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

December 15, 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 President Zucca at 6:32 PM.

B. **Pledge of Allegiance** – The Pledge of Allegiance was led by Director Warden.

C. **Establishment of Quorum:**

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

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 Julie Sherman, District Engineer Joubin Pakpour, and District Treasurer Jeff Ira.

D. **Election of Officers (Followed by Reception)**

President Zucca called for nominations for President. President Zucca nominated Vice President Warden to be President, and Vice President Warden declined and stated that due to a number of factors he could not responsibly accept and fulfill the duties of President this year. Vice President Warden nominated Director Stuebing for the position. Director Vella moved to accept the nomination of Director Stuebing as President. Director Linvill seconded and it was unanimously approved.

President Stuebing nominated Vice President Warden to continue as Vice President. Director Zucca moved to accept the nomination of Vice President Warden to serve a second term as Vice President. Director Vella seconded and it was unanimously approved.

2. **PUBLIC COMMENTS**

None

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

None

4. **ACKNOWLEDGEMENTS/PRESENTATIONS**

Brent Chester – D4 Operator Certification from CA Department of Water Resources. Operations Manager Ramirez presented Field Operations Supervisor Brent Chester with his D-4 Operator Certificate from CA Department of Water Resources. He stated Brent has worked for the District for 22 years, since May 1994, and has grown with the District working his way up. Operations Manager Ramirez expressed that the D-4 exam is challenging and that Brent is a skilled test taker. Furthermore, he advised that staff relies on Brent for

52 operations information due to his specialized knowledge. Management expressed
53 congratulations with Brent's accomplishments.

54
55 Brent thanked the Board and management, and said he appreciated the opportunity given
56 by management to become educated on matters related to MPWD.

57
58 General Manager Rudock concluded that Brent is very serious about learning all that he can
59 to improve his skills and abilities. He is a great resource for operations and customer service
60 and plays a very important role in managing MPWD's GIS (Geographic Information System).
61 The Board congratulated Brent on the certification.

62
63 **5. CONSENT AGENDA**

64 **A. Approve Minutes for the Special Board Meeting on October 11, 2016, and Regular**
65 **Board Meetings on September 22, 2016 and November 16, 2016**

66
67 **B. Approve Expenditures from November 10, 2016 through December 9, 2016**

68
69 **C. Approve Revised Annual Planning Schedule for Board of Directors**

70
71 Director Zucca moved to approve the Consent Agenda, Director Vella seconded, and it was
72 unanimously approved with the exception of Director Linvill and Vice President Warden, who
73 abstained from voting on the September 22, 2016 Regular Board meeting minutes as they
74 were not present at the September meeting.

75
76 **6. HEARINGS AND APPEALS**

77 None

78
79 **7. REGULAR BUSINESS AGENDA**

80 **A. MPWD Capital Improvement Program (CIP): Overview of Sale – Certificates of**
81 **Participation for CIP Financing – Presented by Wulff, Hansen & Company,**
82 **Municipal Finance Advisor**

83 General Manager Rudock introduced Bud Levine of Wulff, Hansen & Company, the
84 District's Municipal Finance Advisor, and turned the presentation over to him.

85
86 Mr. Levine started his presentation by sharing some background on the stock market's
87 direction. He noted the market had been extremely volatile leading up to December 7,
88 2016, but the date selected to receive bids on behalf of the MPWD yielded optimal
89 results. The fundamental write-up of the official "Notice of Sale", paired with the MPWD's
90 AA rating and zero debt factors, drew strong interest on the part of large lenders. Mr.
91 Levine advised that throughout the entire bid process he was in constant contact with
92 General Manager Rudock. The winning bid was secured by Citigroup. It has issued a
93 good faith check to the Trustee in the amount of \$200,000. The "Certificate of Award"
94 has been signed by General Manager Rudock. He confirmed that documents are now in
95 the hands of Bond Counsel and the money will fund on Wednesday, December 21,
96 2016. Additional related facts shared by Mr. Levine included that he only received one
97 inquiry throughout the entire process; Citigroup sold the holding within 2-3 days; and it
98 was anticipated that the estimated rating agency consultant and miscellaneous fees will
99 not be used, which means at the conclusion of a 90-day hold period approximately
100 \$40,000 in funds will transfer back to the project account. Mr. Levine reviewed briefly a
101 pricing chart comparing MPWD's bid to other municipalities, and he concluded by
102 congratulating staff for a job well done.

