



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

MINUTES
REGULAR MEETING

5:00 PM

March 13, 2012

PLEDGE OF ALLEGIANCE

At the request of President Renger, the Pledge of Allegiance to the Flag was led by General Manager Mundy.

1. CALL TO ORDER AND ROLL CALL

A Call to order and roll call

The meeting was called to order at 5:04 p.m. by President Renger in the District offices. Deputy Secretary Mundy called the roll. Those answering present were Directors Caspary, Peterson, Renger and Steinhardt. Absent: Bowman.

2. APPROVAL OF AGENDA

A Approval of agenda

On a motion by Director Charles Caspary, seconded by Director Lee Renger, the Board of Directors voted 4-0 -1 to Approve the agenda for the Regular Board Meeting of March 13, 2012, as presented.

AYES: Director(s) Caspary , Peterson , Renger , Steinhardt

ABSENT: Director(s) Bowman

3. PUBLIC COMMENTS

One speaker card was received from the public (1) Martin Jansen spoke in regards to interest income stated in the annual report, large amount of funds in reserves, reserves should be reduced and used to lower water and sewer rates; the District is a non-profit company, is arrogant in spending public funds on capital projects and payroll expenses; stated the hiring of Mr. Anders required no action by the Board and his hiring is no small expenditure to the agency when salaries, benefits and pension obligations are considered; and recommended the Board insist on a quarterly report update discussing cost controls and savings of rate payer

monies.

Director Caspary requested a copy of Mr. Jansen's comments and stated it seems that he has ignored some of the Board responses in terms of recognizing how budgets are set, number of positions approved and salary ranges, specifically in regards to Mr. Anders position; and thanked Mr. Jansen for his comments.

4. ILLUSTRATIVE AND/OR VERBAL PRESENTATION AGENDA ITEMS

A 1235' Proposed 5-Million Gallon Tank Update and Workshop Discussion

General Manager Mundy discussed the upcoming March 24th workshop to review the 5-mil tank project, workshop notifications to The Acorn, homeowner associations including Three Springs, Upper Terrace and Oak Forest, Ray Taylor (City Manager, City of Westlake Village), Mountains Recreation and Conservation Authority; the workshop will be recorded; proposed discussions to include alternative alignments, updated information in regards to Valley Fever, environmental constraints, potential relocation of the 36" line, and a report on discussions with the Los Angeles County Sheriff's Department in regards to project traffic controls.

Director of Facilities and Operations Lippman discussed poster boards for workshop, 988 letters sent to interested parties in the area of Westlake Village, experts at the workshop will discuss need for the tank, alternative routes, and environmental constraints of each alternative route.

General Manager Mundy notified the Board that sometime after the workshop there will be an agenda item asking for project direction and reported that an excess of \$150,000 had been spent reviewing the additional work related to the alternative routes.

Director Caspary stated he has a question in regards to whether there was access between a particular tank location, whether Site A or Site C and the Three Springs pipe relocation. Mr. Mundy stated a decision has not been made regarding whether the pipe would be placed in Three Springs Drive or an alternative location through Triunfo Creek Park, which is not part of the existing Environmental Impact Report.

B Infrastructure Investment Plan, Fiscal Year 2012/13 - 2016/17

Receive and file as a planning document the Infrastructure Investment Plan FY2012/13 - 2016/17.

Director of Facilities and Operations Lippman provided an overview of the 2012/13-2016/17 Infrastructure Investment Plan (IIP) planning document and discussed peaking patterns (no change), 20x2020, growth projections, Master Plan updates (potable, recycled, sanitation), backbone improvements to the potable water system, projected water demand, potable system storage, continuation of the AMR/AMI program; SCADA communication upgrades; alternative disinfection at Tapia; and the primary tanks at Tapia are in bad shape, so the intent is to rehab one tank at a time (one per year for five years).

Board comments and staff responses included: was Morrison Tank installed by the developer (yes); and the District installed reclaimed water (yes, which was a more recent project and the District has performed some rehabilitation work on the tank to address the needs of the backbone system).

