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

June 28, 2018
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 Warden at 6:30PM.

B. **Establishment of Quorum**:
PRESENT: Directors Warden, Stuebing, Vella, Linvill and Zucca.

A quorum was present.

ALSO PRESENT: General Manager Tammy Rudock, Operations Manager Rene Ramirez, Administrative Services Manager/District Secretary 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 District Treasurer Ira.

2. **PUBLIC COMMENTS**

General Manager Rudock received an email from Brian Schmidt wherein he requested his comments be read during public comments. She read aloud the email comments.

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

None.

4. **ACKNOWLEDGEMENTS/PRESENTATIONS**

A. **Hunter Crawford-Shelmadine – 2018 Graduate of Carlmont High School and Biotech Institute Program**
General Manager Rudock acknowledged the mentoring work she participated in with Hunter Crawford-Shelmadine through Carlmont High School's Biotech Institute Program. She expressed how proud she was to work with such a talented young woman like Hunter and considers the water industry fortunate to have her consider working in it after college. President Warden presented Hunter with a plaque, and she thanked MPWD for all the mentoring she received through General Manager Rudock.

B. **Hanson Bridgett LLP – 60th Anniversary**
General Manager Rudock then acknowledged Hanson Bridgett LLP's 60th Anniversary, and the 20 plus years they have served as the District Counsel. President Warden then presented District Counsel Julie Sherman with a plaque commemorating the 60th Anniversary. District Counsel Julie Sherman accepted the plague and thanked MPWD for the acknowledgment.

5. **CONSENT AGENDA**

A. **Approve Minutes for the Regular Board Meeting of May 24, 2018**

B. Approve Expenditures from May 16, 2018 through June 19, 2018
Director Zucca moved to approve Minutes for the Regular Board Meeting of May 24, 2018 and Expenditures from May 16, 2018 through June 19, 2018. Director Stuebing seconded, Director Vella abstained on Agenda Item 5.A., and it was unanimously approved.

6. HEARINGS AND APPEALS

None.

7. MPWD FY 2016-2021 CAPITAL IMPROVEMENT PROGRAM AND 2016 COP (CERTIFICATES OF PARTICIPATION) FINANCING

None.

8. REGULAR BUSINESS AGENDA

A. Review and Discuss Preliminary Draft of Updated Schedule of MPWD Miscellaneous Fees and Charges, proposed to take effect on January 1, 2019
General Manager Rudock introduced the item and summarized the background and existing Miscellaneous Fees. She further reported that the proposed fees were not meant to be punitive but rather reflect cost of service and to potentially change customer behavior in order to free up staff for other assignments. There would be ample messaging to customers, including scripts for staff to remind customers, before the fees were formally effective, proposed for January 1, 2019. She introduced Dan Bergmann of IG Service, who discussed the updated and new fees being considered, and the methodology for calculating them based upon cost-of-service. The fees include late fees, after-hour service call fees, and costs related to customer's use of credit/debit cards for water bill payment.

General Manager Rudock reported that staff proposed the elimination of a security deposit since the MPWD does not experience a significant amount of bad debt or accounts that are turned over for collection. Further, the $25 fee was insignificant compared to the average monthly bill and would eliminate the need for staff to manage the return of the deposit to the customer after one year's service.

After discussing the credit/debit card fees, the Board directed staff to return with a proposal recovering the $3.00 fee but not recovering additional fees for taking payments over the telephone.

The proposed After-Hours Service Call fee was discussed and the actual cost is $200, but General Manager Rudock proposed $125 in keeping with what other agencies are charging.

The remainder of the proposed fees were related to development and verified by cost-of-service analysis. General Manager Rudock reported to the Board that the Private Fire Protection fees (Residential and Non-Residential) remained under review and would be brought back next month for the Board's consideration.

B. Review and Discuss Inflationary Adjustments to MPWD Water Capacity Charges and Water Demand Offset Fees, proposed to take effect on October 1, 2018.
General Manager Rudock introduced the discussion with a brief summary of her report. She advised that Bartle Wells Associates (BWA), the consultant that developed the 2015 Water Capacity Charges Update for the MPWD, recommended annual or at least

periodic reviews and inflationary adjustments to the fees and charges. Specifically, BWA recommended the Engineering News Record for the Water Capacity Charges and the Bureau of Labor Statistics Consumer Price Index for the San Francisco/Oakland/Hayward area for the Water Demand Offset Fees.

