

PURISSIMA HILLS WATER DISTRICT

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS



SEPTEMBER 12, 2007

WORKSHOP/SPECIAL MEETING:

1. **CALL TO ORDER, ROLL CALL, AND PLEDGE OF ALLEGIANCE:** President Seidel called the workshop/special meeting to order at 5:25 p.m. in the District office.

Directors Present: President Daniel F. Seidel and Directors Robert N. Anderson and A. Richard Jones. Director Gary C. Waldeck arrived at 5:43 p.m. Director Ernest Solomon was not in attendance.

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

Director Anderson led the Pledge of Allegiance.

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

3. **PROPOSED REVISIONS TO DISTRICT'S RATE AND FEE SCHEDULE AND ALTERNATIVE WATER RATE ADJUSTMENTS:** The Manager continued the review of his worksheet from last month showing various District fees. The Board thought that the Manager's recommended increases were acceptable.

Board and Staff then continued discussion of new water rates from last month. Director Seidel asked for a straw poll of the Board regarding whether the water rates should include a separate readiness-to serve charge, versus incorporating the charge into the water rate itself. Three Directors favored a separate readiness-to-serve charge. The Manager then explained his rationale for keeping this charge separate: 1) the monthly income covers certain fixed costs; 2) since the charge is based on the size of the meter, customers should pay more for the value of a larger meter; 3) the monthly income stabilizes the low months, as well as the transitional months.

With regard to new water rates, Director Jones reviewed additional charts showing monthly variation in the data of previously presented charges. Four charts reflected historical data from 2000. Two charts showed updated data for the options currently being discussed; one chart showed the monthly variation of revenue for the various options; and one chart showed annual revenue as a function of annual consumption for the various options.

Discussion then ensued regarding an appropriate rate increase based on financing capital projects, financing the increase in District expenses, and to account for the anticipated rate increases from the San Francisco Public Utilities Commission. The Board looked at three six-tier options. The Board also discussed raising the rate for institutional accounts, which includes schools, CalTrans, Town meters, etc.

The Board directed that for the next meeting the Manager bring the following information to the Board: 1) recommended adjustments to the readiness-to-serve charge; 2) recommended adjustments to institutional rates; 3) recommended adjustments to rates to cover costs over a three-year business cycle.

SEPTEMBER 12, 2007

After discussion, it was moved by Director Anderson, seconded by Director Seidel, that Option 2 be chosen as the basis for the new rates, changing the top tier to match that of Option 1. Motion carried—voice vote.

Ayes: Directors Anderson, Seidel and Waldeck
Noes: Director Jones
Absent: Director Solomon

REGULAR MEETING (7:30 p.m.):

1. **COMMENTS FROM THE PUBLIC:** No public was present.
2. **CONSENT CALENDAR:** The Board unanimously approved the following items on the consent calendar.
 - A. Approval and Ratification of August 2007 Disbursements—\$493,959.62
 - B. Financial Reports: Income and Capital Plan
Revenues and Expenditures
Balance Sheet
Consumption and Billing
Investments

Director Jones requested that the approval of minutes for the workshop/special and regular meeting of August 8, 2007, be taken off the consent calendar. After discussion, it was moved by Director Jones, seconded by Director Anderson, that the minutes of the August 8 meeting be approved as amended. Motion carried unanimously—voice vote.

3. **CONSIDERATION OF RECOMMENDATION TO CONSIDER ALLOWING INSTALLATION OF SECOND WATER METER AS METHOD TO MONITOR AND CONTROL LANDSCAPE WATER USAGE AS PROPOSED BY THE TOWN OF LOS ALTOS HILLS PLANNING COMMISSION:** The Board reviewed a letter from the Los Altos Hills Planning Director recommending that the District install separate landscaping meters for customers as a tool to monitor and control landscape use.

The Manager said that customers would not be in favor because of the possibility that the irrigation meter could be shut off by the District for abnormally high usage or waste; the customer would have to pay for the installation of the meter and pay an additional monthly readiness-to-serve charge; and more than likely, the customer would need to separate irrigation plumbing from household plumbing.

