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July 22, 2019

Board of Directors
Triunfo Water & Sanitation District
Ventura County, California

TRIUNFO WATER & SANITATION DISTRICT PENDING PURE WATER PROJECT INSTITUTIONAL ISSUES

As the Joint Powers Authority (JPA) Pure Water Project (Project) continues development, it will be necessary for both JPA partners (Triunfo Water & Sanitation District [Triunfo] and Las Virgenes Municipal Water District [LVMWD]) to address several pending institutional issues. Triunfo Chair Janna Orkney requested that staff provide the Triunfo Board a list of the issues for Board discussion and tracking. The list includes, but may not be limited to, the following:

1. How will costs be shared for LVMWD-only facilities? Will Triunfo only pay the then-current O&M costs and not be responsible for the original facility construction?
2. Will the JPA finance the Project on behalf of its member agencies or will each agency finance its own share?
3. What will be Calleguas Municipal Water District's (CMWD's) role in transferring water from the LVMWD system to the Triunfo system and how will it be memorialized?
4. Will the JPA Agreement need to be amended to address the Project or can a separate complimentary agreement address the issues?
5. What will be the future policy for expansion of the recycled water system and should it be a JPA or individual member agency policy?

Based on discussion with Dave Pedersen (LVMWD General Manager), the above-mentioned issues have also been discussed with the LVMWD Board and are currently on their tracking radar for resolution.

In addition, in order to provide the Board members with a better historical perspective on the Triunfo investment in JPA RW projects, staff is also providing a copy of the JPA Agreement and a Report which provides an overview of the JPA RW system and associated costs.

Please contact me at 805-658-4621 or email marknorris@vrsd.com if you have any questions or need additional information.

REVIEWED AND APPROVED:



Mark Norris - General Manager

Attachments:

1. JPA Agreement between TWSD and LVMWD
2. JPA Report No. 2540
3. Map of District facilities

JOINT EXERCISE OF POWERS AGREEMENT

This Agreement is entered into this 26th day of January 2009 by and between LAS VIRGENES MUNICIPAL WATER DISTRICT, a California municipal water district formed pursuant to Water Code Section 71000, hereinafter referred to as "Las Virgenes," and TRIUNFO SANITATION DISTRICT, a California sanitation district formed pursuant to Health and Safety Code Section 4700, hereinafter referred to as "Triunfo."

RECITALS

- A. The parties entered into a Joint Exercise of Powers Agreement dated July 1, 1982. The Agreement was amended on June 1, 1987 and March 26, 2003. The Agreement provides for the construction, operation and maintenance of a sewage collection, treatment and disposal system, recycled water system, and related ancillary facilities.
- B. The parties to this Agreement wish to revise the Joint Exercise of Powers Agreement, as amended, and provide further clarification for the exercise of powers between the parties.
- C. The purpose of this Agreement is to provide for the collection, treatment and disposal of sewage generated within the respective territorial limits of the parties. This Agreement replaces the prior Joint Exercise of Powers Agreement between the parties, and amendments thereto.

NOW, THEREFORE, it is agreed as follows:

ARTICLE ONE: GENERAL

1. **Purpose.** The purpose of this Article is to provide introductory terms applicable to the entire Agreement.
2. **Definitions.** The following terms are defined for the purposes of this Agreement:
 - a. "Administering Agent" means Las Virgenes Municipal Water District.
 - b. "Authority" means the separate entity created by this Agreement.
 - c. "Board" means the governing body of the Authority.

d. "Joint System" means jointly owned facilities in Los Angeles and Ventura Counties presently as described in Exhibits A, B and C. Subsequently acquired joint facilities shall be identified in exhibits attached hereto.

3. Responsibilities.

Each party must adopt and enforce regulations to comply with regulations adopted by State and Federal agencies, including, but not limited to, pretreatment regulations. Currently, a pretreatment program, a suitable revenue program, and a system of equitable user charges are required because the Authority has received Federal assistance for the so-called Clean Water Act grant projects.

4. Authority Meetings. Meetings of the Authority shall be held at times and places as determined by the Board. The Chairs of the two (2) parties' governing boards will alternate annually as Chair and Vice-Chair, respectively, of the meetings.

5. Exercise of Power. The Board of the Authority consists of the board of directors of each party. The decisions of the Authority shall be made at meetings of the Board. The quorum for such meeting shall consist of at least three (3) members of the board of directors of each party. Action by the Authority requires the affirmative vote of not less than three (3) members of each party's board of directors, acting as the governing Board of the Authority.

6. Duty of Administering Agent. The Administering Agent shall provide, arrange and contract for the operation and maintenance of the Joint System. The Administering Agent shall administer the Authority and execute agreements as the agent for the Authority. At meetings of the Board, the Administering Agent shall report on the status of agreements or actions taken on behalf of the Authority. The Administering Agent shall use its best efforts to keep the parties and their staff informed of actions taken on behalf of the Authority.

7. Term. The term of this Agreement shall be ten (10) years commencing on the date first above written and shall automatically renew for additional ten-year (10-year) terms unless terminated earlier as provided herein. The Agreement shall be reviewed by a

committee of the General Manager, General Counsel, and two (2) directors from the board of each party.

8. Ownership of Property.

- a. Real property necessary for the Joint System located in Ventura County shall be acquired by the joint partner and title shall be held in the name of Triunfo for the benefit of the Authority. Real property necessary for the Joint System and located in Los Angeles County shall be acquired by Las Virgenes and title shall be held in the name of Las Virgenes for the benefit of the Authority.
- b. Personal property necessary for the Joint System and the operation of the Authority shall be acquired and held in the name of the Administering Agent.

ARTICLE TWO: BUDGET AND FINANCE

9. Purpose. This Article sets forth the procedures for adoption of an annual budget and how the finances of the Authority shall be handled.

10. Budget Process.

- a. By February 10th of each year, each party may submit proposals to the Administering Agent for inclusion in the annual budget. The Administering Agent shall include proposals from both Districts in the proposed budget, covering the fiscal year commencing the next following July 1st. At a meeting in May of each year, the Administering Agent shall present such proposed budget directly to the Board at a meeting called and noticed for that purpose. The Chair and Vice Chair shall determine if more meetings are necessary prior to July 1st of each year.
- b. The proposed budget will include expected revenue and expense for administration, operations and maintenance, and works of improvement in sufficient detail to enable the Board to determine whether each budget item or proposal is reasonably necessary to fulfill the mission of the Authority. Proposals to expand or upgrade a facility shall be included in the budget process.
- c. If the budget has not been approved by the Board by July 1st of each year, the Administering Agent may expend monies for administration, operation, and

maintenance purposes. The expenditures for specific administration, operation and maintenance categories cannot be more than one hundred ten percent (110%) of the prior year's expenditures for the same category. The expenditures for capital projects approved during the prior year's budgets are also permitted.

11. Expenditures.

a. Budgeted.

- (i) The Administering Agent shall expend money in accordance with the budget and with requirements of all applicable laws.
- (ii) The Administering Agent shall present to the Authority a quarterly written report of budget expenditures with corresponding explanations as appropriate.
- (iii) The Administering Agent shall process budgeted works of improvement as follows:
 - (a) Work estimated to cost less than Twenty-Five Thousand Dollars (\$25,000) may be undertaken by the Administering Agent without further Authority approval.
 - (b) Work estimated to cost more than Twenty-Five Thousand Dollars (\$25,000) shall be presented to the Board for approval. No further Authority action will be required after a preliminary design report is accepted by the Authority and the Authority approves proceeding with the work described in the preliminary design report.

b. Unbudgeted.

The Administering Agent may not construct works of improvement to expand or enlarge the Joint System unless authorized in the approved budget or by subsequent action of the Authority. However, the Administering Agent may spend money during an emergency. The Administering Agent shall report such emergency or action and proposed response in writing immediately to the Board as soon as the situation has stabilized. An emergency means a sudden, unexpected occurrence that poses a clear and imminent danger, requiring

immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services, and further includes orders of a regulatory agency requiring immediate action or response and events requiring immediate response to avoid or to minimize the consequences of being in violation of a regulation.

12. Funds.

- a. Operations Fund. An operations fund is established to provide for operation and replacement of the Joint System. Deposits to this fund shall be made by each party to provide for a three-month (3-month) working capital reserve. The Administering Agent shall provide monthly statements to the parties describing the amounts required for deposit in the fund to cover ongoing operating costs. Such amounts shall be submitted by the parties to the Administering Agent within thirty (30) days of the date of the statement.
- b. Construction Fund. A construction fund is established to provide for the expansion of the Joint System to meet new customer demands. Each party shall submit money for their respective share of estimated project costs. If the bids for the work indicate the deposits are insufficient, the Administering Agent shall notify the parties. The parties shall submit additional money so that the Administering Agent will have sufficient project funding to complete the work.

13. Allocation of Costs.

- a. Variable operation and maintenance costs shall be prorated between the parties based upon the average monthly sewage flow contributed to the Joint System by each party. As used herein, "variable operation and maintenance costs" means costs for sewage collection and treatment, solids and effluent disposal, which are a function of the amount of sewage entering the Joint System.
- b. Fixed operation and maintenance costs shall be prorated between the parties, based on the parties' respective capacity rights in the facility. As used herein, "fixed operation and maintenance costs" means costs for sewage collection and treatment, solids and effluent disposal costs, which are not a function of the amount of sewage entering the Joint System.

- c. Capital costs shall be prorated between the parties based upon the parties' respective capacity rights in the facility. As used herein, "capital costs" means costs of facilities or equipment to replace or augment existing capital improvements.
- d. Annual audit costs shall be shared equally.
- e. General and administrative costs shall be based upon the actual cost of labor. As used herein, "general and administrative costs" means accounting, personnel and general management expenses of the Administering Agent, and similar costs of each party approved in the annual budget.
- f. Land acquisition costs shall be shared based upon the capacity rights in the project for which the land is acquired. As used herein, "land acquisition costs" or "land costs" means costs associated with acquisition of land, including interests in land and any professional services necessary for land acquisition.

14. Income.

- a. The proceeds from the sale by the Authority of a commodity, including, but not limited to, compost/sludge, recycled water, or agricultural products, shall be credited to each party based upon the party's capacity rights in the facility or facilities producing the commodity.
- b. The price for the sale of such commodity shall be approved by the Authority. In determining the price, the Authority shall consider such expense as debt service, replacement service, capital recovery, operation and maintenance costs, cost of the commodity production, the cost of supplemental water, and the value of the product.
- c. Monies on deposit will be invested. Interest will be periodically credited to each party in proportion to each party's average monthly balance.

15. Surplus Property. The Authority may sell surplus real and personal property if the Board declares the property surplus. After other requirements of law concerning the disposal of surplus property are satisfied, the property shall be offered for sale to the highest bidder. Either party may purchase the property for the minimum price prior to the public sale. The Administering Agent shall remit the proceeds of the sale to each

party in proportion to each party's contribution to the initial purchase, or acquisition and replacement costs, if any.