Staff presented four (4) options, and focused on two (2) of them—Option A, which included a one-year inflationary adjustment to the fees and charges, and Option B, which represented a two-year inflationary adjustment, both with a proposed effective date of October 1, 2018. General Manager Rudock stated that the MPWD had experienced increased construction costs for its Capital Improvement Program and these fees and charges should be representative of the current development market, since they are used for MPWD infrastructure replacement and public education and water conservation rebate programs.

After discussion, the Board supported Option B and staff reported that it would come back next month with the related resolution for the Board's consideration and approval.

Director Zucca inquired about the Water Demand Offset Fees and whether it might be prudent to consider water cost scaling factors when calculating annual adjustments, since the MPWD incurred increased wholesale water costs from SFPUC. Staff responded that it would discuss that with BWA.

General Manager Rudock reminded the Board that the MPWD would be formally reviewing its Water Capacity Charges and Water Demand Offset Fees again in 2020, in keeping with BWA's 5-year recommendation in 2015.

C. Review Draft and Consider Resolution 2018-15 Adopting MPWD Rules of the Board

General Manager Rudock and District Counsel Sherman reported that the Board's comments from last month were incorporated into the draft rules before the Board for consideration.

Director Linvill moved to approve Resolution 2018-15 Adopting MPWD Rules of the Board. Director Zucca seconded and it was unanimously approved.

D. Receive GASB 75 Valuation and OPEB Actuarial Report for MPWD as of July 1, 2017 by Dempsey Filliger & Associates

General Manager Rudock highlighted the actuarial report and the differences since the July 1, 2015 valuation that resulted in an increase in the MPWD's accrued liability of $525,576.

General Manager Rudock reminded the Board that earlier this year it approved the OPEB (Other Post-Employment Benefits) pre-funding to the $2.4 million liability level, and concluded that staff would determine options for funding the additional $525,576 during next fiscal year's budgeting process.

E. Consider and Approve the San Mateo County Candidate Policy Form for Special Districts Statewide General Election on November 6, 2018

The Board directed staff that the candidate statement will be limited to 400 words, and the candidate would pay for the candidate statement, and it was unanimously approved.

F. Review Candidate Information and Cast Ballot in California Special Districts Association Election for Seat A in the Bay Area Network

After discussion of the slate of candidates, it was decided that the incumbent, Robert Silano, would be their choice for 2018 CSDA Board of Directors, Seat A in the Bay Area Network. It was unanimously approved, and General Manager Rudock was directed to cast the electronic ballot.

At 8:00PM, President Warden announced a five-minute recess because he had to leave the Board meeting, and he turned over the leadership of the meeting to Vice President Vella.

The Board meeting reconvened at 8:05PM with Vice President Vella presiding over the meeting.

G. Receive BAWSCA Update from Vice President Louis Vella

Vice President Vella discussed the difficulty in voting on the proposed BAWSCA budget for this coming fiscal year. He will be meeting with the CEO to discuss more about the growing budget, the role of the agency, and his concerns. Director Zucca further expressed concern that the scope of BAWSCA's role may be changing and he would like to find out what its vision is going forward.

9. MANAGER AND BOARD REPORTS

A. General Manager's Report

General Manager Rudock highlighted the section of her report related to the San Mateo Plan basin and the Department of Water Resources recent upgrade of the basin to medium priority that triggers SGMA (Sustainable Groundwater Management Act), and the MPWD's role in it as a water supplier along with 42 other agencies in the County of San Mateo.

1. Supplemented by Administrative Services Manager's Report

Nothing further than her written report.

2. Supplemented by Operations Manager's Report

Operations Manager Ramirez highlighted from his report that staff were finally able to replace the last meter in Zone 1 located on Industrial Road. Ops staff was able to install 73 AMI in May. Underground service alert requests totaled 272, which has become the norm for most months. There were no reported water leaks during May, and staff has 51 development projects it is processing. Board member Linvill asked if staff could segregate the number of residential and multi-family projects listed in the Ops report for the future.

3. Supplemented by District Engineer's Report

District Engineer Pakpour provided a brief update on the status of current CIP projects. He discussed the Karen, Mezes, South & Folger Water Main Improvements Project, stating there were change orders of 2.2% to date for that project. He noted there may be minor clean up next month, and that the Notice of Completion should be presented to the Board for consideration.

B. Financial Reports

Receive Financial Reports for Month Ended February 28, 2018

General Manager Rudock reported that the MPWD's target Year-To-Date percentage is 91.8%: Total revenues were at 101%, and total expenses were at 88.1%.

C. Director Reports

None.

10. COMMUNICATIONS

None.

11. ADJOURNMENT

The meeting was adjourned at 8:34PM.

DISTRICT SECRETARY

APPROVED:

BOARD PRESIDENT