

**LAS VIRGENES – TRIUNFO
JOINT POWERS AUTHORITY
MINUTES
SPECIAL MEETING**

5:00 PM

May 27, 2020

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance to the Flag was led by Mark Norris.

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order at 5:00 p.m. by Chair 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 Caspary, Lewitt, Lo-Hill, Nye, Orkney, Polan, Renger, Shapiro, Tjulander, and Wall

Absent: None

2. APPROVAL OF AGENDA

Director Wall moved to approve the agenda. Motion seconded by Director Lo-Hill. Motion carried unanimously by roll call vote.

3. PUBLIC COMMENTS

None.

4. STRATEGIC PLANNING WORKSHOP ON PURE WATER PROJECT LAS VIRGENES-TRIUNFO

Administering Agent/General Manager David Pedersen provided a brief overview of the efforts leading up to the development of the Pure Water Project Las Virgenes-Triunfo and the guiding principles. He reviewed the progress to-date, including the Pure Water Demonstration Project, Pure Water Demonstration Garden, public outreach plan, orientation video, and completion of various reports

and studies. He discussed options for partnering with the City of Thousand Oaks, Calleguas Municipal Water District (Calleguas), and Camrosa Water District to prepare and share the cost for a brine disposal study and project, and partnering with the City of Thousand Oaks to investigate treating their groundwater at the advanced water treatment facility. He provided an overview of the structure of the JPA agreement, including governance of the JPA and how costs are shared for operations and maintenance of the jointly-owned Tapia Water Reclamation Facility (Tapia) and Rancho Las Virgenes Composting Facility (Rancho).

Don Patterson, Director of Finance and Administration, provided an overview of a flowchart outlining financing and funding possibilities for the project. He responded to a question regarding the wholesale rate, in which each JPA partner would pay for its portion of the water that comes from the advanced water treatment plant and which would include the cost for operation and on-going maintenance of the facility.

A discussion ensued regarding Triunfo Water & Sanitation District (TWSD) leasing storage in Las Virgenes Reservoir for short-term purposes for its share of the water produced at the advanced water treatment plant.

Administering Agent/General Manager David Pedersen reviewed the financial institutional issues. He recommended that the JPA consider financing the project jointly based on financial advice from Piper Sandler, the JPA's financial advisor, and subsequently the JPA partners could consider securing separate financing, if necessary. He stated that there was value in the JPA partners financing the project together when seeking grant funding and non-market, government financing.

Mr. Patterson responded to questions regarding financing options. He noted that issuance of municipal bonds would be challenging; however, the private placement market was very active. He stated that the JPA would need to work closely with its financial advisor, and the JPA would need to commit to a course of action prior to the beginning of construction.

Administering Agent/General Manager David Pedersen discussed the environmental review process, which would include the California Environmental Quality Act (CEQA) process and preparation of an environmental impact report (EIR). He stated that the JPA could begin to secure financing for the project once the EIR neared completion. He also stated that the JPA was one year from being competitive for seeking grants and low-interest loans, followed by backfilling the net project cost with other financing methods.

Director Polan requested that staff provide an updated project schedule, including the environmental review schedule.

Mr. Patterson noted that the order of financing would be pay-go amounts, grants, low-interest financing, private placement, and municipal bonds.

Administering Agent/General Manager David Pedersen responded to a question regarding the need to prepare environmental documents for both proposed sites. He also discussed the JPA partners' credit worthiness and rates when seeking financing, and looking into how debt would be serviced proportionately if the individual JPA partners have different credit worthiness.

Administering Agent/General Manager David Pedersen continued reviewing the financial institutional issue related to the JPA partners sharing the capital costs for the project, and he recommended that the project cost be shared in the same proportion as outlined in the existing JPA agreement. He also recommended that the operation and maintenance costs for the project be shared as currently shared for the wholesale recycled water system. He responded to a question regarding the wastewater influent by stating that staff would bring back an updated chart showing historical influent wastewater flows to Tapia.

