

PURISSIMA HILLS WATER DISTRICT

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS



DECEMBER 13, 2006

1. **ROLL CALL:** The regular meeting of the Board of Directors was called to order at 6:30 p.m. in the District office.

Directors Present: Vice President Daniel F. Seidel, Director Ernest Solomon, and Directors-Elect Robert N. Anderson, A. Richard Jones, and Gary C. Waldeck.

Staff Present: Patrick D. Walter, General Manager; Patrick T. Miyaki, Attorney; Joubin Pakpour, Engineer; and Lucy E. Xavier, District Secretary.

2. **PLEDGE OF ALLEGIANCE:** The Pledge of Allegiance was led by Director Seidel.

3. **OATHS OF OFFICE:** The District Secretary administered the oaths of office to the newly-elected Directors—Robert N. Anderson, A. Richard Jones, and Gary C. Waldeck. The new Board was then seated.

4. **ELECTION OF OFFICERS:** It was moved by Director Solomon, seconded by Director Anderson, that Director Seidel take the office of President. Motion carried unanimously—voice vote. It was then moved by Director Anderson, seconded by Director Waldeck, that Director Solomon take the office of Vice President. Motion carried unanimously—voice vote.

5. **PASSING OF FORMER DIRECTOR, DANIEL ALEXANDER:** Director Seidel noted that Daniel Alexander had passed away in November. He said that Dan had been a hard-working, devoted and very effective Director of the District for over 25 years and that he had wonderful qualities as a carryover from being a Rotarian for many years. He suggested that donations be made individually to the Sempervirens Fund in memory of Dan Alexander. Director Solomon said that Dan represented collegiality and the culture of the way the District operates and that he was a great negotiator.

6. **COMMENTS FROM THE PUBLIC:** Mrs. Dru Anderson was present as Chair of the Town of Los Altos Hills Emergency Communications Committee. She reported that all the electrical conduit had been installed for the Town's emergency communications antenna located at the District's La Cresta tank site. She also noted that the District Manager had attended a meeting of the Town's Emergency Planning Committee and had done a good job explaining the District's responsibilities in an emergency.

7. **REPORT ON MEETING WITH TOWN OF LOS ALTOS HILLS PLANNING COMMISSIONER AND PROPOSED TOWN RESOLUTION REGARDING WATER CONSERVATION:** Mr. John Harpootlian, Planning Commissioner for the Town of Los Altos Hills, was present. He noted that the Town's Environmental Initiatives Committee (EIC) is moving forward with a resolution supporting general water conservation measures. He said that the resolution will be in the Town Council agenda packet for the next night's meeting and that adoption of this resolution by the Town Council will give the green light to the EIC to come up with more specific conservation measures that the Town can undertake.

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Mr. Harpootlian said he would be happy to include a general letter written by the District in a packet given out by the Town to residents who are landscape screening. Director Solomon noted that it would be preferable that the District give out a letter that is more specific to the property that includes the estimated cost of water based on proposed landscaping and the potential reduction in a water shortage emergency.

Mr. Harpootlian said that he would continue to work with the District on water conservation issues.

8. **MINUTES**: It was moved by Director Anderson, seconded by Director Solomon, that the minutes of the regular meeting of December 13, 2006, be approved as amended. Motion carried unanimously—voice vote.

9. **ENGINEER'S REPORT**: (At this time, the Engineer reported on Items 11C and D of the Agenda.)

C. **LAHCFD Funding of Zone 2½ Phase I—Update** The Engineer reported that plans are 95% complete and the project is on schedule to begin construction April 1, 2007. This project is being fully funded by the Los Altos Hills County Fire District.

D. **Hydraulic Modeling Analysis—Update** The Engineer reviewed a map showing proposed District projects. He noted that 35,000 linear feet of pipe had been installed since 2000 and those projects were also shown on the map. He also reviewed hydraulic modeling graphs of the Neary and Altamont tanks and how they perform together. He explained how the performance of these two tanks has dramatically improved as the projects in the past five years come online, and that future capital improvement projects will also improve the performance of the tanks.

10. **DISCUSSION OF POSSIBLE JOINT PROJECTS WITH THE REPRESENTATIVES OF THE LOS ALTOS HILLS COUNTY FIRE DISTRICT**: Mr. David Bergman, President of the Los Altos Hills County Fire District (LAHCFD) Commission; and Mr. Stu Farwell, Consultant for the LAHCFD, were present. Mr. Farwell explained that the Fire District returns improvements in fire protection to its citizens that they have paid for through taxes. He said that the Fire District has many ongoing programs, such as brush chipping, garden debris drop-off, and bringing goats in during the spring to help those residents who live in the Byrne preserve by clearing a fire break. He said, however, that the most significant improvements were joint projects with the Purissima Hills Water District and the California Water Service Company.

