

PURISSIMA HILLS WATER DISTRICT

REGULAR MEETING OF THE BOARD OF DIRECTORS

6:30 P.M. WEDNESDAY, JULY 13, 2016

26375 FREMONT ROAD, LOS ALTOS HILLS CA 94022

Teleconference: Steve Jordan
Lord Camden Inn, 24 Main St.
Camden, Maine
650-949-3800

Agenda

- 6:30 1. CALL TO ORDER, ROLL CALL, AND PLEDGE OF ALLEGIANCE**
- 6:35 2. COMMENTS FROM THE PUBLIC**
- 6:45 3. CONSENT CALENDAR**
Items appearing on the Consent Calendar are considered routine and will be adopted in one motion, except for any item removed for separate consideration elsewhere on the agenda. The President will ask the Board and the audience for requests to remove these items.
- A. APPROVAL OF MINUTES: REGULAR MEETING OF JUNE 8, 2016**
- B. APPROVAL AND RATIFICATION OF JUNE 2016 DISBURSEMENTS PAID IN JULY 2016, IN ACCORDANCE WITH RESOLUTION 2013-9 (DISBURSEMENTS SIGNED BY DIRECTOR ANDERSON, PATRICK WALTER, AND RAYLENE COLLINS)**
- C. FINANCIAL REPORTS FOR: INCOME AND CAPITAL IMPROVEMENT PLAN JUNE 2016 REVENUES AND EXPENDITURES, BALANCE SHEETS**
- 6:50 4. RESOLUTION 2016-10 ESTABLISHING THE APPROPRIATIONS LIMIT APPLICABLE TO THE DISTRICT DURING FY2016-2017** **DISCUSSION/ACTION**
- 7:00 5. RESOLUTION 2016-11 APPROVING \$500,000 LINE OF CREDIT LOAN WITH BANK OF THE WEST TO ASSIST IN MEETING CASH FLOW REQUIREMENTS**
DISCUSSION/ACTION
- 7:20 6. CONSIDERATION OF DIRECTOR ELECTION CANDIDATE FILING COSTS (Jordan)**
DISCUSSION/ACTION
- 7:30 7. ENGINEER'S REPORT**

PURISSIMA HILLS WATER DISTRICT
REGULAR MEETING OF THE BOARD OF DIRECTORS
WEDNESDAY, JULY 13, 2016

- 7:35 8. MANAGER'S REPORT**
- A. FIELD REPORT** **UPDATE**
- B. CUSTOMER COMMUNICATIONS** **UPDATE**
- 7:50 9. DIRECTORS' REPORT** **DISCUSSION**
- A. BAY AREA WATER SUPPLY AND CONSERVATION AGENCY (BAWSCA),
ACWA/JPIA, AND OTHER AGENCY ISSUES**
- B. DIRECTORS' COMMENTS**
- 8:00 10. AGENDA ITEMS FOR AUGUST 10, 2016 BOARD MEETING** **DISCUSSION**
- 8:10 11. ADJOURNMENT**

ASSISTANCE FOR PERSONS WITH DISABILITIES

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the District Secretary at 650-948-1217. Notification 48 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting.

Copies of all agenda reports and supporting data are available for inspection at the District office , 26375 Fremont Road, Los Altos Hills, Ca. A complete agenda and minutes can also be found on the District's website: <http://www.purissimawater.org>.

PHWD MINUTES JUNE 8, 2016 v2

1. **CALL TO ORDER, ROLL CALL, AND PLEDGE OF ALLEGIANCE** President Anderson called the regular meeting to order at 6:30 p.m. in the District office.

Directors Present: President Robert N. Anderson, Directors Brian Holtz, Ernest Solomon and Peter Evans, and Steve Jordan (Teleconference)

Staff Present: Patrick Walter, General Manager; Joubin Pakpour, Engineer; David Gehrig, Attorney, Hanson Bridgett; and Ray Collins, Office Manager/District Secretary

The Pledge of Allegiance was recited.

2. **COMMENTS FROM THE PUBLIC** Allan Epstein, resident of Los Altos Hills, attended.

3. **CONSENT CALENDAR**

It was moved by Director Anderson, seconded by Director Holtz, to approve items B. and C of the Consent Calendar and item A. May 11, 2016 draft meeting minutes as revised. Motion approved unanimously – voice vote.

4. **EMERGENCY WATER CONSERVATION REGULATION ADOPTED BY THE STATE WATER RESOURCES CONTROL BOARD (SWRCB)** The Attorney explained that the emergency regulations have changed. Specifically the current regulation removes the restriction on outdoor irrigation of not more than two days a week, and no watering within 48 hours of measurable rainfall. The new requirements for non urban small water districts are: 1) to provide prompt notification to customers of leaks when the District is aware of it; 2) submit an annual water use report to the SWRCB comparing the District's water use in 2016 with water use in 2013; and 3) provide a summary of the District's water conservation efforts. The Attorney introduced Resolution 2016-07 Implementing SWRCB's Amended and Re-adopted Emergency Regulation for Statewide Urban Water Conservation that responds to those requirements. Director Evans explained that although the SWRCB regulation lifts the restriction on outdoor irrigation to two days a week and this restriction is no longer applicable to District customers, the District should recommend to its customers that a watering schedule of two days a week is a wise use of water.

