

CALLEGUAS MUNICIPAL WATER DISTRICT
BOARD OF DIRECTORS MEETING
May 16, 2018

MINUTES

The meeting of the Board of Directors of Calleguas Municipal Water District was held at the District Office, 2100 Olsen Road, Thousand Oaks, California, on May 16, 2018.

The meeting was called to order by Thomas L. Slosson, President of the Board, at 5:00 p.m.

A. CALL TO ORDER, PLEDGE OF ALLEGIANCE, AND ROLL CALL

Directors Present: Thomas L. Slosson, President
Andres Santamaria, Vice President
Scott Quady, Treasurer
Steve Blois, Director
Andy Waters, Secretary (Arrived at 5:09 p.m.)

Staff Present: Susan Mulligan, General Manager
Eric Bergh, Manager of Resources
Tony Goff, Manager of Operations and Maintenance
Henry Graumlich, Manager of Strategic Planning
Fernando Baez, Project Manager
Dan Smith, Manager of Finance and Human Resources
Sue Taylor, Accounting Supervisor
Kara Wade, Clerk of the Board

Legal Counsel Present: Robert Cohen, Cohen & Burge, LLP, District Counsel

B. MINUTES

On a motion by Director Blois, seconded by Director Santamaria, the Board of Directors voted 4-0 to approve the May 2, 2018 minutes.

AYES: Directors Blois, Quady, Santamaria, Slosson
NOES: None

C. WRITTEN COMMUNICATION

1. Southern California Water Coalition letter dated May 8, 2018 in Support of California WaterFix

The General Manager said that, in advance of a hearing about California WaterFix held on May 9th by three committees of the State Assembly, Calleguas signed on to a coalition letter to the chairs of those committees in support of the project.

D. ORAL COMMUNICATION

Neal Desai of the National Parks Conservation Association presented information about a proposed water supply project in Cadiz, California.

E. GENERAL MANAGER

The General Manager said that the City of Ventura has asked if it would be possible for Calleguas to commit to providing capacity for an out of service area entity in the Salinity Management Pipeline (SMP). Ventura would like to discharge brine from its proposed potable reuse plant to the SMP. Although Las Virgenes Municipal Water District has not made a similar request for discharge for brine from their proposed potable reuse facility, the same issues would apply. Staff will evaluate available capacity, environmental, and Local Agency Formation Commission (LAFCo) issues and return to the Board for discussion of this issue.

F. FINANCE AND HUMAN RESOURCES

1. April 2018 Water Use and Sales, March 2018 Power Generation, and April 2018 Investment Summary Reports

The Manager of Finance and Human Resources presented the reports. No action was taken.

2. Disbursements for the District's monthly activities for April 2018

Director Quady presented the disbursement report. The Board asked questions and the managers answered them.

On a motion by Director Quady, seconded by Director Waters, the Board of Directors voted 4-0-1 to approve the outstanding bills for payment.

AYES: Directors Quady, Waters, Santamaria, Slosson

NOES: None

ABSTAIN: Director Blois

3. Approval of advance payment to CalPERS to reduce unfunded pension liability

The Manager of Finance and Human Resources said that, on November 2, 2017 and April 12, 2018, staff presented an analysis of the District's pension liability to the Finance Committee. The analysis showed that the unfunded pension liability is currently approximately \$7.9 million but is expected to increase to approximately \$11.0 million as California Public Employees Retirement System (CalPERS) adjusts its actuarial assumptions, including changing the discount rate (which is their projected return on investments) from 7.5% to 7.0%. CalPERS amortizes this unfunded liability over 30 years and charges the discount rate on the outstanding unfunded balance. By this method, the District would pay 7.0% interest on the unfunded liability for 30 years while earning approximately 1.5% on its invested funds, resulting in an annual loss of 5.5% on the outstanding balance owed to CalPERS. CalPERS allows agencies to pay down their unfunded liability to save the agencies money.

Staff presented various payment period options to the Board for consideration, noting that the benefit of paying early to avoid interest costs from CalPERS must be weighed against the risk of investing too much at once, with the entire amount subject to a single year of market risk.

After much discussion, the Board agreed that the best balance of cost and risk would be a five-year payment schedule, resulting in an expected savings of \$10.8 million. They asked what the first payment would be and the Manager of Finance and Human Resources said it would be \$2,683,000. Because the amount of the second payment in a five-year payment schedule depends on the rate of return on CalPERS' investments in the current year, the Board requested that they revisit the matter annually to assess status and authorize each payment accordingly.

