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

March 24, 2016
Belmont, California

1. **OPENING**

A. **Call to Order:**

The regular meeting of the Mid-Peninsula Water District Board of Directors was called to order by President Zucca at 6:32 PM.

B. **Pledge of Allegiance** – The Pledge of Allegiance was led by District Treasurer Ira.

C. **Establishment of Quorum:**

PRESENT: Directors Linvill, Stuebing, Warden, and Zucca.

ABSENT: Director Vella.

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.

2. **PUBLIC COMMENTS**

Customer Phil Kaster questioned the Board regarding the Water Efficiency Land Ordinance and residential impacts. General Manager referenced the summary that was mailed to each customer and further suggested he contact the staff that will be able to help him with the process.

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

None.

4. **ACKNOWLEDGEMENTS/PRESENTATIONS**

A. **Jonathan Anderson – Water Treatment Operator Grade T1**

Operations Manager Rene Ramirez explained the desire for staff to have the T1 certificate, and the value it brings to the District. He commended Jonathan for his hard work.

5. **CONSENT AGENDA**

A. **Approve Minutes for the Regular Board Meeting of February 25, 2016.**

B. **Approve Expenditures from February 17, 2016, through March 15, 2016.**

At the February meeting, both Directors Linvill and Warden abstained from approving the minutes, since they were not present at the Board meeting, which resulted in there not being a quorum present to approve them. Therefore, approval of the Regular Board Meeting Minutes of February 25, 2016, was postponed until this meeting. Director Warden moved to approve Consent Agenda Item 5.B., Director Stuebing seconded, and it was unanimously approved.

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6. **HEARINGS AND APPEALS**

None.

7. **DROUGHT AND WATER CONSERVATION**

A. Water Conservation Progress Report

General Manager Rudock briefly summarized her written report.

B. Progress Report on 2015 Urban Water Management Plan (UWMP)

General Manager Rudock commended Jeanette Kalabolas and Brent Chester for their efforts on pulling together data and schematics for the plan. MPWD has spent to date \$40,000 of the budgeted \$49,000. Staff's intent is to have the public review draft of the UWMP available in early May for the Board's consideration during the required public hearing at the May 26th regular meeting, and any minor edits for adoption on the Consent Agenda at the June 23rd regular Board Meeting. The City of Belmont will be incorporating the District's UWMP into the City's updated General Plan.

8. **REGULAR BUSINESS AGENDA**

A. Discuss Preliminary Water Revenue Requirements for Fiscal Year 2016/2017

General Manager Rudock distributed information analyzed and prepared by Alex Handler of Bartle Wells Associates, including the pass-thru of the projected SFPUC water rates of additional \$0.27. The pass-through is permissible under Proposition 218 because the District included the statutorily required pass-through language in the Proposition 218 process previously performed by the District and approved by District customers. As a result of the SFPUC water rate increase, the average District customer would experience a monthly increase of about \$7.00. Director Warden was pleased to know there would be a 30-day notice requirement and there would be separate mailing to inform rate payers of any proposed rate increase.

Staff distributed a revised Preliminary Working Draft Operating Budget for FY 2016-2017, reflecting updated projected revenues and water purchase expenses based upon the Bartle Wells Associates' analysis. President Zucca had concerns about decreasing revenues to which General Manager Rudock discussed the emergency rates that could be implemented in a water shortage emergency, which were included in the District's previous Proposition 218 process. Discussion ensued around this topic, including when it would be appropriate to put the emergency rates into place.

B. Discuss Preliminary Working Draft MPWD Fiscal Year 2016/2017 Operating Budget Summary and Assumptions

General Manager Rudock presented a brief summary of the Preliminary Working Draft budget. She noted the changes to the Water Commodity Charges, the Fixed System Charges, Purchased Water costs, and the potential for a small reserve, as a result of the revisions after the Bartle Wells Associates' analysis.

Director Warden was concerned with the 5% increase in salaries, noting that the actuals are coming in lower than what was budgeted, so salaries are higher than the 5% noted on the report appeared to be closer to 9%. General Manager Rudock noted that it was likely due to last year's reorganization and the addition of the fulltime Operations

101 Manager position, in addition to the salary costs that are reflected in the operating
102 budget but are related to the capital program.
103

104 **C. Consider Financing Options for Potential MPWD 5-Year Capital**
105 **Improvement Program**

106 President Zucca led the discussion to determine the Directors' positions with regard to
107 proceeding with financing a portion of the capital improvement program. There was
108 much discussion about the pros and cons of debt financing. President Zucca supports
109 the much needed capital replacement and is in favor of bond financing and would like to
110 revisit the reserve policy. Director Linvill said it was a good time to do bonds as the
111 market is very favorable. She emphasized that should the District move forward with a
112 financing, any bond money must be carefully managed. Director Stuebing believes it is
113 a fortuitous time for financing and recognizes the need to move forward with the
114 proposed capital improvement program, but was not sure that \$25 million is the correct
115 level of funding. Vice President Warden was concerned that MPWD would not go back
116 to a pay-go capital program. He suggested the District explore all other avenues,
117 including using existing reserves and selling MPWD properties to fund capital
118 improvement projects, rather than proceeding with a debt financing. He further stressed
119 a need for a future Board conversation about the MPWD's reserve policy and what
120 should be the appropriate amount of reserves to have on hand. He asked staff to return
121 to the Board with a discussion of how the typical annual improvements, currently funded
122 with pay-go, will be accomplished if the pay-go funds are redirected to pay for the bond
123 financing costs. District Treasurer Ira said there is currently a total of \$50 million
124 identified for needed capital projects, and those projects need to be done. This is the
125 first time that MPWD has a clear understanding of its capital needs, due to experienced
126 and trusted staff and improved technology. He further stated that pay-go has kept the
127 MPWD behind on their capital improvement program--underfunding the existing needs.
128 The only way to get these projects completed and start catching up is to proceed with a
129 debt financing. District Engineer Pakpour agreed that MPWD's infrastructure has
130 historically been underfunded.
131

