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

March 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 President Stuebing at 6:30PM.

B. Establishment of Quorum:

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

ABSENT: None

A quorum was present.

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

C. Pledge of Allegiance – The Pledge of Allegiance was led by Director Vella.

2. **PUBLIC COMMENTS**

None

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

None

4. **ACKNOWLEDGEMENTS/PRESENTATIONS**

A. Introduction of Hunter Crawford-Shelmadine, Junior at Carlmont High School and MPWD Partner in the 2016/2017 Biotech Institute Mentoring Program

General Manager Rudock introduced Hunter, a student at Carlmont High School who is enrolled in the Biotech Institute Mentoring Program. The program promotes local partnerships between students and business executives in the science and biotech fields. This is an excellent opportunity for the MPWD to give back to its community. Hunter has a passion for science and plans to major in Marine Biology. Her resume speaks for itself - advanced classes with a GPA of 3.9 and she is enrolled in a number of courses through the local community colleges. Her outside interests include video production and photography, and although her schedule is full, she still finds time to volunteer for community service projects. She is an accomplished athlete and has been a member of Carlmont High School's Water Polo team since 2014, and is currently on the swim team. Her science project on "Sunscreen and its Effects on the Environment" also recently took second place at the state level.

Hunter shared that she has had an interest in science since her seventh grade school science fair, entering competitions at the state level since the eighth grade.

52 General Manager Rudock concluded that it has been a pleasure to be partnered with
53 such a motivated and engaged student and share the MPWD operations and services
54 with her.
55

56 **5. CONSENT AGENDA**

57 **A. Approve Minutes for the Regular Board Meeting of January 26, 2017, and Regular**
58 **Board Meeting of February 23, 2017**

59 Director Linvill had a question about the "Xs" listed on a number of pages throughout the
60 minutes. Administrative Services Manager Pina clarified that those were placeholders
61 until the project numbers had been developed.
62

63 **B. Approve Expenditures from February 16, 2017 through March 16, 2017**

64 Director Vella moved to approve the minutes for the Regular Board Meetings on January
65 26, 2017 and February 23, 2017 and expenditures from February 16, 2017 through
66 March 16, 2017. Director Warden seconded, abstaining from the January 26, 2017,
67 minutes. The motion was approved.
68

69 **6. HEARINGS AND APPEALS**

70 None
71

72 **7. MPWD FY 2016-2021 CAPITAL IMPROVEMENT PROGRAM AND 2016 COPs**
73 **(CERTIFICATES OF PARTICIPATION) FINANCING**

74 **A. Receive Update on Selection Process for the On-Call Engineering Services related**
75 **to the MPWD 5-Year CIP FY 2016/2017 through FY 2020/2021, including**
76 **Engineering Services Work Distribution Plan**

77 Operations Manager Ramirez defined the purpose for an on-call engineering approach.
78 Of the twenty-two firms showing interest, ten sent Statements of Qualifications (SOQs).
79 Staff developed a series of questions to rank consultants, which resulted in a short list of
80 six firms which were interviewed. Out of those six firms, four firms were selected: Hydro
81 Science to assist with the El Camino Real Water Main Replacement Project, Schaaf and
82 Wheeler for the Old County Road Water Main Replacement Project, West Yost for State
83 Route 101/PAMF Water Main Crossing, and Mott McDonald that was placed on the list
84 to be used on an as-needed basis. Staff will meet with each consultant individually at
85 the end of March to discuss scope of work and associated costs. The six firms not
86 selected received follow-up calls to discuss presentations and offer constructive
87 feedback.
88

89 Operations Manager Ramirez said the Engineering Services Work Distribution Plan
90 (page 22) was the work of General Manger Rudock. It reflects the current and future
91 services currently under contract with the District Engineer, and future contract work for
92 the on-call engineers. On-call project submittals were compared to the District
93 Engineer's rates and summarized on page 23. District Engineer Pakpour clarified that
94 consultants will present a scope for staff review, and then costs will be negotiated with a
95 "not to exceed" amount. A consultant contract for each project will come back to the
96 board for approval.
97

98 Director Zucca stated for the record that given his professional civil engineering
99 background, he was in no way involved in the process or selection of the engineering
100 firms selected.
101

102 District Engineer Pakpour concluded that staff would continue to update the Board on
103 the breakdown of future projects, including bundled projects to save costs.

104
105 Director Vella commented that it is unusual to receive such a high number of proposals.
106 Operations Manager Ramirez shared that based on interview feedback, the size of the
107 capital improvements budget was a factor. District Engineer Pakpour also mentioned
108 that he had reached out personally to many firms and many felt the process was well
109 organized and the CIP's descriptions had complete back-up analysis and were well-
110 defined. Director Vella congratulated the District and staff for a job well done.

