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

February 23, 2017  
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 Director Stuebing at 6:30PM.

**B. Establishment of Quorum:**

**PRESENT:** Director Stuebing, Directors Warden and Vella

**ABSENT:** Directors Linvill and Zucca

A quorum was present.

**ALSO PRESENT:** General Manager Tammy Rudock, Operations Manager Rene Ramirez, District Secretary/Administrative Services Manager Candy Pina, District Counsel Julie Sherman, District Engineer Joubin Pakpour and District Treasurer Jeff Ira.

**C. Pledge of Allegiance –** The Pledge of Allegiance was led by the District Operations Manager Rene Ramirez.

2. **PUBLIC COMMENTS**

Mr. Ahmed Mostafa, a resident at 602 Wessex Way in Belmont, reported that he is upset by the monthly meter charge on his bill. It is a flat rate and he feels that it should be a tiered structure based on customer consumption. He advised that from time to time he receives late notices and thinks the \$40 fee to restore service is too high and he does not understand why MPWD pays a meter reader when he has an auto-read meter. He also shared that he is on a fixed income and wonders why MPWD does not offer a low income assistance program.

General Manager Rudock responded that the District's fixed charge approach is based on the value of the distribution system, which is apportioned to each customer by the meter size, and almost all water suppliers charge this fee. It represents only a small portion of the MPWD's fixed system expenses. She advised that the fee associated with water being shut off for non-payment is extremely low and outdated and needs to be re-evaluated. In addition, she added that once the completion of the AMI system installation is complete, the District could eliminate the meter reader position. However, to date the District is only half way through the project.

Director Warden followed the General Manager's comments that eventually the District will see savings by transitioning to an AMI system. He added that all fees support our system and all customers pay into that system equally. He advised that if Mr. Mostafa had any additional questions that staff or the Board respond to his concerns further at a later date and that he could contact the office to make those arrangements.

52 Director Stuebing concluded the discussion by adding that unfortunately the District's hands  
53 are tied with respect to low income assistance programs given we are a cost-based  
54 organization governed by legal provisions, which require fair and equitable rates among  
55 customers.  
56

57 **3. CLOSED SESSION**

58 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

59 Government Code §54956.9 Subdivision (b)

60 *Maskay, Inc. d/b/a Eurotech, et al. v. Mid-Peninsula Water District*

61 San Mateo County Case No. 536467  
62

63 Staff reported this item was pulled from the Agenda due to a change in the course of action  
64 that prompted the necessity to meet.  
65

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

67 None.  
68

69 **5. ACKNOWLEDGEMENTS/PRESENTATIONS**

70 None.  
71

72 **6. CONSENT AGENDA**

73 **A. Approve Minutes for the Special Board Meeting of January 12, 2017, and Regular**  
74 **Board Meeting of January 26, 2017**  
75

76 **B. Approve Expenditures from January 21, 2017 through February 15, 2017**

77 Director Vella moved to approve the minutes for the Special Board Meeting on January  
78 21, 2017 and expenditures from January 21, 2017 through February 15, 2017. Director  
79 Warden seconded, and it was unanimously approved.  
80

81 Approval of the Regular Board Meeting of January 26, 2017 was postponed to the next  
82 Board meeting scheduled for March 23, 2017.  
83

84 **7. HEARINGS AND APPEALS**

85 None  
86

87 **8. MPWD FY 2016-2021 CAPITAL IMPROVEMNET PROGRAM AND 2016 COPs**  
88 **(CERTIFICATES OF PARTICIPATION) FINANCING**

89 **A. Consider Resolution 2017-03 Authorizing the Second Amendment to the**  
90 **Professional Services Contract with the District Engineer, referenced as Contract**  
91 **No. 02-1621-CIP in the amount of \$89,250 for Engineering Design Services related**  
92 **to the Hillcrest Pressure Regulating Station Project**

93 Operations Manager Ramirez reported the Hillcrest Pressure Regulation Station often  
94 wreaks havoc on the system due to pressure fluctuations from SFPUC. There is a  
95 difference between the Engineer's (Pakpour Consulting Group) estimate from the CIP  
96 summary sheets to the current Pakpour Consulting Group proposal, which is attributed  
97 to required surveying work. This project would provide Operations staff some much  
98 needed relief form SCADA false alarms. District Engineer Pakpour noted that the scope  
99 of work outlined would help to better protect Zone 1 from leaks attributed to pressure  
100 spikes.  
101

