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

June 26, 2014
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 Vella at 6:34PM.

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

C. **Establishment of Quorum:**

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

ABSENT: None.

A quorum was present.

ALSO PRESENT: General Manager Rudock, Operations Superintendent Young, District Secretary Pina, District Counsel Cassman, District Engineer Pakpour, and District Treasurer Ira.

2. **PUBLIC COMMENTS**

None.

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

President Vella changed the order of the agenda to accommodate two professional consultants who were presenting reports to the Board. The order changed to the following: 5.A.B.C., 6., 7.C., 7.D., 4.A., 7.A., 7.B., 7.E. and forward.

4. **ACKNOWLEDGEMENTS/PRESENTATIONS**

This item was changed by the Board to be presented after agenda item 7.D.

5. **CONSENT AGENDA**

A. **Approve Minutes for the Regular Board Meeting of May 22, 2014**

B. **Approve Expenditures from May 15, 2014, through June 18, 2014**

C. **Approve Proposal by R&S Erection of San Mateo, Inc., Totaling \$25,200 for New Slide Gate System at MPWD Dairy Lane Operations Center**

Vice President Linvill moved to approve the consent agenda, Director Warden seconded, and it was unanimously approved with the exception of Director Zucca who abstained from approving item 5.A. due to his absence from the May 22, 2014 Board Meeting.

6. **HEARINGS AND APPEALS**

None.

51 **7. REGULAR BUSINESS**

52 As changed by the Board, agenda item 7.C. was considered first and followed by agenda
53 item 7.D.
54

55 **C. Receive Report on MPWD Water Quality Program by WQTS (Water Quality
56 Treatment Solutions, Inc.)**

57 Dan Askenaizer, D.Env., presented his report to the Board. He conducted a review of
58 the District's water quality field sampling, testing, data management and recordkeeping
59 practices involved in monitoring the distribution system. His overall assessment was
60 that the water quality program is good and staff is knowledgeable and demonstrates
61 proper field techniques. He presented his recommendations and stated that staff had
62 already implemented several of them.
63

64 There was discussion about the Nitrification Plan which had been recommended several
65 years before by CDPH (California Department of Public Health), and had not yet been
66 developed. Staff reported it is working on completing this task.
67

68 **D. Receive Report on 2014 Total Compensation Study by Koff & Associates**

69 The MPWD contracted with Koff & Associates to do a total compensation study, which
70 they had last accomplished in 2010. Prior to starting the engagement with Koff &
71 Associates, General Manager Rudock presented the comparator agencies identified in
72 the prior compensation study, requesting Board input. The Board requested that these
73 comparator agencies be presented to the Employees Association, and to use the same
74 agencies if they were in agreement. The employees agreed, and Koff started their
75 research.
76

77 General Manager Rudock then described the meetings with an Ad Hoc Committee
78 consisting of Vice President Linvill, Director Warden, and District Treasurer Ira to discuss
79 preliminary results. Staff was also briefed on the process and preliminary results.
80 General Manager Rudock then introduced Georg Krammer, the CEO of Koff &
81 Associates to present the report.
82

83 George Kramer has worked with Koff & Associates for the past 10 years. Koff &
84 Associates has been doing compensation studies for the past 30 years. The last study
85 they did for MPWD was four years ago in 2010. He described that management and the
86 Board was interested in having a compensation system that is aligned with the market
87 so that MPWD can attract and retain quality talent. An additional reason to do a study
88 like this was to make sure each position receives appropriate and competitive
89 compensation based on the duties and responsibilities performed.
90

91 He described the process they use, which included three elements:

- 92 a. Determine the comparator agencies,
- 93 b. Benchmark classifications, and
- 94 c. Determine which benefit data to collect. They used the same approach as in the
95 past.
96

97 He pointed out that they did the data collection themselves. They did not send out
98 questionnaires to agencies. They wanted to make sure there was a true job description
99 comparison, and made sure there were educated judgments made between job matches
100 between differing agencies. They did a comparative analysis between duties and
101 responsibilities, education, training, etc. They determined which jobs at comparator

102 agencies were most similar to MPWD jobs. They did a lot of follow-up with the
103 comparator agencies to make sure they had made the right matches, and had obtained
104 the correct and most current salary and benefit data.
105