111
112 **B. Receive Progress Report on 2016 COP Financing**

113 General Manager Rudock reported Bud Levine is scheduled to attend the April Board
114 meeting to present a final report. Staff also met with the BNY Mellon team on March 21,
115 2017 as a kick-off introductory and organizational meeting.

116
117 Director Linvill expressed the importance of the quarterly report given the dollar amount
118 borrowed and the fact that the District has never taken on such a sizeable amount of
119 debt. She recognizes that there are many professionals involved and commented that
120 she would still like to see staff maintain separate accounting for the Board. She
121 commented that she is confused why the current progress report under requisition #2
122 and last month under requisition #1 does not reflect a total. Supporting documents are
123 provided, but no totals. Further, she requested an explanation as to why staff continued
124 to go back and forth recouping costs on things already paid. General Manager Rudock
125 replied that staff would be accounting for all COP CIP expenditures. She stated that
126 legal and miscellaneous costs were budgeted into the estimated issuance costs, and
127 that is why the MPWD requested reimbursement of its legal costs during that process.

128
129 Regarding the requisitions, General Manager Rudock responded that the content for the
130 report was in the format provided by Bond Counsel and for processing with the Trustee
131 and that paid cost items were itemized and not totaled on the attached exhibits. Staff
132 will review that format with the Trustee. Dan Bergmann is a financial consultant that
133 staff will work with to create the quarterly report, as well as the Board's financial audit
134 committee. Next month, Dan will present the first quarterly report, which will only reflect
135 delivery costs to date. No project costs were expended during the first quarter (January
136 1, 2017 through March 31, 2017).

137
138 Director Zucca advised he would like staff oversight on the District Engineer's handling
139 of the CIP project consultants and close tabs kept on true capital costs versus engineer
140 support services. He looks forward to seeing the CIP spreadsheet report next month
141 and feels there is value in having contract items separated. It should be very clear which
142 scopes are in and which are out of the CIP. He would also like the opportunity to go
143 back and review the tracking spreadsheet given recent revisions.

144
145 **8. REGULAR BUSINESS AGENDA**

146 **A. Consider Approving the Two-Year MPWD Strategic Plan for 2017-2018, including**
147 **Mission Statement, Vision Statement, Strategic Goals and Director Assignments**

148 General Manager Rudock reported she met with strategic planning facilitator Julie
149 Brown, and Board President Stuebing, about the idea of transitioning to a two-year
150 strategic plan given the numerous action items. She reviewed the draft 2-year plan
151 document, including basic measures on pages 49-50, Mission and Vision Statements on

152 page 51, and Director Assignments on page 52. The format was kept simple for ease in
153 use by staff and the Board, and public understanding.

154
155 President Stuebing made the suggestion that Director Assignments be removed from the
156 strategic plan and brought back as regular business in December or January for
157 discussion. Director Zucca commented on significant formatting changes he and the
158 General Manager implemented last year that helped make it a more user-friendly
159 document.

160
161 Director Warden had a question about the year attached to the plan and whether it was
162 fiscal or calendar. General Manager Rudock advised that the strategic plan has always
163 been based on the calendar year.

164
165 Director Warden also expressed his disappointment that the plan did not reflect a
166 coordination agreement between the District and the City of Belmont for 2017. General
167 Manager Rudock responded that staff is working with the City on an agreement for
168 coordination of public works and MPWD capital projects to be constructed this summer.
169 A coordination agreement for larger scale projects and long-term strategies needs to be
170 defined for development. Director Warden stated for the record that he will continue to
171 push on this matter due to the scale of upcoming engineer work. He added that he and
172 Director Zucca will take the initiative and schedule a meeting with staff to discuss this
173 further. He is convinced there is a cost-effective approach to getting things done where
174 everyone wins.

175
176 District Operations Manager Ramirez and District Engineer Pakpour both stated the
177 three upcoming CIP projects that align with the City's sewer replacements work will be a
178 good test run. District Engineer Pakpour added that staff meets quarterly with public
179 works and always asks about upcoming projects on the City's radar for cross reference
180 to avoid overlap.

181
182 Director Vella feels that staff also needs to address what happens when coordination
183 fails. He asked what authority if any does the City's oversight committee have? Director
184 Warden shared that the oversight committee has no authority or input on how money is
185 spent.