On a motion by Director Blois, seconded by Director Quady, the Board of Directors voted 5-0 to direct staff to make a payment of \$2,683,000 in the current fiscal year and return annually to the Board to seek approval of each consecutive payment.

AYES: Directors Blois, Quady, Waters, Santamaria, Slosson

NOES: None

4. Discussion regarding proposed change to Administrative Code

The General Manager said that the District's Procurement Policy is contained within the Administrative Code. Staff proposes that the credit card limit for the Executive Secretary/Clerk of the Board be increased from \$15,000 to \$25,000. The Executive Secretary's card is used for charges associated with the Board of Directors, the

Finance and Human Resources Department (which does not have a credit card), janitorial supplies and equipment, small furniture, office supplies, recruiting, safety, and other miscellaneous purchases. As more purchasing is done on line, use of the card has increased, resulting in the card occasionally reaching its limit.

The Executive Secretary is diligent about documentation and careful use of the card, all credit card invoices are subject to approval by the General Manager, and all charges are presented to the Board on a line item basis as part of the monthly disbursement report.

On a motion by Director Santamaria, seconded by Director Waters, the Board of Directors voted 5-0 to approve an amendment to the Administrative Code to increase the Executive Secretary/Clerk of the Board's credit card limit from \$15,000 to \$25,000.

AYES: Directors Blois, Quady, Waters, Santamaria, Slosson

NOES: None

G. OPERATIONS AND MAINTENANCE

1. Discussion regarding proposed Resolution No. 1940 authorization and call for bids for District security patrol services

A RESOLUTION OF THE BOARD OF DIRECTORS OF
CALLEGUAS MUNICIPAL WATER DISTRICT
APPROVING THE SPECIFICATIONS
AND CALLING FOR BIDS FOR
SECURITY PATROL SERVICES

The Manager of Operations and Maintenance said that the purpose of this requested action is to approve the publication of the Notice Inviting Bids to provide security patrol services at Calleguas facilities on a nightly basis and site-specific security services on an as-needed basis. The Agreement would be for one year with the District reserving the right to extend the contract on an annual basis for up to an additional two years if desired. Calleguas spends approximately \$52,000 per year on these services.

On a motion by Director Santamaria, seconded by Director Quady, the Board of Directors voted 5-0 to approve Resolution No. 1940. Resolution No. 1940 is attached and made part of these minutes.

AYES: Directors Blois, Waters, Quady, Santamaria, Slosson

NOES: None

H. RESOURCES AND PUBLIC AFFAIRS

The Manager of Resources also said that he and the General Manager attended a meeting of the Rancho Simi Recreation and Park District (RSRPD) Oak Park – Park and Recreation Planning Committee to discuss the pump station for the Calleguas-Las Virgenes Interconnection Project. He said that the committee voted to approve the revised underground design of the pump station but requested that Calleguas make a presentation to the Oak Park Municipal Advisory Committee before bringing the right-of-way transfer to the RSRPD Board of Directors for consideration.

I. ENGINEERING AND CONSTRUCTION

1. Discussion regarding approval of a capital project budget increase in the amount of \$200,000 for Moorpark Feeder Unit 2 Strengthening (Project No. 559)

The Project Manager said that additional capital project budget is required to complete the Moorpark Feeder Unit 2 Strengthening (Project No. 559) due to the following:

- Prior to bidding, the Board approved a budget allocation for bidding and construction based on the Engineer's estimate. The lowest bid was 11% higher than the Engineer's estimate. At the time, staff had hoped to be able to complete the project within the established capital project budget and did not request a budget increase.
- The duration of construction was longer, the work hours were more extended, and the level of inspection required was significantly higher than anticipated. This is due to a number of problems that the contractor encountered during construction with their pipe manufacturer and in the field. These problems were not Calleguas' responsibility so they did not result in change orders, but they did increase the effort that Calleguas and its specialty inspectors (materials and welding) needed to expend to properly inspect the project.
- As a condition of the California Department of Fish and Wildlife (CDFW) permit, Calleguas is required to mitigate and monitor the pipe replacement site located within CDFW jurisdiction for a period of 5 years after completion of the project. This effort includes conducting twice annual removal of invasive plant species, weekly watering of the site during the dry season for approximately two years to promote hydroseed establishment and native plant growth, twice annual qualitative and annual quantitative surveys, and annual mitigation monitoring reporting to CDFW. The permit was not available at the time of the previous capital project budget allocation request and therefore these requirements and their associated costs were not known.

