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

September 25, 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 6:30PM.

B. Pledge of Allegiance – The Pledge of Allegiance was led by Director Warden.

C. Establishment of Quorum:

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

ABSENT: None.

A quorum was present.

ALSO PRESENT: General Manager Rudock, District Secretary Pina, Operations Superintendent Young, District Counsel Cassman, and District Treasurer Ira. General Manager Rudock announced that District Engineer Pakpour would be late for the meeting and he arrived at 8:00PM.

2. PUBLIC COMMENTS

Mr. Perry Kennan approached the Board asking that additional reporting be added to the MPWD's financials related to water purchases, water consumption, and water loss.

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

None.

4. ACKNOWLEDGEMENTS/PRESENTATIONS

None.

5. CONSENT AGENDA

A. Approve Minutes for the Regular Board Meeting of August 28, 2014

B. Approve Expenditures from August 20, 2014, through September 17, 2014

C. Ratify Letter Agreement between the MPWD and MPWD Employees Association for the Term September 26, 2014, through September 25, 2018.

General Manager Rudock summarized the revised agreement and the agreed upon terms between the MPWD and the MPWD Employees Association. District Counsel Cassman reported that there were a few areas that required additional time to review in the agreement regarding the negotiated changes in healthcare benefits for active employees and for future retirees, and the new Health Savings Account provisions. She anticipated that the legal review would not impact any negotiated provision but provide confirmation and clarification. District Counsel Cassman further stated that the Board

51 could delay ratification until next month and provide retroactive pay as agreed effective
52 September 26, 2014, for the equity salary adjustments and living wage adjustments.
53 The Board was in consensus that it supported the negotiated agreement and requested
54 that be communicated with Association members, but that it preferred to consider
55 ratification after the completed legal review and final language confirmation and
56 clarification at next month's board meeting. It was moved by Director Zucca, seconded
57 by Director Stuebing, and unanimously passed to approve the terms of the Letter
58 Agreement in concept with the understandings that (1) Board ratification of the final
59 language in the Letter Agreement will be continued to the October regular Board
60 meeting and (2) upon Board ratification, the terms and requirements in the Letter
61 Agreement will be given retroactive effect back to September 26, 2014.
62

63 **6. HEARINGS AND APPEALS**

64 None.

65
66 **7. REGULAR BUSINESS**

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

68 General Manager Rudock presented a new report to the Board package, highlighting the
69 MPWD's drought and water conservation activities. She highlighted August's total
70 reduction of 17.2%, noting that it was the lowest August consumption in MPWD history
71 since 1991. Cumulatively, MPWD customers have reduced consumption by 15.5% for
72 the period February 2014 through August 2014. She will be working with staff to provide
73 a progress report to MPWD customers when preparing notice about additional outdoor
74 water restrictions once the Board considers them. She recently spoke with Charles
75 Gould at the Daily Journal. The MPWD water conservation and rebate program ads that
76 ran during the summer months along with the bill stuffers have helped encourage the
77 reduction. Staff is working on additional creations for additional messaging. She also
78 introduced BAWSCA graphs that reflect a 5-year average comparison. Within the San
79 Francisco Regional Water System, MPWD customers are exceeding the 10% voluntary
80 reduction. Statewide information showed a 4% decrease for June 2014, and a 7.5%
81 decrease for July 2014. We continue to use banners to get out our message, and
82 Saturday we will be having a landscape class here at the District, with the topic being
83 "Water Wise Gardening".
84

85 **B. Consider Adoption of Ordinance No. 111 Implementing Stage 2 Water Shortage
86 Response of Water Shortage Contingency Plan Regarding Mandatory Restrictions
87 on Outdoor Water Use**

88 General Manager Rudock presented Ordinance No. 211. This Ordinance would enact
89 two more outdoor watering restrictions, in addition to the mandatory State Water
90 Resources Control Board regulations. All outdoor irrigation is prohibited between the
91 hours of 10:00AM and 6:00PM, and outdoor irrigation is to be reduced by 20%. District
92 Counsel Cassman drafted a model ordinance, including sections about enforcement and
93 onsite notification. General Manager Rudock reported that the MPWD has received nine
94 complaints about water wasters, which are tracked through resolution. The proposed
95 ordinance is similar to what other water agencies are doing statewide. Director Warden
96 brought up the mandatory enforcement penalty of \$500 in the Emergency State
97 Regulations. After discussion, it was decided that the following language "and a fine up
98 to \$500" be added to the end of Section 4.B. Director Stuebing moved to adopt
99 Ordinance No. 111 Implementing Stage 2 Water Shortage Response of Water Shortage
100 Contingency Plan Regarding Mandatory Restrictions on Outdoor Water Use as