186
187 Director Warden asked about the working template agreement to get a feel for proposed
188 facets. General Manager Rudock advised that the current version only contains legal
189 content. Staff will work with Public Works to finalize the specific project cost
190 responsibility details, including cost sharing. Director Warden asked staff to inquire with
191 other Agencies and see if they are willing to share similar agreements or ordinances. He
192 also suggested that they consult the California League of Cities and the CSDA for
193 additional references.

194
195 **B. Receive Report on City of San Jose v. Superior Court of Santa Clara County**

196 District Counsel Cassman summarized the ruling as presented in the staff report. She
197 suggested that whenever possible, the Board should use MPWD email when conducting
198 District related business. If someone receives a correspondence through personal email
199 then it is recommended in their reply to copy their District email account, so that the
200 content can be saved to the MPWD server. Texting is another challenge given its
201 common usage in the work place and District Counsel Cassman's position is that the
202 Board should avoid using texts to conduct District business.

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The Board collectively asked for District Counsel Cassman's opinion on other social media platforms. District Counsel Cassman informed the Board that these challenges will need to be confronted as they appear. Public records requests involving Board members are less common, but officials need to do what they can to avoid private email situations. She shared that there may be an appropriate approach that has public officials signing declarations under penalty of perjury saying that they have looked at their account, but the declarations would need to be convincing and drafted in such a manner that the requestor is assured that one did look for the right materials and they do not exist on the private email account.

District Counsel Cassman reported that it is unlikely that the courts will apply this Supreme Court ruling retroactively given the time that has elapsed since this case was first filed, and the uncertainty of this area of law in the interim.

District Counsel Cassman acknowledged that work emails pertaining to District business could be subjected to disclosure. Director Zucca asked District Counsel Cassman to more clearly define District business and District Counsel Cassman advised that it really comes down to content and context of the email. She offered to come forward with protocols that could help.

General Manager Rudock reported that assigned staff have separate cellular telephones for work versus personal use and work is only conducted through District issued office equipment (e.g., computers, tough books, laptops or tablets) and not personal devices.

Director Zucca asked staff to create individual drop box accounts on the public domain for the use of each Board member.

C. Discussion Preliminary Water Revenue Requirements for Fiscal Year 2017/2018

General Manager Rudock discussed the preliminary water revenue requirements. SFPUC is projecting a 0% increase to the wholesale customer unit rate. This is due to debt savings of \$45 million dollars over the life of the refinanced bond, under-projected sales, of an estimated \$18.7 million, and the balancing account totaling \$41 million owed to wholesale customers used to smooth rates over three years.

Staff distributed its preliminary working draft projections for water consumption. Scenario 1 looked at the existing FY 2016/2017 actuals and resulted in a 3.4% projected increase. Scenario 2 looked at the average consumptions of FY 2014/2015 and FY 2015/2016 given they were lower consumption years, which resulted in a 3.8% difference. The final scenario 3 is based on an average consumption for all the years resulting in a 7.8% difference.

Director Warden commented that water use increases are hard to predict. General Manager Rudock agreed and stated that is why staff studies trends in actual use and relies on these facts. These past few years have been conservation years with record low use by customers. It is not likely that use will reduce any further without a push for conservation, and it is predicted that the above average precipitation these past few months will result in an end to the California drought and statewide water conservation emergency regulations. Furthermore, staff has been responsible in its management of operating expenditures and containing costs where feasible without sacrifice to the system. Staff believed that based on projections there would be sufficient revenues in

254 FY 2017/2018 without a rate increase to meet its revenue requirements for the debt
255 service coverage requirement. It is estimated that approximately \$450,000 would be
256 available for capital pay-go projects. Finally, General Manager Rudock stated that there
257 are sufficient reserves should the need arise, and overall, the risk is minimal in
258 maintaining the same water rate structure in FY 2017/2018.

259
260 Director Warden indicated three concerns, including the \$19 million worth of new capital
261 bonds, the District's position on the rates comparison chart presented last month by the
262 District Engineer, and the number of projects going on. He is pleased staff is
263 recommending a 0% rate increase. He suggested staff capitalize on this to the public
264 and thanked staff for their efforts.

265
266 General Manager Rudock shared that District Administrative Services Manager Pina
267 added the debt service coverage ratio to the official statement report on page 81.

268
269 Director Vella added that not only does it look good when you do not raise rates, but
270 these decisions give much mileage into the future because years when you did not raise
271 rates are always referenced.

272
273 Director Zucca added that while other agencies are in the process of trying to play catch
274 up and figure out how to raise rates, MPWD is sitting on the right side of the zero
275 percent rate increase curve based on previous actions.

276
277 **D. Discuss Preliminary Working Draft MPWD Fiscal Year 2017/2018 Operating Budget**
278 **Summary and Assumptions**

279 General Manager Rudock shared background details from the FY 2017/2018 Operating
280 Budget summary and the assumptions provided.