106 The base salaries comparison showed that MPWD is about 5% below market median.
107 When benefits were added to the total compensation analysis, the percentage changed
108 and the MPWD was close to the market median. They did an in depth analysis of
109 employee benefits, comparing top of the salary ranges at each agency. He discussed
110 the step system versus a salary range. Mr. Krammer recommended we remove the
111 health benefit costs from the comparison because the MPWD's health insurance costs
112 were 20% higher than the comparator agencies, and there are a lot of variables, which
113 makes it challenging to accurately compare agencies' health benefits.
114

115 He also suggested cost of living adjustments be implemented each year to keep salaries
116 competitive within the marketplace. He suggested various ways to administer the
117 adjustments.
118

119 He then answered questions from the Board and staff.
120

121 4. **ACKNOWLEDGEMENTS/PRESENTATIONS**

122 This item was changed to be presented after agenda item 7.D.
123

124 A. 15-Year Service Anniversary – Jonathan Anderson

125 President Vella presented a 15-year service recognition plaque to Jonathan Anderson,
126 thanking him for his service to the District. Brent Chester was also recognized for his 20-
127 year service to the District that was acknowledged by the Board last month.
128

129 7. **REGULAR BUSINESS (continued)**

130 The remainder of the regular business agenda continued.
131

132 A. **Drought and Water Conservation Update**

133 General Manager Rudock highlighted the 9-week public service announcement
134 campaign the MPWD will be running in the Daily Journal, rotating between water
135 conservation messaging and the various rebate programs the District offers. Plans are
136 under way for a banner to hang on the back of the building, which faces Highway 101
137 continuing the conservation message. MPWD will be offering rebates of \$2.00 per
138 square foot starting in July 2014 for the Lawn-Be-Gone program. She presented a
139 document showing MPWD's SFPUC water purchases and the reduction trends
140 representing conservation. She distributed a copy of a weekly report received from
141 BAWSCA reflecting the regional water system deliveries.
142

143 B. **Update on City of Belmont and MPWD Coordination**

144 General Manager Rudock reported on the meeting between the MPWD and City of
145 Belmont, including Mayor Lieberman, Vice Mayor Braunstein, City Manager, Greg
146 Scoles, President Vella, Vice President Linvill and General Manager Rudock. The
147 general consensus was that coordinating efforts between the agencies were ongoing
148 and to continue. A follow-up meeting was discussed to occur in November. President
149 Vella and Vice President Linvill added that they were pleased with what was
150 accomplished at the meeting. Vice President Linvill added that General Manager
151 Rudock was highly spoken of by those present.
152

153 **E. Consider Resolution 2014-09 Approving the Fiscal Year 2014/2015 MPWD**
154 **Operating Budget**

155 General Manager Rudock explained the chart detailing the significant variances between
156 the Proposed FY 2014/2015 Budget and the Projected FY 2013/2014 Budget. She
157 included projected increases/decreases this month. She highlighted the Professional
158 Services – Miscellaneous and called out a new cost for MPWD grounds and landscaping
159 maintenance services for \$23,000. The Board directed staff to move this cost into 6501
160 – M&R – Buildings & Grounds.
161

162 Director Stuebing asked if there were any concerns from ratepayers about the increased
163 water rates. General Manager Rudock replied there had been little feedback, but there
164 should be more to report in August once the bills go out with the new rates.
165

166 Director Warden brought up the issue about what we are charging for water connections.
167 Because there is significant activity with new development, MPWD needs to consider
168 charging more for developers coming into our system, because they have the advantage
169 of the infrastructure that is already in place. General Manager Rudock explained our
170 process when presented with new development. We review proposed development
171 plans and water demand projections or analysis to ensure we can serve them.
172 Discussion occurred around how to assess water demand, and it was suggested to have
173 a MPWD consultant figure out what the water demand would be rather than having the
174 developer figure it out. It was suggested that the MPWD ask for a \$25,000 deposit and
175 reduce the deposit by this cost.
176

177 There was discussion about the proposed comprehensive review of MPWD fees and
178 charges. Vice President Linvill requested that we put in place service charges to handle
179 different requests. District Counsel Cassman added that what cities generally do is seek
180 a deposit and require the applicant to pay for the time of plan checking. It is very
181 common to pass those kinds of costs on to the applicant along with the costs associated
182 with the staff members who are doing the work. District Counsel Cassman will review
183 MPWD's ordinance to see if there is a provision for this, and report back. Bartle Wells
184 will be addressing this issue in their fees and charges review.
185