On a motion by Director Glen Peterson, seconded by Director Charles Caspary, the Board of Directors voted 4-0 -1 to Approve the recommendation as presented.

AYES: Director(s) Caspary , Peterson , Renger , Steinhardt
ABSENT: Director(s) Bowman

C Legislative and Regulatory Updates

Public Affairs and Communications Manager Reinhardt discussed bills currently active in Sacramento; and requested direction in regards to support of continuing the Colorado River Board (Metropolitan and a number of other agencies who participate in the Colorado River Board have raised a concern in regards to its potential elimination).

MWD Representative Peterson discussed the background of the Colorado River Board including: funding provided by the member agencies and a resource agency of the governor's office; serves as the spokesperson for State of California during water supply contract negotiations with the federal government and negotiations from Brock Reservoir; and serves as the voice for the State of California in regards to water issues.

President Renger requested Mr. Reinhardt put the District on record as being in favor of retaining the Colorado River Board.

Director Peterson stated ACWA has placed this on their calendar also.

5. CONSENT CALENDAR

On a motion by Director Charles Caspary, seconded by Director Barry Steinhardt, the Board of Directors voted 4-0 -1 to Approve Consent Calendar 5A-5C as presented in the recommendations.

AYES: Director(s) Caspary , Peterson , Renger , Steinhardt
ABSENT: Director(s) Bowman

A Minutes: Special Meeting of February 7, 2012 and Regular Meeting of February 14, 2012. **Approve**

B List of Demands: March 13, 2012. **Approve**

C Directors' Per Diem: February 2012. **Ratify**

6. TREASURER

Treasurer Steinhardt stated the payables checks look good and that Director of Finance and Administration Hicks had provided him an update on his request to cut down on the number of checks issued through use of charge card payments to vendors; Ms. Hicks stated Wells Fargo said it is possible to pay vendors through use of credit cards and a meeting will be set with the bank to discuss the implementation process; Treasurer Steinhardt stated there is potential cost savings and revenue by use of this process. Director Caspary expressed his concerns in regards to electronic fraud and suggested a different virtual account number be created each month versus using a credit card with a future expiration date of one to two years.

7. BOARD OF DIRECTORS

A Review of General Manager Compensation

General Manager Mundy stated the Board requested this item be placed on the agenda for discussion; there have not been many changes made to compensation except in those instances where agencies have had new general managers come on board. Mr. Mundy also stated that Human Resources Manager Paniagua was in the process of completing the Board of Directors compensation review as well.

Director Peterson stated he had requested this item be placed on the agenda; based on the data it appears our general manager is compensated appropriately and he has no recommendation for any changes.

General Manager Mundy stated no action is required for this item as it was for the purpose of discussion only.

8. GENERAL MANAGER

A Junior Engineer Position

Approve the job description and pay grade for the Junior Engineer.

General Manager Mundy stated the recommendation is for reclassification of an existing Associate Engineer position to an entry level Junior Engineer position within Facilities and Operations resulting in payroll cost savings and potential for advancement through becoming a registered engineer. Mr. Mundy also stated this approach is similar to the wastewater Operator In Training and potable Water Worker I series positions.

On a motion by Director Glen Peterson, seconded by Director Lee Renger, the Board of Directors voted 4-0 -1 to Approve the recommendations as presented.

AYES: Director(s) Caspary , Peterson , Renger , Steinhardt

ABSENT: Director(s) Bowman

9. FACILITIES AND OPERATIONS

A 23651 Clover Trail Water Main Extension Acceptance and Approval of Main Extension Refund Agreement

Accept the water main extension to 23651 Clover Trail for operation and maintenance; execute the Acceptance of Dedication for the water system by the Board President; have the same recorded conditional upon the clear title at the time of recordation; and authorize the General Manager to execute the Main Extension Refund Agreement.

President Renger stated five speaker cards had been received for this item and the public would be heard after the presentation by staff.