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Mr. Levine then opened the floor to questions. Director Warden inquired as to why the underwriting spread was so low. Mr. Levine advised it was his belief that there were a combination of factors, but essentially the tight spread was the result of an extremely well written document.

General Manager Rudock stated that Mr. Levine would be back for a final report at the January regular Board meeting.

B. Review MPWD PARS OPEB Trust Account Investment Structure and Performance, and Consider Resolution 2016-22 Approving Investment Portfolio for the PARS OPEB Trust Account

The PARS OPEB annual review report was distributed. General Manager Rudock introduced Jennifer Mesa of PARS (Public Agency Retirement Services) and Andrew Bates of HighMark Capital. Ms. Meza summarized the report, including the composition of the OPEB trust team, MPWD contributions from inception to date, the plan's activity, and actuarial results.

Director Linvill asked a question with respect to the contributions summarized on page 4 of the presentation, as the account balance total was less than the figures provided. Ms. Meza explained that the \$4,000 (approximately) was due to administrative costs.

The second part of the presentation was made by Andrew Bates. Mr. Bates provided an overview of the trust account's performance and shared investment highlights.

Director Warden asked if the District had interest in changing up the investment mix, and if that would mean changes to the allocations as well. Director Warden was concerned about recent market speculation with respect to bonds. Mr. Bates expressed it could be detrimental to change plan strategies mid-span and shared his professional opinion that the current portfolio demonstrates a conservative approach.

General Manager Rudock referenced the "Supplement to Agenda Item No. 7.B." report that was distributed to each Director prior to the start of the meeting. An inquiry from Director Linvill prompted a review of the report and table that was inadvertently split between two pages that might have created confusion. Specifically, the "Account Balances" did not seem to add up, but that was because of the split table in the original report.

Director Zucca moved to accept Resolution 2016-22 Approving the Investment Portfolio for the PARS OPEB Trust Account, Director Warden seconded. Roll call was taken, and it was unanimously approved.

C. Schedule MPWD Strategic Planning Special Meeting in January 2017

Director Stuebing initiated the conversation with the Board about the proposed date of January 12, 2017 at 6:00PM to discuss the strategic plan.

Director Warden asked staff how much there was to discuss, and suggested perhaps the agenda could be limited to only hot topic items.

152 General Manager Rudock responded that the agenda would include a report on the
153 2016 MPWD accomplishments and the strategic planning should include discussion
154 about action items for 2017.
155

156 Director Warden moved to accept the date of January 12, 2017 for the MPWD Strategic
157 Planning Special Meeting at 6:00PM. Director Vella seconded, and it was unanimously
158 approved.
159

160 **D. Receive BAWSCA Update**

161 Director Vella reported the BAWSCA Board had a closed session, which was about the
162 CEO's performance evaluation. San Francisco Public Utilities Commission (SFPUC)
163 reported on the most recent snow pack report. Most Regional Water System reservoirs
164 are at or above 80% capacity; however, the snow pack to date is minimal. He also
165 provided updates on the Hetch Hetchy lawsuit.
166

167 General Manager Rudock highlighted an SFPUC flyer she received. SFPUC created the
168 notice for staff to use in briefing elected officials and the media on the State Water
169 Resources Control Board (SWRCB) Substitute Environmental Document (SED) and the
170 SFPUC's position. Agency response letters are encouraged and should be sent to the
171 SWRCB.
172