186 Director Warden inquired of District Counsel Cassman if we are considered a taxing
187 authority. If so, can we go to the voters and ask to have a water connection tax imposed
188 which would get us above and beyond the municipal code. This would most likely
189 require a 2/3 vote. District Counsel Cassman said she has not heard of this, and does
190 not think we are able to impose a tax based on the Water Code. She will research this
191 angle. Director Warden is not suggesting we do this, just to research it to see if it is
192 possible.
193

194 General Manager Rudock added that maybe we could meter irrigation separately, which
195 would help us determine water usage. Director Stuebing added PG&E rule 16G related
196 to service connections, which allows the utility to refer the matter to the commission to
197 receive a special ruling when it does not make sense to have the other rate payers fund
198 construction, in this case new meters installed for irrigation for all homes. General
199 Manager Rudock summarized by saying she will communicate their comments to Bartle
200 Wells, and might have them here at the next Board meeting to receive additional input
201 from the Board prior to beginning work.
202

203 **F. Consider Resolution 2014-10 Approving the Fiscal Year 2014/2015 MPWD Capital**
204 **Budget**

205 General Manager Rudock summarized the proposed Capital budget, including a
206 projected \$384,400 transfer from Capital reserves to fund the identified projects in FY
207 2014/2015.

208
209 With the directed change to the Operating Budget, Vice President Linvill moved to
210 approve Resolution 2014-09 – Fiscal Year 2014/2015 MPWD Operating Budget and
211 Resolution 2014-10 – Fiscal Year 2014-2015 MPWD Capital Budget, Director Stuebing
212 seconded. Roll call was taken, and it was unanimously approved.

213
214 Vice President Linvill expressed appreciation to staff for the newly developed FY
215 2014/2015 budget document, including organizational, financial, and budget process
216 information and its user-friendly presentation with helpful charts.

217
218 **G. Consider Resolution 2014-11 Authorizing the Bay Area Water Supply and**
219 **Conservation Agency (BAWSCA) to Initiate, Defend, and Settle Arbitration Related**
220 **to the Water Supply Agreement with the City and County of San Francisco**

221 General Manager Rudock explained the history and summarized the reasoning behind
222 BAWSCA's request that its member agencies participate. President Vella provided input
223 regarding the proposed action. Director Zucca moved to approve Resolution 2014-11,
224 Director Stuebing seconded. Roll call was taken and it was unanimously approved.

225
226 **H. Consider Confirmation of Al Stuebing as the Designated MPWD Director**
227 **Representative and Designation of an Alternate Representative of ACWA/JPIA**
228 **Board of Directors**

229 General Manager Rudock summarized her report and stated that ACWA/JPIA requested
230 formal action by the Board in designating its alternates. Al Stuebing was on record as
231 the MPWD Director Representative. Director Stuebing agreed to continue as the
232 designated ACWA/JPIA Director Representative. Director Warden agreed to be the
233 ACWA/JPIA Alternate Representative. General Manager Rudock will be designated as
234 the second ACWA/JPIA Alternate Representative. Vice President Linvill moved to
235 confirm Al Stuebing as the Designated MPWD Director Representative, Director Warden
236 and General Manager Rudock as Alternate Representatives, Director Zucca seconded,
237 and it was unanimously approved.

238
239 **I. Consider CSDA 2014 Election Ballot for Coastal Network, Region 5/Seat C**

240 Director Stuebing suggested the Board consider between two of the three candidates
241 based on the submitted candidate statements. The Board decided to cast its ballot for
242 Elaine Magner, Director from Pleasant Valley Recreation and Park District.

243
244 **8. MANAGER'S AND BOARD REPORTS**

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

246 General Manager Rudock highlighted her written report. The sympathy card was sent to
247 Jan O'Flaherty (former District Engineer) on behalf of the District. She presented a
248 procurement that she signed on January 27, 2014, for MPWD's leak detection survey
249 totaling \$30,845 which exceeded her signature authority. She reported that the
250 Department of Water Resources sent a letter acknowledging acceptance of our 2010
251 Urban Water Management Plan. She announced two upcoming meetings: ACWA
252 Region 5 – October 19-20 in Livermore; ACWA Fall Conference is December 2–5 in San
253 Diego.

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1. **Supplemented by Administrative Services Manager's (ASM) Report:**
Administrative Services Manager Pina highlighted the webinar conferences being attended by staff and mini-reports that are provided so everyone benefits from the training.