General Manager Mundy stated staff had provided the Board an overview of Limited Service Agreements (LSAs) in October 2010 and at the same time notification was made of a proposed water main extension on Clover Trail, which would trigger financial participation by six properties. Mr. Mundy also discussed the recommendations of accepting the water main for operation and maintenance, execution of the acceptance of dedication, which upon clear title will be recorded, authorizing the general manager to execute a main reimbursement agreement and as part of the reimbursement agreement, staff would pursue collection of the prorated share of pipeline costs from the limited service agreement (LSA) holders.

President Renger began the public comment period with (1) Will Shepphird, stated he was in attendance to respond to questions in regards to installation/history of his and his contractors interface with the District; (2) Elizabeth Stephens stated she was requesting Ms. Goldstein (Nancy Goldstein) to speak; (3) Ms. Goldstein stated she was an attorney representing several property owners on Clover Trail, provided a layout of the parcels in question, does not believe all LSAs were triggered by the reimbursement agreement as none of the agreements are signed by the current property owners and instead were signed with predecessors and feels there is no contractual obligation as the agreement was attached to the property; the LSA on Mr. Okazaki's property states it terminates with main service, which he has had for several

years and is now being asked to disconnect and reconnect; this is an important decision the Board is making as it could affect 400 other homes; her clients do not object to Mr. Shepphird as a neighbor, but do object for paying for his water line; Ms. Stephens LSA agreement provides for contribution at the request of the District, not at the request of a builder or developer and the agreement also states the LSA is in effect for 10 years from 1970 and this time has clearly expired (Mr. Mundy stated the agreement is in effect 10 years from date of execution). Director Steinhardt inquired to Legal Counsel Lemieux as to whether the District needs to look at individual agreements or if they have been looked at (Mr. Lemieux stated the agreements have been looked at, Ms. Goldstein has presented some arguments he has not heard before and believes each parcel should be reviewed one at a time, but does not think this process affects the matter before the Board tonight as the District will either be entitled to or will require a contribution under the LSA or not; and if approved Mr. Shepphird will get a main extension refund agreement saying the District will pay him what is collected, if there is no entitlement then there is no payment to him); Elizabeth Stephens stated execution of the main extension agreement was not a requirement of the water district, but was elected by Mr. Shepphird who was given two options, an easement or activation of the LSA and he chose to activate the LSA as he would save thousands of dollars, in meetings with the City of Calabasas and the Fire Department no mention was made to Orchid Trail instead the fire hydrant would be connected to the existing water main, the LSA states the District is supposed to construct the water main, this language has never been taken out, so are the standards of the language being applied, it's not clear; (4) Daniel Okazaki stated if the reimbursement agreement was not going to be approved tonight he would not take up his speaker time on the subject, but he does want to discuss payment plan options and if this is the only time he will have an opportunity to discuss a payment plan he would like to know; Will Shepphird stated development of the house has been delayed by the same group, first by the City of Calabasas planning commission and then by the water board while they considered issues, the water line had to be built in order to construct the house, he believes the neighborhood will have vastly improved water service and fire protection, the fire hydrant was required by the Los Angeles County Fire Department, the easement option was not viable as he couldn't get an easement to put a fire hydrant on someone else's lot therefore he did not "elect" to extend the water main, he feels he has done everything by the book, installed appurtenances on his property, given an easement to the District, built the water line to standards, the line has been inspected by District staff, he is paying the lion's share of all costs, and is only asking for the fair pro-rata share from the neighbors, he is asking that the District follow their own guidelines and stipulations, approve the water line and the reimbursement agreement as you (the District) have in similar situations; Legal Counsel Lemieux stated it appeared the public was lining up to discuss whether this was elected or not elected, President Renger stated the Board would not be going there; Mr. Lemieux further stated that Mr. Shepphird had the right to put the pipeline in the street, it doesn't change how the LSAs operate, people who want to address this are addressing a political issue that has nothing to do with the analysis, the analysis is not to judge fairness it's to determine what the contract says in regards to payments; and (5) Brittany Stephens completed a speaker card, but did not address the Board.