101 amended above, Vice President Linvill seconded. Roll call was taken, and it was
102 unanimously approved.
103

104 **8. MANAGER'S AND BOARD REPORTS**

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

106 General Manager Rudock summarized her report. She highlighted the negotiated
107 mobilization permit at the MPWD's 1510 Folger Street property for Lewis & Tibbett's
108 equipment, materials, and supplies for \$1800/month for two months, and a \$500
109 administrative fee. She also reminded the Board of the online Ethics Training that has a
110 targeted completion goal of October 24, 2014. Two redundant internal controls were
111 discussed with the Board's Financial Audit Review Committee: The first control is the
112 General Manager's weekly bank account review online regarding MPWD negotiated
113 checks. After reviewing supporting documentation for every check written and signing
114 each check, the General Manager reviews the bank activity on line confirming the
115 checks that have been negotiated. The MPWD currently enters all written checks into
116 the banking system on a positive pay basis, and only the checks that agree with the
117 check number, date, vendor, and amount are paid. The MPWD's financial auditors
118 agree this procedure is not necessary. Staff developed a stale checks procedure to
119 make sure all non-negotiated checks stale after 6 months are removed from MPWD
120 payables. The second control involves attaching written checks to the back of the
121 paperwork. Instead, staff is eliminating the copy and attaching the 3rd check stub of the
122 3-part check to the front of the paperwork. This conserves printing, paper, materials,
123 supplies and time, and eliminates the additional storage of the 3rd check stub.
124

125 She then discussed digital technology related to customers being able to view their
126 account on line. The AMI system has the capability at a cost of \$70,000 for online
127 review by 2,000 of our customers that have the AMI meter installed. There are ongoing
128 account maintenance fees as well. Staff did not feel the cost was justified to partially
129 implement this capability until the majority of the MPWD system includes AMI meters.
130

131 General Manager Rudock provided an update on the development fees and capacity
132 charges review by Bartle Wells. Staff provided an initial data dump. During a
133 conference call further information concerning the MPWD's physical assets was
134 requested. Bartle and Wells representatives will attend the board meeting next month to
135 present preliminary findings and proposed development fees and charges for a general
136 discussion with the Board. We are working with District Counsel to develop a
137 communication response to property developers that approach staff for approval of
138 water for their development project. She will include next month a discussion around
139 development of a policy regarding compliance with the MPWD's ISG as the District is
140 confronted with new development proposals. Also, what fee might be appropriate to
141 impose on new development so that existing customers do not get pushed over that ISG
142 and have to pay surcharged water rates. Currently, the MPWD development fees and
143 capacity charges are excessively low and do not include a buy-in fee. These fees were
144 developed over 20 years ago.
145

146 **1. Supplemented by Administrative Services Manager's (ASM) Report**

147 Administrative Services Manager Pina reiterated the 10-year anniversary luncheon
148 celebration which would take place the following day at the District, and invited the
149 Board Members to attend.
150

151 **2. Supplemented by Operations Superintendent's Report**

152 Operations Superintendent Young highlighted the nitrification issue at the Dekoven
153 Water Tank site. A professional water treatment operator was called in on two
154 occasions to inject chlorine into the tanks. This is being coordinated with the
155 District's water quality consultant, Dr. Dan Askenaizer. The SFPUC's decision was
156 to put the water into the Crystal Springs reservoir, so the Tunnels Pump Station will
157 be shut down and the District will operate without this Tunnel for about five days. We
158 will top off our tanks and should a fine be imposed, any increased pumping costs or
159 overtime will be covered by the SFPUC. General Manager Rudock added that this
160 issue is quite common across the state as a result of water conservation efforts
161 affecting the amount of water sitting in water storage tanks for longer periods of time.
162

163 He also discussed the status of the Standard Operating Procedures Manual.
164 Currently, operations staff has an outline and procedural details are being written.
165

166 **3. Supplemented by District Engineer's Report:**

167 District Engineer Pakpour summarized his progress report on the Buckland Tanks
168 Replacement Project. The South tank is finished. It was filled up and there were no
169 leaks. The water sits for five days, after which a battery of tests is conducted before
170 the tank is put in service. The District took water samples for analysis of bacteria
171 and volatile organic compounds (VOC), and found them to be free of coliform.
172 However, the VOC analysis found other chemical compounds to be above the
173 allowable maximum containment levels (MCLs). It was determined to be the paint
174 used in the tank. After discussing this with the District's water quality consultant, Dr.
175 Dan Askenaizer of Water Quality Treatment Solutions (WQTS), the District disposed
176 of the water through coordinated efforts with the City of Belmont and its street
177 sweeper and sewer cleaning operations. The remainder was disposed in the storm
178 drain system after being dechlorinated.
179