LAHCFD Partial Funding of Elena Road Main Extension and Fire Hydrant The Engineer explained that one of the Water District's existing capital improvement projects is one that connects Elena tank and pump station with the new mains that were recently installed at Elena Road and Kriste Lane. This project consists of the installation of approximately 1,800 linear feet of 8-inch main. The Engineer said that the Fire District had approached the Water District to inquire about partnering for the installation of a new fire hydrant along the alignment of this capital improvement project. The new hydrant would require the installation of approximately 240 linear feet out of the total of 1,800 linear feet—the length of the total project. The Manager also noted that the one of the benefits to the Water District will be the installation of a much shorter service line for a customer who only receives 40 psi.

The Manager and Engineer said that if the Board was agreeable to accepting partial funding from the Fire District, this project could be added to the LAHCFD Zone 2½ Phase I Project which will be bid in the Spring of 2007.

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After discussion, it was moved by Director Anderson, seconded by Director Jones, that 1) the Elena Road Main Extension and Fire Hydrant Project be included in the LAHCFD Zone 2½ Phase I Project; 2) the cost of the Elena Road Main Extension and Fire Hydrant Project be shared 50/50 between the Purissima Hills Water District and the LAHCFD; and 3) this arrangement between the District and the LAHCFD be documented in the appropriate form of agreement. Motion carried unanimously—voice vote.

LAHCFD Funding and Reimbursement of Zone 2½ Phase II The Engineer explained that this project consists of the installation of approximately 10,000 linear feet of 12-inch main for Zone 2½. He said that this new main is valuable in that it will allow the use of two Zone 3 pumps at the same time when an upgraded pump is added at the Deer Creek pump station. The addition of this pump will increase the volume of outflow to Zone 3. He explained that this main is designed as a transmission main but will have services connected to it. The Engineer noted that, although this project is on the Water District's capital improvement plan, it has not been budgeted nor prioritized.

Mr. Farwell said that the Fire District would like the Water District to move ahead with this project because the main in that area is of poor quality and the ridge area sustained heavy damage during the Loma Prieta earthquake in 1989. Additional hydrants are also necessary due to the larger homes that have been built. He noted that loaning the cost of this project to the Water District had not yet been discussed by the Fire District Commission but hoped that the Water District would be interested in doing this project at the completion of the Zone 2½ Phase I Project. He said that the Fire District would not share in the cost of this project, since it is funding the total cost of the Phase I project, but would be amenable to loaning the money to the Water District.

The Engineer explained that the total Zone 2½ project consists of Phases I and II. The Fire District is funding Phase I, which is a third of the total project, and the Water District would pay for the other two-thirds of the project, or Phase II, if the project moves forward.

The Attorney explained that two Directors of the District live very near to the pipeline of the proposed Phase II project and one Director had raised the question of whether there is a conflict of interest. The Attorney said the conflict of interest issue is not involved at tonight's meeting because the Board was learning about and discussing whether it would participate in a loan arrangement with the Fire District if the project moves forward, not whether it will proceed with the project. The Attorney noted that the main issue of the conflict question is whether this project will provide new or improved service to the two Directors' residences that will have a substantial material financial impact on their real property. He said that Staff will evaluate this issue and report to the Board at a future meeting.

The Engineer noted that the preliminary estimate to complete the Zone 2½ Phase II Project is \$3 million. Director Solomon asked if there were any legal ramifications for the Water District if it borrows funding from the Fire District. The Attorney answered that he did not know of any legal prohibition.

Director Seidel said that although this project sounds feasible, the Board at this time is more concerned about obtaining additional supply which will be a costly endeavor. Mr. Farwell said that if the Water District Board has no interest in the Phase II Project, it will be tabled by the Fire District Commission, as well.

The Board directed Staff to continue discussions with the Fire District about this project, including the potential terms and conditions of an agreement.

LAHCFD Funding of Permanent Generator at District's Deer Creek Pump Station The Engineer provided photos of the current location of the diesel portable generator at the Water District's Deer Creek pump station. He also reviewed plans which shows the proposed location for a new permanent generator, which included a project description. The Engineer explained that the Deer Creek pump station is the Water District's most critical facility because it has the ability to feed both Zones 2 and 3. The current portable generator has the capacity to run only one Zone 2 pump and has to be manually started and maintained. The new proposed permanent generator would be the correct size to simultaneously run two pumps—one for Zone 2 and one for Zone 3—and would have an auto start, leaving the crews free to attend to the other pump stations in a power outage. The Engineer noted that the SCVWD would have no problem with the placement of the foundation for a permanent generator—there would be no impact on the SCVWD's headwall facility.

