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

April 24, 2014  
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 Linvill at 6:30PM. Vice President Linvill was presiding in President Vella's absence.

B. **Pledge of Allegiance** – The Pledge of Allegiance was led by General Manager Rudock.

C. **Establishment of Quorum:**

**PRESENT:** Directors Linvill, Stuebing, Warden and Zucca.

**ABSENT:** Director Vella.

A quorum was present.

**ALSO PRESENT:** District Engineer Pakpour, District Treasurer Ira, District Secretary Pina, Operations Superintendent Young, and General Manager Rudock. District Counsel was absent.

2. **PUBLIC COMMENTS**

None.

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

None.

4. **ACKNOWLEDGEMENTS/PRESENTATIONS**

None.

5. **CONSENT AGENDA**

A. Approve Minutes for Regular Board Meeting of March 27, 2014

B. Approve Expenditures from March 21, 2014, through April 18, 2014

C. Approve the MPWD Board of Directors 2014 Strategic Plan, Mission Statement, Vision Statement, and Director Assignments

Director Stuebing moved to approve the Consent Agenda, Director Zucca seconded, and it was unanimously approved with the exception of Director Warden who abstained from approving item 5.A.

6. **HEARINGS AND APPEALS**

None.

7. **REGULAR BUSINESS**

51 **A. Drought and Water Conservation Update**

52 General Manager Rudock provided a summary of the related section in her General  
53 Manager's report about staff's activities since last month's Board meeting with regard to  
54 SFPUC's request for the voluntary 10% reduction in water consumption, the 10% WAYS  
55 TO SAVE 10% conservation message mailed out to customers, increased requests for  
56 home conservation kits, the April 10<sup>th</sup> field trip for students here at MPWD, increased  
57 interest in the Lawn-Be-Gone program, and an update on the Water Conservation  
58 Report. (Reference page 112-113 of the agenda package).

59  
60 **B. Update on City of Belmont and MPWD Coordination**

61 General Manager Rudock discussed the challenges in finding a suitable date for all  
62 parties to attend a meeting between the City of Belmont and MPWD. She will continue  
63 to work with all parties to coordinate a meeting date.

64  
65 **C. Consider Resolution 2014-05 Authorizing Support for Senate Bill (SB) 1345**  
66 **Introduced by the Committee on Natural Resources and Water Amending the**  
67 **Public Resources Code and the Water Code Relating to State Oversight of the**  
68 **Restoration of the San Francisco Regional Water System, and Authorizing the**  
69 **Vice President to Sign a Letter of Support**

70 General Manager Rudock summarized her report. Existing law requires a regional  
71 wholesale water supplier to submit a report every year to the Legislature and the  
72 California Department of Public Health describing progress made in obtaining  
73 supplemental water sources to increase existing supplies for dry years. According to  
74 current law these provisions are repealed on January 1, 2015. The Committee on  
75 Natural Resources and Water chaired by Senator Fran Pavley introduced SB 1345 on  
76 February 21, 2014. This bill extends the repeal date of the Wholesale Regional Water  
77 System Security and Reliability Act to January 1, 2022.

78  
79 Director Zucca moved to approve the resolution and sign the letter of support for Senate  
80 Bill 1345, Director Stuebing seconded. Roll call was taken and it was unanimously  
81 approved.

82  
83 **D. Consider Authorizing a Contract for Project Management Services totaling**  
84 **\$240,000 with Pakpour Consulting Group for the Buckland Tanks Replacement**  
85 **Project**

86 Director Warden inquired about why MPWD was using the District Engineer for this  
87 project to ensure there was no appearance of impropriety. Director Zucca explained that  
88 MPWD initiated the District Engineer services through a competitive qualifications  
89 submittal and review process, and within that scope, the District is allowed to award this  
90 contract to the District Engineer. Director Stuebing moved to approve the contract for  
91 Project Management Services totaling \$240,000 with Pakpour Consulting Group for the  
92 Buckland Tanks Replacement Project, Director Zucca seconded, and it was  
93 unanimously approved.

