



BOARD OF DIRECTORS  
MINUTES  
JUNE 25, 2015

3 Dairy Lane, Belmont, CA 94002  
tel: 650.591.8941 • fax: 650.591.4998  
[www.MidPeninsulaWater.org](http://www.MidPeninsulaWater.org)

**DIRECTORS:** BETTY L. LINVILL *President* • MATTHEW P. ZUCCA *Vice-President* • DAVE WARDEN • AL STUEBING • LOUIS J. VELLA

**OFFICERS:** TAMMY RUDOCK *General Manager* • CANDY PIÑA *District Secretary* • JOAN L. CASSMAN *District Counsel* • JOUBIN PAKPOUR *District Engineer* • JEFF IRA *Treasurer*

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

June 25, 2015  
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 Linvill at 6:30PM.

**B. Pledge of Allegiance** – The Pledge of Allegiance was led by Administrative Services Manager/District Secretary Pina.

**C. Establishment of Quorum:**

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

**ABSENT:** Director Zucca.

A quorum was present.

**ALSO PRESENT:** General Manager Tammy Rudock, Administrative Services Manager/District Secretary Candy Pina, District Counsel Joan Cassman, District Engineer Joubin Pakpour, and District Treasurer Jeff Ira.

2. **PUBLIC COMMENTS**

None.

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

None.

4. **ACKNOWLEDGEMENTS/PRESENTATIONS**

Tammy Rudock, General Manager – Class of 2015, 27<sup>th</sup> Graduating Class: LEADERSHIP – Redwood City/Belmont/Menlo Park/San Carlos, Chamber Redwood City/San Mateo County. President Linvill congratulated General Manager Rudock for her achievement. Director Vella also offered his congratulations and commented that he was in the Leadership Program's 2<sup>nd</sup> Graduating Class in 1990.

5. **CONSENT AGENDA**

**A. Approve Minutes for the Regular Board Meeting of May 28, 2015.**

**B. Approve Expenditures from May 21, 2015, through June 17, 2015.**

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

6. **HEARINGS AND APPEALS**

A. Proposition 218 Protest Hearing:

1. Open Hearing

President Linvill opened the public hearing.

2. Summary Presentation on MPWD Water Financial Plan & Rate Study

51 Alex Handlers of Bartle Wells Associates introduced his team and presented  
52 summary information from the MPWD's Financial Plan and Water Rates Study. Mr.  
53 Handlers commended the MPWD for good financial stewardship, and explained that  
54 most of the revenues come from water rates. He noted the MPWD has no debt, and  
55 continues to fund capital projects each year through rates. He discussed that San  
56 Francisco Public Utilities Commission (SFPUC) wholesale water rates have more  
57 than doubled in the past ten years, and rates are anticipated to increase 60% over  
58 the next five years. He further noted that the SFPUC has increased its rates to fund  
59 long term debt, which started in 2002.

60  
61 District Engineer Pakpour commented that the SFPUC's long-term debt is funding a  
62 \$4.8 billion capital improvement program put in place for the SFPUC infrastructure  
63 that serves all customers within the regional water system. He further explained that  
64 the State Legislature forced the SFPUC to implement this program since they were  
65 slow in making improvements. The SFPUC is being carefully watched to ensure  
66 they are properly spending the money.

67  
68 The MPWD is proposing an 18% water rate increase, effective July 1, 2015, and a  
69 6% increase in each of the subsequent four fiscal years. There was discussion  
70 about the "Service Charge" which will be renamed "Fixed Monthly Charge" to better  
71 reflect that charge as it relates to the MPWD's fixed system costs relative to a  
72 customer's meter size. This charge currently covers 20% of MPWD's fixed costs,  
73 and over the next five years that coverage will increase to 25%. The five-year rate  
74 proposal gives the MPWD the authority to increase water rates via the "pass-  
75 through" provision, if needed, when SFPUC raises their wholesale rates significantly  
76 higher than projected in the Rates Study. For 2015, the rate payers are asked to  
77 voluntarily cut back 20% compared to their 2013 water usage. Currently, the  
78 community is approximately 75% of the way there. MPWD is faced with State fines  
79 of \$10,000/day if it does not comply with the 20% water use reduction goal. MPWD  
80 developed a water shortage emergency rate program, which will be put in place if  
81 necessary and after 30-day notice to customers.

