

FEBRUARY 13, 2008

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

Directors Present: President Daniel F. Seidel, Vice President Ernest Solomon, and Directors 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.

The Pledge of Allegiance was recited.

2. **COMMENTS FROM THE PUBLIC:** Stu Farwell, consultant for the Los Altos Hills County Fire District, was present for Item 5.

3. **CONSENT CALENDAR:** It was moved by Director Waldeck, seconded by Director Anderson, that the consent calendar be approved:

- A. Approval and Ratification of January 2008 Disbursements—\$356,027.39
- B. Approval of Minutes: Regular Meeting of January 9, 2008
- C. Financial Reports: Income and Capital Improvement Plan
Revenues and Expenditures
Balance Sheet
Consumption and Billing
Investments

4. **APPROVE DRAFT INSTITUTIONAL WATER UNIT RATE STUDY FOR PRESENTATION AT PUBLIC HEARING AND SET DATE FOR PUBLIC HEARING:** At the January meeting, Staff was directed to prepare an analysis of the proposed rate increase for institutional customers.

The Engineer now reviewed a draft of the Institutional Water Unit Rate Study, dated February 2008, Supplement to the October 2007 Water Rate Study. This study analyzes the proposed water unit rate increase for institutional customers which changed from a proposed tiered rate to a flat rate and is designed to be revenue neutral with the residential tiered rate. The Attorney also reviewed the procedural requirements of Proposition 218.

The Board reviewed the notice that would be sent out to the institutional customers explaining the reason for the increase. It was then moved by Director Anderson, seconded by Director Waldeck, to authorize Staff to send out the notification to the property owners impacted by the proposed water unit rate increase, and to set the public hearing for April 9, 2008, at 6:00 p.m. in the District office. Motion carried unanimously—voice vote.

Director Seidel suggested that the next District newsletter, which is sent out to all customers, provide the public hearing information, as well. The Engineer noted that he would have a draft presentation on the rate increase for the next meeting.

5. **ENGINEER'S REPORT:**

Stu Farwell, consultant for the Los Altos Hills County Fire District (LAHCFD), was present for Items A, D, and E of the Engineer's report.

A. Deer Creek Improvement Project The Engineer noted that the contract with JMB Construction had been approved and signed. A Notice to Proceed had been issued and construction would begin March 10. The project includes the installation of a permanent generator and new pumps, electrical work, transfer switches, seismic upgrades, and new piping. The Engineer noted that, because the lead time from the manufacturer for new piping is 10 to 12 weeks out, the piping work inside and outside the pump station will be deferred to the rainy season, either in May or at the end of the year, when the pumps can be shut down due to the low volume of water used.

D. Zone 2-1/2, Phase II—Approval to Begin Design The Engineer noted that Phase I of the project was now complete and that an agreement had previously been signed for a loan of \$2 million from the LAHCFD in order for the Water District to complete Phase II of the project. He said that the benefits of the project include better movement of water from the north end to the south end of the District via La Cresta Drive to La Barranca Road, improved circulation within Zone 3, and improved fire protection on the La Cresta Drive ridge.

The Engineer then reviewed an updated schedule for the project. The Board requested that the advertisement and bidding of the project be moved up from March 2009 to January 2009, if possible. After discussion, it was moved by Director Anderson, seconded by Director Solomon, that Staff be authorized to proceed with the engineering and design of the project, with a target date of January 2009 for advertising and bidding. Motion carried unanimously—voice vote.

E. LAHCFD Funding of Permanent Emergency Generator at Altamont Pump Station: The Engineer noted that the Fire District had offered to fund another new emergency generator such as was funded for the Deer Creek pump station. He said that he recommended one at the Altamont pump station because of the difficulty in getting a portable generator to the site in an emergency. He reviewed a preliminary engineer's estimate of \$230,400 for the project and noted that the Fire District is offering to fund up to \$250,000. He said that a diesel tank is included with the proposed generator and should provide at least 12 hours of operation.

After discussion, it was moved by Director Jones, seconded by Director Anderson, that the District accept the offer of the funding for a new permanent generator at the Altamont tank site, to authorize the execution of an agreement with the LAHCFD similar to the one for the Deer Creek pump station generator, and to proceed with engineering of the project. Motion carried unanimously—voice vote. The Board thanked Mr. Farwell for the Fire District's contributions to the District.

6. **REQUEST FOR PROPOSALS FOR AUDITING SERVICES:** The Manager reported that he had contacted several water agencies and had received recommendations for accounting firms to perform the District's yearly audit. The Board then reviewed the draft RFP and made minor changes. After discussion, it was moved by Director Anderson, seconded by Director Waldeck, that the RFP be sent out to a minimum of five accounting firms. Motion carried unanimously—voice vote.