Director Steinhardt inquired to Mr. Shepphird that if the Board approved the first three items and hold off on the fourth item until legal counsel can review the agreements would this hold him up (Mr. Shepphird stated this would not hold him up from construction, but he needs the fire flow terminology from the District to take to the fire department); Mr. Lippman stated in order to certify the fire flow the District has to own and have the ability to operate the water line; Director Steinhardt again asked if the first three items are approved with a temporary hold on the fourth item, which would be looked at in a very timely manner, would that allow him to move forward (Mr. Shepphird stated yes with that stipulation and as long he is informed and can sit in on the meeting and hear the discussions); General Manager Mundy stated the review would be done and scheduled to be considered at the next board meeting.

Director Steinhardt made a motion to approve the first three items with a stipulation that the fourth part dealing with LSAs be reviewed and brought back to the next board meeting. Director Renger seconded the motion. Director Caspary recommended approving the certification, acceptance, operation and reimbursement agreement with a 15-20 day window to examine claims and adjudicate and propose those numbers to become final after further review by the Board, and requested Mr. Mundy repeat the recommendation.

Mr. Mundy stated the recommendation was to accept the water main for operation and maintenance, executing the acceptance of dedication by the Board President, have the same recorded conditional upon clear title at time of recordation and now you are suggesting the Board also authorize the reimbursement agreement. President Renger stated the reimbursement agreement was to be brought back on March 27th, Mr. Mundy said that was not the recommendation he heard. Director Caspary stated the Board would approve the preliminary LSA reimbursement agreement with the preliminary numbers, these numbers are preliminary and the final numbers will be brought back to the Board for approval at the next meeting. President Renger said that is for the 27th. Director Steinhardt stated he would amend his recommendation. Director Caspary stated that he would also ask staff to bring back any opportunity or recommendations in the event there is a financial hardship with regards to some of the people who are paying (Mr. Mundy stated there is no way for the District to determine financial hardship). Director Caspary discussed personal guarantees (Mr. Mundy stated staff can come back with a suggested payment plan, but asks that Mr. Lemieux evaluate and comment on this, that in order to have a payment plan they would accept that unpaid balances would be reflected on their water bills and then subject to termination of service if the bill is not paid).

President Renger called for a vote. Director Peterson requested further discussion and stated he would vote against the motion, apologized if this holds up the construction, but feels all of the issues need to be figured out, it's not appropriate for any agency to stop people from building, but the District is not a bank and does not want to finance anyone's LSA, this is an obligation on their trust deeds, if need be they will need to borrow money, there are accusations that the LSAs expire in 10 years; knows the policy has always been they get 10 years (on Reimbursement Agreements) after its (the waterline) put in to collect the money and then they have gotten an additional 10 years at the discretion of the Board; feels it's jumping way out ahead from where we should be and we should know where we sit with the LSAs and doesn't want this to come back to us.

Director Peterson stated he was very uncomfortable with being so loose on this, if there is an enforceable agreement treat it as such, if the agreement is invalid treat it as such, and wants to hear from legal counsel (Mr. Lemieux stated he does not feel the difference between the two positions is great and why doesn't the District come back in two weeks and he will report on each parcel's obligation under the LSA).

On a motion by Director Barry Steinhardt, seconded by Director Charles Caspary, the Board of Directors voted 3-1 -1 to Approve the recommendation to accept the water main extension to 23651 Clover Trail for operation and maintenance; execute the Acceptance of Dedication for the water system by the Board President; have the same recorded conditional upon clear title at the time of recordation; and preliminarily accept the main extension agreement numbers subject to legal counsel working with Ms. Goldstein to review each of the limited service agreements and come back on March 27th with enforcement determinations and final numbers.

