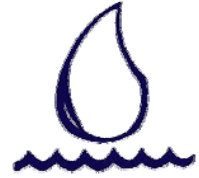


PURISSIMA HILLS WATER DISTRICT

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS



DECEMBER 12, 2007

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

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

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. **CONSENT CALENDAR:** The Board determined to consider each item on the consent calendar separately.

- A. Approval and Ratification of November 2007 Disbursements—\$388,758.84
- B. Approval of Minutes: Regular Meeting of November 14, 2007
- C. Financial Reports: Income and Capital Improvement Plan
Revenues and Expenditures
Balance Sheet
Consumption and Billing
Investments

Disbursements: Director Jones questioned an Excel error on the disbursements report. After discussion, it was moved by Director Anderson, seconded by Director Jones, that the November 2007 disbursements in the amount of \$388,758.84 be approved. Motion carried unanimously—voice vote.

Minutes: It was moved by Director Anderson, seconded by Director Waldeck, that the minutes of the November 14 meeting be approved as amended. Motion carried unanimously—voice vote.

Financial Reports: The Manager reviewed the financial reports (as specified above). It was then moved by Director Jones, seconded by Director Anderson, that the financial reports be accepted. Motion carried unanimously—voice vote.

4. **AUDIT FOR FISCAL YEAR 2006/2007:** The Manager reported on the *Management's Discussion and Analysis* portion of the Audit.

The District's auditor, David F. Thomas, reviewed the auditor's letter and audit for fiscal year 2006/2007 which presented fairly, in all material respects, the District's financial position as of

DECEMBER 12, 2007

June 30, 2006, and June 30, 2007, 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 Jones, that the audit for fiscal year 2006/2007, as presented by the District's auditor, be accepted. Motion carried unanimously—voice vote.

Mr. Thomas then reported to the Board that, after 12 years, this would be his last year as the District's Auditor. He explained that professional auditing has changed since the Enron scandal, and noted that congressional legislation has proposed new rules and regulations which will require much more work and documentation which he feels he is not equipped to do at this time. The Board thanked Mr. Thomas for his service to the District and Mr. Thomas said he would be available to help the Board obtain a new auditor if they so wished.

5. ENGINEER'S REPORT:

A. Deer Creek Improvement Project—Award of Contract to JMB Construction The Engineer reported that the bid opening for the Deer Creek Improvement Project had been held on December 4 and nine bids had been received (out of a possible 16 eligible bidders).

The apparent low bidder had been John Plane Construction at \$354,000. The Engineer said, however, that there was an error which made the bid \$274,000 less than the written total of \$628,000. John Plane had explained that the error had occurred due to poor cell phone reception when entering items under Unit Prices. The Engineer noted that a letter had been received from John Plane requesting to be relieved from its bid.

The Attorney explained the statutory requirements for relieving a bidder from its bid. He noted that a written report must be prepared documenting the existence of facts that support each of the four criteria required and that the Board must formally consent to a bidder being relieved of its bid. The Attorney, Engineer, and General Manager determined that all four criteria had been satisfied with regard to John Plane Construction.

The Engineer said that JMB Construction, the next apparent low bidder, had come in at \$424,800. The Engineer's estimate had been \$475,100. The Engineer reviewed the references and past project history for JMB Construction. Staff recommended award of contract to JMB, with a construction starting date in mid-January or early February 2008.

After discussion, it was moved by Director Anderson, seconded by Director Jones, that Resolution 2007-10, attached hereto, authorizing an award of contract for the construction of the Deer Creek Pump Station Improvements Project to JMB Construction, Inc., at a total cost of \$424,800, and relieving John Plane Construction from its bid, be adopted. Motion carried—roll call vote.

Ayes:	Directors Anderson, Jones, Solomon, and Waldeck
Noes:	None
Absent:	Director Seidel

6. PAKPOUR CONSULTING GROUP—APPROVAL OF SECOND AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT: The Engineer reviewed the Second Amendment to Professional Services Agreement to his Contract for Professional Services. He noted that he has been with the District since 2004 and proposed a 5% increase for his company's services. After discussion, it was moved by Director Anderson, seconded by Director Waldeck, that the

Second Amendment be accepted. Director Waldeck also added that the Board appreciated his work on the water rate presentation. Motion carried unanimously—voice vote.

7. **DISCUSSION TO AMEND THE WATER RATE TO INSTITUTIONAL CUSTOMERS:** Since the Board had only amended residential rates after the public hearing on December 5, Board and Staff now discussed the matter of amending water rates for the District's institutional customers.

The Board reviewed the reasoning why the rates are different for institutional customers. Director Waldeck said that institutional customers should have the same rates as residential users, since they are purchasing the same product. Director Jones suggested that institutional customers be charged a flat rate based on the average residential unit price as submitted by the Manager on his monthly report to the Board, which can then be averaged on a yearly basis. Director Solomon noted that these accounts are not commercial businesses and, thus, should not be treated too severely and, if the Board is concerned about residents subsidizing institutional customers, then the charge should be the average residential rate.

Director Solomon also said that a tiered rate structure should not be used for institutional accounts because the District is not trying to convince these users to conserve through a higher cost structure. The Manager agreed, noting that Foothill College had dropped its usage by 10,000 units from last year, paying a flat rate. The Manager also said that, although Foothill College has wells, it is very expensive to activate them, especially in light of not knowing the quantity or quality of water that would be produced.

The Board continued discussion of options for institutional rates. The Board directed Staff to evaluate continuing with a flat rate for institutional customers based on the average residential rate and asked that this item be continued to the next meeting.