16. Financial Records. The Administering Agent shall render an accounting of all funds and report on all receipts and expenditures for the review and audit of the parties. Annually the Administering Agent shall engage a certified public accountant, with the approval of the Authority, to perform an annual audit of the accounts and records for the operation and maintenance of the Joint System in accordance with generally accepted auditing principles and procedures. A copy of the Authority's annual audit shall be filed with the governing Boards of the parties within six (6) months of the end of the fiscal year under examination.

ARTICLE THREE: CAPACITY RIGHTS

17. Purpose. This Article allocates capacity between the parties for the use of the Joint System.
18. Capacity Rights. Each party may use a portion of the existing System. As of January 1, 2005, the Joint System, except for the sewer collection system, is apportioned between the parties with Las Virgenes having 70.6% and Triunfo having 29.4%. The joint sewer collection system capacity is apportioned between the parties as set forth in Exhibit A. If additional future collection, treatment or disposal facilities are constructed pursuant to this Agreement, the right to utilize capacity in those facilities shall be based upon the respective parties' contributions to the construction costs of the particular facility.
19. Use of Excess Capacity.
 - a. A party may use the other party's unused capacity on a month-to-month basis provided:
 - (i) The party using the other party's capacity shall pay: variable operation and maintenance costs based upon the amount of excess sewage contributed and the fair rental value of the part of the facility used.
 - (ii) Such excess capacity shall be transferred in minimal increments of 0.25 MGD, average dry weather flow.

- (iii) The party providing the excess capacity may terminate the other party's use upon the giving of thirty (30) days' prior written notice that capacity is no longer surplus.
 - (iv) Upon termination of the temporary capacity rights, the party using the temporary capacity must reduce its flow to within its permanent capacity limits, or shall fully indemnify the other party for all costs, liabilities, damages and expenses incurred as a result of the usage of the other party's capacity.
 - b. Capacity rights shall not be assigned, conveyed or transferred by either party without the express written consent of the other party. Capacity rights may be permanently transferred from one party to the other party upon mutually agreeable terms and conditions.
- 20. **Importation of Sewage.** Sewage shall not be accepted from additional areas outside the service boundaries of the parties without the prior written approval of the other party, which approval shall not be unreasonably withheld. The areas served outside the boundaries of the Districts are shown on Exhibit D attached hereto. A party responsible for the importation of such sewage shall be solely liable for any financial or legal liabilities arising by reason of the importation of such sewage.
- 21. **Single-User Facility.**
 - a. The parties will make every effort to expand Authority facilities to meet new demands represented by additional sewage flow generated within the service areas of the parties by more stringent regulatory requirements. The preference of the parties is to construct new Authority facilities to meet the new demands. However, the parties might not agree on precisely how to meet emerging demands. When this occurs, a party may construct a "single-user facility" as set forth in this section.
 - b. The parties may construct, operate and maintain a single-user facility if: (1) the single-user facility does not interfere with the operation of the Authority facilities; (2) the single-user facility does not increase the cost of the existing Authority facilities; and (3) the proposed single-user facility does not increase a party's

share of the burden of the existing Authority facilities. In determining whether a proposed single-user facility will interfere with the operations and maintenance of the Authority facilities, the parties shall consider the current and future uses of the Authority facilities in relation to the single-user facility. In determining whether the single-user facility will increase the cost of the existing Authority facilities, the parties shall consider capital costs, operation and maintenance costs, and the value of the property. In determining whether a proposed single-user facility increases a party's share of the burden of the existing Authority facilities, the parties shall consider shared responsibilities such as the capacity, environmental impact, liability, and permits.

- c. The parties are unable to describe every possible future single-user facility. However, the parties can establish the following procedure for evaluating a proposed single-user facility:
- (i) Parties are expected to recommend the construction of Authority facilities for consideration by the Board of Directors of each party. A party which has suggested a facility rejected by the other party may then cause the project to be evaluated as a single-user facility.
 - (ii) The Administering Agent shall prepare a report describing whether the proposed single-user facility will impact the Authority facilities, whether it is possible to apportion the costs of a single-user facility in a way which does not impact the Authority facilities, and the impact on shared burden. The report shall be provided to the joint partner in a reasonable period of time prior to consideration by the Boards of Directors of Las Virgenes and Triunfo, but in no event, no less than thirty (30) days' advance notice.
 - (iii) The Boards of Directors of the Districts shall consider the report on the single-user facility at a joint meeting. The Boards shall also consider such other information as a party wishes to submit. The Boards shall decide whether a single-user facility can be constructed, operated and maintained in accordance with this provision and what, if any, arrangements must be made concerning apportionment of costs and capacity.

22. Allocation Upon Partial or Total Termination.

- a. If the parties mutually agree to terminate the use of a portion of the Joint System or equipment, the Administering Agent may be directed to dispose of the property. The proceeds from the sale, if to a third party, shall be distributed to the parties in a proportion which reflects each party's contribution to the cost of the Joint System or the equipment being sold. The Joint System or equipment shall not be sold without making provision for repayment of any outstanding obligations on the Joint System or equipment.
- b. If there is a total termination of the Joint System, or if there is a dispute between the parties as to the value of the property to be disposed, the value of a party's interest in the property shall be determined by appraisal as follows:
 - (i) Within five (5) days after the event requiring appraisal, the parties shall jointly appoint an appraiser for that purpose, or failing this joint action, each shall separately designate an appraiser, and within fifteen (15) days after their appointment, the two (2) designated appraisers shall jointly designate a third appraiser. The failure of either party to appoint an appraiser within the time allowed shall be deemed equivalent to appointing the appraiser appointed by the other party. No persons shall be appointed or designated an appraiser unless he is an M.A.I., S.R.A. appraiser or registered engineer having expertise in costing these types of facilities.
 - (ii) Within thirty (30) days after the appointment of all appraisers, a majority of the appraisers concur on the value of the interest being appraised, the appraisal shall be binding and conclusive. If a majority of the appraisers does not concur within that period, the determination of the appraiser whose appraisal is neither the highest nor the lowest shall be binding and conclusive.
 - (iii) The parties will share the appraisal expenses equally.

ARTICLE FOUR: EFFLUENT DISPOSAL

23. Purpose. This Article describes how the Authority will dispose of treated effluent or raw sewage. Disposal methods include: discharge to a public watercourse, distribution as recycled water, spray irrigation or injection on public and private lands, or transfer to another agency.
24. Ownership of Treated Effluent. The minimum each party is entitled to receive from the Joint System is the amount of treated effluent equivalent to the sewage contribution from its county. If demand for treated effluent exceeds the available supply, costs for supplementing the treated effluent supply with potable water shall be charged to the retail water agency exceeding the party's entitlement. If a party's demand for treated effluent is less than the available supply, either party may use the other party's unused entitlement and pay the appropriate operation and maintenance costs.
25. System Alteration or Expansion.
- a. Nothing contained herein is intended to limit or govern the rights of either party to regulate the extent or method of treated effluent distribution or sale of the party to others in its own territory.
 - b. A party may construct and, thereafter, shall solely own a recycled water distribution system extension without the participation of the other party if the other party is offered the option to participate in the extension on the same basis as the party's then-current capacity to distribute water to land from the treatment plant(s) from which the effluent is generated, in which event, the addition shall become a part of the Joint System. If a party elects not to participate in the extension, that party shall sell recycled water to the party proposing the extension at the recycled water rate described herein, in which event, the extension shall not be part of the Joint System.
 - c. All parties must participate in the expansion of the treated effluent disposal facilities required to maintain pressure and flow for effluent disposal.
 - d. The parties shall meet and confer in good faith if a party wishes to divert a significant portion of its untreated influent. For purposes of this Agreement,

significant portion shall mean ten percent (10%) or more of that party's contributed flow of raw sewage into the collection system.

ARTICLE FIVE: MISCELLANEOUS

26. Dispute Resolution.

- a. Disputes can be best avoided by full, fair and complete communication. The parties will do everything reasonably possible to undertake and foster such communication. Directors and staff of both parties are permitted and encouraged to address one another during regular business hours and during meetings. The procedures in this section may be invoked when disputes arise despite the best efforts of the parties, their officers, agents and employees. This provision anticipates disputes will be divided into two categories. A "budget dispute" arises when (1) a party wishes to contest expenditures for administration, operation or maintenance in the absence of a budget, or when (2) a party disputes whether a project may be constructed as a "single user facility." A "general dispute" arises when a party disputes any other decision of the governing body, or Administering Agent, or interpretation of this agreement. This provision provides a different alternate dispute resolution process depending on whether a budget dispute or a general dispute has arisen.
- b. A party may invoke dispute resolution for a budget dispute by serving a written statement on the chairs of the two districts. The statement shall identify the issues to be resolved, the position of the petitioner, the apparent position of the respondent, and a summary of anticipated evidence. The districts are required to use dispute resolution strictly in the following order: (1) through mediation with a neutral mediator or fact-finder; and (2) if still needed, by binding arbitration. If arbitration becomes necessary, each district will select a neutral arbitrator (a neutral arbitrator, technically qualified for the specific issue, if possible), and the two arbitrators so selected shall select a third neutral arbitrator (also technically qualified, if possible) to chair the three-person arbitration. The arbitrators shall conduct the arbitration as expeditiously as possible according to the appropriate

laws and rules regarding arbitrations in California. The arbitration panel shall limit its award to a determination of reasonableness and need, and to a determination of whether the petition of the petitioner or the respondent is most appropriate for projects that one district refuses to approve. Each party shall pay its own attorneys fees and costs of dispute resolution, but the prevailing party as determined by the arbitrator shall be entitled to recover attorneys fees and costs.

- c. A party may invoke this subsection to deal with a general dispute by filing a written request with the president of the board of the other party. At the next regular meeting occurring at least four days after the filing of the request, the governing board of each district shall appoint two of its members to serve on a committee. The committee members shall meet forthwith to receive and consider the reports of each district on the subject matter of the dispute. The committee will report its findings at the next scheduled meeting of the joint districts to occur at least thirty (30) days after the appointments of the committees.

If the dispute is not resolved after the committees have met and conferred, either party may press the appointment of a mediator. If the parties are unable to select a mutually agreeable mediator, the mediator shall be selected by using the procedures specified for the appointment of a mediator by a court.

If the dispute is not resolved as a result of mediation, a party may request advisory arbitration. If the parties cannot select an arbitrator by mutual agreement, the process for selecting an arbitrator in a court proceeding shall be followed. After appointment of an arbitrator, either party may obtain copies of records in the possession of the other party at no cost by written request. Witnesses may be deposed, but the record of the deposition shall be a videotape record. The record of the arbitration shall also be videotaped. The decision of the arbitration shall be written and transmitted simultaneously to the president of each board.

27. **Supplemental Operational Agreements.** The parties recognize that certain technical and detailed operational agreements in the form of memorandums of understanding will need to be negotiated by the General Managers. The General Managers shall meet and

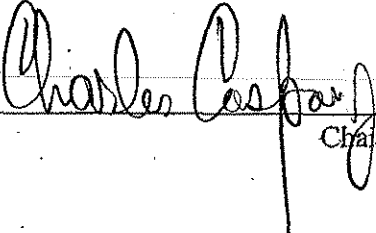
confer in good faith in developing those memorandums of understanding which will become addendums to this Agreement.