82  
83 District Engineer Pakpour commented about fire flow necessities and how that  
84 impacts rates and upgrades to piping.

85  
86 Director Vella discussed leak detection and how the new meters with their leak  
87 detection capabilities are able to alert staff to possible leaks. This is a big step in  
88 reducing wasted water.

89  
90 General Manager Rudock discussed that MPWD purchases 100% of its water from  
91 SFPUC. MPWD is part of Bay Area Water Supply and Conservation Agency  
92 (BAWSCA), which is a 26 member agency. She added that two-thirds of the water  
93 within the San Francisco regional water system is used by the wholesale customers  
94 (BAWSCA member agencies) and one-third is used by the City and County of San  
95 Francisco.

- 96  
97 3. Consider Oral Testimony  
98 President Linvill opened the floor for oral testimony.

99  
100 George Kranen from 1902 Notre Dame Avenue asked about grey water systems,  
101 and if MPWD is looking into investing in education for those systems. He also

102 brought up desalination plants and if MPWD was looking into that option. Director  
103 Vella responded that the cost is very expensive and maybe something to look at in  
104 the future, but that at this time it is cost prohibitive. Mr. Kranen also mentioned that  
105 the expense of water is hard on retirees. He asked about recycled water usage.  
106 District Engineer Pakpour responded that Redwood City has a recycled water plant,  
107 and MPWD is slowly getting closer in proximity to being able to access that water.  
108 However, it would require **its own infrastructure alongside existing infrastructure**, and  
109 that it is very expensive.

111 A question came up about development, and how that will impact available water.  
112 General Manager Rudock explained that updated water capacity charges were  
113 developed, adopted, and recently implemented, which require new development to  
114 pay its fair share to buy into the system. These revenues are intended to fund future  
115 capital improvements. Mr. Kranen then ended his questions with a famous Mark  
116 Twain quote, "Whiskey is for drinking, and water is for fighting."

#### 118 4. Review Written Protests

119 Written protests are attached and listed below after being verified as MPWD  
120 ratepayers:

- 121 a) Frederic R. Palmer @ 1419 Arden Lane, Belmont, CA received June 25<sup>th</sup>;
- 122 b) Robert Krainz @ 1521 Sixth Avenue, Belmont received June 23<sup>rd</sup>;
- 123 c) William Sangervasi Sr. @ 1140 Broadway, Belmont received June 23<sup>rd</sup>;
- 124 d) Luis Riena @ 1201 Kedith Street, Belmont received May 29<sup>th</sup>;
- 125 e) Edmund T. Cruze @ 2630 Belmont Canyon, Belmont received May 29<sup>th</sup>;
- 126 f) K&J Residential Management, LLC @ 1818 Belburn, Belmont received May 24<sup>th</sup>;
- 127 g) Elizabeth Johnson @ 1604 Fairway Drive, Belmont received May 29<sup>th</sup>;
- 128 h) Jenny King @ 1633 Molitor Road, Belmont received May 21<sup>st</sup>; and
- 129 i) Mary Lake @ 3324 Adelaide Way, Belmont received May 19<sup>th</sup>.

#### 131 5. Close Hearing

#### 133 6. Consider Ordinance No. 114 Amending Attachment A Regarding Rates and Charges 134 to the Water Service Ordinance No. 103 for the MPWD

136 General Manager Rudock and District Counsel Cassman provided an overview of  
137 the proposed ordinance. Director Warden said the 60% increase **of SFPUC**  
138 **wholesale rates** is outrageous over the next five years and then added while he was  
139 on the Belmont City Council, he often opposed rate increases. However, there is  
140 nothing MPWD can do about this rate increase proposal. He clarified the increase is  
141 not because of the drought. The less water MPWD sells, the more customers have  
142 to be charged. It is not about punishing the rate payer because they have been  
143 conserving. There are major infrastructure issues which SFPUC is paying for which  
144 causes MPWD to pay higher rates for purchased water. MPWD is becoming very  
145 aggressive in having new development pay fees to buy into the system which  
146 ratepayers have been paying over the years.