94  
95 **E. Consider Approving the MPWD's Participation in the 2014 Bay Area Integrated**  
96 **Regional Water Management Implementation Round 3 Drought Grant Application**  
97 **to the Department of Water Resources**

98 General Manager Rudock discussed the grant application process, and called out two  
99 current MPWD projects that might qualify for grant funding—the AMI Installation Project,  
100 and the Buckland Water Storage Tanks Replacement Project. Director Zucca felt the  
101 AMI project would be the better fit for this grant submission since it more closely benefits

102 water conservation. The Board agreed with the MPWD participating in the grant  
103 process. General Manager Rudock will submit both applications prior to the deadline.  
104

105 **F. Receive Status Report on Claims and Discuss the MPWD Claims Process and**  
106 **Policy Development**

107 General Manager Rudock updated the Board on the status of filed claims, and  
108 summarized the current Claims Process Procedures. For policy development, she  
109 requested direction on third-party claims, using the example of a fire hydrant being  
110 struck by a hit-and-run driver, and whether the MPWD should reimburse for related  
111 damages. The Board's discussion focused on the MPWD's responsibility as a result of  
112 operations (e.g., water main break) or negligence, and not as a result of third-party  
113 liability. The Board's direction to staff in those situations, wherein the MPWD has no  
114 responsibility, was to refer the property owner to their homeowner's insurance provider  
115 for such claims.  
116

117 General Manager Rudock requested direction on whether the Board wanted staff to  
118 continue its administration of claims or present claims to the Board for review and  
119 resolution. Director Warden moved to have staff handle the administration of claims and  
120 also direct matters resulting from third-party actions to homeowner's insurance carriers,  
121 Director Stuebing seconded, and it was unanimously approved.  
122

123 **G. Consider approving the General Manager Performance Assessment Process and**  
124 **Performance Evaluation Tool for 2014**

125 Director Stuebing commended General Manager Rudock for the work she did updating  
126 this challenging document to match the Board's 2014 Strategic Plan. Director Stuebing  
127 moved to approve the General Manager Performance Assessment Process and  
128 Performance Evaluation Tool for 2014, Director Warden seconded, and it was  
129 unanimously approved.  
130

131 **H. Discuss Preliminary Draft Fiscal Year 2014/2015 MPWD Operating Budget**

132 General Manager Rudock reviewed the preliminary draft operating budget, highlighting  
133 significant account items that are anticipated to increase or decrease:  
134

- 135     ▪ Water Revenues, including a 9% rate increase effective 7/1/14.
- 136     ▪ Salaries & Wages increased 6.4% for annual performance merit increases and  
137         potential market equity adjustments (per the 2014 Total Compensation Study  
138         under development by Koff & Associates).
- 139     ▪ Purchased Water increased by average of last three years of demand within the  
140         MPWD system, plus 25% of the PAMF total projected water demand with its  
141         medical clinic opening in November 2014.
- 142     ▪ Professional Services – Miscellaneous increased to include water rates survey,  
143         service fees update, and continued public relations and outreach.  
144

145 Because the majority of FY 2013/2014 operating expenses are projected to be within  
146 budget, those budgets will remain the same for FY 2014/2015, except for items that are  
147 anticipated to increase by the local area CPI (Consumer Price Index).  
148

149 Director Zucca discussed how the 9% rate increase should be broken down between  
150 operations costs and increased purchased water costs.  
151

152 General Manager Rudock presented two options on how to balance the budget within  
153 the projected 9% rate increase:

154  
155 Option 1: Fund projected FY 2014/2015 capital improvement program expenditures by  
156 eliminating the Rates Stabilization (\$200,000), Working Capital Reserves (\$100,000),  
157 and Emergency Reserves (\$100,000) expenditures, and transferring \$348,700 from  
158 Capital Reserves.