- 28. **Insurance.** The Administering Agent shall maintain, during the life of this Agreement, property damage and liability insurance to protect parties from claims for damages or personal injury, death, as well as from claims for accidental property damage, which may arise from its operation under this Agreement, whether such operations shall be by the Administering Agent or by any contractor or subcontractor or by anyone directly or indirectly employed by the Administering Agent. The amount of such insurance shall be as from time to time determined by the parties.
- 29. **Inurement.** The provisions of this Agreement shall inure to the benefit of, and be binding upon, each of the parties and their successors and assigns.
- 30. **Prior Agreements.** This Agreement supersedes the prior agreements of the parties and is a substitute therefor; provided, however, that all apportionment of costs, expenses or liability heretofore made or incurred shall not be affected by terms hereof.
- 31. **Mutual Consent.** This Agreement shall continue in full force and effect until terminated by the mutual consent of the parties hereto.

IN WITNESS WHEREOF, the parties have executed this Agreement or caused it to be executed as of the date first written.

LAS VIRGENES MUNICIPAL WATER DISTRICT

By _____


Chair

ATTEST:

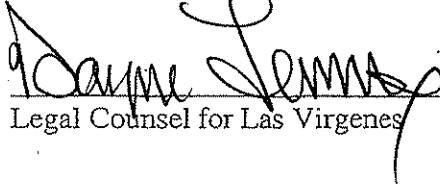
By _____


Secretary

(SEAL)

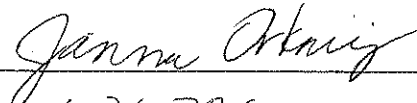
TSD\Agreements\Revised JEP Agreement14

Approved as to Form:



Legal Counsel for Las Virgenes

TRIUNFO SANITATION DISTRICT

By 
1-26-2009 _____ Chair

ATTEST:


By _____
Clerk of the Board
(SEAL)

Approved as to Form:



Legal Counsel for Triunfo

Exhibit 'A'

Joint Venture Sewer System with Tributary Areas

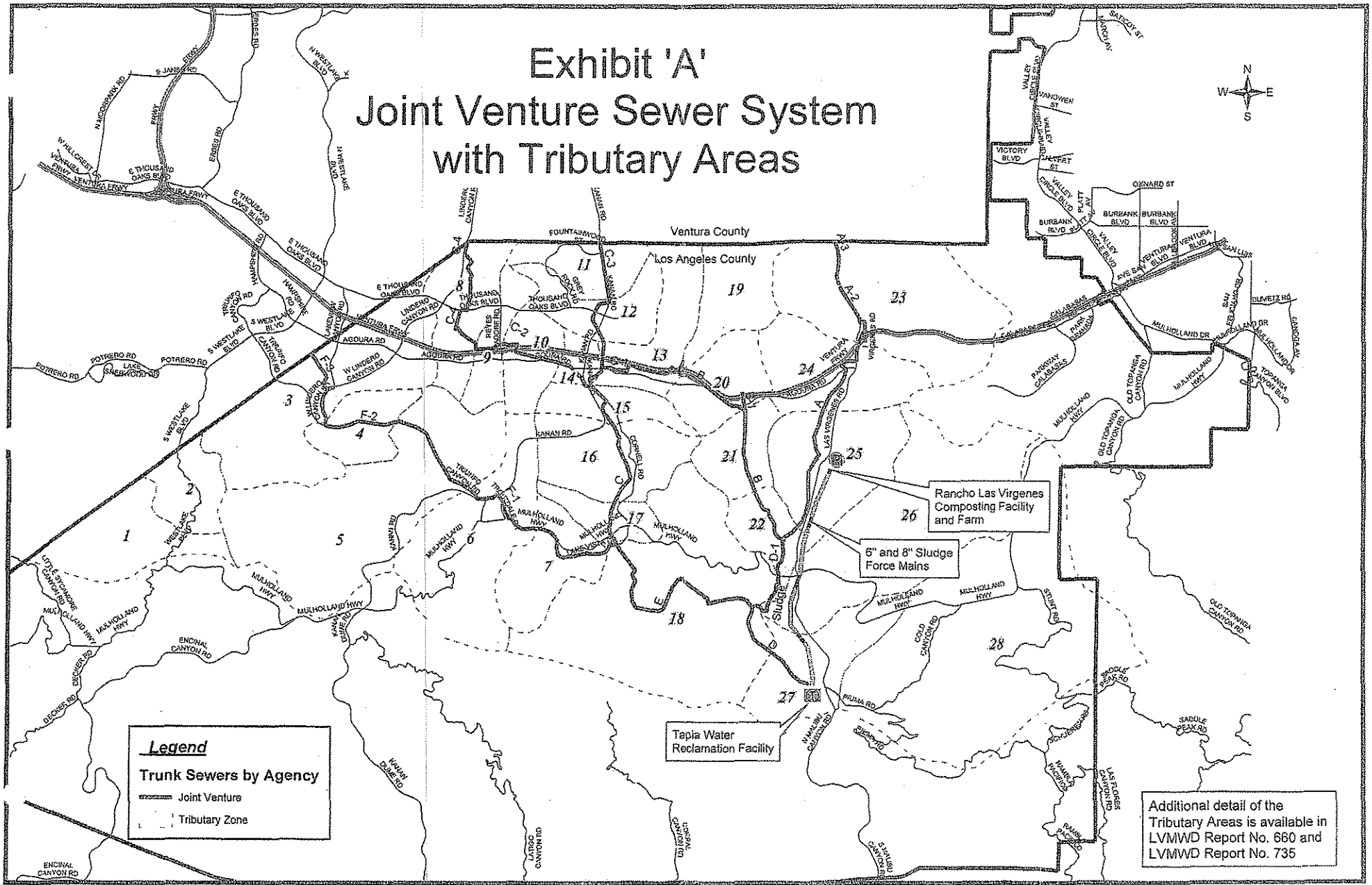
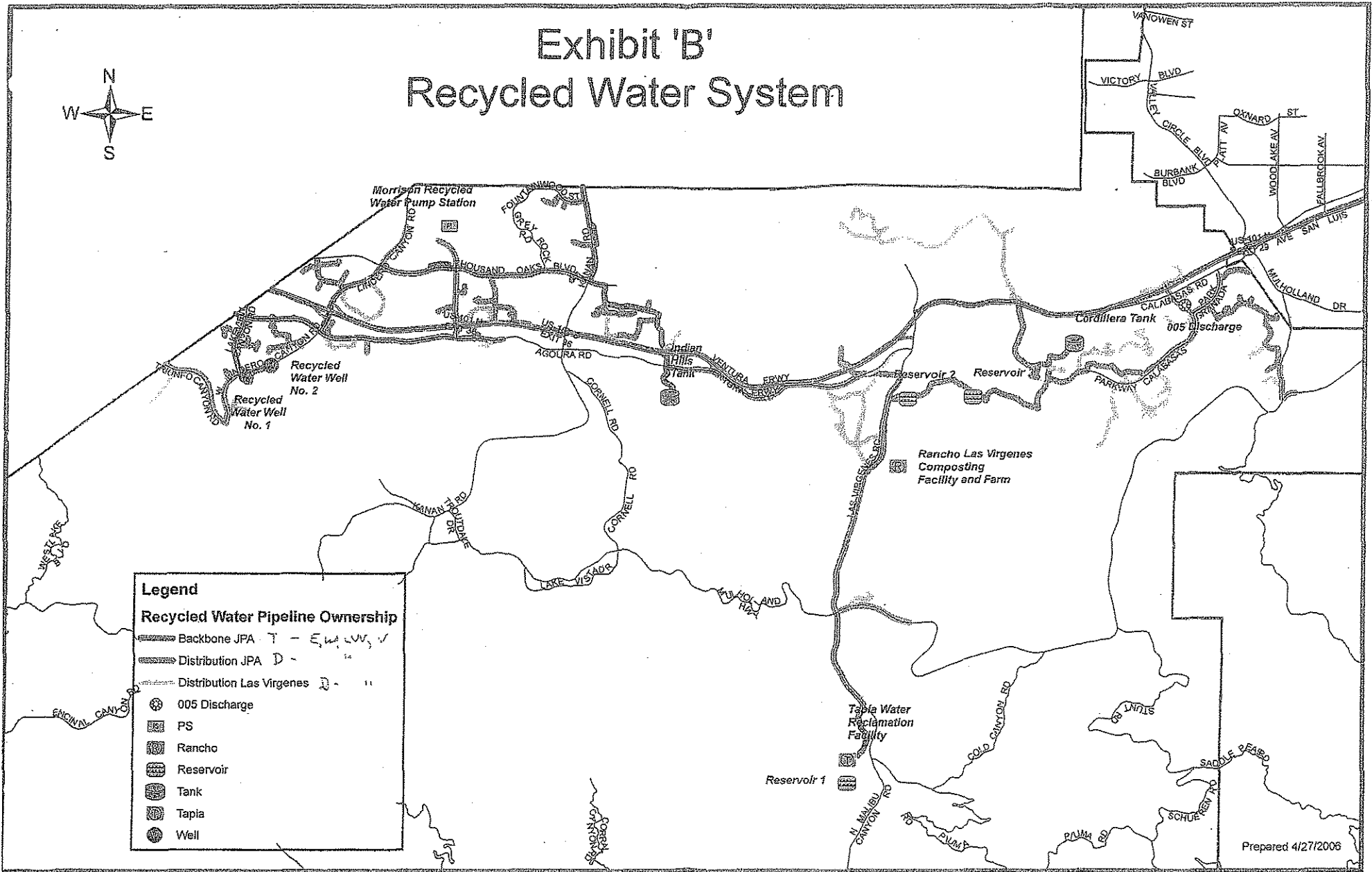
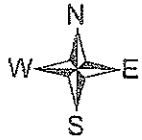


Exhibit 'B'

Recycled Water System

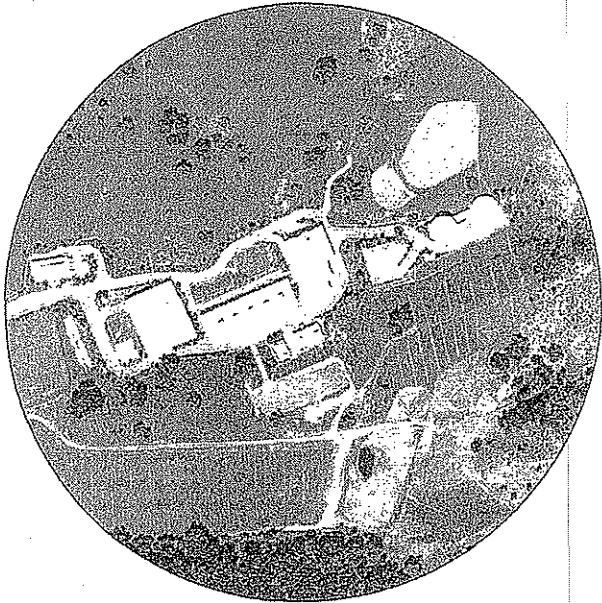


Legend

Recycled Water Pipeline Ownership

- Backbone JPA T - E, W, L, V, S, V
- Distribution JPA D - 14
- Distribution Las Virgenes D - 11
- 005 Discharge
- PS
- Rancho
- Reservoir
- Tank
- Tapia
- Well

