

AUGUST 8, 2007

WORKSHOP/SPECIAL MEETING:

1. **CALL TO ORDER, ROLL CALL, AND PLEDGE OF ALLEGIANCE:** President Seidel called the workshop/special meeting to order at 5:20 p.m. in the District office.

Directors Present: President Daniel F. Seidel, Vice President Ernest Solomon, and Directors Robert N. Anderson and A. Richard Jones. Director Gary C. Waldeck arrived at 5:30 p.m.

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

The Pledge of Allegiance was recited.

2. **COMMENTS FROM THE PUBLIC:** No public was present.

3. **PROPOSED REVISIONS TO DISTRICT'S RATE AND FEE SCHEDULE AND ALTERNATIVE WATER RATE ADJUSTMENTS:** Director Seidel noted that, as indicated at the last meeting, the Board will consider a water rate increase, as well as increases to the District's rate and fee schedule, in order to finance capital projects, to finance the increase in District expenses, and to account for the anticipated rate increases from the San Francisco Public Utilities Commission.

The Manager reviewed his worksheet showing the various District fees for the installation and maintenance of water facilities, and charges for facility, transmission, readiness-to-serve, and other charges. The Manager's recommended increases for some fees would go from a fixed cost to an actual cost incurred by the District.

After review of the fees and charges, Director Seidel asked that the Manager incorporate the proposed changes that were discussed and suggested that some fees be a fixed cost versus an actual cost to keep things more straightforward for the customer.

Director Jones gave his presentation comparing two tier and three tier rate structures with a six tier rate structure. Board and Staff were concerned that two tiers might not encourage conservation nor provide sufficient income month to month. Director Solomon said his concern was whether two tiers would affect the District's compliance with Best Management Practices in terms of conservation pricing.

After discussion, the Board requested that Director Jones bring back his presentation to the next meeting for further discussion, adding charts showing monthly variations.

The Attorney reminded the Board of the time schedule associated with the requirements of Proposition 218.

REGULAR MEETING (6:56 p.m.):

1. **COMMENTS FROM THE PUBLIC:** No public was present.

2. **CONSENT CALENDAR:** It was moved by Director Jones, seconded by Director Solomon, that all items on the Consent Calendar be approved. Motion carried unanimously—voice vote.

A. Approval and Ratification of July 2007 Disbursements—\$421,625.94

AUGUST 8, 2007

B. Approval of Minutes: Workshop/Special and Regular Meeting of July 17, 2007

3. **ENGINEER'S REPORT:**

A. Zone 2½ Phase I Project (Los Altos Hills County Fire District Project) The Engineer reported that the water main installation was complete and the contractor was now doing tie-ins. Bacteriological and pressure testing had passed. Grouting of the cross-country section would begin the next day and paving would start next week. He noted that the change order rate was now tracking at 2 percent.

B. Deer Creek Pump Station Emergency Generator The Engineer reported that 100 percent draft plans had been received and that approval to go out to bid would be on the agenda for next month's Board meeting.

C. Deer Creek Pump Station Structural Upgrades The Engineer reported that plans for structural upgrades were now complete and that a proposal for a ventilation study had been received from a mechanical engineer. If the pump station requires ventilation, then that will be incorporated into the plans for the structural upgrades. The Engineer said he would have more information at the next Board meeting.

D. Deer Creek Pump Station Fire Suppression Upgrades The Engineer noted that last month he had reported that two firms would be submitting proposals for the study of a fire suppression system that will be specific to the Deer Creek pump station. He said that one proposal had been received so far and that Staff hoped to have a proposal in place before the next Board meeting.

E. Five-Year Capital Improvement Program (Draft Presentation) The Engineer continued the review of his draft presentation from last month of the District's five-year capital improvement program and noted that he had incorporated suggested changes given at the last meeting. The Board suggested additional changes, such as making two separate presentations—one for capital improvements and one for conservation. The Engineer said he would continue working on this project and would bring it back next month.

F. Capital Project Development and Modeling The Engineer explained that a capital project is normally developed after extensive modeling and analysis of storage, pumping and the distribution system. He stated that a potential project starts with discussions with the General Manager on a certain operational system issue. This can range from lack of pressure in a certain area of the District to not being able to move water within a pressure zone. Once an issue is identified, the engineer uses the District's hydraulic model to verify existing conditions and test scenarios developed to alleviate the operational issue. Some scenarios are: the replacement of an existing water main with larger diameter pipe, the placement of a water main on a street which currently does not have a water main, or looping the distribution system to change pumping schemes.

In developing scenarios, the engineer attempts to maximize the use of existing infrastructure (i.e. could a pump be run differently to help alleviate the operational issue). If positive results are achieved using hydraulic modeling, further cost analysis is completed for each scenario. Approximately half of the analysis completed does not develop into capital improvement projects because positive results could not be achieved or they do not meet the criteria for a District capital improvement project (cost prohibitive).

AUGUST 8, 2007

The Engineer then gave an example of a Distribution System Analysis (DSA) that developed into a capital improvement project. It involved the movement of water from the McCann Tank and Pump Station to the La Cresta and Elena tanks. He also reviewed the DSA log for the District which details all the hydraulic modeling analysis completed by the District from 1999 to present.