102 General Manager Rudock added that if the District is going to spend the capital to  
103 replace its mains, then it makes sense that system pumps and regulators be brought up  
104 to par. She also thanked staff for the explanation regarding the increase in engineering  
105 costs associated with the project.  
106

107 Director Vella asked District Operations Manager for spike records along Highway 101.  
108 District Engineer Pakpour confirmed that other agencies along the corridor do have  
109 similar issues, adding that pressure spikes are often hard to track as they get lost in the  
110 tank. However since the District's zone 1 is fed directly from SFPUC, it directly  
111 experiences these pressure fluctuations. Operations Manager Ramirez shared that a  
112 change in two pounds of pressure could make a significant difference. Director Vella  
113 agrees that the system needs fixing. District Engineer Pakpour reported that the project  
114 would also afford the opportunity to investigate the possibility of an intertie with the City  
115 of Redwood City.  
116

117 Director Warden expressed that he was uncomfortable with the procurement process  
118 associated with this project. In the future, he would like to see a project of this scale be  
119 solicited on a competitive basis among qualified engineering consultants. District  
120 Counsel Sherman summarized previous Board discussions wherein it was confirmed  
121 that the District Engineer's contract was solicited pursuant to a competitive process, was  
122 procured in compliance with law, and allows for this type of capital project work to be  
123 performed by the District Engineer.  
124

125 General Manager Rudock assured the Board that staff's utmost priority is to provide the  
126 Board with full transparency with regard to the Certificates of Participation (COP) project  
127 funds. Most recently, staff has undertaken the task of vetting engineering firms to  
128 address the three major upcoming CIP projects as on-call engineers. Staff's intention is  
129 to supply the Board with a quarterly report developed and presented by a consultant,  
130 likely the MPWD's Dissemination Agent, starting in April 2017 through the duration of the  
131 COPs, which will identify all projects costs, including engineering.  
132

133 Director Warden moved to approve Resolution 2017-03 Authorizing the Second  
134 Amendment to the Professional Services Contract with the District Engineer, referenced  
135 as Contract No. 02-1621-CIP in the amount of \$89,250 for Engineering Design Services  
136 related to the Hillcrest Pressure Regulation Station Project, and Director Vella seconded.  
137 Roll call was taken and it was unanimously approved.  
138

139 **B. Receive Progress Report on 2016 COPs Financing**

140 General Manager Rudock reported that to date, delivery costs have been declared and a  
141 copy of the first reimbursement was attached to the staff report. MPWD will submit its  
142 information to recoup Hanson and Bridgett legal costs, which were paid through  
143 December 22, 2016. Staff is collaborating with Bud Levine and the Dissemination Agent  
144 Dan Bergmann to create an adequate quarterly report that is user-friendly.  
145

146 Director Vella commented he does not want any public misconceptions with regard to  
147 how the District is spending these funds; therefore, it is extremely important the District  
148 is clear and concise with its COP spending.  
149

150 Director Warden added that he would like to see staff maintain a strong audit trail.  
151  
152

153 **9. REGULAR BUSINESS AGENDA**

154 **A. Discuss the Concept of a 2-Year Strategic Plan for the MPWD Covering 2017-2018**

155 General Manager Rudock reported that staff met with strategic planning facilitator Julie  
156 Brown and followed up with President Stuebing to discuss the idea of a new 2-year  
157 (rather than 1-year) strategic plan process. This type of transition would allow staff to be  
158 more effective, as long term strategic items could be better plotted and likely achieved  
159 within a 2-year plan.

160  
161 Director Warden advised he is open to the change, as long as there is an annual check-  
162 in. He also suggested that the strategic planning process follow the election cycle.