Prepared 4/27/2006



**Rancho Las Virgenes
Composting Facility**
3700 Las Virgenes Rd

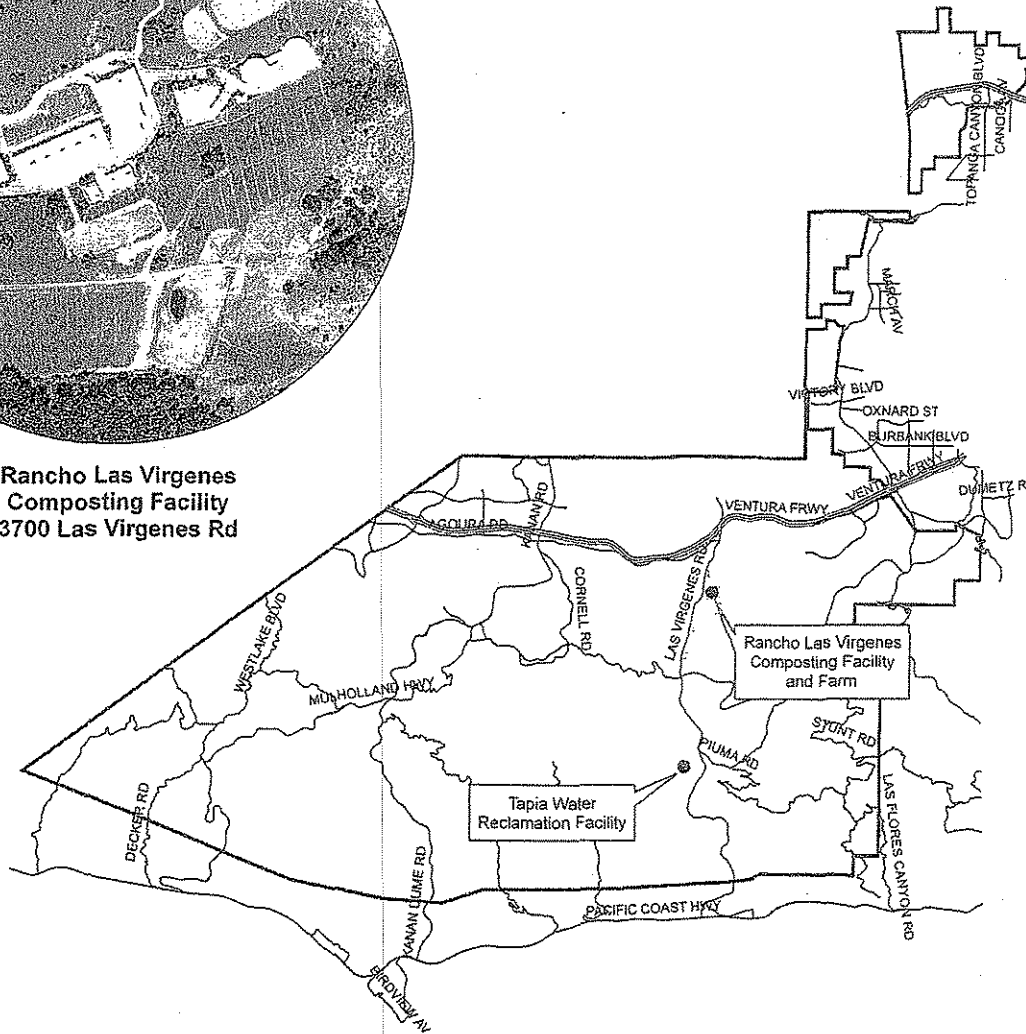
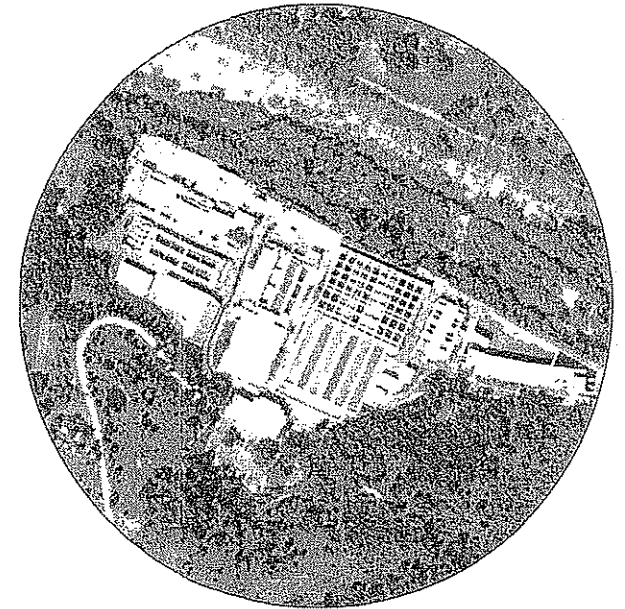


Exhibit 'C'
Plant Facilities



**Tapia
Water Reclamation Facility**
731 Malibu Canyon Rd

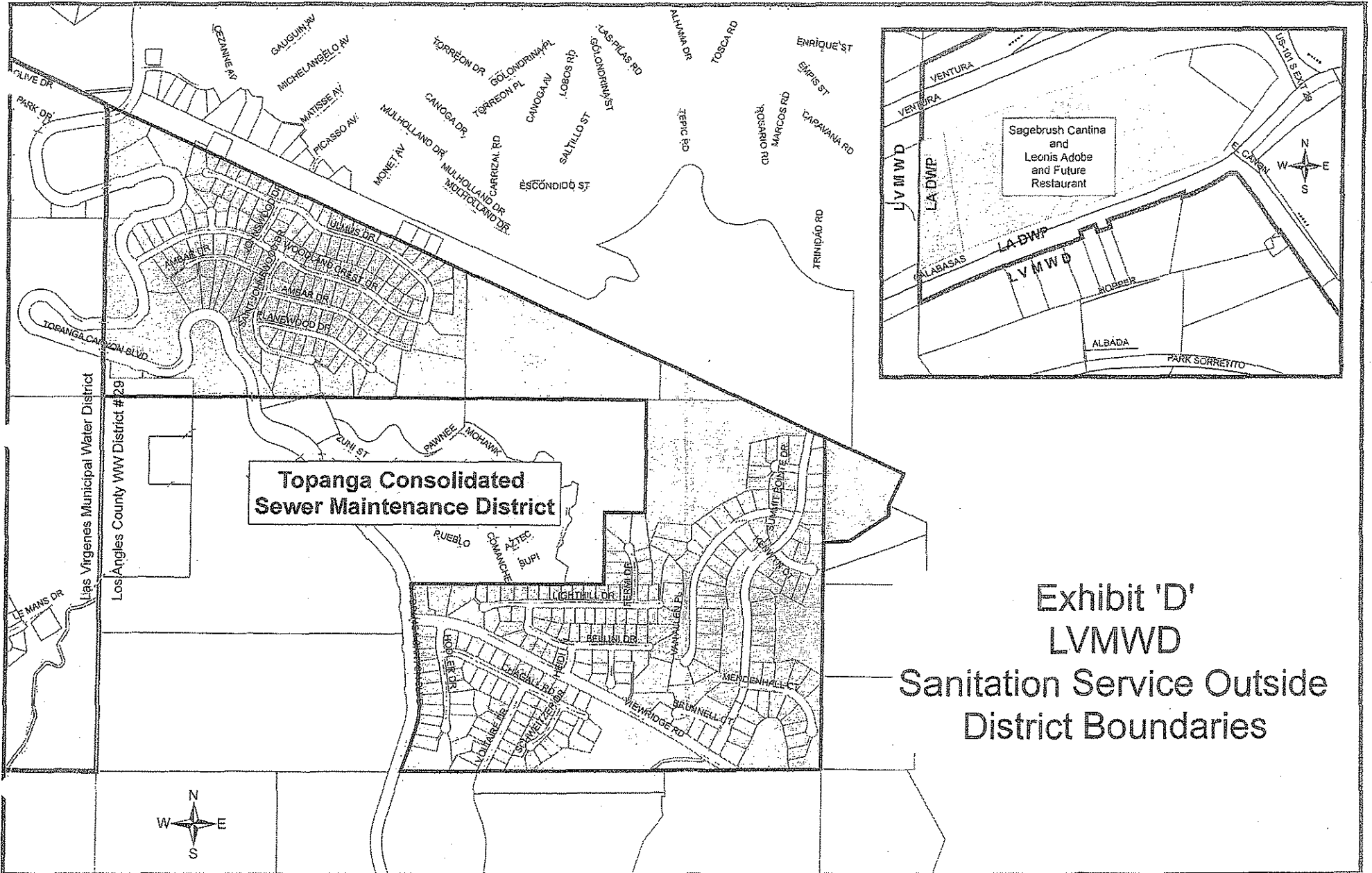
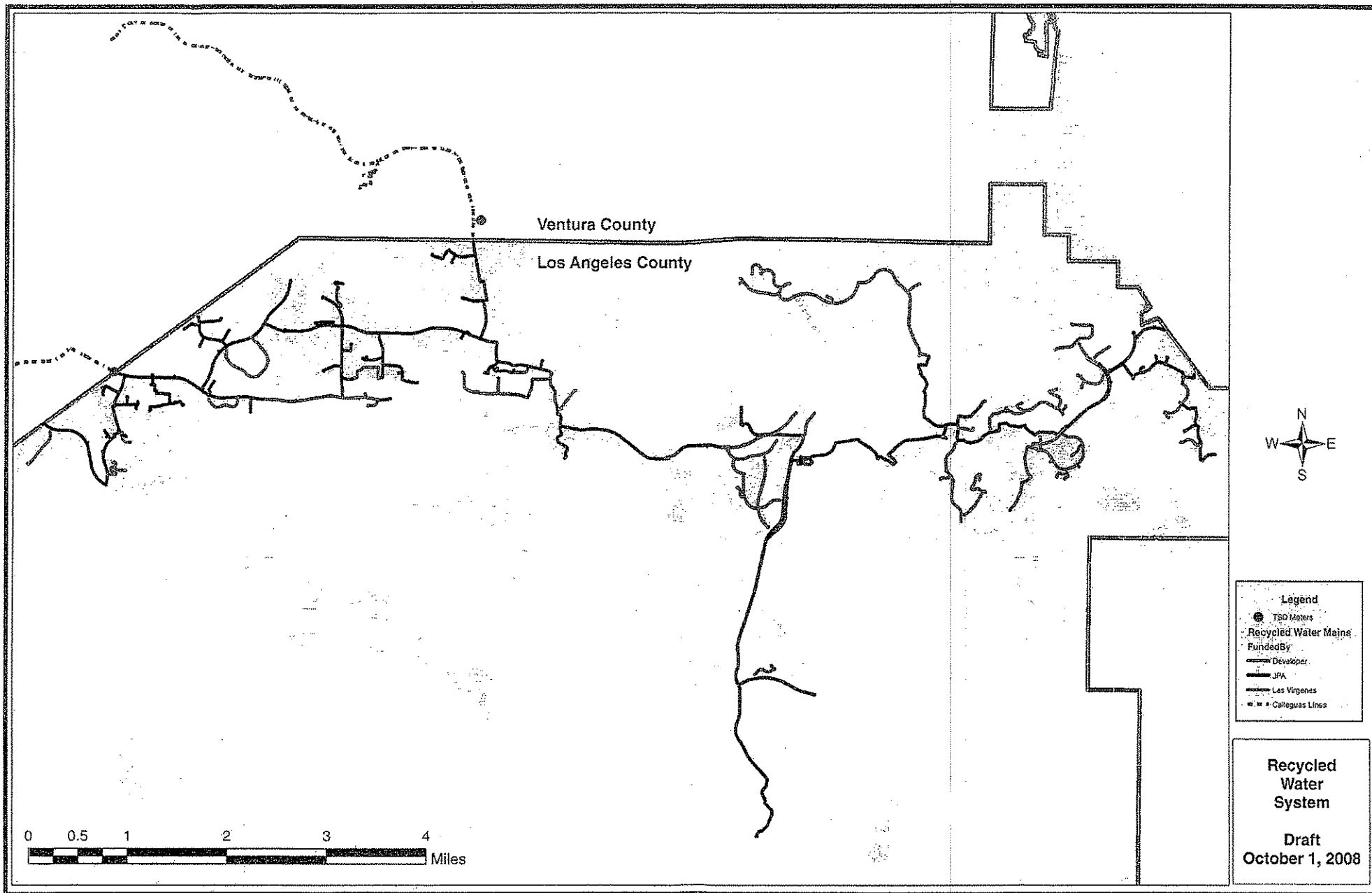


