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

November 15, 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 6:31PM.

B. Establishment of Quorum:

PRESENT: Directors Stuebing, Warden, Linvill and Zucca

ABSENT: Director Vella

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 General Manager, Tammy Rudock.

2. PUBLIC COMMENTS

None.

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

General Manager Rudock sought approval to move Section 8 on the Agenda ahead of Section 7 in order to accommodate the three independent consultants making presentations. The Board unanimously agreed.

4. ACKNOWLEDGEMENTS/PRESENTATIONS

A. 5-Year Service Anniversary on 12/10/2017–Laura Ravella, Administrative Assistant

B. 5-Year Service Anniversary on 12/11/2017–Candy Pina, Administrative Services Manager

C. 5-Year Service Anniversary on 12/21/2017–Tammy Rudock, General Manager
General Manager Rudock acknowledged that Laura Ravella was in the audience and reminded the Board of her responsibilities at the MPWD and expressed appreciation for her service. She also invited the Board to attend the service anniversary luncheon MPWD will be hosting in honor of the three employees on Wednesday, December 20, 2017 at 12:00PM at the MPWD.

President Stuebing thanked the three employees for their many years of service and contributions.

5. CONSENT AGENDA

A. Approve Minutes for the Regular Board Meeting of October 26, 2017

52
53 **B. Approve Expenditures from October 20, 2017 through November 7, 2017**

54 Director Zucca moved to approve the minutes for the Regular Board Meeting on October
55 26, 2017, and expenditures from October 20, 2017 through November 7, 2017. Vice
56 President Warden seconded and it was unanimously approved.
57

58 **6. HEARINGS AND APPEALS**

59 None.
60

61 Section 8. Regular Business Agenda items were considered ahead of Section 7, in order to
62 accommodate the schedules of three (3) consultants.
63

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

66 **A. Receive Progress Report on 2017 Water Main Replacement**

67 District Engineer Pakpour reported the project was awarded in July and a notice to
68 proceed was issued October 2, 2017. Construction began on South Road and there
69 have been no traffic issues, change orders or complaints to date.
70

71 District Operations Manager Ramirez shared that staff has reported contractor relations
72 remain amiable, and that MPWD Project Inspector Michael Anderson has received a
73 number of customer compliments with respect to his project oversight in the field.
74

75 **B. Receive Progress Report on Hillcrest Pressure Regulating Station Project**

76 District Engineer Pakpour reported that the project is 70% complete. A site map was
77 presented and reviewed. Comprehensive phasing will take some time resulting in a
78 project timeline extension through winter 2018.
79

80 District Operations Manager Ramirez also commented on the projects vault/confined
81 space challenges.
82

83 **C Discuss Extending Construction on Davey Glen Water Main Replacement Project**
84 **to El Camino Real, in Conjunction with City of Belmont Sewer Replacement**
85 **Project, and using \$181,500 of MPWD Capital Reserves**

86 District Operations Manager Ramirez referenced the map and existing project
87 background summary on page 20 of the Agenda packet. There would remain a 400-foot
88 segment of aged water main once our joint project was completed, and it made sense to
89 add the segment all the way to El Camino Real. A 1-inch overlay will be paved after the
90 MPWD's and City's water and sewer main replacement project are completed. He also
91 reported on the details of the proposed joint agreement negotiated with the City of
92 Belmont late Monday.
93

94 Director Zucca commented that this is a prime example of the type of CIP add-on that
95 makes sense for the District.
96

97 Vice President Warden requested that staff provide the Board a paving cost breakdown
98 per project.
99

100 General Manager Rudock reported on additional joint contract details and confirmed that
101 City officials would be considering the joint project at their next Council meeting. City
102 staff verified that the project would be bid out on December 1, 2017.

103
104 The Board agreed with staff's recommendation to add the remaining section of water
105 main on Davey Glen (to El Camino Real) to the approved project. District Counsel
106 Sherman confirmed no formal Board action was necessary at this time, as the project
107 will be approved by the Board during the upcoming annual budgeting process.
108

109 **8. REGULAR BUSINESS AGENDA**

110 **A. Received Report on 2017 MPWD Classification Study by KOFF & Associates, and**
111 **Consider Resolution 2017-20 Approving MPWD Employee Classification**
112 **Descriptions dated November 2017**

113 General Manager Rudock provided a brief overview of the almost year-long study of
114 MPWD classifications and employee involvement along the way, and introduced Alyssa
115 Thompson with KOFF & Associates.
116

117 Ms. Thompson reported on the study's background, goals, purpose, methodology, jobs
118 analysis and recommendations.
119

120 President Stuebing and Director Linvill commented on the deliverables and thanked Ms.
121 Thompson for providing such a comprehensive product.
122

123 General Manager Rudock concluded the presentation by adding that the new position
124 descriptions were a commitment made to the MPWD Employees Association during the
125 2014 labor negotiations.
126

127 Director Zucca moved to approve Resolution 2017-20 Approving MPWD Employee
128 Classification Descriptions dated November 2017. Director Linvill seconded and it was
129 unanimously approved.
130

131 **B. Review MPWD PARS OPEB Trust Account Investment Structure and Performance,**
132 **and Consider Resolution 2017-21 Approving 2018 Investment Portfolio**

133 General Manager Rudock shared that this is the annual report and review by the Board
134 of the MPWD's OPEB trust account. She further reported that as noted in her staff
135 report, during preparation of agenda item, staff discovered an error in the level of annual
136 funding made for the trust last fiscal year, which will be brought back for the Board's
137 consideration during mid-year budget review. She introduced Jennifer Meza with Public
138 Agency Retirement Services (PARS) and Andrew Brown with HighMark Capital
139 Management. Each of them provided a summary presentation on the MWPD trust
140 account performance for year ended September 30, 2017.
141