2. **Supplemented by Operations Superintendent's Report:**
Operations Superintendent Young reported that operations staff was out on Cliffside Court working on a service line leak, and have replaced that line completely. They will be replacing the line which services two homes in the same vicinity. We have had a history of the plastic lines breaking so before we do the paving, we are going to replace lines. Also, two staff will be attending a free water treatment class that San Francisco invited us to and are covering the cost. The feedback from staff was that this class was the best class they have attended on the subject. So now we are looking into the cost of having this class brought here. General Manager Rudock added that Operations Superintendent Young, Engineering Technician Brent Chester, and Water Quality Specialist Rick Bisio all passed their Treatment I Operator Certification.

Vice President Linvill inquired about tracking main break data. Operations Superintendent Young elaborated on the process and confirmed this is being tracked and used in conjunction with the Water Hydraulic Modeling being updated by District Engineer Pakpour.

3. **Supplemented by District Engineer's Report:**
District Engineer Pakpour summarized his progress report on the Buckland Tanks Replacement Project, which is on schedule and on budget. We are about one quarter through the project and we have had one change order which is included in the packet (0.7% of the project), involving underground valves that were removed. The South Tank is up and welded all the way to the roof.

The Belburn Water Main replacement project has gone out to bid. There is a mandatory pre-bid meeting and tour scheduled for next Tuesday, July 1st. We have had good interest in this project and the market is hot right now. At the last meeting with Belmont, they told us they wanted us to replace 12 disabled access ramps. They said it was a federal requirement when resurfacing streets. We challenged them to give us the municipal code or ordinance which states that it is required for us to do this work. General Manager Rudock worked with the Public Works Director, and they backed off for now but are still looking into it. General Manager Rudock reported she asked for the City of Belmont to produce documentation that states we are required to replace handicap ramps when we are not disturbing street curbs or sidewalk corners. The documentation they have produced so far does not apply to the Belburn Drive water main replacement project. We cannot expect MPWD ratepayers to fund capital improvement work that clearly is not related to or connected with a water enterprise project.

Lastly, he reported that his firm has been selected to be the City Engineer for the town of Hillsborough for the next six months until they find a replacement for their prior Engineer.

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B. Financial Reports

General Manager Rudock pointed out that we are around 92% on target for revenues, and a bit under budget for expenditures.

C. Director Reports

Director Zucca reported that he was asked to participate in the Municipal Management Association of Northern California Regional event with District Counsel Cassman because of his position on the Board during the defalcation. The discussion was about employee fraud. Those participating with him on the panel included District Counsel Cassman, the Controller for San Mateo County, Bob Adler and David Wiggins, the Hotline Manager who works under Peter Hughes for Orange County. The General Manager for Coastside County Water District, Dave Dickson and various others attended. The one takeaway is that Orange County which has 175,000 employees (17th largest county in the entire country), has contracted out an anonymous fraud hotline, which costs the county \$10,000/year. The contractor gives a monthly report that is reviewed by management, and then decisions are made on what is worthy of investigation. Everyone knows there is a fraud hotline, and District Counsel Cassman added that this has been found to be the single most effective way to protect an agency against defalcation. Director Zucca then defined what fraud includes, and elaborated on what types of things will be reported. He pointed out two things: 1) how inexpensive this hotline is, and 2) when everyone knows there is an anonymous fraud hotline, everyone is put on notice and will check their activities a little more closely.

9. FUTURE AGENDA BUSINESS ITEMS

None.

10. COMMUNICATIONS

None.

11. CLOSED SESSION

The Board adjourned into Closed Session at 9:50PM to discuss one matter:

- A. Conference with Labor Negotiators pursuant to Government Code 54957.6
Agency Designated Representative: General Manager Tammy Rudock
Employee Organization: MPWD Employee Association

The Board reconvened into open session at 10:55PM. The District Counsel reported that instructions were given to the General Manager but no action was taken.

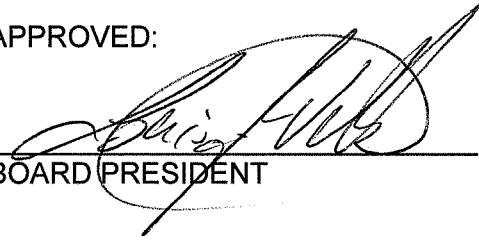
12. ADJOURNMENT

Director Zucca motioned to adjourn at 11:00PM, Director Stuebing seconded, and it was unanimously approved.

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Andace R. Pina
DISTRICT SECRETARY

APPROVED:


BOARD PRESIDENT