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

December 19, 2013
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 Stuebing at 6:40PM.

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

C. Administer Oath of Office: Betty Linvill, Al Stuebing, and Dave Warden

District Secretary Pina administered the Oath of Office to the newly elected Directors. Once completed, Director Warden took his seat on the Board.

D. Establishment of Quorum:

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

ABSENT: None

A quorum was present.

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

E. Election of Officers

President Stuebing moved to elect Director Vella as President, and Director Warden seconded. President Stuebing called for other nominations, and hearing none, Vice President Vella accepted the nomination. Roll call was taken and the motion was unanimously approved.

Director Zucca moved to elect Director Linvill as Vice President and Director Stuebing seconded. President Vella called for other nominations, and hearing none, Director Linvill accepted the nomination. Roll call was taken and the motion was unanimously approved.

President Vella then presented the outgoing President Stuebing with a plaque, and thanked him for his wisdom in leading the District. President Vella offered congratulations to the newly elected Directors, and extended a special welcome to Dave Warden as the newest member of the Board.

2. PUBLIC COMMENTS

None

50 President Vella moved up Regular Business Item 7.C. to accommodate the travel schedules
51 of the presenters from Public Agency Retirement Services (PARS) and HighMark Capital
52 Management.
53

54 **7. REGULAR BUSINESS**

55 **C. Review MPWD PARS OPEB Trust Account, and Investment Structure and**
56 **Performance, and Consider Resolution 2013-18 Approving Investment Portfolio for**
57 **the Trust Account**

58 General Manager Rudock introduced both Andrew Brown from HighMark Capital
59 Management and Jennifer Meza from PARS. They provided an overview of the MPWD's
60 OPEB (Other Post Employment Benefits) trust account, including the current investment
61 strategy and options for the Board's consideration.
62

63 Jennifer Meza gave a quick overview of the MPWD's current plan. She then summarized
64 the activity in the account and the actuarial results.
65

66 Andrew Brown discussed the MPWD's trust account performance, the asset allocation, and
67 the current investment objective. He summarized the results of the MPWD's investment
68 portfolio.
69

70 Director Stuebing asked what other agencies are doing. Andrew Brown responded that the
71 most popular investment objective is the HighMark Moderate Plus, the actively managed
72 platform (50% stocks/50% bonds). In terms of risk and reward, it is one step above the
73 MPWD current investment portfolio. The second most popular platform is the Moderate
74 Index Based (also 50%/50%). The third most popular is Balanced (60%/40%).
75

76 Andrew recommended the Balanced portfolio to achieve the 7% objective projected in the
77 recent OPEB actuarial report presented by Steve Itelson.
78

79 President Vella directed staff to have these presentations once a year, but not in December.
80 He also would like to have a mid-year review but a scaled down version, just so the Board is
81 well informed of account performance and options.
82

83 The decision was made to wait on approving Resolution 2013-18. District Treasurer
84 suggested the Board consider making changes before the next actuarial study, which
85 assumes a 7% discount rate rather than the 5.9% assumed with the current investment
86 strategy.
87

88 Staff was directed to obtain an additional actuarial analysis utilizing a 5.9% discount rate.
89
90

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

92 None
93

94 **4. ACKNOWLEDGEMENTS/PRESENTATIONS**

95 A. Water Distribution System Operator III, California Department of Public Health – Brent
96 Chester

97 B. Cross Connection Control Specialist, American Backflow Prevention Association – Brent
98 Chester
99

100 General Manager Rudock reported that staff is furthering their professional knowledge of
101 the distribution system by working toward a higher distribution system certification and
102 adding water treatment certification. She commended Brent for the successful
103 relationship he has built with San Mateo County and its back-flow inspection program.
104

105 President Vella suggested that operators obtaining new licenses should mentor others
106 and share on-the-job responsibilities based on their added skills and job knowledge.
107

108 **5. CONSENT AGENDA**

- 109 A. Approve Minutes for Regular Board Meeting of November 21, 2013
110 B. Approve Expenditures from November 14, 2013, through December 4, 2013.
111 C. Receive the November 5, 2013, MPWD Election Results from San Mateo County Chief
112 Elections Officer
113

114 Director Zucca moved to approve the Consent Agenda, including the minutes as amended
115 prior to the Board Meeting, Vice President Linvill seconded, and it was unanimously
116 approved.
117

118 **6. HEARINGS AND APPEALS**

119 None
120

121 **7. REGULAR BUSINESS**

122 **A. Discuss DRAFT MPWD Indoor Water Use Efficiency Ordinance #109:**
123

124 **B. Discuss DRAFT MPWD Outdoor Water Use Efficiency Ordinance #110:**

125 General Manager Rudock reported that District Counsel Cassman met with Scott
126 Rennie, City Attorney for Belmont, discussing enforcement of the ordinances. There are
127 issues to work out. She acknowledged Carlos de Melo, Community Development
128 Director for the City of Belmont, his staff, and our staff for their coordination efforts thus
129 far. Carlos de Melo distributed the Ordinances throughout the city for review. We have
130 since received very good input from them. We hope to have a refined document in the
131 coming months to present for final approval.
132

133 President Vella agreed that we need to take the time to do this right. He would like to
134 have a training session for the Board so when asked by the public, the Board is fully
135 informed and can answer questions they will receive from the public.
136

137 Director Zucca asked about a flow chart that will assist understanding the inter-relations
138 between not only the District but also the City, as well as the various departments within
139 the City. He would like the document to be a clear road map for those who have to
140 follow the Ordinances.
141