180 He then discussed the Belburn Water Main Replacement Project. The project
181 started on September 8, 2014, with District employee Michael Anderson providing
182 full time on-site inspection. He summarized what had been completed so far on the
183 project. General Manager Rudock added that Michael Anderson appreciates the
184 opportunity to be the inspector, because he is learning more about construction of
185 the distribution system and application of the MPWD's new standards and
186 specifications.
187

188 **B. Financial Reports**

189 General Manager Rudock summarized that everything is on target and on budget, and
190 there are explanations on page 76 about anything outside of the expected spending
191 levels. The auditor will be here next month to present the audit. He met with the
192 Board's Financing Audit Review Committee. Vice President Linvill expressed her
193 appreciation of the added new graphs to the report. She also asked for clarification on
194 the financial reporting year-to-date and the cumulative report from District Engineer
195 Pakpour's report related to the Buckland Tank project. It was explained the financials
196 reflect the total cost spent for the fiscal year (2014-2015) and District Engineer
197 Pakpour's report reflects a cumulative total from when the project started. Also it was
198 pointed out that the District's financials include staff labor costs, legal fees, and other
199 miscellaneous costs not reflected in the District Engineer's reports.
200

201 **C. Director Reports**

202 Director Zucca commented that the City of Menlo Park is starting their Urban Water
203 Management Plan. They are starting early because they are updating their General
204 Plan. He wanted to know the status of the City of Belmont's General Plan. Director
205 Warden responded that the City's General Plan has not been updated since 1982, and it
206 had not been updated 30 years before then. The City has been collecting fees and the
207 money is earmarked to pay for this plan to be updated. There is a Conservation
208 Element in the General Plan. Most of the emphasis is on land use, traffic, and open
209 space. The plan takes a lot of time to put together, and there is a community buy-in
210 component in getting it implemented, along with all the staffing resources to put this in
211 place. Director Zucca added that we should coordinate with the City of Belmont in
212 updating its General Plan because any land use changes may impact the MPWD's ISG
213 and new development that could cause the District to pay higher fees on top of the
214 usage.

215
216 Vice-President Linvill reported that she met with Director Warden, General Manager
217 Rudock, Administrative Services Manager Pina, and David Becker from James Marta &
218 Company (District Auditor) to review the preliminary audit. David Becker said the
219 General Manager and staff is doing a wonderful job. They were able to find all the
220 information they needed. The auditor's management letter shows that all the
221 recommendations from the prior year's audit were completed with the exception of one
222 that is in process. Audit findings will be presented at the October 23, 2014, Board
223 meeting. He also said that we can be proud of the progress we have made on all fronts.
224 Director Warden added that there is no "smoke and fire."

225
226 Director Stuebing had nothing to report except that the Stuebing household used only 4
227 units of water last month, and used 5 units the prior month.

228
229 Director Warden reported on the meeting for MPWD employees and Directors providing
230 highlights on the Health Savings Account (HSA) benefits and how the plan works. He
231 encouraged the rest of the Board Members to attend a meeting on this because of its
232 complexities. He reiterated some of the benefits, which includes tax benefits and
233 investment opportunities. District Counsel commented that her colleagues refer to it as
234 a "medical IRA."

235
236 **9. FUTURE AGENDA BUSINESS ITEMS**

237 The FY 2013/2014 Financial Audit will be presented at the October 2014 meeting.

238
239 **10. COMMUNICATIONS**

240 None

241
242 **11. CLOSED SESSION**

243 The Board adjourned into Closed Session at 8:50PM to discuss two matters:

244
245 **A. EXISTING LITIGATION**

246 State of California v. Cathy Abou-Remeleh
247 San Mateo County Case No. CIV516075

248
249 **B. PUBLIC EMPLOYEE PERFORMANCE EVALUATION AND ASSOCIATED**
250 **NEGOTIATIONS**

251 Government Code §§54957 and §§54957.6
252 Title: General

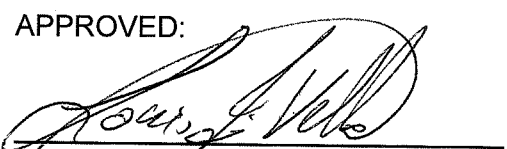
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The Board reconvened into open session at 9:33PM. District Counsel Cassman reported that no action was taken.

12. ADJOURNMENT

Director Zucca motioned to adjourn at 9:34PM, Director Stuebing seconded, and it was unanimously approved.


DISTRICT SECRETARY

APPROVED:

BOARD PRESIDENT