Exhibit 'D'
LVMWD
Sanitation Service Outside
District Boundaries



Legend

- TSO Meters
- Recycled Water Mains
- - - Developer
- JPA
- Las Virgenas
- Calleguas Lines

Recycled Water System

Draft
October 1, 2008

Overview of the Management of Treated Effluent from the Tapia Water Reclamation Facility

Las Virgenes – Triunfo Joint Powers Authority Report No. 2540

November 2013

Contents

Executive Summary1
Recycled Water System Maps2

Executive Summary - 1

Executive Summary

The Las Virgenes – Triunfo Joint Powers Authority (JPA) operates the Tapia Water Reclamation Facility (Tapia) that serves approximately 100,000 residents in the Las Virgenes Municipal Water District (Las Virgenes) and Triunfo Sanitation District (Triunfo) service areas. Both agencies provide sanitation, recycled water distribution, and potable water service within their respective districts.

Tapia produces approximately 10,000 acre feet per year of treated effluent that must be managed by one or more of the following options: 1) disposal to the Malibu Creek; 2) disposal to the 005 discharge point; 3) disposal through JPA operated spray fields; and/or 4) distribution through the recycled water system developed both jointly by the JPA and through individual efforts by Las Virgenes and Triunfo.

The least expensive and most direct option for managing the treated effluent is to discharge to the Malibu Creek. Creek discharge requires no pumping (electricity) and very little infrastructure (capital, labor or maintenance costs) to accomplish. Discharge to Malibu Creek, however, is *prohibited* seven (7) months out of each calendar year¹. To manage its treated effluent and to maximize beneficial use (both during and outside of the creek avoidance period), the JPA directs significant amounts of treated effluent through the recycled water system.

Approximately 6,000 acre feet of treated effluent are “recycled” or reused each year through efforts of the JPA. In Ventura County, recycled water is transmitted through approximately sixteen (16) miles of pipeline owned by the Calleguas Municipal Water District and the Triunfo Sanitation District. Within the Las Virgenes service area, recycled water is moved through approximately 68 miles of transmission and distribution pipelines. Of the 68 miles of pipelines, approximately 44 miles (65%) of the system were financed through activities of the JPA. The balance, approximately 24 miles (35%) were paid for by the Las Virgenes Municipal Water District or developers working with Las Virgenes.

The purpose of this report is to help characterize significant milestones related to the development of the JPA’s recycled water system. In addition to the background information provided in the series of Questions/Answers provided below, maps detailing the recycled water system’s significant features and flows by service area are provided in Section 2.

1. *What are the organizational differences between the agencies involved (Las Virgenes, Triunfo, and Calleguas) and how is that significant to this report?*

The Las Virgenes Municipal Water District (LVMWD) was formed under the Municipal Water District Law of 1911 for the purpose of distributing water for domestic and municipal purposes and to provide sanitation services. LVMWD is a member public agency of the Metropolitan Water District of Southern California (Metropolitan) and purchases water directly from Metropolitan. The Triunfo Sanitation District (Triunfo) was formed under Division 5 of the Health and Safety Code for the purpose of providing sanitation service. Triunfo distributes potable

¹ Tapia NPDES Order No. R4-2010-0165.

water through the Oak Park Water Service, which it owns. The potable water is purchased from the Calleguas Municipal Water District – also a member public agency of the Metropolitan Water District of Southern California. Triunfo also retails recycled water that is purchased from Calleguas (Calleguas gets its recycled water from Triunfo, who purchases the recycled water from the JPA).

2. What is the significance of LVMWD's relationship with Metropolitan?

Through LVMWD's status of as a "member public agency of Metropolitan", the JPA is eligible to participate in financing programs related to recycled water system development sponsored by Metropolitan. Two significant examples include:

- The JPA Western System expansion (1983 agreement for approximately 12 miles of pipeline, a pumping station and a reservoir) for which Metropolitan provided approximately \$7.3 million in capital contribution in exchange for entitlement to a portion of the recycled water produced by the project. In 1993, the JPA bought out Metropolitan's interest in the agreement for \$3 Million. Triunfo's share was \$882,000; Las Virgenes' share was \$2,118,000.
- In 1989, the JPA entered into an agreement with Metropolitan for the Calabasas Reclaimed Water System extension (Local Resource Program). The project included the installation of approximately 7 miles of 4-10 inch distribution pipe (Calabasas) and 3 miles of 24-inch parallel trunk line from Mulholland to Las Virgenes' headquarters. In exchange for the JPA's investment, Metropolitan subsidized the cost of delivering up to 700 acre feet per year through the expanded system. The 25 year term of this agreement ends in fiscal year 2014-2105, at which point the JPA will have received approximately \$2.2 million through this agreement. It should be noted that the LRP funds are not included in the calculation of the wholesale recycled water rate, so the expiration will not have any impact on that calculation.

It is worth mentioning that since the Metropolitan LRP revenue is *not* included in the wholesale recycled water rate calculation, JPA participants receive the benefit as a direct off-set to agency expenses (from the \$2.2 million above, approximately \$1,550,000 goes to Las Virgenes and \$650,000 to Triunfo).

While these projects were sponsored by Metropolitan – a potable water agency – they served to accomplish the JPA's goal of expanding the disposal management options for treated effluent coming from Tapia.

3. Are there other examples of outside agencies funding JPA water system expansion?

In 2009, the United States Bureau of Reclamation awarded the JPA a \$2 million grant to construct a 24" recycled water pipeline from Tapia to Mulholland Highway.

4. How was Tapia effluent characterized in the original JPA agreement?

Nothing in the original JPA agreement or four subsequent amendments referred to Tapia wastewater treatment plant effluent as “recycled water”. Prior to 1982, recycled water was considered effluent (discharge to Malibu Creek at this point was prohibited eight months per year). The Joint Ventura Agreement contemplated that the parties will share in the cost of effluent disposal facilities (70/30 split). Significant projects constructed during this period include: 1) Las Virgenes Valley Pipeline; 2) Reservoir 2 (at LVMWD Headquarters); 3) Calabasas (Eastern) Reclaimed water pump station; and 4) Reservoir 3 and pipelines to Calabasas Golf course.

5. What changed after 1982?

The Regional Water Quality Control Board (RWQCB) permitted year-round discharge into Malibu Creek if tertiary filters were added to the Tapia treatment plant. Filters were installed and a low cost effluent disposal option was achieved by discharging to Malibu Creek. At this point in time, JPA partners had the option to either choose creek discharge or expand their recycled water system (for effluent disposal) on their own.

6. Does the JPA own any facilities in Ventura County?

No. Characterization of the development of the recycled water system in Ventura County is provided in Question 7, below.

7. What are some of the important milestones in the development of the recycled water system in Ventura County?

The first extension into Ventura County was constructed in the late 1980’s. Las Virgenes was offered the option to participate in the construction of the pipeline as required by the Agreement, but was encouraged by Triunfo not to. This project was completed with TSD as the sole participant.

Plans to extend the recycled water system into Ventura County to North Ranch, through the Oak Park area were designed by the Joint Venture, with Triunfo as administering agent. Las Virgenes was offered the option to participate in funding this project, and did so at a level of 70.6%.

In the early 1990’s when plans for the North Ranch system were nearly complete, the Calleguas Municipal Water District decided its role in Ventura County would be as the wholesale water agency of both potable and recycled water supplies. Calleguas purchased the Lake Sherwood pipeline from Triunfo and paid for the design effort expended by the Joint Venture for the North Ranch system. Calleguas redesigned and constructed the pump station, tank and main transmission line to North Ranch. California Water Service converted the North Ranch golf course to recycled water.

Following the purchase of the private mutual water company serving potable water to the Oak Park community, Triunfo offered Las Virgenes the option to participate in funding recycled water systems in that community, however the offer was declined.

Using recycled water delivered by the Triunfo Sanitation District, private companies and developers also helped extend the recycled water system in Ventura County. California Water Service extended its recycled water distribution system to new customers in Ventura County. Lake Sherwood developers extended their recycled water distribution system, including construction of an underground storage tank. These private projects were completed without requests for participation of the JPA.

8. ***What are the three different groups shown on the maps in Section 2 of this report? What is the significance of each group?***

The maps provided in Section 2 show the transmission and distribution systems (pipes in the ground) that are responsible for moving the treated effluent from Tapia to disposal (005 discharge point) and to recycled water distribution points (Las Virgenes/Triunfo).

Group A (28.8 miles) - The JPA's recycled water transmission or "Backbone" system. This series of pipelines transmits water from Tapia to the 005 discharge point and to two (2) Ventura County connection points. Without the backbone, movement of treated effluent between the points identified above would not be possible.

Group B (15.6 miles) – JPA funded distribution system. This group includes distribution (typically smaller diameter pipelines) pipelines that were necessary for the participation in the two programs described in Question 2, above.