Administering Agent/General Manager David Pedersen continued reviewing the financial institutional issue related to allocating the cost of treated potable water that would be used for flow augmentation to Malibu Creek. He recommended that the cost be shared based on the actual cost of the potable water that Las Virgenes Municipal Water District (LVMWD) establishes in its budget for potable supplement. He noted that there would likely be additional costs associated with fish flows for the treatment to remove residual nitrogen. He suggested that LVMWD establish an annual rate in its budget for the potable supplement rate and fish flow augmentation rate, and that the cost would be allocated to the JPA partners.

Director Caspary expressed concern with the Environmental Protection Agency and the State Water Board's mandate to place advanced treated water in Malibu Creek, and suggested that the customers be reminded that these mandates affect their rates.

Administering Agent/General Manager David Pedersen continued reviewing the financial institutional issue related to how potable supplement would be allocated between the JPA partners once the advanced water treatment facility is operational. He stated that in his view the potable supplement would be allocated in the same manner as it is currently. He suggested that TWSD could use its advanced treated water to serve as its potable supplement instead of paying the LVMWD-established rate for potable supplement water. Mark Norris, TWSD District Manager, stated that this suggestion could be worth exploring.

Administering Agent/General Manager David Pedersen reviewed the allocation institutional issue related to how ownership of the water produced by the advanced water treatment facility would be allocated between the JPA partners. He stated that the allocation would be the same as outlined in the existing JPA agreement, which would be based on the relative contribution of wastewater. He noted that this currently determined the allocation of recycled water.

Administering Agent/General Manager David Pedersen reviewed the allocation institutional issue related to how ownership of the "future" water produced by the advanced water treatment facility would be allocated between the JPA partners. He stated that there were previous discussions that there could be more water that would be available based on the relative contributions from the JPA partners. He stated that in order to supplement flows into Tapia, each individual JPA partner could work with local municipalities in their jurisdictions to implement projects that would come before the JPA Board for review and approval. He also stated that the additional water produced would be allocated to the JPA partner based on their relative contributions.

Administering Agent/General Manager reviewed the allocation institutional issue related to how potable supplement would be allocated between the JPA partners once the advanced water treatment facility was operational by stating that this item was covered under the financial institutional issues.

Administering Agent/General Manager reviewed the allocation institutional issue related to how the JPA partners would account for usage of potable water if it is used for flow augmentation. He stated that this issue relates to the demand for that water and how the potential "bonus credit" under the new statewide water-use efficiency framework (SB 606/AB 1668) would be allocated to the JPA partners. He explained that the bonus credit was intended to recognize and provide credit to agencies that implemented potable reuse projects, and the JPA would be eligible for that bonus credit. He stated that the bonus credit would allow the JPA to count water supplied into the JPA partners' respective systems as potable reuse as if it were conserved water. He also stated that the bonus credit could be allocated to each agency based on the amount of water taken into their respective water systems. He noted that flow augmentation would not count against the JPA partners as a consumptive demand for the purpose of water use efficiency.

Administering Agent/General Manager David Pedersen reviewed the institutional/governance institutional issues related to Calleguas' role in transferring water from LVMWD to TWSD. He noted that an agreement was already in place between LVMWD and Calleguas for the construction, operation and maintenance of the interconnection. He stated that he envisioned that a supplement to that agreement would be needed to include TWSD and to outline the terms and conditions for conveyance of water from LVMWD to TWSD.

Administering Agent/General Manager David Pedersen reviewed the institutional/governance institutional issues related the role of the JPA agreement by stating that the agreement was fundamental and foundational for the Pure Water Project Las Virgenes-Triunfo.