163  
164 **B. Consider Resolution 2017-04 Authorizing First Amendment to Contract for**  
165 **Professional Services in the total amount of \$100,100 with James Marta &**  
166 **Company for Annual Financial Auditing Services for FYEs June 30, 2018 through**  
167 **June 30, 2022**

168 General Manager Rudock reported that staff agreed with the Board Financial Audit  
169 Committee's recommendation that James Marta & Company's contract for annual  
170 financial auditing services be extended for an additional five (5) years. The firm's pricing  
171 is competitive, their caliber of work is excellent and MPWD has always had a positive  
172 working relationship with them. District Secretary Pina added that they are very  
173 receptive to communications and never bill for questions asked.

174  
175 Director Warden moved to approve Resolution 2017-04 Authorizing First Amendment to  
176 Contract for Professional Services in the total amount of \$100,100 with James Marta &  
177 Company for Annual Financial Auditing Services for FYEs June 30, 2018 through June  
178 30, 2022, and Director Vella seconded. Roll call was taken and it was unanimously  
179 approved.

180  
181 **C. Receive Mid-Year review of FY 2016/2017 Operating and Capital Budgets and**  
182 **Consider Resolution 2017-05 Approving the Amended Budgets**

183 General Manager Rudock reported the first debt services payment is now reflected in the  
184 mid-year budget. There are several significant revisions worth noting to the capital  
185 outlay. Pay-go has been amended to cover another installment of the AMI Meter  
186 Change-Out Program. MPWD is coordinating its water main replacement needs with the  
187 City of Belmont's sewer replacement program by sharing services with engineering firm  
188 Schaff & Wheeler and the MPWD's portion for those services needs to be budgeted.

189  
190 Director Warden commented that although the Folger Project has been taken off the  
191 table, he would like to understand if the abandoned pump station presents a safety  
192 hazard. General Manager Rudock responded that she is being realistic about the  
193 demolition being accomplished by the end of the FY 2016/2017. She followed up that  
194 staff will be coordinating a further recommendation soon on the 1510 Folger property (as  
195 well as the 1513 Folger property) after the real estate valuation is completed and  
196 presented to the Board. Director Warden reported the he would like to see a one page  
197 report written and stamped by a qualified structural engineer that the building is sound in  
198 its current state.

199  
200 Director Vella moved to approve Resolution 2017-05 Approving the Amended FY 2016/2017  
201 Operating and Capital Budgets, and Director Warden seconded. Roll call was taken and it  
202 was unanimously approved.  
203

204 **10. MANAGER AND BOARD REPORTS**

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

206 General Manager Rudock reported that cumulative water savings to date is 22.4%, while  
207 MPWD's state conservation standard remains 0%. The San Francisco Public Utilities  
208 Commission's (SFPUC) Annual Meeting on February 16, 2017, with Wholesale  
209 Customers and Bay Area Water Supply Conservation Agency (BAWSCA) presentation,  
210 was distributed and summarized. She noted that Eric Sandler, SFPUC's Chief Financial  
211 Officer, stated there would be no projected increase in wholesale rates for the next two  
212 fiscal years. Vice President Warden commented that it would be challenging for the  
213 District to increase rates given that information, or maybe there could be an increase to  
214 the monthly fixed system charge, but not to unit charges. Director Vella agreed that it  
215 would be a break for customers. President Stuebing stated it will be an interesting  
216 discussion when developing options.

217  
218 General Manager Rudock informed the Board that she attended the "Water Now Alliance  
219 Workshop: Conservation a California Way of Life" on February 13, 2017, at the SCVWD  
220 in San Jose, on State Compliance Framework and long-term water use savings. A  
221 summary memo was circulated. The workshop touched on a number of subject – target  
222 dates, water budgets and new standards to certify water efficient technology. How each  
223 agency accomplishes those matters will be through an aggregate approach and up to  
224 them.

225  
226 General Manager Rudock further opened discussion, and was looking for Board  
227 direction, on the District's current customer leak billing adjustment policy. She shared a  
228 recent conversation she had with a customer. A female professional had been a  
229 customer for 29 years with an excellent account record (electronic debit - no late  
230 payments), but she had experienced a leak at the end of year 2016. Her water loss was  
231 excessive and repairs were achieved within a reasonable timeframe. This particular  
232 customer reached out to express her disappointment in the calculation used to  
233 determine her adjustment and the District's policy that only two-month's high use is  
234 taken into consideration for a billing adjustment. MPWD rates are charged for the  
235 average units of the previous 24 month's consumption and the wholesale rate of \$4.10 is  
236 charged for the excess.