7. **APPROVAL OF AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT FOR LEGAL SERVICES:** The Board reviewed the proposed updated Exhibit A to the contract for legal services which included an increase in the Attorney's billing rates. The Board discussed the Attorney's proposal to establish an annual increase in rates based on some methodology, such as the Consumer Price Index.

After discussion, it was moved by Director Jones, seconded by Director Solomon, that the proposed new increase in legal rates be accepted with five annual increases based on the Consumer Price Index. The motion failed. It was then moved by Director Anderson, seconded by Director Waldeck, that the proposed new increase in rates be accepted with no automatic yearly increases. Motion carried unanimously—voice vote. The Board and Manager complimented the Attorney on his outstanding service to the District.

8. **ENGINEER'S REPORT (CONT.):**

B. **Emergency Intertie Project (with City of Palo Alto and California Water Service Company)** The Engineer noted that both projects are on schedule. He said that Director Seidel had contacted Cal Water regarding the proposed agreement for the emergency intertie and that Cal Water had only minor comments. He noted that the agreement would be presented to the Board at the March meeting. Discussion ensued regarding the rates that would be charged either by Cal Water selling to the District or the District selling water to Cal Water. The Engineer then reviewed project plans with the Board.

The Engineer reported that a meeting had been held with the City of Palo Alto the previous day to discuss design and that a topographic survey had been acquired for the intersection of Hillview Avenue, Arastradero Road and Fremont Road. He noted that the plans should be ready for review within two to three weeks.

C. **Berry Hill Project** The Engineer noted that West Valley Construction had completed the installation of 125 linear feet of eight-inch ductile iron pipe on Berry Hill Lane and Page Mill Road and the new main was now in service. He said that additional work had been added to the contract and that an estimate to abandon a fire hydrant which comes directly off a District transmission main would come before the Board in March.

F. **Purchase Pax Mixer for Neary Tank** The Engineer noted that, due to the size and location of the Neary tank, there is not enough circulation of water, which leaves the tank susceptible to stagnation and nitrification during summer months. This can result in the possible need to empty and refill the tank. He said that Staff had investigated several ways to remedy this problem and noted that PAX Water Technologies had developed a mixer for this type of situation.

A product demonstration had been given to Staff. The Engineer noted that, at the time, he was unsure that this mixer would work in the Neary tank because of the very large diameter and typically with only seven feet of water. PAX then conducted a case study using a water tank with similar dimensions and determined that this mixer could work very well in the Neary tank.

After discussion, the Board determined that more information would be needed before authorizing the purchase of this product and directed that this item be continued to the next meeting.

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G. Consideration of Tanks Sites and Well Sites Director Seidel said that it might be a good idea to talk with Foothill College about the possibility of a joint venture to help reactivate its wells. The Manager responded that he had spoken with Charles Allen, Director of Facilities for Foothill–DeAnza Community College District, who informed him that the wells are extremely shallow. Because of this, the Board and Staff determined not to pursue this further. Director Seidel then asked about the possibility of obtaining land from Hidden Villa in order to build a tank site. The Manager and Engineer stated that the elevation of this property would not work hydraulically for the District.

9. **WATER SUPPLY ALTERNATIVES:**

A. Letter to and Response from Patrick Kwok, Director, Santa Clara Valley Water District (SCVWD), Regarding Possible Purchase of Water The Board reviewed the letter that had been written and sent by Director Seidel to Mr. Kwok regarding the potential purchase of water from the SCVWD. He noted that no response had yet been received.

B. Monitoring Well on Town Hall Property Director Seidel said that more information was required on the analysis summary spreadsheet dated February 1 that had been submitted by the Engineer. This item was deferred to the next meeting.

C. Quarry Hills Lake The Engineer submitted notes of a conversation with John Vidovich, owner of the Quarry Hills Lake, which provided information about the lake. He said two proposals to test the lake water had also been received, both at approximately \$20,000, and that he would give his recommendation to the Board at the next meeting as to which consultant would be best suited.

10. **LEGAL MATTERS—SUMMARY OF LEGISLATION RELATING TO DISTRICT:** The Attorney reviewed his memo of February 1, which provided a summary of new legislation effective in 2008 relating to the District, as well as new Brown Act requirements.

11. **AMEND POLICIES AND PROCEDURES FOR AWARD OF CONTRACT AND FOR BIDDING REQUIREMENTS:** The Manager noted that, although this policy had recently been amended, he was bringing it back to the Board to request an additional amendment.

The Manager noted that he was requesting an amendment to the policy which would allow the Manager to take advantage of the unique opportunity to save money for the District by purchasing materials or contracting for construction work at a price substantially below the budgeted amount and less than fair market value. The Manager said that raising spending limit amounts had also been proposed as an amendment to the policy due to significant cost increases since the limits were last established. The Manager said that he was requesting this amendment because he had had the opportunity to purchase a used dump truck with low mileage and that this offer had ended before he could bring the matter to a Board meeting.