132 **D. Discuss Implementation and Management Process for Potential MPWD 5-Year**
133 **Capital Improvement Program**

134 General Manager Rudock distributed staff's addendum for the Board's discussion
135 describing the preliminary concepts for MPWD 5-year Capital Improvement Program
136 (CIP) Implementation and Management. She stated that the proposed CIP is a living
137 document, and as more urgent needs arise, there could be a shifting of priorities. She
138 reported suggestions on how to utilize the services of the District Engineer and what can
139 be managed in-house by MPWD Operations staff. She also discussed the possibility of
140 bundling projects together for overall construction cost savings. Lastly, there are pre-
141 design activities (surveying, potholing) that need to be scheduled and initiated soon in
142 order to prepare for engineering design for the proposed FY 2016/2017 capital projects.
143

144 President Zucca asked that careful attention be given to the procurement process and
145 selection of engineering services for Capital Improvement Projects, to prevent even the
146 appearance of conflicts of interest with regard to MPWD's District Engineer. Director
147 Warden mentioned an incident in San Carlos regarding Public Works contracting and
148 President Zucca also recalled it. District Counsel said they would review the matter and
149 report back to staff.
150

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

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

153 General Manager Rudock shared a draft planning schedule for the Board Meetings.
154 President Zucca commented that it represented a clear picture of what needs to be
155 accomplished throughout the year at each Board meeting. General Manager Rudock
156 mentioned the new Comcast telephone system would be put in service next month and
157 there would be a few hours during the transition that customer calls would be transferred
158 to Dispatch. She requested schedule confirmation for a couple of requested special
159 Board meetings. It was decided that the Board Development special meeting will occur
160 on May 25th beginning at 6:30PM. The first annual State of the District Address co-
161 hosted by the Belmont Chamber of Commerce at the MPWD offices would be scheduled
162 for April 27th at 6:30PM. She distributed a "Website Report" of visits to the MPWD
163 website, developed by John Davidson of JRocket77 Design & Marketing.
164

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

166 Administrative Services Manager Pina had nothing extra to report separate from her
167 written report.
168

169 **2. Supplemented by Operations Manager's Report**

170 Operations Manager Ramirez highlighted the community meeting on March 8th held
171 at the MPWD offices regarding the Alameda de las Pulgas project. There was seven
172 staff present. Only one member of the public showed up and it was an employee
173 from Sam Trans. Customers were mailed notices of the public meeting.
174

175 **3. Supplemented by District Engineer's Report**

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

- 178 a) Alameda de las Pulgas water main replacement project is going out to bid on
179 Monday. He had a meeting with the City of Belmont about closing the road,
180 which according to City staff requires City Council approval. The project's target
181 start date is June 15th. The project is to take approximately 50 working days.
182 Vice President Warden suggested staff attend the City Council meeting to make
183 sure the road closure issue does not run into any delays.
- 184 b) Karen Road will use the existing abandoned 12-inch pipe as a host pipe and plan
185 to insert a new 8-inch water main into it. This project is moving forward.
- 186 c) Folger Property demolition of the pump house is being analyzed for hazardous
187 materials, and once determined will impact the cost of demolition, which is
188 presently estimated at \$20,000 - \$45,000.
189

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192 **B. Financial Reports**

193 General Manager Rudock noted that, in the interest of full transparency, going forward
194 on the financial reports, there would be footnote disclosures regarding the amount of
195 deferred revenue from development projects.
196

197 **C. Director Reports**

198 Director Stuebing noted that San Mateo County CSDA chapter meeting will be held on
199 May 3rd. Neither he nor General Manager Rudock will be in attendance because they
200 will be attending the ACWA Conference.
201

202 President Zucca shared that he will be attending the first Water Now Alliance
203 Conference in Arizona. This is a new association and its purpose is to educate policy
204 makers.
205

206 **10. FUTURE AGENDA BUSINESS ITEMS**

207 The 3-month look ahead in the General Manager's report provided a summary of future
208 items.
209

210 **11. COMMUNICATIONS**

211 None.
212

213 Recessed into Closed Session at 9:48PM.
214
215
216
217

218 **12. CLOSED SESSION**

219 **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**

220 (Subdivision (b) of Section 54956.9)

221 *Maskay, Inc. d/b/a Eurotech, et al. v. Mid-Peninsula Water District*
222 San Mateo County Case No. 536467
223
224
225

226 **13. ADJOURNMENT**

227
228 Legal Counsel reported no action was taken in the Closed Session. Director Stuebing
229 motioned to adjourn at 10:07PM, President Zucca seconded, and it was unanimously
230 approved.
231
232

233 
234 Candace R. Pina
235 DISTRICT SECRETARY
236

237 APPROVED:

238 
239 Matthew Zucca
240 BOARD PRESIDENT
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