148 Director Stuebing agreed that the rates will not be going down. MPWD is not alone  
149 in raising rates and they support updating the infrastructure, which is very old. He is  
150 voting yes for the wellbeing of the water system.

152 Director Vella thanked the rate payers at the hearing. He said MPWD will look into  
153 alternative sources of water, but MPWD is not yet there because of economics. He  
154 will also be voting yes for the wellbeing of the system.

155  
156 President Linvill said the Board has been working very diligently and taking  
157 everything into account in making this very serious decision. She then thanked Alex  
158 Handlers and his team for their work on the Rates Study.

159  
160 Director Stuebing moved to adopt Ordinance No. 114 Amending Attachment A  
161 Regarding Rates and Charges to the Water Service Ordinance No. 103 for the  
162 MPWD, Director Warden seconded. Roll call was taken, and it was unanimously  
163 approved.

## 164 165 **7. DROUGHT AND WATER CONSERVATION**

### 166 **A. Water Conservation Progress Report**

167 General Manager Rudock stated that the MPWD's Water Conservation Specialist,  
168 Jeanette Kalabolas, would be taking on the responsibility for the progress report each  
169 month, and continuing her quarterly report. Jeanette discussed that in the month of May,  
170 conservation efforts reduced usage by 37.2% as compared to 2013. In April, the  
171 reduction was 23.9%. However, these percentages are not included in the required  
172 months for conservation mandated by the State, which is from June 2015 through  
173 February 2016.

174  
175 There were six water complaints in May. The processes in place for those who are not  
176 adhering to the new ordinance will be as follows: 1) Educate the offender; 2) Send a  
177 written warning advising to cease and desist; 3) Give a 48-hour onsite citation; 4)  
178 Impose a \$500 fine; and 5) Terminate water service until compliance is achieved. Staff  
179 accepts anonymous complaints, written or by phone, and also MPWD's website has a  
180 place for complaints to be lodged.

181  
182 She explained the increase in the Water Conservation budget for the 2015/2016 fiscal  
183 year due to rebate programs tripling, additional education efforts, hiring of a contractor to  
184 do the post inspection for the lawn-be-gone program, additional marketing and  
185 communication, and new promotional items which will be purchased for community  
186 events and public outreach to encourage additional conservation efforts.

## 187 188 189 **8. REGULAR BUSINESS AGENDA**

### 190 **A. Consider Resolution 2015-07 Approving the Fiscal Year 2015/2016 MPWD** 191 **Operating Budget**

192 General Manager Rudock requested that the 2014/2015 Operating Budget be amended  
193 for line item 4010 on page 72, due to conservation efforts which significantly reduced  
194 projected revenues. Amending this number would more accurately reflect the percent  
195 increase between the 2014/2015 amended budget and the 2015/2016 proposed Budget.  
196 The same explanation above is noted for line item 6101 on page 74. Due to  
197 conservation efforts, less water was purchased from the SFPUC in 2014/2015, so  
198 amending this number will more accurately reflect the percent increase between the  
199 2014/2015 budget and the 2015/2016 proposed budget.

200  
201 Additional comments were made about the 2015/2016 Budget: 1) election costs were  
202 reduced by half because of the proposed all-mail ballot, 2) a new line item will be

203 created at mid-year to break out from purchased water costs and identify the SFPUC's  
204 monthly service charge, which are \$6500/month, and 3) recognition of reduced health  
205 care benefit costs were discussed.

206  
207 Director Warden moved to adopt Resolution 2015-07 approving the Fiscal Year  
208 2015/2016 MPWD Operating Budget together with a motion to amend line items 4010  
209 and 6101 in the FY 2014/2015 Operating Budget, Director Vella seconded. Roll call was  
210 taken, and both actions were unanimously approved.

211  
212 **B. Consider Resolution 2015-08 Approving the Fiscal Year 2015/2016 MPWD Capital**  
213 **Budget**

214 General Manager Rudock summarized the capital budget expenditures, noting the  
215 purchase of a new Financial Management System (FMS) and Capital Improvement  
216 Projects (CIP) specifically called out for this new fiscal year.

217  
218 Director Stuebing moved to adopt Resolution 2015-08 approving the Fiscal Year  
219 2015/2016 MPWD Capital Budget, Director Vella seconded. Roll call was taken, and it  
220 was unanimously approved.