4. WATER SUPPLY ALTERNATIVES:

A. Potential Purchase of Additional Water from the Santa Clara Valley Water District The Engineer reported that the District's request for the purchase of water from the Santa Clara Valley Water District (SCVWD) was still in the engineering department. He noted that every six weeks or so he contacts Amy Fowler at the SCVWD to see if there is any progress. Director Seidel noted that there was a new director on the Board of the SCVWD whom he knows and asked Staff to write a letter for his signature, congratulating Mr. Kwok on his new position.

B. Intertie Project with the California Water Service Company The Engineer reported that a topographic survey had been received and design was moving ahead and that a draft interconnection schematic had been prepared and sent to Cal Water for review. He anticipated that this project would start in the Spring of 2008. This project will be fully funded by the District.

C. Intertie Project with the City of Palo Alto The Engineer reported that a very productive field meeting had been held with Palo Alto the day before and that a draft interconnection schematic had been prepared and sent to Palo Alto for review. He said that a letter will be prepared formally requesting Palo Alto for the intertie. He anticipated that this project would start in the Spring of 2008, as well. This project will also be fully funded by the District.

D. Monitoring Well on Town Hall Property The Engineer noted that last month he had reported that a proposal to pump and test the District's monitoring well for possible irrigation use had been received. He said that a standard contract had been sent to the contractor and as soon as the contract was executed and insurance documents submitted, the District would schedule a start date with the contractor.

E. Quarry Hill Lake Water Quality The Manager reported that he had spoken to the developer of the Quarry Hills Subdivision and found that he owns the rights to the water in the Quarry Hills lake. The developer indicated that he is fine with the concept of allowing the District to use the water in an emergency. The Manager said he would arrange to have the water tested.

The Manager also noted that the developer owns several water rights in the State and had offered to help the District obtain additional water supply. The Board discussed the feasibility of this offer.

5. MANAGER'S REPORT / COMMUNICATIONS ITEMS:

Field Report

- Lead and copper testing results had been received. The results showed that the District's samples were well below the acceptable limits for lead and copper.
- A field employee had an accident while in a District vehicle.

AUGUST 8, 2007

- District crews continued to inspect the main installation for the new Horton subdivision (Blue Oaks).
- District crews inspected the new service and fire connections for the Bullis School.
- Fifty Orion meter heads had been installed.
- Purissima Road, where a main break had occurred, had been backfilled.

Financial Reports: The Manager reviewed the following reports: Income and Capital Plan; Revenues and Expenditures; Balance Sheet; Consumption and Billing; and Investments. He also reviewed the financial position of the District July 2006 through June 2007, which included graphs for revenues and expenditures. These graphs also summarized consultant expenses. The Engineer also submitted a detailed month-by-month engineering cost analysis for the past seven years.

Status of Town of Los Altos Hills Emergency Communications Antenna The Manager reported that he had emailed Ray Egan with the information that the structural engineer had found regarding the antenna. He said he had not yet heard back from Mr. Egan.

Emergency Response—Stanford Fire (June 2007) The Manager reviewed a draft letter to the Town's Safety Officer regarding notification procedures between the District and the Town in the event of an emergency, regardless whether it involves a water issue or not. This was in response to the fact that the Town had not notified the District that the Town's Emergency Operations Center was open due to a fire on Stanford land. The Manager noted that the appropriate changes had been made in the Town's emergency operations plan.

Customer's Request to Install Antenna on Operations Center for Emergency Communications The Manager noted that he had met with Sam Wood, a member of the Town's Emergency Communications Committee who lives on La Cresta Court. Mr. Wood had asked to place a small, unobtrusive microwave dish somewhere inside the shed which is attached to the District's operations building.

The Manager said that Mr. Wood had determined that the location would be appropriate for the dish antenna and the existing cable in the District's old office could be used for digital communications between the Operations Center and the Corporation Yard, as well as to the La Cresta tank site. The Manager said he would be meeting with Mr. Wood again to look at the cable which runs from the office to the La Cresta tank site.

6. DIRECTORS' REPORT:

BAWSCA Issues Director Seidel reviewed his memo of July 26th, which summarized a meeting with Art Jensen, Manager of the Bay Area Water Supply and Conservation Agency; Director Solomon; the Manager; and himself. They had met to discuss the draft Programmatic Environmental Impact Report (Draft PEIR) for projects related to rebuilding San Francisco's regional water system.

Miscellaneous The Board discussed the policy change of the Association of California Water Agency/Joint Powers Insurance Authority's (ACA/JPIA) regarding reimbursement and how it might pertain to the District.

National Incident Management System (Nims) Training The Board discussed the requirements for Nims training.

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

AUGUST 8, 2007

7. **ADJOURNMENT**: The meeting was adjourned at 8:55 p.m. to reconvene at a workshop/special meeting on September 12, 2007, at 5:00 p.m. in the District office to be followed by the regular Board meeting at 6:30 p.m.

Respectfully submitted

s/_____
Lucy E. Xavier, District Secretary

Approved: s/_____
Daniel F. Seidel, President