AYES: Director(s) Caspary , Renger , Steinhardt

NOES: Director(s) Peterson

ABSENT: Director(s) Bowman

B Sewer Bridge Rehabilitation Project - Award of Contract

Award the contract for the Sewer Bridge Rehabilitation Project to L.A. Builders in the amount of \$244,560.13.

General Manager Mundy provided an overview of the project, stated two bids had been received and the staff recommendation was for award to L.A. Builders, the contractor's references and license have been verified and they understand the scope of work.

On a motion by Director Charles Caspary, seconded by Director Barry Steinhardt, the Board of Directors voted 4-0 -1 to Approve the recommendation as presented.
AYES: Director(s) Caspary , Peterson , Renger , Steinhardt
ABSENT: Director(s) Bowman

C Easements Conversion Into GIS System - Award

Appropriate an additional \$25,000 into Job #10505 and authorize the General Manager to issue a purchase order in the amount of \$65,560 to Nobel Systems for the capturing of 2,552 easements.

General Manager Mundy provided a summary of work to be completed during the easement conversion process to GIS.

Director Steinhardt stated this was money well spent; President Renger asked if limited service agreements could be added (Mr. Lippman stated limited service and elevation agreements are already in GIS); and Director Caspary inquired in regards to scanned blueprints (Mr. Lippman stated as-builts are already in GIS and Mr. Mundy noted as-builts are now called record drawings).

On a motion by Director Charles Caspary, seconded by Director Lee Renger, the Board of Directors voted 4-0 -1 to Approve the recommendations as presented.
AYES: Director(s) Caspary , Peterson , Renger , Steinhardt
ABSENT: Director(s) Bowman

D Long Valley Road Waterline Replacement Project-Award Contract

Approve the finding that the project is exempt from the provisions of CEQA and direct staff to file a Notice of Exemption with the Los Angeles County Recorder; award the Contract for the Long Valley Road Waterline Replacement project to Toro Enterprises, Inc. in the amount of \$301,140.00; and that all remaining bids be rejected upon receipt of duly executed contract documents, accept the proposal from Phoenix Civil Engineering, Inc. to provide engineering construction services in the amount not to exceed \$8,937.50; approve appropriation of \$350,000.00 to Job number 10507 to account for construction costs, professional services during construction and staff's time.

General Manager Mundy stated this was an unknown and non-budgeted project, there have been a number of failures in the pipe, and the project is exempt from CEQA because the line replacement totals less than one mile.

Director Caspary stated he will make a motion to approve, but for the benefit of the public who are present he would like to state for the record that this piece of pipe based on staff investigation is substandard, the pipe was installed by a predecessor mutual water company prior to the District's formation and was later inherited as were many of the local systems.

On a motion by Director Charles Caspary, seconded by Director Barry Steinhardt, the Board of Directors voted 4-0 -1 to Approve the recommendations as presented.

AYES: Director(s) Caspary , Peterson , Renger , Steinhardt
ABSENT: Director(s) Bowman

10. NON-ACTION ITEMS

A Organization Reports (1) MWD a. Representative Report/Agenda(s); (2) Other

(1) MWD Representative Peterson reported on general business of Metropolitan Water District including an email was received saying member agencies except for two or three in the Long Beach area were shadow agencies conspiring to hurt the people of San Diego; MWD has been involved in four lawsuits with San Diego County Water Authority and won three; this lawsuit is the same as last time and is to challenge the wheeling rate of MWD water and this time include transportation costs; State Water Project transfers through Delta all else is transportation (pipes and storage); KCBS investigative report on MWD expenses with accusations of alcohol purchases with public funds (Mr. Blake brought wine from his own personal wine cellar and interestingly enough the person from San Diego, her face was redacted from the video; preferential rights are based upon investment in Metropolitan Water District; every Chamber of Commerce in Southern California was present at the rate hearing and has approved the rate setting process being used; rates were not raised for eight years and agencies suffer from not having consistent increases; surplus of Sunset parking structure, which was approved for sale; purchase offer for 2,100 acres in Riverside County, this water can be used to offset losses from Colorado River; power plant turbine generator for Yorba Linda; keep a watch on HR 1837 regarding water rights and AB 1686 recreation at Lake Mathews; candidates are being considered for an ethics officer; and an intermediate general counsel was hired.