221  
222 **C. Consider Approving Operations Manager Position and MPWD Reorganization**

223 General Manager presented the proposed Operations Manager Position description and  
224 MPWD reorganization. She described the background of the individual being  
225 considered for the Operations Manager position, which includes not only water  
226 operations technical and leadership expertise but also capital improvement program  
227 management. She discussed the reorganization and the changes in staff  
228 responsibilities, capitalizing on each staff member's specific areas of strength.

229  
230 District Engineer Pakpour noted MPWD would have to pay approximately  
231 \$100,000/annually to hire an outside consultant inspector for capital projects, but with  
232 this reorganization, staff will be able to concentrate on inspecting the capital projects,  
233 thus saving MPWD those resources.

234  
235 Director Stuebing noted there is now a succession plan in this reorganization.

236  
237 Director Warden moved to approve the Operations Manager Position and MPWD  
238 Reorganization, Director Stuebing seconded, and it was unanimously approved.

239  
240 **D. Consider Approving the Contract for Professional Services between Pakpour**  
241 **Consulting Group, District Engineer, and the MPWD**

242 General Manager Rudock mentioned that the proposed contract replaces the existing  
243 contract that expires in early 2016 and provides for increased engineering rates in FY  
244 2015/2016. It has been two years since the District Engineer's last increase in fees.  
245 She noted there is a 60-day notice for termination in the contract for both MPWD and  
246 Pakpour Consulting Group.

247  
248 Director Stuebing moved to approve the contract for Professional Services between  
249 Pakpour Consulting Group, Director Warden seconded, and it was unanimously  
250 approved.

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- E. Consider Resolution 2015-09 Consenting to Enter the Joint Protection Programs of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA)**
- General Manager Rudock discussed how the pooled insurance programs work within the ACWA/JPIA. The insurance program of the ACWA/JPIA offers MPWD an overall savings of \$42,000 compared to MPWD's insurance program costs last fiscal year. Administrative Services Manager Pina received three quotes from various brokers, and General Manager Rudock determined the ACWA/JPIA proposal offered the best coverage and price.
- Director Vella moved to approve Resolution 2015-09 consenting to enter the Joint Protection Programs of the Association of California Water Agencies/Joint Powers Insurance Authority, Director Stuebing seconded. Roll call was taken, and it was unanimously approved.
- F. Consider Resolution 2015-10 Authorizing Application to the Director of Industrial Relations, State of California, for the Certificate of Consent to Self-Insure Workers' Compensation Liabilities**
- In conjunction with Resolution 2015-09 above, Director Vella moved to approve Resolution 2015-10 Authorizing Application to the Director of Industrial Relations, State of California, for the Certificate of Consent to Self-Insure Workers' Compensation Liabilities, Director Stuebing seconded. Roll call was taken, and it was unanimously approved.
- G. Consider Resolution 2015-11 Approving Revised MPWD Employee Safety Incentive and Loss Prevention Program**
- General Manager Rudock reported that the program approved in 2013 has been successful in increasing safety awareness because there have not been any worker's compensation claims or material property losses since its implementation. Proposed changes include options for maximum participation in the safety observations and safety/loss prevention presentation components of the program. For maximum participation an employee would be required to submit four safety observations per month (\$200/year) and would receive \$200 for a safety/loss prevention presentation that is independently developed and presented. General Manager Rudock will determine whether to grant the incentive based on the presentation given.
- Director Vella moved to adopt Resolution 2015-11 Approving Revised MPWD Employee Safety Incentive and Loss Prevention Program, Director Warden seconded. Roll call was taken, and it was unanimously approved.
- H. Consider Resolution 2015-12 Approving Environmental Policy & Purchasing Proclamation for San Mateo County Green Business Re-Certification**
- General Manager Rudock acknowledged the work of Jeanette Kalabolas and Stan Olsen in accomplishing the goal of receiving the business re-certification for MPWD.
- Director Stuebing moved to adopt Resolution 2015-12 Approving Environmental Policy & Purchasing Proclamation for San Mateo County Green Business Re-Certification, Director Warden seconded. Roll call was taken, and it was unanimously approved.
- I. Consider Resolution 2015-13 Directing the San Mateo County Chief Elections Officer to Conduct the November 3, 2015 Election for the Mid-Peninsula Water District Wholly by Mail Pursuant to the Pilot Program Authorized by Assembly Bill**