159  
160 Option 1A: Reduce the projected FY 2014/2015 capital improvement program  
161 expenditures by \$348,700, and eliminate the Rates Stabilization (\$200,000), Working  
162 Capital Reserves (\$100,000), and Emergency Reserves (\$100,000) expenditures,  
163

164 General Manager Rudock mentioned she had considered a few other options, and the  
165 Board directed staff to further explore those options and bring them back for discussion  
166 at next month's meeting.  
167

168 **I. Discuss Preliminary Draft Fiscal Year 2014/2015 MPWD Capital Budget**

169 General Manager Rudock discussed the preliminary draft capital budget for FY  
170 2014/2015, which is feasible within the current "pay as you go" environment for capital  
171 investments, and one of the two options previously discussed during the preliminary  
172 operating budget.  
173

174 Staff will explore other options for financing the capital improvements and bring back for  
175 the Board's consideration.  
176

177 **8. MANAGER'S AND BOARD REPORTS**

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

179 General Manager Rudock summarized the follow-up matters since the March 27, 2014,  
180 regular Board meeting. She provided a progress report on the FY 2012/2013 Financial  
181 Audit Recommendations Action Plan, reflecting that all recommendations had been  
182 completed with the exception of "the Policies and Procedures Manual" and "Materials  
183 and Supply Inventory." Both of these items are in progress and expected to be  
184 completed in the first half of the next fiscal year.  
185

186 **1. Supplemented by Administrative Services Manager's (ASM) Report:**

187 Administrative Services Manager Pina highlighted the lunch meeting between Nick  
188 Nicke, Utilities Specialist from Redwood City Public Works and MPWD operations  
189 staff, which was to encourage networking with other water operations professionals.  
190

191 **2. Supplemented by Operations Superintendent's Report:**

192 Operations Superintendent Young summarized his report, which included the review  
193 of the MPWD water quality procedures, replacement of a fire hydrant, service  
194 installation, Hallmark Tank site valve replacement, large water meter testing, and  
195 distribution system repairs made.  
196

197 **3. Supplemented by District Engineer's Report:**

198 District Engineer Pakpour summarized his progress report on the Buckland Tanks  
199 Replacement Project (reference pages 122-131 in the agenda package). He  
200 updated the Board on the water hydraulic modeling project.  
201

202 **B. Financial Reports**

203 The financial reports were presented as submitted.  
204

205 **C. Director Reports**

206 Director Zucca shared information about attending a recent Hanson & Bridgett water  
207 shortage seminar, including considering adoption of drought surcharge rates during next  
208 Proposition 218 process.  
209

210 Director Stuebing said he would not be able to attend Belmont's Earth Day event. He  
211 will be attending the ACWA Conference in Monterey in May, along with Vice President  
212 Linvill, General Manager Rudock, and Operations Superintendent Young.  
213

214 Director Warden attended two Financial Audit Committee meetings, the first on April 21<sup>st</sup>  
215 regarding preliminary accounting redundancies recommended for elimination, and the  
216 second on April 24<sup>th</sup> before the Board Meeting. Both meetings were productive. The  
217 April 24<sup>th</sup> meeting included discussion on preliminary data from the total compensation  
218 survey by Koff & Associates. The committee will meet again once the DRAFT narrative  
219 report is completed. He inquired about a Closed Session discussion on the final DRAFT  
220 report because it relates to compensation. The General Manager said she would confer  
221 with District Counsel. Director Zucca commented that he would like to make sure the  
222 compensation survey is data driven.  
223

224 Vice President Linvill reported that she also attended the two Financial Audit Committee  
225 meetings on April 21<sup>st</sup> and April 24<sup>th</sup>, and an agenda review meeting with the General  
226 Manager on April 16<sup>th</sup>. She will suggest to President Vella upon his return that they work  
227 with the General Manager to propose priorities for Board consideration from the Future  
228 Agenda Items list.  
229

230 **9. FUTURE AGENDA BUSINESS ITEMS**

231 None, other than those itemized within the General Manager's report.  
232

233 **10. COMMUNICATIONS**

234 None.  
235

236 **11. ADJOURNMENT**

237 Director Stuebing motioned to adjourn at 9:15PM, Director Warden seconded, and it was  
238 unanimously approved.  
239

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243 DISTRICT SECRETARY  
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245  
246 APPROVED:

247   
248 BOARD PRESIDENT  
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