142 Director Linvill would prefer a more cumulative financial report, including breakdowns of
143 annual earnings and carry-over balances, rather than the current format of the table of
144 prior year comparisons.
145

146 The Board discussed a change in the investment portfolio for the trust account and
147 agreed on the Moderate plan for 2018.
148

149 Vice President Warden moved to approve. Director Linvill seconded and it was
150 unanimously approved.
151

152 **C. Consider Resolution 2017-22 Authorizing Participation in the PARS Combination**
153 **IRS Section 115 Trust Plan, including the MPWD Other Post-Employment Benefits**

154 **(OPEB) Plan and Establishment of the Pension Rate Stabilization Program (PRSP)**
155 **to Pre-Fund MPWD Pension Liabilities and Authorizing an Initial PRSP Deposit in**
156 **the amount of \$100,000**

157 General Manager Rudock opened the discussion about the opportunity for the MPWD to
158 establish a PRSP within the existing OPEB trust account in order to begin pre-funding its
159 unfunded pension liability estimated at \$1.5 million. Staff and PARS introduced to the
160 Board the PRSP in 2015, and staff provided an update last year that it would be brought
161 back for consideration.

162
163 Ms. Meza presented an overview of the PRSP.

164
165 Director Linvill inquired about the proposed \$100,000 funding level. General Manager
166 Rudock replied that it was basically seed money at this time until the Board considers
167 the mid-year budget review.

168
169 Vice President Warden stated that the staff recommendation was moving too fast given
170 the volume of information presented.

171
172 Director Zucca felt like the idea for the establishment of a PRSP would be better
173 considered as part of a larger discussion regarding MPWD's financial status and plan.
174 He suggested a Special Board Meeting for finance matters in January 2018.

175
176 The Board discussed the proposed PARS PRSP. It was unanimously decided that
177 particulars warranted further discussion. Staff direction was given to postpone any
178 decision until the January 2018 Special Board Meeting Agenda.

179
180 **D. Discuss Second DRAFT MPWD Debt Management Policy**

181 General Manager Rudock highlighted the second draft changes. She advised that
182 Director Zucca's and District Counsel's feedback were incorporated. She introduced
183 Bud Levine with Wulff, Hansen & Company the District's Municipal Financial Advisor.

184
185 Mr. Levine commented on a number of policy section descriptions and reported that his
186 input was incorporated into the second draft of the policy.

187
188 Director Linvill suggested alternative borrowing options and whether they should be
189 incorporated into the policy if deemed appropriate. Mr. Levine responded that the policy
190 should remain broad so that the Board and staff could consider any financing option
191 available to and legal for the MPWD.

192
193 Director Zucca asked about a timing deadline for policy approval. General Manager
194 Rudock replied that this policy and the next one were MPWD strategic priorities, but
195 there was no specific deadline. It could be considered again during the January 2018
196 Special Board Meeting. The Board agreed with that approach.

197
198 **E. Discuss Second DRAFT MPWD Cash Reserve Policy**

199 General Manager Rudock reported on the second draft changes.

200
201 Vice President Warden and Director Zucca commented on the word "reserve" and its
202 use throughout the policy. Vice President Warden stated it was his position that MPWD
203 cash reserves should be reduced and considered for unfunded liabilities, paying off debt
204 or capital program shortfalls. Director Zucca stated that the level of cash reserves

205 should be for emergency or unexpected capital expenditures, and operating cash
206 shortfalls.

207
208 Staff recommended this policy be revisited in January 2018 during the Special Board
209 Meeting.
210

211 **9. MANAGER AND BOARD REPORTS**

212 **A. General Manager's Report, including Water Conservation Progress Summary**

213 General Manager Rudock reported October's water consumption reduction measured
214 1%. October R-GPCD was higher in comparison to 2013 R-GPCD given variances in
215 percentage and population formulas for the calculations. She confirmed the addition of a
216 Special Meeting to the 3-Month "Look Ahead" Agenda for January 2018 to discuss a
217 number of relative financial items and that an online Doodle poll would be sent out soon
218 to assess Director availability to reschedule the December 2017 Board meeting to
219 consider the Joint Agreement between the MPWD and City of Belmont.
220

221 **1. Supplemented by Administrative Services Manager's Report**

222 Administrative Services Manager Pina reported the requested graph change has
223 been made to the quarterly COP CIP reconciliation report and that the debt service
224 payment is set, via the BNY Installment Account for sweep on its December 1, 2017
225 due date. She also shared that the General Manager's Annual Staff Appreciation
226 Luncheon and white elephant gift exchange took place yesterday and was enjoyed
227 by all.
228

229 **2. Supplemented by Operations Manager's Report**

230 Operations Manager Ramirez reported on October USA tag totals, recent valve
231 exercising, development projects and the 1201 Shoreway Road Hotel fire code and
232 MPWD connection violations shutdown. He also shared he is in the process of
233 meeting with consultants to discuss temporary staffing possibilities.
234

235 Director Zucca commented that he is still interested in viewing a report on
236 development fees collected by the District to date. General Manager Rudock replied
237 that would be presented during the mid-year budget review as stated in her staff
238 report.
239

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

241 None.
242

243 **B. Financial Reports**

244 **1. Receive Financial Reports for Month Ended October 31, 2017**

245 General Manager Rudock reported total operating expenses less depreciation for the
246 month of October 2017 was at 34.3%, water commodity revenues were at 48.3% and
247 total operating revenues at 45.8% of budget.
248

249 **C. Director Reports**

250 None.
251

252 **10. COMMUNICATIONS**

253 None.
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11. ADJOURNMENT

The meeting was adjourned at 9:10 PM.


DISTRICT SECRETARY

APPROVED:


BOARD PRESIDENT