The Manager further noted that the District does not need an irrigation meter to calculate outside usage; a second meter implies that the District could shut the meter off which is not true except in times of emergencies or drought; a second meter is not required to isolate landscaping systems from the house; a second meter could undermine the District's conservation pricing.

Director Jones also noted that this proposal came before the Planning Commission in 1990 when he was on the Commission. He agreed with the Manager that a second meter could provide the customer a lower bill by splitting the usage into two, thereby subverting conservation pricing, and that a second meter would require two meter readings and two bills. He said that a customer-owned second meter could be installed if the District required that the domestic and landscape systems on a property be disjoint out to the location of the single meter, with

SEPTEMBER 12, 2007

separate shutoff valves for the two systems. This would also provide infrastructure on the customer side of the meter for possible future developments such as a separate water main system providing recycled water for landscape use, and a special rate for multiple meters.

Director Waldeck said that he believed the basis for this proposal was to enforce the realization of irrigation usage and to provide the District with the mechanism to shut the irrigation off and still leave the household meter on.

Director Anderson said a response with a cost analysis might be helpful. After discussion, the Manager was directed to respond to the Planning Director with a letter outlining why the District does not think this is a feasible conservation method. Director Seidel also said that Director Solomon should continue to be a liaison and possibly attend the next meeting to discuss this proposal with the Commission with a reminder that this issue was before the Commission several years ago.

4. **DISTRICT COMMENTS AND RESOLUTION FOR SAN FRANCISCO'S PROGRAMMATIC ENVIRONMENTAL IMPACT REPORT RELATING TO THE REBUILDING OF SAN FRANCISCO'S REGIONAL WATER SYSTEM:** Director Seidel reported that he and the Manager had developed a bullet point response to the SFPUC PEIR. This was the basis for two letters to the Environmental Review Officer of the San Francisco Planning Department—one to be sent out by the Mayor of the Town of Los Altos Hills and the other to be sent out by the Los Altos Hills County Fire District. Director Seidel noted that this letter would be on the City Council's Consent Calendar the next evening and he would be attending that meeting.

These letters urge the San Francisco Planning Commission and the San Francisco Board of Supervisors to approve and certify the PEIR without further modifications or variation and urges rapid completion of the environmental review process and implementation of WSIP improvements to reduce the extreme risk of disastrous wildfire and economic catastrophe resulting from lack of a reliable water supply.

Director Seidel said that it is important for the District to send its own letter as soon as possible, as well. After discussion, it was moved by Director Jones, seconded by Director Anderson, that the District send a letter on behalf of the Board, signed by the President, to the San Francisco Planning Department. Motion carried unanimously—voice vote.

5. **ENGINEER'S REPORT:**

A. **Zone 2½ Phase I Project (Los Altos Hills County Fire District Project)** The Engineer reported that the contractor had eight working days left to complete the project but doubted that the project would be accomplished within that time. He noted that liquidated damages would come into effect if the contractor failed to finish within the specified time. He noted that all mains had been installed, flushed, and tested, and all but one were in service, and that customers' services are being switched over from the old main to the new main.

B. **Deer Creek Pump Station Emergency Generator** The Engineer reported that 100 percent draft plans had been received from Yei Engineers. He noted that additional piping work and structural modifications for the Zone 3 pump were currently in design and would be combined together with the generator under one bid package to be presented to the Board next month.

C. **Deer Creek Pump Station Ventilation / Structural Upgrades** The Engineer noted that plans for structural upgrades were now complete. He said that a proposal for a ventilation

SEPTEMBER 12, 2007

study had been received from a mechanical engineer and that a conference call had been set up for the next day.

D. Deer Creek Pump Station Fire Suppression Upgrades The Engineer noted that there was a large discrepancy in the cost between two proposals for a study of a fire suppression system that will be specific to the Deer Creek pump station. He said he would get back to the Board after talking with the contractors.

6. WATER SUPPLY ALTERNATIVES:

A. Potential Purchase of Additional Water from the Santa Clara Valley Water District The Engineer said that he had nothing new to report. Director Seidel noted that he would be inviting the new director on the Board of the SCVWD, Patrick Kwok, to a Board meeting.

B. Intertie Project with the California Water Service Company The Engineer reported that design was 35% complete and that he and the Manager would be meeting with Cal Water representatives on Friday.