173 Director Vella concluded by sharing that Peter Drekmeier, Public Policy Director of the
174 Tuolumne River Trust had recently reported some misinformation about Bay Area Water
175 Supply & Conservation Agency's (BAWSCA) interests to other local officials, and Nicole
176 Sandkulla, BAWSCA's CEO, shared her written response correcting Mr. Drekmeier's
177 report at the last Board Policy Committee meeting.
178

179 **8. MANAGER AND BOARD REPORTS**

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

181 General Manager Rudock reported on the recent SFPUC blend change issue that
182 caused several water quality complaints. She advised that customers were notified
183 through posts to the MPWD website and on Nextdoor (a local social media network).
184 District Operations Manager Ramirez and Lead Operator Rick Bisio were working with
185 Operations staff to implement a residual system flush plan.
186

187 Director Linvill noted that this may be a good year for flushing the system.
188

189 Director Warden shared that he noticed the comments posted on Nextdoor seemed to
190 be isolated to the Sterling Downs and Homeview neighborhoods (Zone 1).
191

192 Director Vella advised that he was seeing complaints on Hallmark's Nextdoor forum as
193 well, so complaints may not be specific to a single zone.
194

195 District Operations Manager Ramirez shared that SFPUC is reporting that algae in the
196 San Antonio reservoir seems to be the cause. He also stated that SFPUC plans to pull
197 Hetch Hetchy offline for a 60-day period in early 2017, but will likely use another water
198 supply source in order to avoid the taste and odor concerns.
199

200 General Manager Rudock further reported customers in the MPWD system continued to
201 conserve water, and that California is promoting its "Water Conservation A Way of Life"
202 campaign, including recent permanent water conservation initiatives. Staff will provide

203 more information as the program is finalized. She added the AB 1234 ethics training
204 deadline is fast approaching for key officials at the MPWD. MPWD was presented with
205 the "ACWA/JPIA President's Special Recognition Award" at the recent annual
206 conference in Anaheim, which recognized the MPWD's low ratio of paid claims and
207 losses. She reminded the Board that Director and other designate agency officials' Form
208 700s are due by April 1st. Harassment Prevention Training has now been extended to
209 include elected officials and must be completed in 2017. February 28, 2017 is MPWD's
210 deadline in order to maintain everyone on the same schedule. General Manager Rudock
211 concluded by sharing the CUWCC issued a letter that they are in the process of
212 restructuring their organization and MPWD as a member is supportive of the change.
213

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

215 Secretary Pina pointed out the schedule of cash and investments balance had
216 increased by \$500,000 due to the transfer of money from the District's checking
217 account to the LAIF account.
218

219 General Manager Rudock also advised that final payment was issued to the
220 contractor for the project on Alameda De Las Pulgas.
221

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

223 Operations Manager Ramirez spoke about the State's lead and copper school
224 testing program that water suppliers will need to comply with in 2017. Since the
225 incident in Flint, Michigan, the EPA has started to question the State's role in
226 monitoring water quality. Staff is working on a compliance program and will test
227 schools within the District's service territory as requested. The program requires that
228 five samples be taken from various locations and the MPWD will be responsible for
229 those costs. If results yield higher than 15ppb, schools will be required to take
230 corrective action at their expense. The State will execute the program and the
231 trigger to engage the aid of municipalities will be specified in letters sent to every
232 school in California. Once contacted by a school, the MPWD will have 90 days to
233 complete the sampling. Estimated cost to the District is approximately \$2,000. In the
234 event a school yields a negative test result, they will be responsible for plumbing
235 repairs. This task will require ample staff time.
236

237 Director Warden asked staff why schools could not simply absorb the task
238 themselves. Operations Manager Ramirez advised that the State's preference is the
239 handling is done by water supply/quality experts.
240

