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

November 16, 2016
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 Vice President Warden at 6:35 PM.

B. **Pledge of Allegiance** – The Pledge of Allegiance was led by District Engineer Pakpour.

C. **Establishment of Quorum:**

PRESENT: Directors Linvill, Stuebing, Vella, and Warden

ABSENT: Director Zucca.

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.

2. **PUBLIC COMMENTS**

None.

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

None.

4. **ACKNOWLEDGEMENTS/PRESENTATIONS**

Michael Anderson, Field Operations Supervisor and Project Inspector, and Feraydoon Farsi, Project Manager with Pakpour Consulting Group, Inc., and the Alameda de las Pulgas Water Main Replacement Project

General Manager Rudock acknowledged and appreciated the hard work involved for staff, and added that this was a good mentoring opportunity. District Engineer Pakpour further stated this was a challenging project and the team did a good job keeping the project within budget and schedule.

District Engineer Pakpour discussed the customer satisfaction survey distributed to 65 residents along Alameda de las Pulgas, of which 11 responded. He summarized the results of the survey, noting the following: 91% felt MPWD completed the project with minimal inconvenience to them; 82% felt MPWD staff and contractor acted in a professional and courteous manner; 82% felt the project areas were left in a better condition than when they arrived; and 82% rated their performance higher compared to other governmental or private utilities.

5. **CONSENT AGENDA**

A. **Approve Minutes for the Regular Board Meeting of September 22, 2016**

51 The minutes were moved to next month's regular board meeting because a quorum to
52 consider approval of the minutes was not present. The October 11, 2016 special
53 meeting minutes will be prepared for consideration at the next regular board meeting.
54

55 **B. Approve Expenditures from September 14, 2016 through October 27, 2016 and**
56 **Approve Expenditures from October 28, 2016 through November 9, 2016.**

57 Director Vella moved to approve the expenditures from September 14, 2016 through
58 October 27, 2016 and expenditures from October 28, 2016 through November 9, 2016.
59 Director Stuebing seconded, and it was unanimously approved.
60

61 **6. HEARINGS AND APPEALS**

62 None.
63

64 **7. REGULAR BUSINESS AGENDA**

65 **A. Receive and Accept the Financial Audit Report for Fiscal Year Ended June 30,**
66 **2016, Presented by David Becker, CPA, of James Marta & Company LLP**

67 David Becker, CPA, of James Marta & Company LLP, through a conference call,
68 presented the results of the Fiscal Year Ended June 30, 2016 financial audit. He
69 highlighted the various reports within the audit, and pointed out that attention be given to
70 reviewing the audit opinion that was unmodified (page 1), the change in accounting
71 principles (page 26), the Management's Discussion & Analysis (MD&A – page 3); and
72 the report on internal controls (page 31). He noted that operating revenues were up by
73 \$790K (8%) over the prior year, non-operating revenues were down by \$130k.
74 Operating expenses were up by \$375K (4.7%), and there was an increase in the net
75 position of \$904K (4.7%). The ending net position for the MPWD was \$20.1M.
76

77 He produced a Statement of Net Position graph which showed the trends over the last
78 eight years, including a graph showing the Net Position Allocation over the same
79 timeframe. Mr. Becker presented a Capital Assets graph that indicated the level of
80 depreciable assets and where the MPWD fixed assets were related to accumulated
81 depreciation. The final graph showed the Statement of Activities, comparing operating
82 revenues, non- operating revenues, operating expenses, and change in net position.
83

84 He summarized his findings noting there were no significant issues, discussed the
85 required reporting on the financials this year, discussed the audit adjustments made, and
86 indicated the new pronouncements which will be required in FY 2017/2018 – GASB 75.
87

88 He noted that written financial policies and procedures will be worked on with the
89 addition of the new financial management system currently under development. His
90 overall comments indicated a good financial position and receptive management to
91 recommendations.
92

93 Director Stuebing moved to receive and accept the financial audit report for Fiscal Year
94 Ended June 30, 2016, presented by David Becker, CPA, of James Marta & Company
95 LLP. Director Linvill seconded, and it was unanimously approved.
96

97 **B. MPWD Capital Improvement Program (CIP): Receive Debt Financing Progress**
98 **Report and Schedule Updates from Wulff, Hansen & Company, Municipal Finance**
99 **Advisor**

100 General Manager Rudock introduced Bud Levine from Wulff, Hansen & Company, who
101 discussed the effects of the presidential election and the impact to the financial market.

102 It appears there will be a debt increase on the federal level, and there is uncertainty in
103 the market. With a stronger economy, inflation will rise. The volatility occurring right
104 now in the market will likely settle down once there is more understanding of what the
105 new administration will put in place, but until then, it is important to act quickly with the
106 public offering before things get worse. He presented a scenario that will stay within the
107 original debt service payment expectation. It will likely be closer to a \$19 million offering.
108 With the \$19 million offering, MPWD is well within the debt coverage ratio required.
109 MPWD was given an AA rating, and that allows MPWD to exclude any retention of the
110 reserves. Also, there is no need for insurance to be purchased. Institutions will buy
111 premium bonds at this point. He then discussed the bidding process and reviewed the
112 revised calendar.