281
282 Director Linvill commented on depreciation and debt service coverage descriptions and
283 how to present them on the report. General Manager Rudock responded that she and
284 the District Administrative Service Manager are still working out a format.

285
286 General Manager Rudock clarified that there is a projected \$500,000 transfer over to the
287 pay-go capital budget or reserves.

288
289 **E. BAWSCA Update**

290 Director Vella reported on the Water System Improvement Program, Mountain Tunnel
291 project, and precipitation report discussed at last week's BAWSCA Board meeting.

292
293 He confirmed the 0% wholesale rate increase given SFPUC's strong sales numbers. He
294 also shared that BAWSCA's budget is expected to increase 7.5 percent for FY
295 2017/2018, which means MPWD will see an increase in its BAWSCA contribution. He
296 shared information on the Hetch Hetchy Tour scheduled for September 2017.

297
298 General Manger Rudock distributed copies of BAWSCA's Comments on the 2016 Draft
299 Revised Substitute Environmental Document to the Board.

300
301 **9. MANAGER AND BOARD REPORTS**

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

303 General Manager Rudock reported that cumulative water savings to date is 21.6% and
304 GPCD is down to 60.5. Director Vella's term on the BAWSCA Board is up on June 30,

305 2017. This item will be added to the April 2017 Agenda for Board discussion for another
306 4-year assignment. Very little is being added to the website right now because it is
307 being upgraded as a result of the new online bill-pay and customer portal installation.
308 The Board officer changeover press release has been posted. Because the tentative
309 date of May 17, 2017 for the State of the District Address at the Belmont Library was not
310 good for Director Zucca, Director Stuebing instructed General Manager Rudock to
311 release the tentative library date and research another date and bring it back to the
312 Board.

313
314 General Manager Rudock reported on the San Mateo County Emergency Managers
315 Association (OES) Meeting and the Caltrans District 4 Deputies Presentation and
316 concluded by sharing that every couple of years she looks outside MPWD's water area
317 to learn about other water agencies and the differences in operations. She recently
318 attended a workshop entitled: "Water Stress and the Changing San Joaquin Valley"
319 sponsored by the PPIC and Fresno State University. The PPIC is a non-partisan think-
320 tank group, and their events are well organized. The San Joaquin agricultural
321 perception was interesting, as was the perspective on disadvantaged communities,
322 especially during the drought. She secured workshop packages for each of the
323 Directors.

324
325 **1. Supplemented by Administrative Services Manager's Report**

326 District Secretary Pina highlighted that staff is near the end of the new billing system
327 implementation. The next two weeks will be a transition period and more training is
328 expected in the coming weeks.

329
330 General Manager Rudock added that staff has done a fantastic job with the
331 implementation of the new system. The report features are amazing. Next year, she
332 will be able to share with the Board consumption patterns in all the different rate
333 tiers. There will be some upcoming policy decisions that have to be made, e.g., the
334 system has the ability to automatically bills property owners. There are about 50
335 connections in the MPWD system, which are not in use or being billed based on the
336 old system or previous policy. Staff's position is that every connection should be
337 paying. Staff will bring back policy decisions for consideration.

338
339 District Counsel Cassman asked several questions about the situation. General
340 Manager explained that the new system will automatically convert back to the
341 property owner when a tenant calls in to stop service, so it has to be decided at the
342 policy level whether someone has to consistently pay for water that is being made
343 available to that connection.

344
345 General Manager Rudock advised she is not aware of any situations where tenants
346 leave, abandon, or disappear on the MPWD. General Manager Rudock shared that
347 some owners convert to their name when a tenant moves while others keep it in their
348 name and bill tenant accordingly. It just depends on the landlord/tenant agreement.

349
350 Director Warden commented that the city charges a fixed sewer fee cost even if it is
351 a vacant lot. He is also curious given the number of old apartment buildings how
352 many have single meters and costs included in the rent versus shared meters.
353 General Manager Rudock advised that there is a blend of everything.
354

355 Director Zucca asked District Counsel Cassman if billing property owners is a
356 Proposition 218 requirement. District Counsel Cassman said no, but advised she will
357 review District regulations as the rate is not changing, but there may be a change in
358 the District's regulations as to who is responsible for the water account.

359
360 General Manager Rudock reported that staff will also be bringing credit card fees
361 forward for policy direction.

362 363 **2. Supplemented by Operations Manager's Report**

364 Operations Manager Ramirez reported on the recent water main break at the Karen
365 Road mobile home park and that the line is part of the 2017 water main repair and
366 capital replacement program (CIP). Director Warden asked about claims filed.
367 District Operations Manager Ramirez stated that there might be one claim for water
368 damage.