241 Director Vella asked if it was going to be a problem as campuses are likely to contain
242 leaks and cannot be contained. Operations Manager Ramirez stated that the District
243 would do its best to isolate test zones. Director Vella also inquired as to what might
244 warrant a retest and who follows up. Operations Manager Ramirez clarified that
245 MPWD reports findings to the State and it is the party responsible for requesting
246 corrective action to be taken by the schools. Operations Manager Ramirez
247 concluded that the District cannot share results with schools or concerned parents.
248 Staff will also do its best to accommodate school schedules.
249

250 Treasurer Ira commented that testing is really becoming a hot button item across the
251 country. He mentioned that he had heard recently that schools in Corpus Christi,
252 Texas were being closed due to high levels of lead contamination.
253

254 President Stuebing asked Operations Manager Ramirez if the leak reported on Anita
255 Court in November had been resolved. Staff confirmed that it had.
256

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

258 Engineer Pakpour reported that his staff is currently working on five CIP projects for
259 the District. They are also in the final stages of wrapping up the engineering RFQ for
260 El Camino Real, Hwy 101 crossing at PAMF, and Old County Road capital projects.
261

262 Director Warden voiced his concerns that MPWD should not carry the entire cost
263 burden when it comes to paving city streets as some of these projects progress.
264 Engineer Pakpour acknowledged Director Warden's concerns and advised that as
265 there are no immediate plans to pave, there is plenty of time to discuss shared
266 opportunities with City of Belmont staff.
267

268 Engineer Pakpour also reported that staff met with City of Belmont representatives
269 on Tuesday, December 6, 2016 to discuss its sewer plans at three proposed project
270 locations. The District has decided to hire the City's engineering consultant to design
271 the MPWD's water main replacements in those areas. Engineer Pakpour added that
272 this may be a good time to discuss cost sharing between the District and the City
273 with respect to overlapping projects.
274

275 Director Zucca suggested that staff, through the existing MPWD/City of Belmont
276 working group, draw up a 5-year formal written process to coordinate water, sewer
277 and pavement plans.
278

279 Director Linvill advised that she met with Mayor Stone recently and they talked about
280 a number of issues, including local housing and Measure I funding.
281

282 Director Warden expressed that coordination between municipalities can be
283 challenging when operations are run separate and independent of one another.
284

285 Director Zucca asked District Counsel Sherman if she could research whether there
286 are any City requirements obligating the District to pave entire roadways at the
287 conclusion of District pipeline projects.
288

289 Director Vella asked Engineer Pakpour several questions about the three active
290 water mains on Old County Road and pipe sizing.
291

292 **B. Financial Reports**

293 General Manager Rudock reported that operating revenues are a little higher than
294 projected and operating expenses are near target projections.
295

296 **C. Director Reports**

297 President Stuebing shared an interesting news clip he saw on a local news channel. The
298 piece was in reference to a recent sink hole that had opened up on Market Street in San
299 Francisco. The cause was a pipe that was estimated to be 95 years old.
300

301 Director Zucca shared that he received a letter from Howard Jones, a member of the
302 Harbor Association District on November 3, 2016, stating that he enjoyed the
303 presentation and budget comments shared by Director Zucca during his recent
304 presentation.

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9. FUTURE AGENDA BUSINESS ITEMS

None

10. COMMUNICATIONS

Director Linvill inquired if staff or other Board members had received a letter from Mark Church, San Mateo County Assessor-Clerk's Office. General Manager Rudock advised the District had not. Director Vella explained that the letter received was sent to all residents of Belmont in reference to Board term extension.

11. CLOSED SESSION

The Board adjourned into Closed Session at 9:07PM to discuss one matter.

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

Government Code §§54957 and 54957.6

Title: General Manager

The Board came out of closed session at 9:38PM. District Counsel reported that no action had been taken.

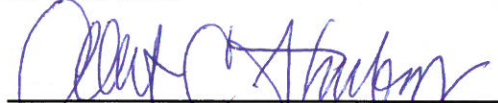
12. ADJOURNMENT

The meeting was adjourned at 9:40PM.



DISTRICT SECRETARY

APPROVED:



BOARD PRESIDENT