113
114 **C. Receive Revised Draft Seismic Retrofit Evaluation and Strategy Development**
115 **Report for the Hallmark Tank Site**

116 District Engineer Pakpour summarized the amended report, including the retrofit
117 evaluation, and concluded nothing needs to be done at this time. As long as the water
118 levels in the tank are managed properly, the tank will be safe. General Manager
119 Rudock added that maintenance will continue to be performed on the tank. District
120 Engineer Pakpour added that this report will be added to MPWD's master plan.
121

122 **D. Receive Progress Report on MPWD Public Relations and Marketing Activities and**
123 **Upcoming Website Update, Presented by John Davidson d/b/a JRocket77 Graphic**
124 **Design & Marketing**

125 John Davidson of JRocket & Graphic Design & Marketing gave an update of the work
126 accomplished on the MPWD website. He highlighted the public relations
127 communications and how the content and activity is being put in place and stated the
128 current website is fresh and up to date. Also, the website is being filtered through the
129 Strategic Plan. He discussed the way the website will be updated next year to do on-line
130 bill pay, and how it will interact with the customer portal system. It should be 0-1 click
131 process, instead of a 1-2 click process. The Sensus portal will be coming on line.
132

133 Vice President Warden complimented the website and the branding that has been
134 accomplished for the District.
135

136 **E. Consider and Approve 2017 Annual Board Meeting Schedule**

137 Director Stuebing moved to approve 2017 Annual Board Meeting Schedule. Director
138 Vella seconded, and it was unanimously approved.
139

140 **F. Receive BAWSCA Update**

141 Director Vella noted there would not be a report because there was no meeting this
142 month. However, he noted the next meeting would be at the San Mateo Library as a test
143 to see if it was easier to get to instead of fighting the traffic to Foster City.
144

145 **8. MANAGER AND BOARD REPORTS**

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

147 General Manager Rudock highlighted from her report all the work that went into dealing
148 with the various litigation matters the District is facing at this time. She noted she has
149 put in numerous hours in the past month compiling responses to requests for production
150 of documents. She also mentioned that a recent PRA request and subpoena consumed
151 a large amount of staff time sifting through emails and constructing responses. She
152 reported that staff would be participating in a class with Julie Brown called True Colors.

153 This class is similar to what the board and management went to with Julie Brown several
154 months ago regarding communication styles. She also gave three possible dates for the
155 Strategic Planning meeting which Julie Brown would be able to attend. January 12th was
156 Ms. Brown's first choice, but she is also available on January 17th or 18th. General
157 Manager Rudock also discussed the new annual reporting requiring disclosure of
158 directors and staff members who receive more than \$100 in reimbursements from the
159 District.
160

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

162 Administrative Services Manager Pina gave an updated financial report, highlighting
163 the differences from the original report to the new updated report. Revenue and
164 cash were overstated by about \$300,000 due to duplicate deposit entries. When the
165 reconciliation was completed, these duplicate deposits were found and removed.
166 She noted that this is all part of changing over to a new financial management
167 system, and soon this will be streamlined. Next month, extra attention will be given
168 to the reconciliation during the monthly review by the District Treasurer's office.
169

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

171 Operations Manager Ramirez noted that the SFPUC changed the days for inspecting
172 the new pipe under the bay before the expiration of the warranty. This inspection
173 affects the Hillcrest Meter turnout. So MPWD will not have the ability to access
174 water from the Hillcrest Meter turnout during November 16th and 17th.
175

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

177 District Engineer Pakpour reported there will be a batch of five streets which will
178 have a topographic survey for the upcoming capital improvement program. He will
179 be putting out an RFQ for engineers, so MPWD has an opportunity to vet those
180 engineers who will be allowed to bid on specific jobs.
181

182 **B. Financial Reports**

183 General Manager Rudock noted MPWD is on target with the financials.
184

185 **C. Director Reports**

186 None.
187

188 **9. FUTURE AGENDA BUSINESS ITEMS**

189 Annual Election of Officers and PARS OPEB annual reporting.
190

191 **10. COMMUNICATIONS**

192 General Manager Rudock announced MPWD was found to be in compliance by the State
193 Water Resources Control Board regarding the SFPUC raw water incident that occurred in
194 Zone 1 in 2015.
195

196 **11. ADJOURNMENT**

197 Director Stuebing moved to adjourn at 8:50PM, Director Linvill seconded, and it was
198 unanimously approved.
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Andres R. Pina
DISTRICT SECRETARY

APPROVED:

AC Starbom
BOARD PRESIDENT

