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REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF THE MID-PENINSULA WATER DISTRICT

February 25, 2016
Belmont, California

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1. **OPENING**

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A. **Call to Order:**

The regular meeting of the Mid-Peninsula Water District Board of Directors was called to order by President Zucca at 6:30 PM.

B. **Pledge of Allegiance** – The Pledge of Allegiance was led by Director Stuebing.

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C. **Establishment of Quorum:**

PRESENT: Directors Stuebing, Vella, and Zucca.

ABSENT: Directors Linvill and Warden.

A quorum was present.

ALSO PRESENT: General Manager Tammy Rudock, Administrative Services Manager Candy Pina, and Operations Manager Rene Ramirez, District Counsel Julie Sherman, District Engineer Joubin Pakpour, and District Treasurer Jeff Ira.

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2. **PUBLIC COMMENTS**

Customer Perry Kennan commented that he would like the District to consider recycled water delivery systems, and mentioned that grants may available for that purpose. President Zucca thanked him for his comments.

3. **AGENDA REVIEW: ADDITIONS/DELETIONS AND PULLED CONSENT ITEMS**

None.

4. **CONSENT AGENDA**

A. **Approve Minutes for the Special; Board Meeting of January 21, 2016, and the Regular Board Meeting of January 28, 2016.**

B. **Approve Expenditures from January 20, 2016, through February 17, 2016.**

C. **Enact Resolution 2016-01 Approving a Salary Adjustment to \$172,250 Year for the General Manager, effective January 1, 2016, and Corresponding Second Amendment to the General Manager's Employment Agreement**

Director Stuebing moved to approve the consent agenda, Director Vella seconded. Roll call was taken and it was unanimously approved.

5. **ACKNOWLEDGEMENTS/PRESENTATIONS**

None.

6. **HEARINGS AND APPEALS**

None.

- 52 7. **DROUGHT AND WATER CONSERVATION**
53 **A. Water Conservation Progress Report**
54 General Manager Rudock briefly summarized her written report. She added that
55 MPWD's Water Efficiency Landscape Ordinance (WELO) was submitted, and receipt
56 acknowledged by the State.
57
58 **B. Progress Report on 2015 Urban Water Management Plan (UWMP)**
59 General Manager Rudock explained the UWMP report is data driven, and includes the
60 development of many tables. The project is a big effort but is on target.
61
- 62 8. **REGULAR BUSINESS AGENDA**
63 **A. Consider Approving the MPWD 2016 Strategic Plan, including Mission**
64 **Statement, Vision Statement, Strategic Goals, and Director Assignments**
65 General Manager Rudock summarized her report and her work with the Board President
66 and Julie Brown of Julie Brown & Associates to organize the 2016 Strategic Plan, and
67 then introduced Julie Brown, who facilitated the MPWD 2016 Strategic Plan meeting.
68 Julie Brown congratulated the Board for the new document. President Zucca stated that
69 he believed the formatting should be such that the plan would be a stand-alone
70 document that included all relevant information. Director Stuebing liked the plan's
71 fluidity. Director Vella would like this document to be revisited in six months, and if any
72 amendments or additions are made, to update it on the District's website. Director
73 Stuebing moved to approve the MPWD 2016 Strategic Plan, including its Mission
74 Statement, Vision Statement, Strategic Goals, and Director Assignments, Director Vella
75 seconded, and it was unanimously approved.
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- 77 **B. Receive Introduction of Municipal Finance Advisors from Wulff Hansen &**
78 **Company and Presentation on Potential Financing Options for MPWD 5-**
79 **Year Capital Improvement Program**
80 General Manager Rudock introduced the Municipal Finance Advisors from Wulff Hansen
81 & Company, Ben "Bud" Levine and Edmund Viray. Bud gave a brief synopsis of Wulff
82 Hansen & Company, noting it is an employee-owned company. They have been in
83 business for 40-plus years. He proceeded to their presentation, which was distributed to
84 the Board and meeting attendees. Mr. Levine explained what has been happening in
85 the market for the past 35 years, noting that in 1982, the interest rate environment was
86 over 14%, October 1987 was at 8.78% and now in Jan 2016, the interest rate is at
87 3.83%, which is an historical low. He explained the favorable reasons for borrowing at
88 this time: low inflation, low borrowing rates, which means low materials and labor costs,
89 and favorable opportunities to negotiate with contractors and vendors. He added that
90 cities and large companies that have not been willing to borrow in the past are doing so
91 as a result of this favorable environment. He discussed potential financing options for
92 the District: Borrow versus Pay As You Go (PayGo). He discussed several potential
93 financing scenarios and explained what Debt Service Coverage Ratio entailed. The
94 scenarios offered were: a) Borrow-Private Placement, which is through the banks; b)
95 PayGo; and c) Borrow through public offering for several different amounts starting from
96 \$21,745,000 to \$25,460,000. Mr. Levine cautioned the District on selling surplus
97 properties at this time and explained that while the District would receive the immediate
98 cash, it might impact the District's credit rating and possibly make a debt issuance less
99 attractive to underwriters, placement agents, and bond insurers. He discussed
100 commercial mortgages as another financing option and noted the following:
101 Advantages: allows for long-term borrowing up to 15 years; Disadvantages: a) higher