It was moved by Director Evans, seconded by Director Holtz, to revise paragraph 8 of Resolution 2016-07 to explain that the District's amended water use regulations, including the one that removes the restriction of watering no more than two days a week are prompted by the SWRCB. Motion approved unanimously; roll call vote.

AYES: Director Holtz, Anderson, Evans, Solomon Jordan

NOES: None

ABSENT: None

It was moved by Director Evans, seconded by Director Solomon, to remove the language that eliminates the restriction on outdoor watering two days a week but keep the restriction within 48 hours after measurable rainfall. The restriction within 48 hours of rainfall comply with the information sent to customers in the District's June 2016 newsletter. Motion approved – roll call vote.

AYES: Directors Solomon, Evans, Anderson

NOES: Directors Holtz and Jordan

ABSENT: None

It was moved by Director Anderson, seconded by Director Evans, to approve Resolution 2016-07 as amended. Motion approved unanimously; roll call vote.

AYES: Directors Holtz, Anderson, Evans, Solomon, Jordan

NOES: None

ABSENT: None

**5. CORRECTION OF SFPUC WHOLESALE RATE INCREASE PASS-
THROUGH FROM \$.32 TO \$.31 PER UNIT**

The Attorney introduced Resolution 2016-08 to correct the approved wholesale rate increase pass-through of \$.32 to \$.31.

It was moved by Director Anderson, seconded by Director Holtz, to approve Resolution 2016-08. Motion approved unanimously; roll call vote.

AYES: Directors Holtz, Anderson, Evans, Solomon, Jordan

NOES: None

ABSENT: None

- 6. CONSIDERATION OF DRAFT BUDGET FY 2016-2017** The GM explained the primary change he made to the draft budget in response to comments from the Board at their May 11, 2016 Board meeting is the lower projected annual water use of 620,000 units, down from 780,000 units. He also calculated revenue using actual 2016 usage. Net income from the revised inputs is approximately \$500,000 which is allocated to capital improvements. Director Holtz agreed with Director Jordan on the importance of keeping cash on hand; Director Evans questioned the sustainability of the forecasted net income and cash on hand, especially if the new normal is low usage. Director Evans stated that if 620,000 units of annual use is the new normal, and the income doesn't cover the District's costs, he would rather raise rates to cover costs than encourage customers to use more water. The GM commented that actual usage in August and September will provide an indication of total use by the end of the year. The Board approved the budget.

7. ENGINEER'S REPORT

A. CAPITAL IMPROVEMENT PROGRAM The Engineer provided location maps and a chart that listed 24 projects with an estimated cost of \$14M. Projects were prioritized with input from the GM and General Foreman; the top five included main replacements with ductile iron pipe on Elena and Taaffe Roads which complete the backbone of the transmission system. The Engineer explained the importance of completing upgrades to the transmission lines running north and south so that, in the case of an emergency such as earthquake or fire, water can be moved anywhere in the District service area.

- 8. CIP FINANCING ALTERNATIVES** GM explained the terms offered by Holman Capital. The cost for processing the loan is usually between \$5,000 to \$10,000 and interest rates range between 2.4 to 3.3 % depending on loan amount and term. Director Evans stated that if the high priority projects on the 2016 CIP must be built, then rates would likely be raised to pay off the loan debt. Directors Holtz and Jordan suggested watching the summer usage to forecast revenue and cash position to see if water usage rebounds from the recent drought.

9. MANAGER'S REPORT

A. FIELD REPORT

- A new 1-1/2" service and 2" backflow were installed at 26240 Fremont Rd by DACO Construction
- At Neary Tank #2 the PAX mixer and Power vent were installed and are running. Neary is back in service.
- At Elena Tank the PAX Power vent was installed and operational. Painting was completed. Water sample results expected next week.
- At Altamont Tank the PAX Power vent was installed and operational. Painting has started and is scheduled for completion the week of June 13.
- Lead and Copper testing is scheduled for the week of June 13
- Hungry Horse Tank is filling for water samples

- Main Leak: On May 13th, a leak occurred on the 10” CI just outside the Elena pump station on Vista del Valle. The leak was a pipe that pulled out of the bell joint. The repair was to remove the bell joint and install a straight piece of pipe about 4’ long. There was no public or private property damage.
- Main Leak: On May 27th, a leak occurred on Elena and La Barranca. The leak was a full circle crack that caused the pipes to offset vertically. The water did damage to 13117 La Barranca by eroding their horse corral, washed dirt into their horse stalls and TAC room. The water also caused minor eroding to the driveway of 26711 Elena as well as filled the garage with water. The homeowners removed the water and silt out of the garage and were able to save their garage from damage. Staff repaired the corral.
- Customer Communications relative to the leak on Elena at La Barranca. Main line work on Fremont Rd was required to be performed on a Saturday, May 28th instead of a weekday, because the shut down associated with this job would have interrupted service to Town Hall. The Town’s City Manager did not want the Town Hall to be out of water during business hours. As of Friday, May 27, a leak on Vista del Valle was not fully back in service and due to leaking valves, resulting in a shutdown of the main on Elena Rd near the Elena Tank. When the leak occurred on Elena Rd near La Barranca, the shut down included Foothill Lane, the street between the two sets of closed valves. The water was subsequently turned on when the valves near Elena Tank were opened and the leaking valves were exercised.