237  
238 Vice President Warden remarked that he feels the current practice in place is fair and if  
239 procedures have not already been committed to writing, he recommended that staff take  
240 action and do so accordingly, adding he is open to changing the one-time lifetime  
241 adjustment clause suggesting that the subscribed time be shortened to a 5-year period.  
242 President Stuebing and Director Vella acknowledged they were both in agreement with  
243 Director Warden's comments.

244  
245 **1. Supplemented by Administrative Services Manager's Report**

246 District Secretary Pina reported that another \$500,000 was transferred into the  
247 District's LAIF account.

248  
249 **2. Supplemented by Operations Manager's Report**

250 Operations Manager Ramirez reported there were no system main breaks in  
251 January. Operations staff attended a day-long class on Trench and Excavation  
252 Safety, and the influx of a high number of USA tags continues.

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

District Engineer Pakpour reported design work for water main projects is on track and construction is slated to start this summer. He shared the results of an annual water rates survey he does for their other water agencies and discussed how they gather the information and details. Some background on the survey was provided as well. Although MPWD rates are currently in the upper quadrant, expectations are that other water suppliers will be updating their rates in the coming year.

General Manager Rudock agreed with District Engineer Pakpour's anticipation that other water suppliers will increase their rates due to the previous delays in addressing the SFPUC increasing wholesale customer rates. Both President Stuebing and Director Vella shared they would have liked to see MPWD rates lower on the report. District Treasurer Ira remarked that MPWD Board and staff should be proud that they looked forward and stayed on top of necessary rate increases and maintained MPWD's capital outlay approach. His experience and perception of other local agencies is that deferred costs are delayed until it becomes too late.

District Engineer Pakpour concluded that a full CIP projects staff report will be issued in March. Staff will be interviewing six (6) on-call engineer design firms for the three major water main replacement capital projects next week and have been pleased with the broad spectrum of proposals received.

**B. Financial Reports**

General Manager Rudock reiterated that MPWD financials are on target and in a good position to date.

**C. Director Reports**

Director Vella reported he attended the City of Belmont's State of the City Address. He noted it was well attended and shared that the new development preview was interesting.

Director Stuebing reported on the California Special District Association (CSDA) meeting he attended with General Manager Rudock. He advised that the San Mateo County Elections Officer made a presentation on the recent all-mail ballot election and the odd-year public agency elections transitions to even-year elections. A CSDA field representative attended the meeting in order to serve as a resource to the local chapter. Joshua Cosgrove is doing a good job as local chairman.

**11. FUTURE AGENDA BUSINESS ITEMS**

General Manager Rudock reported on the March 2017 look-ahead items from her General Manager's report.

**12. COMMUNICATIONS**

General Manger Rudock presented Director Warden with his healthcare benefits summary packet, which was previously distributed to other Board members in attendance at the February 2017 meeting. She further reminded the Board about the Employee Appreciation Dinner scheduled for Friday, April 14, 2017 and asked that they RSVP as soon as possible.

Director Stuebing inquired about the deadline to submit Form 700's. District Secretary Pina responded that the deadline to file is April 3, 2017.

306 **13. CLOSED SESSION**

307 The Board adjourned into Closed Session at 8:15PM to discuss one matter.

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309 **A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION**  
310 **AND ASSOCIATED NEGOTIATIONS**

311 **Government Code §§54957 and 54957.6**

312 **Title: General Manager**

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314 The Board came out of closed session and it was reported that no action had been taken.

315  
316 Director Stuebing commented that the evaluation of the General Manager is an integral  
317 responsibility of the Board. Accordingly, the three members of the Board present this  
318 evening decided to continue the matter to a Special Board meeting to be scheduled at the  
319 earliest possible date at which all five members can be present in order to bring the  
320 evaluation to its conclusion.

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322 **14. ADJOURNMENT**

323 The meeting was adjourned at 8:25PM.

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328 DISTRICT SECRETARY

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330 APPROVED:

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333 BOARD PRESIDENT  
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