Mr. Farwell explained that a few years ago, the Fire District had purchased a permanent generator for Cal Water, as well, and that in an emergency, the Fire District would prefer the reliability that a permanent generator offers—understanding the need for crews to be at several places at once.

Much discussion ensued regarding the need for a permanent generator versus a portable one and the advantages and disadvantages of natural gas versus diesel fuel.

After discussion, it was moved by Director Anderson, seconded by Director Solomon, that the Water District accept the concept in principal of the Fire District's funding the design, purchase, and installation of a new permanent 400kW/500kVA diesel-powered generator for the Deer Creek Pump Station; to direct Staff to work out the key business terms of an arrangement with the Fire District; and to present to the Water District Board an agreement between the Water District and the Fire District. Motion carried unanimously—voice vote.

11. **AUDIT FOR FISCAL YEAR 2005/2006:** The District's auditor, David F. Thomas, was present to review the auditor's letter and audit for fiscal year 2005/2006. He noted that there were no new conditions this year which warranted comment. Mr. Thomas then reviewed his audit of the District's financial statements which presented fairly, in all material respects, the District's financial position as of June 30, 2005, and June 30, 2006, and the results of its operations, changes in net assets and its cash flows for the years then ended.

After discussion, it was moved by Director Anderson, seconded by Director Waldeck, that the audit for fiscal year 2005/2006, as presented by the District's auditor, be accepted. Motion carried—roll call vote.

12. **ATTORNEY'S REPORT—REVIEW OF BROWN ACT OPEN MEETING REQUIREMENTS:** The Attorney reviewed Brown Act requirements which included the following:

- Purpose of the Brown Act
- Serial Meetings
- Closed Sessions
- Distribution of Information/Documents
- Public Records Act

13. **ENGINEER'S REPORT (CONTINUED):**

A. Corrosion Control The Engineer reported that Schiff Associates had completed the corrosion control report and it had been forwarded to Director Anderson for review. He noted that a conference call had been held with the consultant and that District field staff had been included. The Engineer said that the recommendations would be incorporated into the updated standards in February 2007, but some of the recommendations would need to be evaluated due to cost issues, availability of parts, and ease of execution and inspection.

B. Elena Road Main Replacement (440 Linear Feet) The Engineer reviewed his memo of December 6. West Valley Construction had completed the installation on Elena Road. The main had been pressure tested, disinfected, and put into service on November 20 and a new 8-inch gate valve had been installed to better isolate the main. The Engineer noted, however, that the paving had been rejected and would be replaced by the contractor.

E. Solar Power—Update The Engineer reported that he had contacted Stanford University to find someone who might be able to assist the District with cost estimating the purchase of solar panels, developing payback periods, and researching grants for the installation of solar panels at the District's McCann and Hungry Horse tanks sites. The Engineer said that a student had offered to do this work at a minimal cost to the District and he would have a report back to the Board within a few months.

Miscellaneous Information The Engineer noted that a draft Environmental Impact report had been received from the City of Palo Alto regarding its emergency water supply storage project.

14. **WATER SUPPLY ALTERNATIVES**

A. Groundwater Project The Engineer noted that the District's consultant, Martin Feeney, had received comments to the draft report and had submitted them with his response and resolution for final review before incorporation into the final report.

The Engineer then reviewed a printout of County Assessment Roll Information for seven of the parcels which Mr. Feeney had recommended as potential well sites, as well as an Assessor's map showing the locations of these well sites. He also said that an aerial photo would be available within a few months. Director Seidel suggested that Staff inquire about zoning restrictions for each of these sites.

B. Potential Purchase of Additional Water from the Santa Clara Valley Water District/California Water Service Company The Engineer noted that he had spoken with Amy Fowler, Special Programs Engineer with the Santa Clara Valley Water District (SCVWD). She said that because of the uniqueness of the request for the District to purchase 300 acre feet of water during the winter months which would be wheeled through the California Water Service Company, it has taken more time to evaluate issues than previously expected.

15. **DISCUSSION OF WATER RATE STRUCTURE:** The Manager said that this item was once more on the agenda because Director Seidel had been absent last month and two new Board members had been seated.

Director Seidel noted that a rate increase should have solid justification. After discussion, direction was given to Staff to continue to evaluate a potential rate increase. The Engineer noted that he and the Manager would work on a new 5-year capital improvement program. The Attorney advised that a water rate increase must comply with Proposition 218.