C. Intertie Project with the City of Palo Alto The Engineer reported that a formal request for an intertie with the City of Palo Alto would be going out the next day. He said that a schematic of the intertie would be included.

D. Monitoring Well on Town Hall Property The Engineer reported that a contract to pump and test the District's monitoring well for possible irrigation use had been received. The Attorney had said that there was a minor problem with the insurance certificates and asked that the contractor resubmit the documents. The Engineer noted that as soon as this was done, a start date would be scheduled.

E. Quarry Hill Lake Water Quality The Engineer reported that there was nothing to report at this time and hoped to have information for the next meeting.

7. MANAGER'S REPORT / COMMUNICATIONS ITEMS:

Field Report

- Two services had been installed—one new and one upgrade.
- Three leaks had occurred—one on Taaffe Lane, one on Concepcion Road, and one on Fremont Road.
- District crews continued to inspect the main installation for the new Horton subdivision (Blue Oaks).
- Crews were helping to inspect the Zone 2½ Phase I project.
- A field employee was leaving District employment this day. He had moved to Sacramento to work for the city of Sacramento.

Status of Town of Los Altos Hills Emergency Communications Antenna The Manager noted that the information regarding a new antenna design had been given to the Town's safety officer who will now be working with the District.

Customer's Request to Install Antenna on Operations Center for Emergency Communications The Manager noted that he had not met with Sam Wood, a member of the Town's Emergency Communications Committee who lives on La Cresta Court for further discussions on this matter.

SEPTEMBER 12, 2007

Director Anderson reported that Mr. Wood had met with the Town's Emergency Communications committee who is supporting Mr. Wood's request to place a small, unobtrusive microwave dish somewhere inside the shed which is attached to the District's operations building. The Town's safety officer will now be working with the District on this matter.

Customer Communications: There were no customer communications.

Operations Center Landscaping: The Manager noted that he would try to schedule the installation of the new landscaping for October.

8. DIRECTORS' REPORT:

Authorize Attendance at Association of California Water Agencies/Joint Powers Insurance Authority Meeting on November 26, 2007, in Indian Wells It was moved by Director Anderson, seconded by Director Waldeck, that Director Seidel be authorized to attend the ACWA meeting. Motion carried unanimously—voice vote. Director Solomon will be attending the JPIA portion of the meeting, as the District's appointed representative.

Authorize Attendance at Association of California Water Agencies Region 5 Meeting on September 16 and 17, 2007, in Cambria and Appoint Delegate for Region 5 Elections After discussion, the Board decided that no attendance would be necessary at the Region 5 meeting. It was then moved by Director Anderson, seconded by Director Jones, that Director Seidel be appointed the voting delegate for the Region 5 meeting, submitting the ballot by fax. Motion carried unanimously—voice vote.

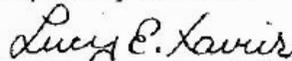
BAWSCA Issues Director Seidel noted that he would be attending a San Francisco Public Utilities Commission public hearing on September 19th (in Palo Alto) to give comments on the draft programmatic Environmental Impact Report (Draft PEIR) for projects related to rebuilding San Francisco's regional water system.

Agenda Item Requests Director Seidel directed that a public hearing be held at a special meeting on December 5, 2007, at 7:00 p.m. for discussion and adoption of new water rates and fees. The Board then directed that the regular meeting of October 10, 2007, begin at 6:00 p.m.

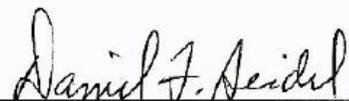
9. **CLOSED SESSION:** The Attorney convened the meeting to closed session at 8:45 p.m. pursuant to Government Code Section 54956.9(b) due to significant exposure to litigation based on a claim submitted. The meeting was convened to open session at 8:54 p.m. It was reported that in the closed session the Board had rejected the claim of Ms. Karen Adams.

10. **ADJOURNMENT:** The meeting was adjourned at 8:55 p.m. to reconvene at the next regular meeting on October 10, 2007, at 6:00 p.m. in the District office.

Respectfully submitted



Lucy E. Xavier, District Secretary

Approved: 

Daniel F. Seidel, President