303 **2028 if All Other Affected Jurisdictions also Request Participation in the Pilot**  
304 **Program at that Election**

305 General Manger Rudock summarized the San Mateo County pilot program for all mail-in  
306 ballots which is described in Assembly Bill 2028. The requirement is for 100%  
307 agreement within San Mateo County agencies for the all mail ballot to proceed in  
308 November 2015.

309  
310 Director Vella moved to adopt Resolution 2015-13 Directing the San Mateo County Chief  
311 Elections Officer to Conduct the November 3, 2015 Election for the Mid-Peninsula Water  
312 District Wholly by Mail Pursuant to the Pilot Program Authorized by Assembly Bill 2028 if  
313 All Other Affected Jurisdictions also Request Participation in the Pilot Program at that  
314 Election, Director Stuebing seconded. Roll call was taken, and it was unanimously  
315 approved.

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

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

319 General Manager Rudock distributed her report, and highlighted the following: 1) No  
320 HIA meeting in July or August; 2) Belmont's National Night Out will be held on August  
321 4<sup>th</sup>, and 3) CSDA Conference in Monterey will be held on September 21<sup>st</sup> – 24<sup>th</sup>.

322  
323 **1. Supplemented by Administrative Services Manager's Report**

324 Administrative Services Manager added there will be an employee potluck in July for  
325 team building, and the General Manager will be making jambalaya.

326  
327 **2. Supplemented by District Engineer's Report**

328 District Engineer Pakpour described the Alameda water main replacement project.  
329 The 6-inch aging pipe will be replaced with an 8-inch ductile iron pipe. It is currently  
330 in design and MPWD will be coordinating with the City of Belmont to discuss traffic  
331 issues. The construction is scheduled to occur in February 2016, and expected to be  
332 completed by May 30, 2016. There will be a formal schedule next month.

333  
334 The water hydraulic modeling is on schedule to be completed by August 2015, with  
335 the final zone (zone 1) to be finished. He thanked staff Henry Young, Ron Leithner,  
336 Brent Chester, Michael Anderson, and Chris Michaelis for working recently from 2  
337 a.m. to 6 a.m. in the field on the calibration in this zone. He also mentioned there is  
338 no water storage in Zone 1, so a new tank will be considered in the CIP for zone 1.

339  
340 **B. Financial Reports**

341 General Manager Rudock briefly summarized the financial results and mentioned that  
342 while revenues are lower than projected, so are expenses.

343  
344 **C. Director Reports**

345 Director Warden mentioned Belmont's zoning ordinance which is subject to referendum,  
346 and would require 4,600 signatures to be placed on the ballot.

347  
348 Director Vella discussed the increased water rates, commenting that the rate payers are  
349 intelligent and understand why the increases are necessary. He said while walking  
350 through the neighborhood, a neighbor told him he only waters by hand with a hose once  
351 a week. He discussed the meeting at Café Bliss where General Manager Rudock,  
352 Jeanette Kalabolas, and Brent Chester presented on conservation efforts. It was well  
353 attended and well received.



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Director Stuebing discussed conservation requirements.

President Linvill commented on the presentation at Café Bliss, adding that the presentation was excellent, people were listening, and they also contributed their comments. She attended the HIA meeting along with General Manager Rudock where a developer presented its project for a 500,000 square foot building on Industrial Road in San Carlos.

**9. FUTURE AGENDA BUSINESS ITEMS**

General Manager Rudock reported that Julie Brown will be present at the August 2015 Board Meeting for a progress update on the 2015 MPWD Strategic Plan achievements. The Board needs to consider the ballot for the CSDA Coastal Network next month.

**10. COMMUNICATIONS**

**11. ADJOURNMENT**

Director Stuebing moved to adjourn at 9:10PM, Director Warden seconded, and it was unanimously approved.

\_\_\_\_\_  
DISTRICT SECRETARY

APPROVED:

\_\_\_\_\_  
BOARD PRESIDENT