Group C (23.8 miles) - Distribution system funded by either Las Virgenes or through developer agreements. These pipelines were paid for by either Las Virgenes or by developers with agreements with Las Virgenes. From a budget standpoint, the operations and maintenance expense for this group resides 100% with Las Virgenes. There is no cost to JPA partners for this portion of the system.

The maps also indicate recycled water sales data (one year average sales data based on 2009-2013 data). The recycled water sales information shows Las Virgenes Municipal Water District Accounts (groups A, B and C) and sales from Triunfo's two primary recycled water service areas, Oak Park and Lake Sherwood.

9. ***Why is replacement cost used and how was it calculated?***

Replacement cost method was used to develop an "apples to apples" comparison of the value of the transmission and distribution components of the recycled water system within the Las Virgenes service area. The replacement cost calculation was made using construction cost estimating criteria based on unit prices for 4", 6", 8", 10", 12", 14", 16", 18", 20" and 24" pipelines extended across every foot of pipeline identified in this study.

10. *Is recycled water a commodity or waste? Which is correct?*

Recycled water system expansion projects prior to the 1982 Joint Venture agreement, were funded appropriately for effluent disposal projects. After 1982, both agencies chose the option of developing a recycled water transmission/distribution system rather than use the creek discharge disposal option.

Commencing in May 1998, Malibu Creek discharge was prohibited by the RWQCB for seven (7) months per year. The sale of recycled water makes up the largest option for creek avoidance based on volume.

The 2009 Joint Exercise of Powers Agreement (Article Four: Effluent Disposal) identifies recycled water distribution as one of four (4) options for disposing of treated effluent. Under the umbrella category of "Tapia effluent management", discharge of effluent to the Malibu creek *and* distribution of effluent through the recycled water system to recycled water customers both achieve the same goal.

11. *What is the benefit to JPA partners to participate in a recycled water projects outside of the agency's service area?*

As discussed previously in this report, expansion of the recycled water system enhances the JPA capability to manage treated effluent from Tapia. Additionally, as pointed out in Question 2, partners can benefit from programs that either aren't available - or aren't being pursued - within their service area. Examples include Metropolitan's Local Resource Programs (LRP).

Additionally, when effluent is managed through the recycled water system, costs associated with moving the water and maintaining the necessary infrastructure are paid for by the end user through the JPA wholesale recycled water rate. Put in another context, recycled water customers pay for the pumping that is associated with the disposal of recycled water.

12. *What percentage of recycled water sales happens during the prohibition or "creek avoidance" period?*

Approximately 75% of all recycled water sales (by JPA partners) are during the creek avoidance (or prohibition) period. Without this level of retail recycled water retail sales during the prohibition period, the volume of treated effluent that must be disposed would triple.

13. *Without the existing recycled water system, what options would the JPA have for effluent management?*

The 2005 "Tapia Effluent Alternative Study" (Report No. 2321.03) identifies a number of alternatives/enhancements for managing effluent from Tapia. While the study was commissioned to identify mechanisms for achieving 100% creek avoidance, the projects are options to manage effluent that can be implemented in addition to (or in lieu of) the JPA's recycled water system. It should be noted that each of the projects featured on the narrowed down list of 13 projects has significant capital outlay and ongoing operations and maintenance

requirements that would likely make the option more expensive than investment in the recycled water system.

At a minimum, the *cost of disposing* the treated effluent that is currently recycled during the prohibition period would equal the pumping costs to get the water to the discharge point. Currently, through sale of the recycled water, retail customers pay this expense.

14. Summary

The following tables summarize data provided on the included maps.

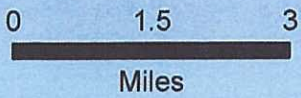
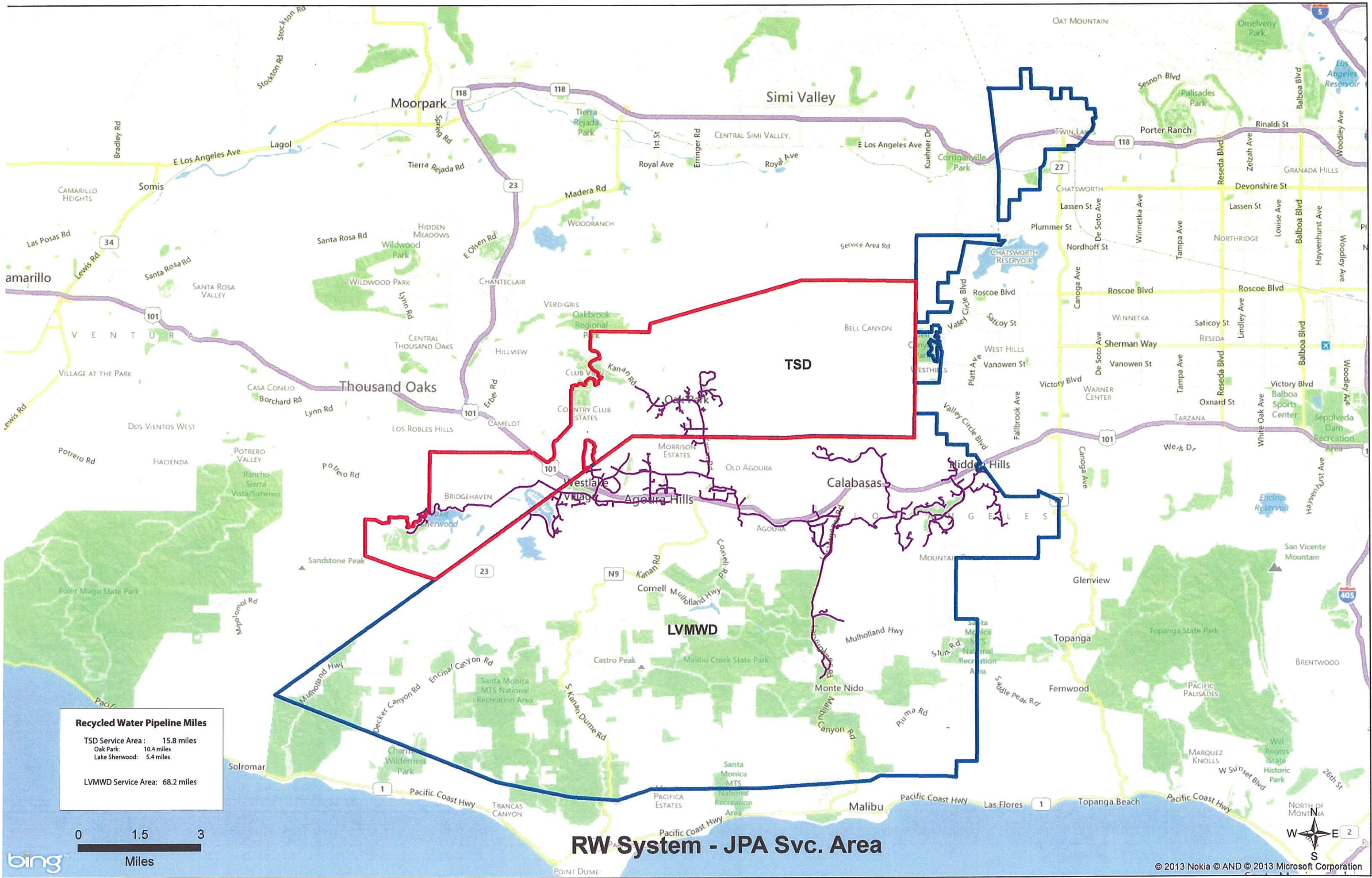
Table 1: Investment by Agency

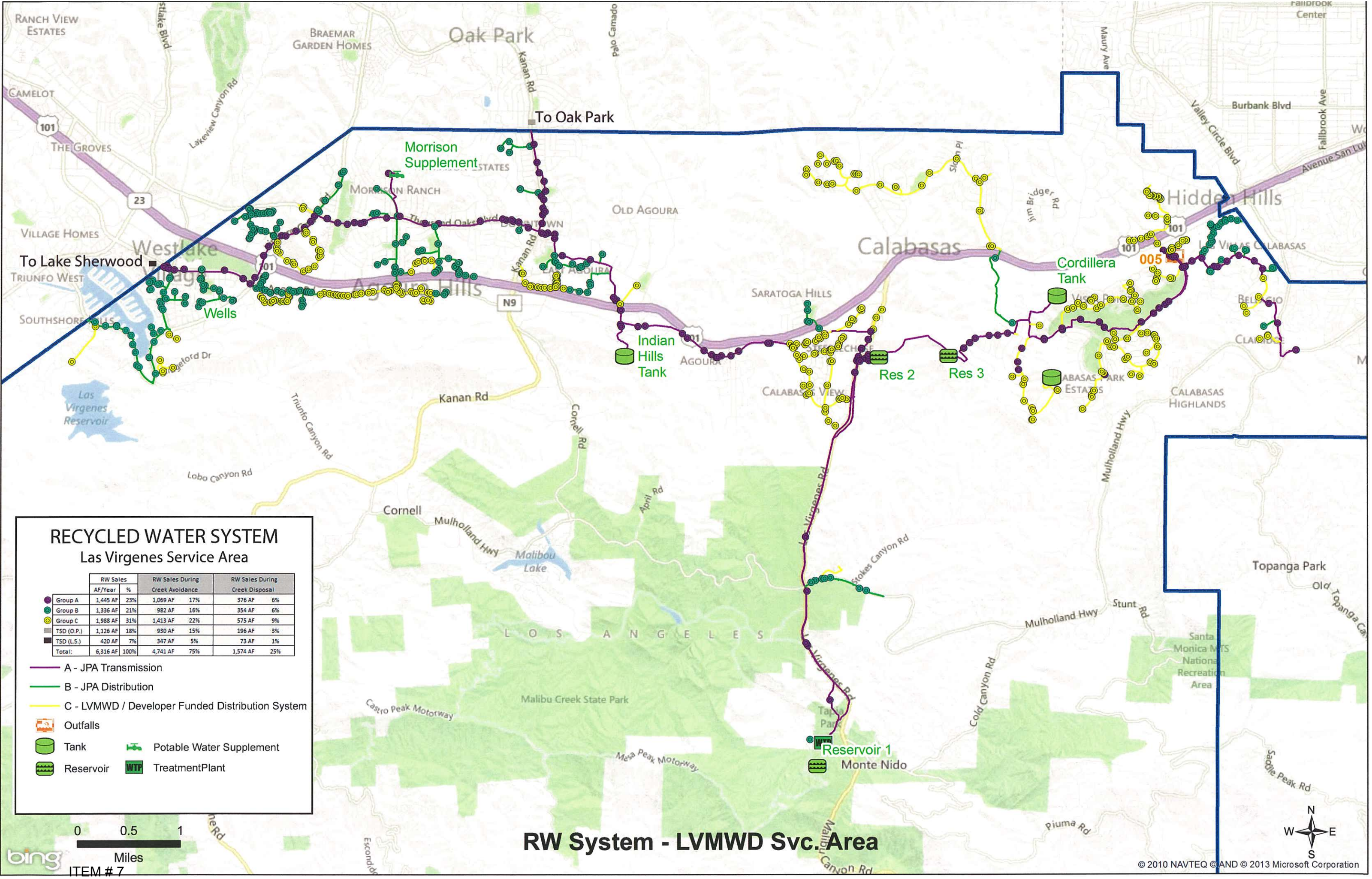
	RW System Pipeline Grouping			Total
	A	B	C	
Las Virgenes	\$ 15,990,900	\$ 3,741,800	\$ 7,500,000	\$ 27,232,700
Triunfo	\$ 6,659,100	\$ 1,558,200	\$ -	\$ 8,217,300
Total Replacement:	\$ 22,650,000	\$ 5,300,000	\$ 7,500,000	\$ 35,450,000