369
370 District Manager Ramirez also discussed the hit fire hydrant on Harbor, advising the
371 driver did have insurance. The SCADA system did capture the incident, so the
372 control system in place does work.

373
374 District Manager Ramirez concluded by reporting on the Carlmont High School lead
375 testing request. Director Zucca commented that he wants to make sure when results
376 are communicated that only regulations and data are provided. Staff also needs to
377 make it crystal clear that the fix is the customer's responsibility. Lab sheets should
378 only be provided as a courtesy and he does not want opinions provided that might
379 expose the District to liability.

380 381 **3. Supplemented by District Engineer's Report**

382 District Engineer Pakpour provided an update report on the design work for the water
383 main projects.

384 385 **B. Financial Reports**

386 General Manager Rudock reported target year to date is 66.6%. Commodity charges
387 through February 28, 2017 are about 3.5% higher than projected, total operating
388 revenues are about 2.5% higher than projected and total operating expenditures are
389 about 5% below projections. She also shared that staff added a condensed income
390 section to the report on the bottom of page 104 that shows the cost of the COP
391 issuance.

392
393 Director Linvill commented that the report total does not quite reconcile to what was
394 reported on page 24 under the General Manager 2016 COP Finance Report. General
395 Manager Rudock advised that the financial reports are presented in an end-of-month
396 format, while her report was presented with the most up-to-date information. Director
397 Linvill reiterated the importance and significance of totals on reports for Directors. Staff
398 will consider the end-of-month formatting for future reports for consistency.

399 400 **C. Director Reports**

401 Director Linvill reported she had a service line break at her house and was without water
402 for two and a half days.

403
404 Director Zucca reported a constituent had reached out recently during a water main
405 break to find out why he had no water. He in turn reached out to the General Manager

406 to find out what was going on. He thinks it is reasonable given the number of high tech
407 people here in the community that the District has some way to get information out right
408 away using a real-time social forum.

409
410 Director Warden shared that PG&E has an elected official's hotline. General Manager
411 Rudock informed the Board that staff is looking into an alert system for the MPWD.

412
413 Director Linvill asked staff to look into what other agencies are doing. General Manager
414 Rudock replied that other agencies have a dedicated staff member for managing
415 multiple social networking platforms like corporate websites, Twitter, Instagram, and
416 Facebook.

417
418 Director Vella reported that the General Manager of BAWSCA is trying to meet with all
419 BAWSCA Directors who are representatives of the 27 member water Agencies. His
420 meeting is scheduled for Wednesday of next week. She likes to touch base one-on-one
421 every three or so years with everyone.

422
423 **10. FUTURE AGENDA ITEMS**

424 General Manager Rudock reported that she will be adding the BAWSCA appointment to the
425 next Board meeting agenda.

426
427 **11. COMMUNICATIONS**

428 General Manager Rudock reported on the communication addressed to her and the five
429 Board members received today. Director Warden asked if any other staff received it. She
430 confirmed that none had. She also shared a complimentary letter from customers, David
431 and Karen Duffy, praising staff for their assistance with a leak.

432
433 **12. CLOSED SESSION**

434 The Board adjourned into Closed Session at 9:05PM to discuss one matter:

435
436 **A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION
437 AND ASSOCIATED NEGOTIATIONS**

438 Government Code §§54957 and 54957.6
439 Title: General Manager

440
441 The Board reconvened into open session at 9:45PM.

442
443 **13. REGULAR BUSINESS**

444 **A. Oral Report Summarizing the Board's Recommendation regarding the General
445 Manager's Salary Adjustment, and Enact Resolution 2017-06 Approving a Salary
446 Adjustment for the General Manager, effective January 1, 2017, and
447 Corresponding Third Amendment to the General Manager's Employment
448 Agreement**

449 District Counsel Cassman reported that the Board completed the General Manager's
450 performance evaluation for 2016 and granted a 3.5% annual salary increase equaling
451 \$6,029 for a total annual salary of \$178,279, effective January 1, 2017.

452
453 Director Vella moved adoption of Resolution 2017-06 approving the salary adjustment
454 for the General Manager, effective January 1, 2017, and the corresponding Third
455 Amendment to the General Manager's Employment Agreement. Vice President Warden
456 seconded the motion, and after roll call was taken, it was unanimously approved.

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14. ADJOURNMENT

The meeting was adjourned at 9:48PM.


DISTRICT SECRETARY

APPROVED:



BOARD PRESIDENT