On a motion by Director Santamaria, seconded by Director Quady, the Board of Directors voted 4-0-1 to approve the budget allocation.

AYES: Directors Blois, Quady, Waters, Santamaria, Slosson

NOES: None

RECUSED: Director Blois (left the room at 6:10 p.m., returned at 6:12 p.m. after the vote was over)

J. STRATEGIC PLANNING

None

K. DISTRICT COUNSEL

None

L. BOARD OF DIRECTORS

1. Oral reports on meetings attended by Board members

Board members provided oral reports on meetings attended at the expense of the District, pursuant to Government Code Section 53232.3(d). All expenses would be filed at the end of the month, accompanied by receipts.

2. Discussion regarding upcoming meetings to be attended by Board members

The Board discussed meetings they planned to attend.

3. Metropolitan update

Director Blois said that the Metropolitan Board had adopted a resolution to continue collecting the Standby Charge for fiscal year 2018/19 and approved various capital projects.

4. Discussion regarding casting a vote for a member representing independent special districts on the Countywide Oversight Board for dissolution of redevelopment agencies

The General Manager said that LAFCo is holding an election to select a special district representative on a Countywide Oversight Board to monitor the ongoing process of dissolving redevelopment agencies (RDAs). Special districts have an interest in this activity because the RDAs operate using tax revenue that otherwise would go to special districts.

Prior to 2012, cities and counties had the authority to declare areas as blighted and in need of urban renewal, at which time a city or county was allowed to distribute most

of the growth in property tax revenue for the project area to RDAs that they had set up (diverting that money away from special districts, among others).

As part of California's 2011 Budget Act and in order to protect funding for core public services at the local level, the Legislature approved the dissolution of the state's more than 400 RDAs. To help facilitate the wind-down process at the local level, Successor Agencies (SAs) were established to manage redevelopment projects currently underway, make payments on bonds, and dispose of redevelopment assets and properties. The wind-down will take many years because the RDAs' bond payment obligations will be in place for decades.

The Countywide Oversight Board will supervise the work of the SAs. It will be comprised of representatives appointed by the County Supervisors, a city selection committee, special districts, school districts, community colleges, and an employee organization. Countywide Oversight Board members have a fiduciary responsibility to both bond holders and the local agencies that would benefit from property tax distributions.

Five candidates submitted their names for consideration. They are:

- Russ Baggerly, Board Member, Ojai Valley Sanitary District
- Mark Johnson, Board Member, Rancho Simi Recreation and Park District
- Mike Mischler, Board Member, Pleasant Valley Recreation and Park District
- Tina Rivera, Chief Financial Officer, United Water Conservation District

On a motion by Director Quady, seconded by Director Santamaria, the Board of Directors voted 5-0 to cast a vote for Mike Mischler and authorize the Board president to complete and sign the ballot accordingly.

AYES: Directors Blois, Quady, Waters, Santamaria, Slosson

NOES: None

M. CLOSED SESSION

- 1. Pursuant to Government Code Section 54957 (personnel exemption), Employee Performance Evaluation – General Manager**

At 6:58 p.m., Director Slosson adjourned to Closed Session to discuss Item M-1 as stated on the agenda.

CLOSED SESSION CONTINUING

At 7:28 p.m., Director Slosson reconvened the meeting to Open Session.

Regarding M-1, Director Slosson stated that the Board received a mid year status report on the General Manager's goals and no action was taken.

N. OTHER BUSINESS

None

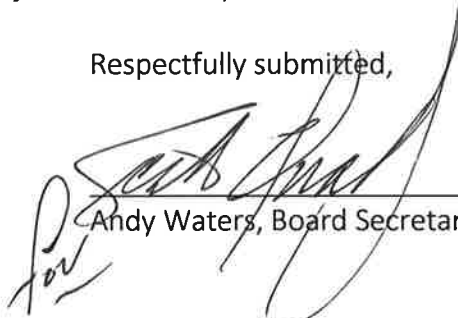
O. FUTURE AGENDA ITEMS

None

P. ADJOURNMENT

Director Slosson declared the meeting adjourned at 7:30 p.m.

Respectfully submitted,



Andy Waters, Board Secretary