(2) Director Steinhardt reported on his attendance at the ACWA Legislative Symposium during which there were discussions on water bond funding; founders of the Latino Water Coalition; groundwater management; sustainability; terrorism issues; pension reform (current obligations, 50/50 split employee/employer contributions, elimination of spiking, increased retirement age (non-police and fire), criminal activity will eliminate pensions). Mr. Mundy stated it was ironic that discussions do not include police and fire as every actuary that speaks at conferences states that's where the biggest problems are and not with miscellaneous employees. Director Peterson also attended the ACWA Legislative Symposium and added that in extending the retirement age especially with police and fire there is an increase to disability claims.

B Director's Reports on Outside Meetings

Director Caspary reported on his attendance at the California Water Policy Conference during which there were discussions on how to finance the Delta fix, the State of California has spent \$1,300 per Californian to upgrade hospitals to seismic standards, but has only spent \$0.31 per Californian on Delta restoration, do you finance the Delta fix through general obligation, public goods charge, which is a hidden tax; the Central Valley project has a rate component that pays into a system restoration fund (Mr. Mundy stated based on comments the District has heard he believes rates will be driven by the Delta fix, Colorado River or State Water Project repairs, replacements and improvements); Caltech seismologist Dr. Lucy Jones gave a presentation discussing earthquake effects on the Delta and stated each time there is a magnitude 6.0 earthquake liquefaction takes place, a 6.5 earthquake could shut the Delta down and could cause a huge salt intrusion during a drought, which could result in a period of three years before water from the Delta met standards. Director Steinhardt also provided a report on his attendance at the California Water Policy Conference during which water supply and the Endangered Species Act (ESA) were discussed; Ventura County area agriculture representatives discussed Freedom Diversion bill, use of recycled water for irrigation, ESA must be discussed to determine costs versus benefits, and a panel discussion of science, money and politics and how they can coexist.

C General Manager Reports

General Manager Mundy provided an update on general business of the District including upcoming calendar events: AWA breakfast is on March 15th; backbone workshop on March 24th at White Oak Elementary; California River Aqueduct inspection trip on March 30th through April 1st; AWA Annual Symposium will be held on April 19th; the Metropolitan shutdown ended on March 5th, so the District is back in service, Western system customers were provided water from Las Virgenes Reservoir and there were no complaints, but the Eastern system customers received water from Department of Water and Power and there were a few calls regarding odors as they use free chlorine for treatment; and discussed Agoura Road traffic control from Kanan to Cornell for pipeline work (concerns from local businesses have been addressed and at the request of the City most of the work is being performed at night); and the General Manager, Department Heads and Human Resources Manager met with the new SEIU representatives as Bill Shawhan who has represented the Office and General Units for 30 years has transitioned out.

D Director's Comments

None.

11. FUTURE AGENDA ITEMS

President Renger stated limited service agreements would be discussed at the next board meeting and also at that time legal counsel would be providing an opinion on the LSAs that are in question; and stated at this time there would be a five minutes break to notarize documents.

12. CLOSED SESSION

The meeting adjourned to break at 7:32 p.m. and reconvened into Closed Session at 7:38 p.m.

A Conference with District Counsel - Property Lease (Government Code Section 54956.8): Millgee Investment Company, Inc. Building #1 Lease

13. OPEN SESSION AND ADJOURNMENT

At 7:43 p.m. the Closed Session meeting adjourned into Open Session. No reportable actions were taken during Closed Session.

The Chair declared the meeting adjourned at 7:44 p.m.

Lee Renger

LEE RENGER, President
Board of Directors
Las Virgenes Municipal Water District

ATTEST:

Charles Caspary

CHARLES CASPARY, Secretary
Board of Directors
Las Virgenes Municipal Water District

(SEAL)