Administering Agent/General Manager David Pedersen reviewed the institutional/governance institutional issues related to the future policy for expansion of the recycled water system and whether this should be a JPA or

individual partner policy by referencing the policy principles for management of the JPA's recycled water system, which were adopted by the JPA Board in September 2015. He suggested that he and TWSD General Manager Mark Norris should meet to discuss solidifying the individual agencies' policies, and develop a draft JPA policy to support providing additional water to the advanced water treatment plant and not unnecessarily expand the use of recycled water through the purple pipe network.

Director Caspary suggested considering the opportunity to require certain water efficiency standards for landscape that is irrigated with recycled water in order to control how much recycled water is used on a per square foot basis and protect the water supply for the advanced water treatment plant.

Administering Agent/General Manager David Pedersen reviewed the institutional/governance institutional issues related to the role of additional partners such as the City of Thousand Oaks and Calleguas. He stated that the role of the City of Thousand Oaks might be sharing in the disposal of brine, which could be in the form of the JPA sharing in a brine pipeline that is routed through the City of Thousand Oaks, past the Hill Canyon Treatment Plant, and ultimately to the Santa Rosa Valley where it would connect with Calleguas' Salinity Management Pipeline. He also stated that another opportunity could be for LVMWD to convey brine to the City of Thousand Oaks' sanitary sewer system and participate in a desalting facility at the Hill Canyon Treatment Plant, which would also connect to Calleguas' Salinity Management Pipeline. He also stated that another opportunity could be for the JPA to treat the City of Thousand Oaks' impaired groundwater at the advanced water treatment plant. He discussed the shared challenges and mutual benefits of these opportunities. He noted that these opportunities would also need to be memorialized in an agreement negotiated and approved by the JPA Board and the partner(s). He suggested that the JPA hold a workshop to discuss the different options and scenarios, pros and cons, and long-term benefits to the JPA and partner(s). He responded to questions regarding the process to convey the groundwater from Thousand Oaks to Tapia or directly to the advanced water treatment plant, and the City of Thousand Oaks' timeline for installing advanced water treatment for its discharge to Conejo Creek.

Administering Agent/General Manager David Pedersen stated that staff would prepare and bring back a narrative of the items discussed for the Board's consideration.

Joe McDermott, Director of Engineering and External Affairs, provided a brief overview of the Request for Proposals (RFP) for an Owner's Advisor/Program Manager. He stated that the cost estimate for the professional services was \$4 to \$6 million. He discussed alternative delivery methods and stated that Progressive-Design-Build had been implemented for this type of project.

Eric Schlageter, Principal Engineer, provided a summary of the RFP scope of work including: program management; program priorities, drivers, and risks; project delivery methodology and procurement support; technical studies, drawings, and specifications; and environmental studies and regulatory compliance.

Mr. McDermott discussed the potential for the project to be completed two years ahead of schedule and potential cost savings associated with the use of an alternative delivery method.

Administering Agent/General Manager David Pedersen discussed the Progressive-Design-Build strategy, starting with the environmental review process, and cost-loaded schedule for the project. He responded to a question regarding having a project risk management plan.

Mr. McDermott responded to a question regarding not considering Design-Build-Operate or Public-Private Partnership delivery methods by stating that in his experience these types of delivery methods have not fared well and the cost to outsource is not competitive. Administering Agent/General Manager added that in his experience an agency might not receive the best operation and maintenance of the plant because a private company is focused on generating profit. He also stated that he strongly believed the District's employees have the most ownership in all of the District's facilities, and they would do the best job in operating and maintaining facilities to provide the best quality of water.

Director Caspary expressed an interest in receiving additional information regarding alternative delivery methods, and asked that staff provide information from other agencies on their preferred delivery methods.

5. ADJOURNMENT

Seeing no further business to come before the Board, the meeting was duly adjourned at 7:27 p.m.



A handwritten signature in black ink, appearing to read "Jay Lewitt", written over a horizontal line.

Jay Lewitt, Chair

ATTEST:



A handwritten signature in black ink, appearing to read "James Wall", written over a horizontal line.

James Wall, Vice Chair