.

General Manager David Pedersen presented the report.

No action was taken.

8. FINANCE AND ADMINISTRATION

A Proposed Two-Year Budget Plan for Fiscal Years 2020-22: Approval

Approve the proposed Two-Year Budget Plan for Fiscal Years 2020-22; adopt the proposed Fiscal Year 2020-21 Budget; authorize the General Manager to pre-pay the annual required contribution to CalPERS for its unfunded accrued retirement liability, in the amount of \$1,570,439; and authorize the General Manager to pre-pay the unfunded accrued liability for other post-employment benefits, in the amount of \$1,777,424, through four-quarterly installments.

General Manager David Pedersen provided introductory remarks.

Angela Saccareccia, Finance Manager, presented the report and PowerPoint presentation.

Director Caspary moved to approve Item 8A. Motion seconded by Director Lo-Hill.

Director Caspary expressed concern with CalPERS' recent projected return in its investment portfolio. He noted that there was a letter from CalPERS' Chief Investment Officer in *The Wall Street Journal* where he proposed debt financing to increase the returns on the investment portfolio. He noted that the staff report clearly stated there would be no increases in the budget except for the pass-through from the Metropolitan Water District of Southern California, and he asked staff to confirm that the District would need to go

through a Proposition 218 hearing for a rate increase that the Board might consider in January 2021. General Manager David Pedersen responded that this was correct, and the pass-through would require a Proposition 218 hearing as well because it was only covered for the five-year period from the previous rate study. He noted that he shared concerns regarding CalPERS with Director of Finance and Administration Don Patterson, who noted that the Government Finance Officers Association (GFOA) and the California Municipal Treasurers Association (CMTA) were looking into this issue and discussing a potential coalition letter.

Ms. Saccareccia noted that CalPERS had not announced any increase to employer contributions; however, she expected that it would be coming. She stated that she would provide updates regarding CalPERS to the Board.

General Manager David Pedersen discussed the process for the Board to consider any future rate increases.

Motion carried unanimously by roll call vote.

Director Polan departed the teleconference at 10:42 a.m.

9. INFORMATION ITEMS

A Claim by Christopher and Camille Armen

10. NON-ACTION ITEMS

A Organization Reports

Director Caspary stated that he would be participating in the Santa Monica Bay Restoration Commission Governing Board Meeting on June 18th. He noted that he participated in the ACWA State Legislative Committee Meeting on June 5th, where they discussed SB 1099 (Dodd) and emergency generator runtimes.

B Director's Reports on Outside Meetings

None.

C General Manager Reports

(1) General Business

General Manager David Pedersen reminded the Board that the Calleguas – Las Virgenes Public Financing Authority meeting would be held on June 18th via teleconference. He noted that the District would soon go out to bid for the Calleguas – Las Virgenes Interconnection Project. He reviewed the upcoming calendar of events, and noted that the WaterReuse California Virtual Conference would be held June 24th and 25th. He also noted that the conference would be a combination of live and pre-recorded events, and the pre-recorded events would be available to conference registrants for one month

following the conference, which would allow the Board members to participate in the Association of Water Agencies of Ventura County Virtual WaterWise Breakfast Program scheduled on June 25th. He noted that the Board members would be eligible to claim two per diem compensation days for the two days they participate in the WaterReuse Virtual Conference program if they were registered. He stated that he would be on vacation June 23rd through 26th, and John Zhao, Director of Facilities and Operations, would be designated as the Acting General Manager in his absence. He also stated that a press release was issued announcing that the Rancho Las Virgenes Composting Facility had resumed composting operations. He noted that customers might have concerns regarding COVID-19 and compost, and noted that the State Water Resources Control Board issued guidance and clarification that there was no concern associated with biosolids and COVID-19. He also noted that the District sent samples of digested biosolids to the University of Arizona to test for remnants of COVID-19. He stated that results were expected before compost is made available to customers. He responded to a question regarding his award from WaterReuse by stating that he and Alex Coate from East Bay Municipal Utility District would be receiving the WaterReuse Recycled Water Advocate of the Year Award in recognition of the efforts in the preparation of the California Water Reuse Action Plan.

(2) Follow-Up Items

General Manager David Pedersen reviewed the list of Follow-up Items. He noted that the follow-up item regarding the net operating deficit shown in the third quarter financial report from March 2019 was due to March being the time of the year when water demands shift from the lower winter water demand period to the higher summer water demand period. He explained that the District paid its MWD bill, and the billing to customers lagged behind, which resulted in an accounts payable/receivable issue. He noted that the District realized the expense for purchasing the higher amount of water during the warmer months, but customers were not yet billed for that water usage.

D Directors' Comments

Director Caspary acknowledged staff for their efforts during the COVID-19 pandemic, and stated that he was looking forward to having the workplace environment return.

Director Renger made comments related to *The Washington Post's* COVID-19 graph and seven-day running average. General Manager David Pedersen noted that staff was working on wastewater epidemiology, which involved sending wastewater samples to Stanford University. He stated that it would take some time before the District receives the results.

General Manager David Pedersen responded to a question regarding the status of Raftelis' rate study by stating that Raftelis had begun preliminary work.

Director Lo-Hill acknowledged General Manager David Pedersen regarding the email he sent to District employees regarding responding together in challenging times.

11. **FUTURE AGENDA ITEMS**

Director Caspary moved for a future agenda item regarding an analysis and options for CalPERS. Director Lo-Hill seconded the motion.

12. **PUBLIC COMMENTS**

None.

13. **CLOSED SESSION**

None.

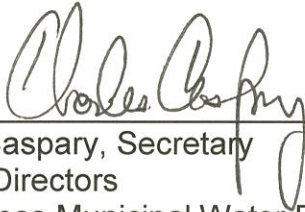
14. **OPEN SESSION AND ADJOURNMENT**

Seeing no further business to come before the Board, the meeting was duly adjourned at **11:00 a.m.**



Jay Lewitt, President
Board of Directors
Las Virgenes Municipal Water District

ATTEST:



Charles Caspary, Secretary
Board of Directors
Las Virgenes Municipal Water District

(SEAL)