Table 2: Annual Recycled Water Sales by Agency

	Las Virgenes		Triunfo		Total
	Prohibition	Non-Prohib.	Prohibition	Non-Prohib.	
Group A	1,069	376			1,445
Group B	982	354			1,336
Group C	1,413	575			1,988
Triunfo			1,277	269	1,546
Total:	3,464	1,305	1,277	269	6,315

Recycled Water System Maps - 2

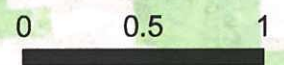




RECYCLED WATER SYSTEM Las Virgenes Service Area

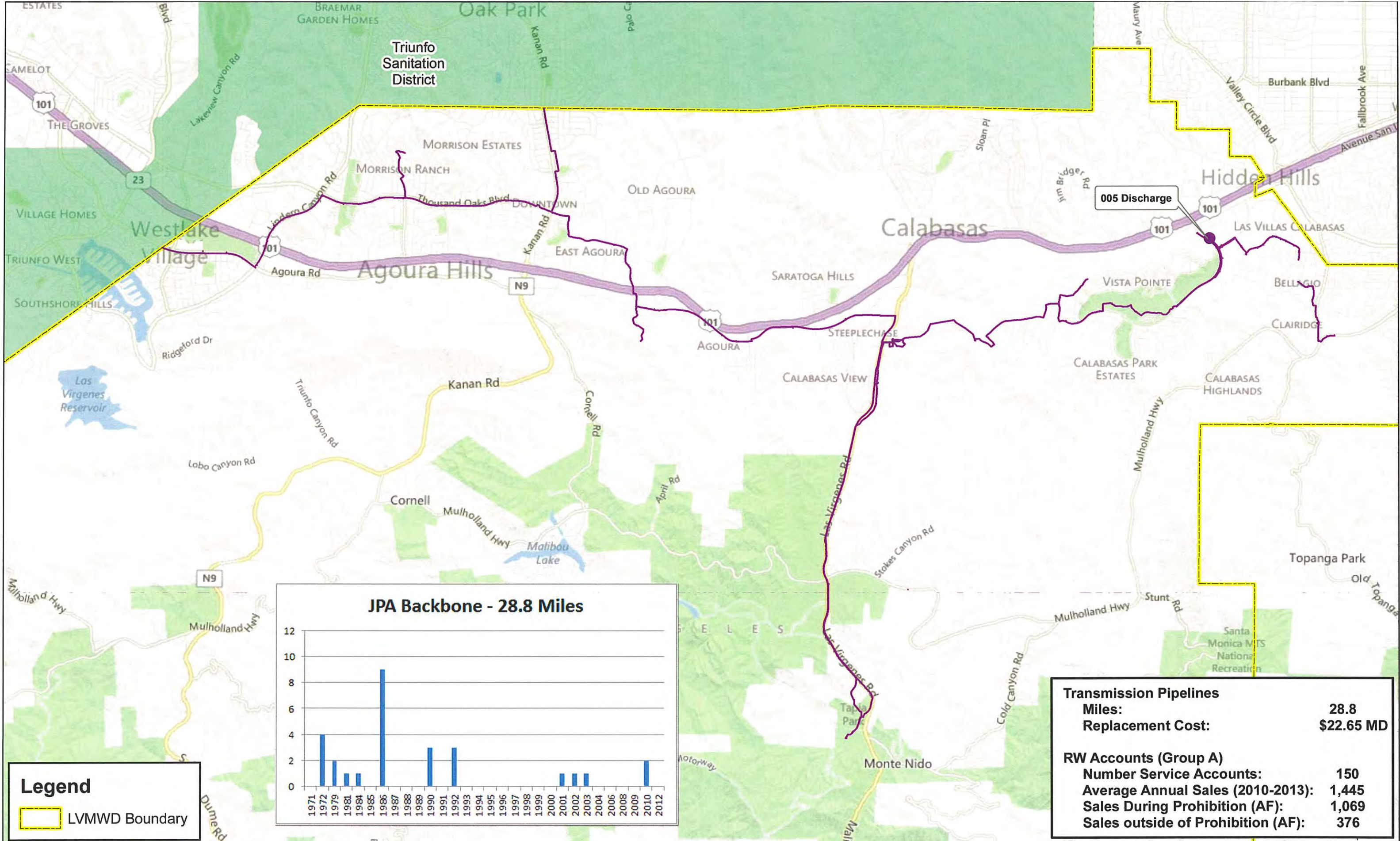
	RW Sales		RW Sales During Creek Avoidance		RW Sales During Creek Disposal	
	AF/Year	%	AF	%	AF	%
Group A	1,445 AF	23%	1,069 AF	17%	376 AF	6%
Group B	1,336 AF	21%	982 AF	16%	354 AF	6%
Group C	1,988 AF	31%	1,413 AF	22%	575 AF	9%
TSD (O.P.)	1,126 AF	18%	930 AF	15%	196 AF	3%
TSD (L.S.)	420 AF	7%	347 AF	5%	73 AF	1%
Total:	6,316 AF	100%	4,741 AF	75%	1,574 AF	25%

- A - JPA Transmission
- B - JPA Distribution
- C - LVMWD / Developer Funded Distribution System
- Outfalls
- Tank
- Reservoir
- Potable Water Supplement
- Treatment Plant



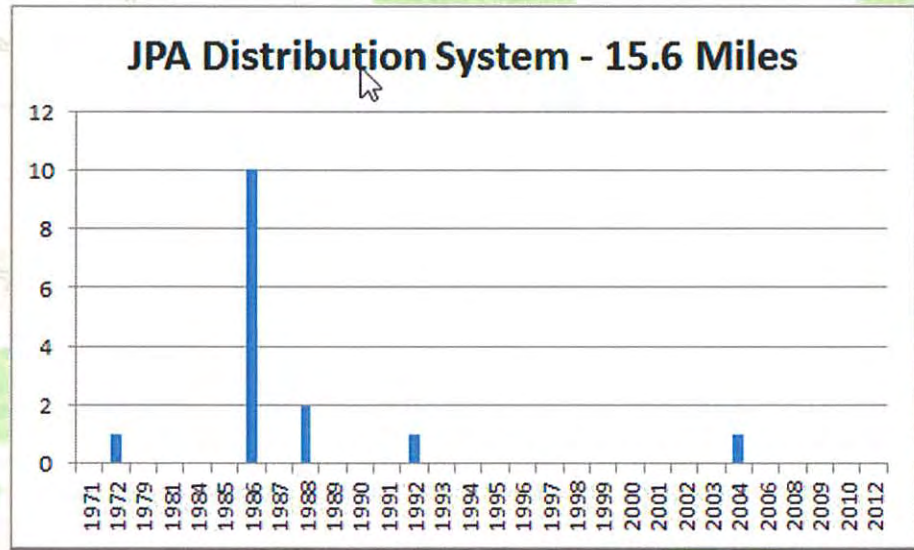
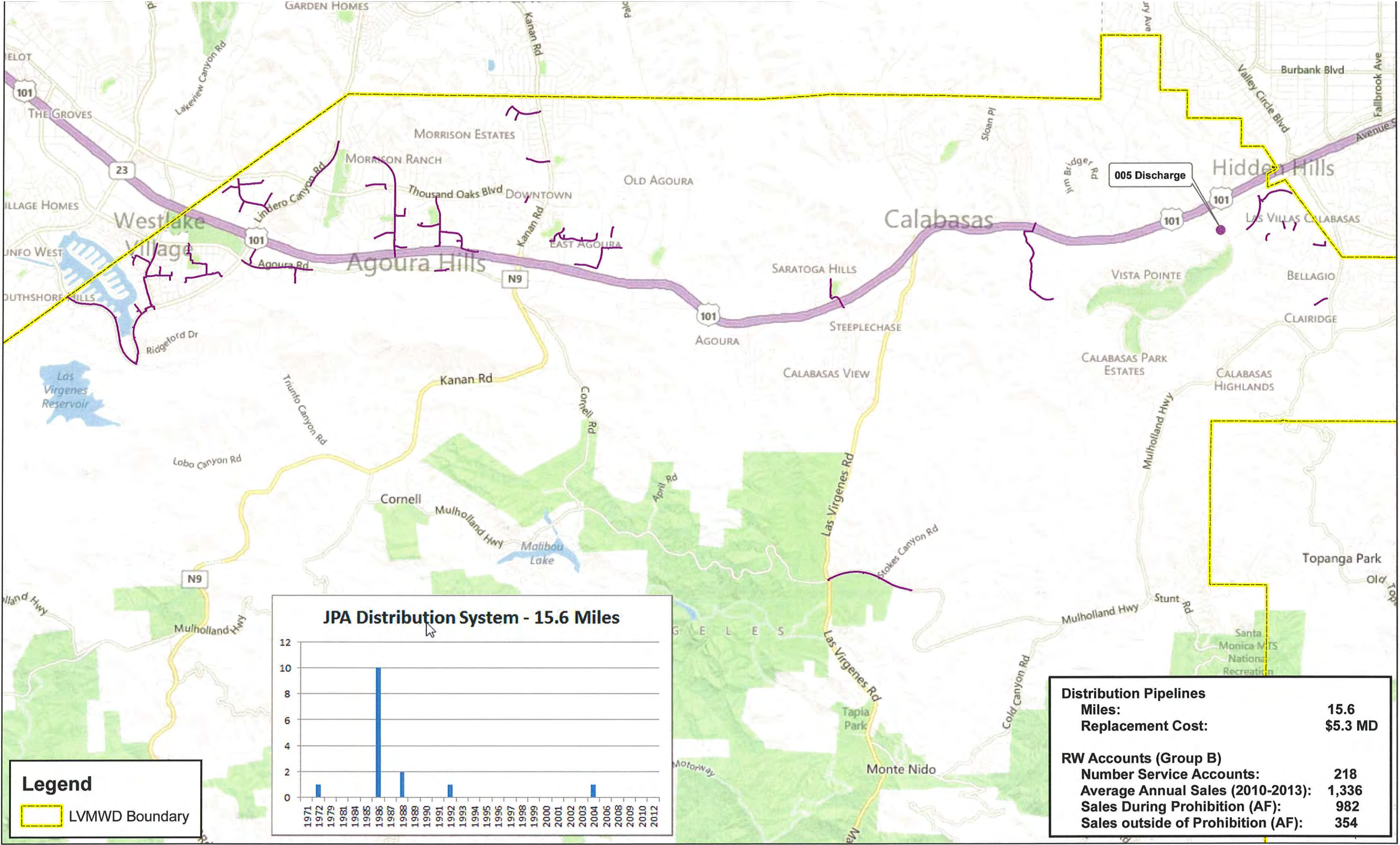
RW System - LVMWD Svc. Area