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16. **STRATEGIC PLANNING FOR THE DISTRICT—GOALS AND OBJECTIVES:** Director Seidel gave out information to the Board which he had obtained from the October issue of the American Water Works Journal. He said that the article is about the state of the industry which gives a good indication of what long-term issues the water industry is facing.

17. **TOWN OF LOS ALTOS HILLS GENERAL PLAN WITH REGARD TO WATER ISSUES:** The Board reviewed the draft Conservation and Open Space Element that had been received from the Town. Director Solomon noted that he and former Director, Maurice Johnson, had submitted comments to the Town's ad hoc committee. He said that more information would be forthcoming from the Town as they continue to develop a new General Plan.

18. **EMERGENCY PREPAREDNESS—ABOVEGROUND DIESEL STORAGE TANK:** The Manager reported that, at the Town's emergency planning meeting, he had been asked if the District has enough diesel in storage to run pumps for three days. He said that a full inventory is 700 gallons and a million gallons could be pumped with that amount. The Manager said that Valley Oil Company, from whom the District now purchases gas and diesel, would be able to supply the District within four hours in an emergency (after hospitals, police and fire have been supplied). Currently, Valley Oil stores 40,000 gallons of regular diesel and 30,000 gallons of red-dye diesel. Valley Oil is located at Highways 85 and 237.

The Manager said that he had received a quote for \$22,000 for the installation of a 2,000 gallon tank, including the pad and pump, which could be located at the McCann pump station. This fuel would run the generators, backhoe and one truck. He said that in an emergency, District crews could fill a small portable tank and take the fuel to the different tank sites, instead of having Valley Oil go to the sites. This would mean one delivery every three days only from Valley Oil.

After discussion, the Board directed that this purchase be placed on the capital improvement program for the 2006/2007 budget.

19. **MANAGER'S REPORT / COMMUNICATIONS ITEMS:**

Field Report

- A leak (full circle crack) on a cross-country main had occurred between Lucero Lane and Almaden Court. The leak was repaired in six hours and no damage had occurred to any homes in the area.
- Crews continued inspection of a pipeline for Foothill College installed by Kingdom Pipeline.
- A service had been relocated on Lupine Road.
- Two backflows had been installed.
- Lead and copper testing had been completed and three out of 25 tests had failed. The Manager said that he would be talking with the Department of Health Services because the three tests that failed had been done at the same residences that had passed the previous testing two years ago.
- A field employee and his wife had a baby on December 1.

Financial Reports The Manager reviewed the November 2006 reports for billing and consumption, income and expense, and investments.

Operations Center—Update The Manager reported that all the built-in counters, cabinets, and tiling had been installed.

Customer Communications There were no customer communications.

20. **DIRECTORS' REPORT:**

BAWSCA Issues Director Seidel gave his report on a BAWSCA meeting he had attended in November.

Attendance at ACWA Region 5 Meeting in Concord on March 7 This item was continued to the January 2007 Board meeting.

ACWA/JPIA Board Meeting Director Solomon reported on the meeting he had attended in Anaheim on December 4 and 5 of the Association of California Water Agencies/ Joint Powers Insurance Authority.

Attendance of Hetch Hetchy It was moved by Director Anderson, seconded by Director Jones, to approve reimbursement for Board members wishing to attend the three-day Hetch Hetchy tour in July 2007. Motion carried unanimously—voice vote.

Miscellaneous Director Solomon noted that the November newsletter written by Ms. Shields, the District's Conservation Specialist, was very informative and very well written.

Director Seidel directed that Staff prepare resolutions of appreciation for former Board members, Maurice R. Johnson and Alex S. Vayntrub.

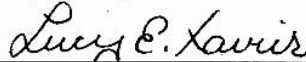
Director Seidel submitted a draft letter to Directors and Staff that he had written to the San Francisco Public Utilities Commission asking for additional allocation. He requested comments and asked that this matter be placed on the January 2007 agenda.

Agenda Item Requests The Board identified agenda items for the January 2007 meeting.

21. **DISBURSEMENTS:** It was moved by Director Solomon, seconded by Director Anderson, that the November 2006 payables, checks numbered 18559 through 18644 in the amount of \$429,610.66, be approved for payment. Motion carried unanimously—voice vote.

22. **ADJOURNMENT:** The meeting was adjourned at 11:00 p.m. to reconvene at the next regular meeting on January 10, 2007, at 6:30 p.m. in the District office.

Respectfully submitted



Lucy E. Xavier, District Secretary

Approved: 
Daniel F. Seidel, President