8. **AMEND POLICY ON COMPENSATION AND EXPENSE REIMBURSEMENT FOR BOARD MEMBERS:** The Board directed that this matter be continued to the next meeting.

9. **WATER SUPPLY ALTERNATIVES:**

A. **Intertie Projects with the City of Palo Alto and California Water Service Company**
The Engineer noted that these two projects have been combined into a single project that will go out to bid in March or April of 2008. Design has started on the Palo Alto intertie which will be on the corner of Fremont and Arastradero Roads. The limits had been marked out this day.

The Engineer noted that he would be following up with California Water, as the agreement had not yet been signed, nor had the District received any comment regarding the agreement.

B. **Monitoring Well on Town Hall Property** The Engineer reported that 27 pages of analysis had been received for the samples taken from the District's monitoring well. He said that he would have a summary spreadsheet for the Board at the next meeting.

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

Field Report

- No leaks had occurred during the month.
- A leak that had previously occurred on Dezahara Way had been repaired and a three-valve set had been installed to replace two broken valves.
- Approximately 1,200 feet of paving had been contracted out to Archibald Paving.

DECEMBER 12, 2007

- Backflow testing had been completed.
- A 2-inch service line had been installed on Alicante Lane.
- A 1-1/2-inch service line had been installed on Fremont Pines Lane.
- Four backflows had been installed.
- A new field employee had been hired to take the place of the person who left in September. The Board suggested that the new employee have a doctor's physical in order to assess any condition that might limit his ability to do certain types of labor required of field employees.

Customer Communications: The Manager noted that, after the public hearing, the District had received an additional letter protesting the increase in water rates.

Procedure for Filing Claim Against the District The Manager explained that Director Solomon had asked that this item be on the agenda due to the comments from the Alexanders at the public hearing on December 5 regarding their claim against the District several years ago. The Manager described briefly the criteria under which the District would work to resolve a claim in-house versus sending a claim to the District's insurance carrier, ACWA/JPIA.

The Attorney noted that he had contacted ACWA/JPIA to discuss the Alexander's claim which had occurred in 2000 and said that he had been informed that the District and ACWA/JPIA had followed proper procedures in handing the claim. The Attorney then took the Board through the steps for submitting and evaluating a claim. He said that Staff was in the process of obtaining information from ACWA/JPIA, who had handled the Anderson's claim, and that this matter would be on the January agenda as a closed session item so that the Board could have a full understanding of what took place at that time.

District Emergency Communications Plan The Manager described the steps that would be taken in the event of an emergency, especially with regard to communications.

The Engineer also noted that his company's engineers carry self-contained kits (for 48 hours) in their vehicles and are assigned to assist different clients in a catastrophic emergency.

Antenna Tower at the La Cresta Tank Site The Manager reported that the Town's new antenna tower has been designed to be in-tension and that it will be attached to the District's tank which will support it a level that will reduce the wind loading. This will also allow the Town to use the pre-existing pad. The Manager said he had discussed this option with the structural engineer because of his concern and the engineer had suggested that the tower be welded to the top of the tank on a plate because the top of the tank is stronger than the side of the tank and, therefore, not susceptible to lateral forces.

11. **DIRECTORS' REPORT:**

A. Bay Area Water Supply and Conservation Agency (BAWSCA) Issues There was no report on BAWSCA issues due to Director Seidel's absence.

Director Solomon noted that he is very concerned with the slow pace of the project to upgrade the Hetch Hetchy system by the San Francisco Public Utilities Commission, in light of a newspaper article regarding the almost certainty of a catastrophic earthquake along the Calaveras and Hayward faults.

B. Invitation to Participate in Computer Based Geo Work for Emergency Response
The Board continued this issue to the January 2008 Board meeting.

DECEMBER 12, 2007

C. Director Anderson reported that the Stanford Alumni Association was holding seminars on environmental challenges. He said that the Board might be interested in attending the seminar on January 13, 2008, which will focus on the problem of water scarcity around the world.

The Attorney noted that this item was not on the agenda. He said, however, that the Board could make a motion, in order to comply with the Brown Act, that the Board needs to take immediate action and that the need for action came to the attention of the District subsequent to the agenda being posted. It was so moved by Director Jones, seconded by Director Solomon. Motion carried unanimously—voice vote.

It was then moved by Director Anderson, seconded by Director Waldeck, that Directors are authorized to attend the Stanford Alumni Association seminar on Sunday, January 13, 2008, and are entitled to receive reimbursement and compensation. Motion carried unanimously—voice vote.

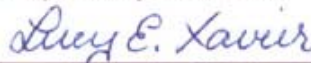
D. Agenda Item Requests The Board identified agenda items for the January 9, 2008, meeting.

12. **CLOSED SESSION—GENERAL MANAGER PERFORMANCE EVALUATION:** The meeting was convened to closed session at 9:35 p.m., pursuant to Government Code Section 54957, for the performance evaluation of the General Manager.


The meeting was reconvened to open session at 9:56 p.m. The Board reported on the discussion that had taken place in closed session. It was then moved by Director Solomon, seconded by Director Jones, that the General Manager's salary be increased 5.5 percent, retroactive to November 14, 2007, the date when the Board took action to keep the General Manager's salary open and uncertain.

13. **ADJOURNMENT:** The meeting was adjourned at 10:00 p.m. to reconvene at the next regular meeting on January 9, 2008, at 6:30 p.m. in the District office.

Respectfully submitted



Lucy E. Xavier, District Secretary

Approved: 
Ernest Solomon, Vice President