142 Director Warden asked about what we will need to do about enforcement for those
143 customers in the City of San Carlos and County of San Mateo.
144

145 **C. Review MPWD PARS OPEB Trust Account, and Investment Structure and**
146 **Performance, and Consider Resolution 2013-18 Approving Investment Portfolio**
147 **for the Trust Account**

148 Presented after Agenda Item #2 PUBLIC COMMENTS above.
149

150 **D. Consider Resolution 2013-19 Approving the Sixth Amendment to Lease**
151 **Agreement between the MPWD and JMP Golf Design Group for Real Property at**
152 **1513 Folger**
153

154 General Manager Rudock introduced the tenant at 1513 Folger, Brian Costello of JMP
155 Golf Design Group. She presented a summary of the previous lease amendments, and
156 described how she came up with the recommended 4% increase for the lease
157 amendment under consideration, including an additional 4% increase with the next
158 option. A walk-through inspection of the property with the potential for tenant
159 improvements was also discussed. The option to sell the property was discussed, and
160 staff recommended retaining the property at least until completion of the water hydraulic
161 modeling and the identity of capital improvement needs.
162

163 Staff recommended approval of the Sixth Lease Amendment with JMP Golf Design
164 Group and increased rent by 4% to \$2,210 per month.
165

166 Vice President Linvill suggested we have a termite inspection on the property, and
167 General Manager Rudock said there would be a list of items to be addressed as a result
168 of the walk-through inspection.
169

170 Vice President Linvill moved to adopt Resolution 2013-18 approving the Sixth
171 Amendment to Lease Agreement between the MPWD and JMP Golf Design Group for
172 Real Property at 1513 Folder for the two-year period (December 19, 2013, through
173 November 15, 2015), Director Stuebing seconded, roll call was taken and it was
174 unanimously approved.
175

176 **E. Approve 2014 MPWD Board Meeting Schedule:**

177 Director Stuebing moved to approve the proposed 2014 Board Meeting Schedule,
178 Director Warden seconded, and it was unanimously approved.
179

180 **F. Schedule MPWD Strategic Planning Special Meeting in January 2014**

181 General Manager Rudock was directed by the Board to schedule this meeting on
182 January 9, 2014 at 6:00 p.m.
183

184 **G. BAWSCA Update**

185 President Vella attended the Board Policy meeting. They discussed that there will be a
186 presentation at the January 2014 meeting about the increased cost of the SFPUC
187 Calaveras Dam Project.
188

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

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

191 General Manager discussed the updated MPWD resource notebook given to each
192 Director. She reviewed the upcoming MPWD holidays. She further reported on the
193 MPWD email addresses created for Directors, which are web-based for accessibility.
194 The SFPUC annual meeting with Wholesale Customers is scheduled for Thursday,
195 February 13, 2014, at 9:00 a.m. in Millbrae
196

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

198 Admin Services Manager updated the PARS/OPEB balance on the report to
199 \$285,997.
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2. Supplemented by Operations Superintendent's Report:
Operations Superintendent Young presented photos of the service upgrade at 1512 Harbor. He further discussed the work done on the various service leaks. He updated the number of water meter replacements to 127. District Engineer clarified that a "service connection" is a "meter" by definition for the District.

3. Supplemented by District Engineer's Report:
District Engineer Pakpour reported that the Buckland Tanks replacement project is out for bid and the mandatory pre-bid meeting was enforced for those contractors that wish to bid the job. Bids are due January 15, 2014, and all three tank manufacturers and contractors in California who build steel tanks attended the pre-bid meeting, along with four general contractors. Project budget adjustments will be ready for staff's mid-year budget review.

District Engineer met with staff on December 10th on the revised standards and specifications, reviewing construction, installation, assembly, and pipe types, including restraints that can resist the forces of earthquakes.

He met with the City of Belmont staff and are considering making those meetings quarterly, for project coordination.

B. Financial Reports

Director Linvill requested an executive summary of the financial reports.

Director Warden mentioned that some of the footnote explanations should be clarified.

C. Member Reports

Vice President Linvill shared a discussion she had about water rights and what should be considered if a drought is declared by Governor Brown. Director Zucca added that some agencies develop a water contingency plan.

Director Stuebing and President Vella attended the Belmont City Council Meeting that recognized former MPWD Director David Altscher and Director Warden as he was exiting off the City Council.

Director Stuebing also added kudos to the staff for the Happy Holidays sign on top of the MPWD building.

9. FUTURE AGENDA BUSINESS ITEMS

1. Calendar Contest Award
2. Buckland Tanks Replacement Contract Award
3. Internal Control Manual
4. Revised Personnel Manual
5. Mid-Year Budget Review
6. Steve Itelson Actuarial Review of investments at 5.9%
7. Director Zucca mentioned that January is when BAWSCA comes out with its preliminary water projections between now and 2040 in tech memo 2. He would like to know what those projections look like relative to supply.

252 **10. COMMUNICATIONS**

253

254 *The Board recessed into Closed Session at 9:05 PM to consider the following matter:*

255

256 **11. CLOSED SESSION**

257 A. ANTICIPATED LITIGATION

258 Government Code §54956.9

259 Title: Vinarskiy Claim

260

261 *The Board reconvened in open session at 9:23 PM. District Counsel reported that the*
262 *Board took no reportable action during the closed session.*

263

264 **12. ADJOURNMENT at 9:24 PM.**

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DISTRICT SECRETARY

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APPROVED:

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BOARD PRESIDENT

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