102 interest rate than bonds; b) maximum term is 15 years; and c) creates complications in
103 structuring capital improvement bonds or other financings. He then concluded his
104 presentation by discussing the flexibility in using excess revenues after debt service,
105 which revenue could be used by the District for capital improvement projects or to
106 reduce the financing balance.
107

108 Public comment was provided by customer Perry Kennan who complimented the Wulff
109 Hansen & Company representatives for such a thorough presentation and the District for
110 its complete transparency in discussing and evaluating its financial options. Mr. Kennan
111 suggested the message to communicate to the public should be around the useful life of
112 the capital assets. Director Vella requested that Director Linvill and Vice President
113 Warden be brought up to speed before any decisions are made to move forward.
114 District Treasurer Ira said that in his opinion the 30 year bond is the best choice for the
115 District given the current market environment.
116

117 **C. Receive Mid-Year Review of FY 2015/2016 Operating and Capital Budgets**
118 **and Consider Resolution 2016-02 Approving the Amended Budgets**

119 General Manager Rudock summarized her report, saying there is no bottom line change
120 to the operations budget, but instead there were adjustments within the account code
121 line items. She noted a reduction in the Capital Budget of \$60,000. This included a
122 reduction of \$130,000 for the SCADA Replacement Project, which has been identified
123 for funding with the proposed CIP; and an additional Capital Outlay project identified for
124 the Implementation of a new Sensus Consumer Portal of \$70,000. Director Vella moved
125 to consider Resolution 2016-02 Approving the Amended Budgets, Director Stuebing
126 seconded. Roll call was taken and it was unanimously approved.
127

128 **D. Receive Presentation on MPWD Water Storage Analysis**

129 District Engineer discussed his findings on MPWD's water storage capacity. The
130 purpose of the study was to determine the number of days of available emergency
131 storage should a catastrophic event cut off the water supply to the District. He noted
132 2013 demand data was used to develop the report, which is conservative since water
133 demand has decreased since that time. Overall, the District is in good shape, with 2.2
134 days of emergency storage during the summer months and 2.9 days during winter
135 months and his recommendations regarding increasing the District's emergency water
136 storage capacity were minor.
137

138 **9. MANAGER'S AND BOARD REPORTS**

139 **A. General Manager's Report**

140 General Manager Rudock discussed that she is working with Bartle Wells to review its
141 Mid-Peninsula Water District Financing Alternatives from last year and to obtain its
142 opinion about the District's FY 2016/2017 rate setting process. General Manager
143 Rudock is recommending a pass-through of the SFPUC's expected 8% increase in rates
144 this coming fiscal year, which pass-through was already approved by the Board as part
145 of the previous Proposition 218 rate-setting process.
146

147 **1. Supplemented by Administrative Services Manager's Report**

148 Administrative Services Manager Pina gave a progress report on the Financial
149 Management System implementation project, noting that staff will be working with
150 the project manager from Springbrook the week of April 11th. This project is on
151 target to be completed by the anticipated deadline.

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2. Supplemented by Operations Manager’s Report

Operations Manager Ramirez highlighted the progress of staff regarding automatic meter installation. He noted that 440 of the 512 meters have been completed to date.

3. Supplemented by District Engineer’s Report

District Engineer Pakpour noted the following items for various projects being worked on:

- A. Alameda de las Pulgas water main replacement project is on target. The design will be completed in March, and work is scheduled to proceed in mid-June to be completed by July, while school is out.
- B. Folger property will have a boundary survey. There is an encroachment issue with one of the adjacent properties in the amount of 1.5 feet and a fence. It involves 350 square feet of MPWD property.
- C. Quotes are being requested for the demolition of the pump station at the Folger property.
- D. An inspection of the Karen Road water line was conducted and found to be clean inside. This project will be delayed a bit and will be packaged up with other projects to save on costs.

B. Financial Reports

General Manager Rudock noted that total revenues were at 54.6% which is lower than expected of 58.3% because of water commodity charges being less than targeted as water consumption is lowest during the winter months, and total expenses were at 53.1%.

District Treasurer Ira discussed the new process being created, which will involve Directors doing mini random audits of cash disbursements on a quarterly basis.

C. Director Reports

Director Stuebing noted there was no San Mateo County CSDA chapter meeting. The ACWA Board President “meet and greet” hosted at the MPWD was very well received by those in attendance.

Director Vella noted the State of the City address was informative, but because some were seated when speaking, it was difficult to see the presentation. He met with Fire Chief Healy of San Mateo to discuss coordination with the MPWD on fire incidents to ensure the highest level of service.

10. FUTURE AGENDA BUSINESS ITEMS

None.

11. COMMUNICATIONS

None.

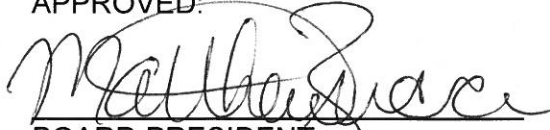
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12. ADJOURNMENT

Director Stuebing motioned to adjourn at 9:25PM, Director Vella seconded, and it was unanimously approved.


DISTRICT SECRETARY

APPROVED:


BOARD PRESIDENT