Group A - Joint Venture Transmission System





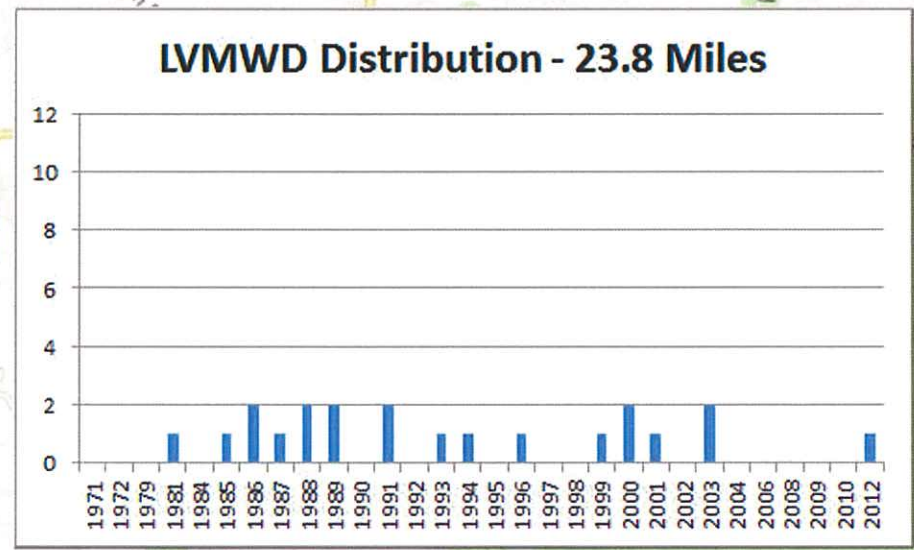
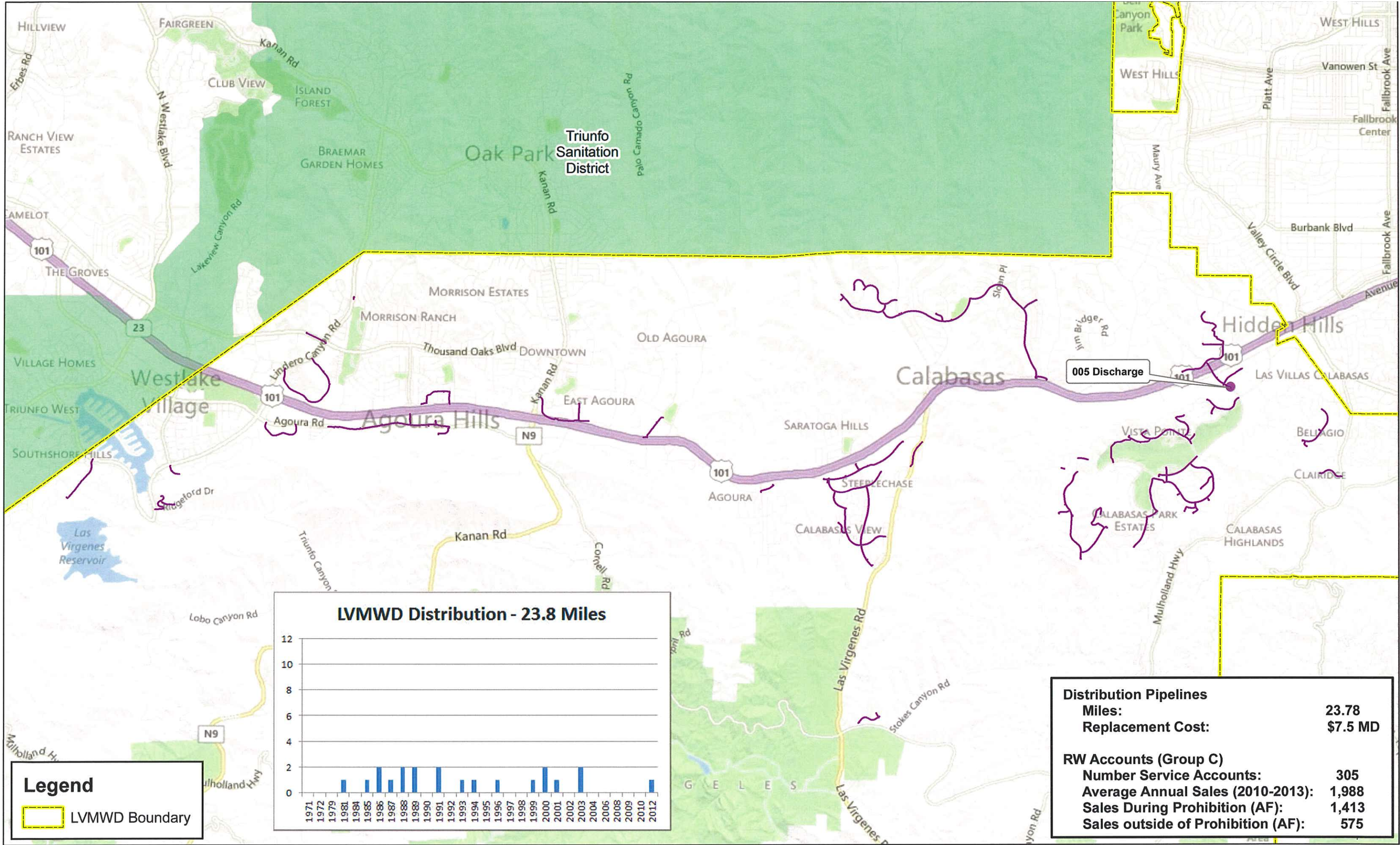
Distribution Pipelines	
Miles:	15.6
Replacement Cost:	\$5.3 MD
RW Accounts (Group B)	
Number Service Accounts:	218
Average Annual Sales (2010-2013):	1,336
Sales During Prohibition (AF):	982
Sales outside of Prohibition (AF):	354

Legend
 LVMWD Boundary

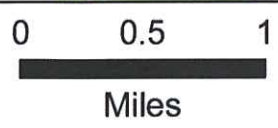
0 0.5 1
 Miles
 ITEM # 7

Group B - JPA Funded Distribution System





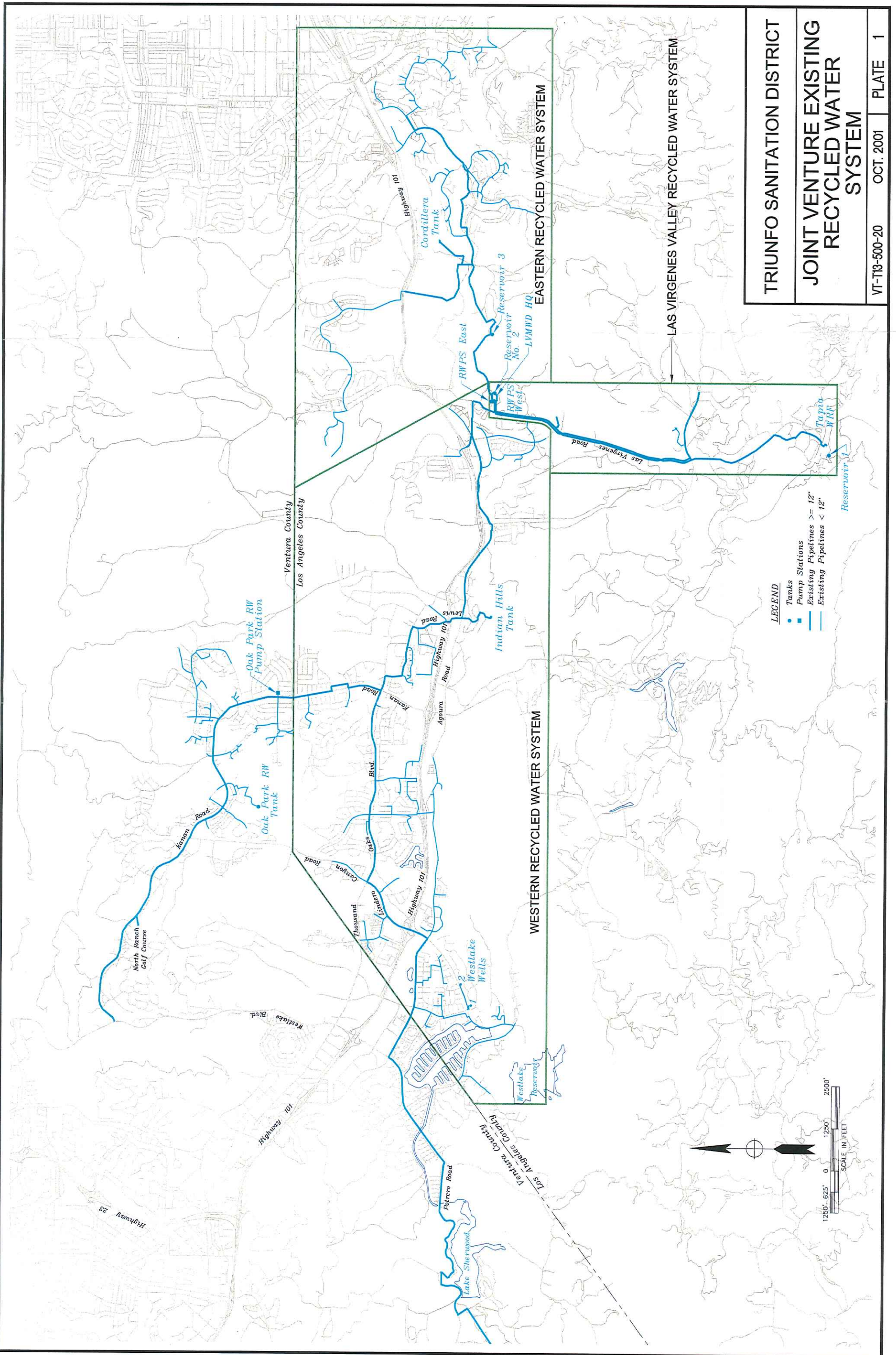
Distribution Pipelines	
Miles:	23.78
Replacement Cost:	\$7.5 MD
RW Accounts (Group C)	
Number Service Accounts:	305
Average Annual Sales (2010-2013):	1,988
Sales During Prohibition (AF):	1,413
Sales outside of Prohibition (AF):	575



Group C - LVMWD / Developer Funded Distribution System



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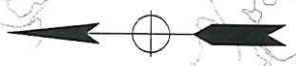
TRIUNFO SANITATION DISTRICT

JOINT VENTURE EXISTING
RECYCLED WATER
SYSTEM

VT-T13-500-20 OCT. 2001 PLATE 1

LEGEND

- Tanks
- Pump Stations
- Existing Pipelines >= 12"
- Existing Pipelines < 12"



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