B. CUSTOMER COMMUNICATIONS The District Secretary provided an update on Beacon meter installations, and a summary of the water saving results based on a sample of 100 customers. To date, 584 Beacon meters were installed; 264 customers signed up on-line to monitor their usage.

10. DIRECTORS’ REPORT

A. BAY AREA WATER SUPPLY AND CONSERVATION AGENCY (BAWSCA), ACWA/JPIA AND OTHER AGENCY ISSUES Director Anderson reported that BAWSCA is raising its rate by 5% . He reported on his attendance at the ACWA/JPIA Spring Conference May 3-6, 2016 in Monterey, Calif.

B. DIRECTORS’ COMMENTS Director Jordan reported on his attendance at the BlueTech conference May 31 to June 1, 2016 in Burlingame Calif.

11. AGENDA ITEMS FOR JULY 13, 2016 BOARD MEETING

- Appropriations limit

12. ADJOURNMENT It was moved by Director Holtz, seconded by Director Anderson to adjourn the meeting at 8:50 p.m. Motion approved unanimously – voice vote.

RESOLUTION NO. 2016-10

**ESTABLISHING THE APPROPRIATIONS LIMIT
APPLICABLE TO THE DISTRICT
DURING FISCAL YEAR 2016-2017**

PURISSIMA HILLS WATER DISTRICT

WHEREAS, Article XIII B of the California Constitution requires that each local agency subject thereto establish an appropriations limit primarily applicable to expenditure of proceeds of property taxes, and to adjust that appropriations limit annually based on changes in the cost of living and population; and

WHEREAS, the Board of Directors of the Purissima Hills Water District established the appropriations limit applicable to the District during the Fiscal Year 2015-2016 as \$1,286,271; and

WHEREAS, the District is now required to establish by resolution the applicable appropriations limit during Fiscal Year 2016-2017 by applying to the limit for Fiscal Year 2015-2016 the factors, as issued by the California Department of Finance, reflecting changes in the California per capita personal income and in population; and

WHEREAS, the calculations showing the applications of those factors have been forwarded to the Board of Directors for review and have been made available for public inspection at least fifteen days prior to the date hereof; and

WHEREAS, the applicable factors are as follows: (1) the change in the California per capita personal income was 5.37%; and (2) the applicable change in population from January 2015 to January 2016 was 1.26%.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Purissima Hills Water District that the appropriations limit for Fiscal Year 2016-2017 is established as \$1,372,322.

Passed and adopted this 13th day of July, 2016, by the following vote of the Board.

AYES:

NOES:

ABSENT:

President, Board of Directors
Purissima Hills Water District

ATTEST:

Secretary of the District

RESOLUTION NO. 2016-11

**APPROVING \$500,000 LINE OF CREDIT LOAN
WITH BANK OF THE WEST
TO ASSIST IN MEETING CASH FLOW REQUIREMENTS**

PURISSIMA HILLS WATER DISTRICT

WHEREAS, Purissima Hills Water District (District) has experienced inconsistent and lower revenues than normal due to California's ongoing five-year drought and has needed to draw down from its reserves to pay for necessary capital projects; and

WHEREAS, because the District's reserves are lower than desired and the effect of the drought on projected revenues is unknown in the foreseeable future, the District now desires to borrow funds, in case of emergencies, and as needed when meeting cash flow requirements (due to timing of capital project expenditures and collection of revenue); and

WHEREAS, the District has raised rates, in due diligence, to meet increasing expenses, capital projects and replenishing reserves; and

WHEREAS, Bank of the West has committed to loan the District up to \$500,000 in the form of a revolving line of credit.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Purissima Hills Water District authorizes borrowing from Bank of the West funds in an amount not to exceed \$500,000, by means of a revolving line of credit, with the condition that any withdrawals from the credit line must be authorized by the General Manager and reported to the Board of Directors at the next regular meeting; and

BE IT FURTHER RESOLVED that the President of the Board and General Manager are authorized to execute any and all documents as may be necessary to consummate the loan, all in a form approved by Legal Counsel, and to take such further actions as may be necessary to give effect to this resolution.

Passed and adopted this 13th day of July, 2016, by the following vote of the Board.

AYES:

NOES:

ABSENT:

President, Board of Directors
Purissima Hills Water District

ATTEST:

Secretary of the District