After discussion, it was moved by Director Anderson, seconded by Director Solomon, that the policy be amended as requested. The motion failed. Discussion ensued and Director Seidel noted that he would prefer the policy not be amended due to the few times a unique opportunity would arise for the purchase of materials or contract for construction. It was then moved by Director Waldeck, seconded by Director Solomon, to accept the changes to the spending limit amounts but to delete the paragraphs dedicated to unique opportunity. After discussion, the motion and second were withdrawn. No action was taken to amend the policy.

12. **AUTHORIZATION FOR PURCHASE OF ABOVEGROUND DIESEL STORAGE TANK:**

The Manager noted that in December 2006, the Board had directed that this purchase be placed on the capital improvement program for the 2006/2007 budget. The Manager said that he had located a company which manufactures a 2,000 gallon, drop-in, stand alone tank for diesel storage for \$21,500, which includes delivery. The District would be responsible for installing the pad. The Manager noted that there is a 100 gallon tank on one of the field trucks which is currently used to carry diesel to the portable emergency generators at different tank sites.

After discussion, it was moved by Director Anderson, seconded by Director Jones, to authorize the purchase and installation of a diesel storage tank. Motion carried unanimously—voice vote. Director Solomon asked that the pad be built to withstand movement, such as in an earthquake.

13. **AUTHORIZATION FOR PURCHASE OF TRUCKS:**

- A. New Ford F350 and F550 Utility Trucks for Field Use
- B. Used Dump Truck for Field Use
- C. Used Utility Truck for Manager

The Manager noted that the purchase of two new utility trucks had been budgeted and would be replacements for trucks in service that are not worth repairing. Each truck would be under \$35,000. He said that the field also needed a dump truck which he could find used for approximately \$20,000 and a new truck for himself for \$15,000. The Manager said that all replacement trucks will now have diesel engines which are better suited for driving in the hills with the weight of the materials being carried or towed.

The Manager noted that, because the purchase of only two trucks is budgeted, he would be delaying a project at the McCann tank site, since this project will more than likely run into the next fiscal year. This would allow money to be spent on the two additional trucks.

After discussion, it was moved by Director Solomon, seconded by Director Anderson, that the Manager be authorized to purchase two new Ford trucks for field use, not to exceed \$76,000. Motion carried unanimously—voice vote. The Board then directed that, at the next meeting, the Manager submit a request to modify the budget for the purchase of a used dump truck and utility truck.

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

Field Report

- Three main leaks had occurred: one on a cross-country main on Via Ventana Way due to a full circle crack; one on Purissima Road due to a saddle failure; and one on Kriste Lane due to a leak near a 90° fitting.
- Crews had inspected the Berry Hill project main installation; inspected a fire hydrant relocation; installed two backflows; and installed a two-inch service on Wildcrest Drive.

Customer Communications: The Manager noted that a letter had been received from the Alexanders on Summit Wood Court in response to a letter sent to them by the District regarding their claim of several years ago.

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Antenna Tower at the La Cresta Tank Site The Manager noted that the engineering for the connection of the antenna tower to the tank was almost complete; from that point the Town will be responsible for the installation of the antennas and towers.

Review Information Added to Customers' Billing Statements Director Jones thought it would be more helpful if the usage on the customers' water bills was indicated in gallons, not units, since customers understand this concept more readily. The Manager showed the Board the draft changes he had made to the bills and said he would bring back an additional draft based on comments from the Directors.

Review Sexual Harassment Policy in District Personnel Manual At the last meeting, Director Seidel had reported that the District should have a Sexual Harassment policy. The Manager noted that the District does have such a policy in the Personnel Manual which is given to each employee when hired and that he and the Foreman had taken a class previously. The Board then directed that each employee be given a copy of the newest pamphlet distributed by the State with a form to be signed by each employee stating that he/she has read and understands the contents. This form will then be placed in each employee's personnel file.

15. **DIRECTORS' REPORT:**

A. Bay Area Water Supply and Conservation Agency (BAWSCA) Issues and 2009 Contract with the SFPUC Director Seidel reported on BAWSCA issues, in particular AB 2437, introduced by Assembly Member Ira Ruskin, which amends sections of the California water code to ensure ongoing State oversight of San Francisco's program to rebuild the Hetch Hetchy water delivery system.

B. Contingency Planning for Water Shortage or Drought The Board briefly reviewed a copy of the power point presentation by the California Urban Water Conservation Council, which describes the steps a water agency should take in a water shortage emergency or drought. After discussion, the Board determined that a special meeting workshop be held at the March meeting at 5:00 p.m. before the regular meeting at 6:30 p.m. to discuss this matter and requested that the District's Conservation Specialist be in attendance.

The Board also discussed various emergency scenarios which might occur, such as in an earthquake, for which the District should be prepared.

C. Town of Los Altos Hills Land Use Element Director Solomon briefly reviewed the Town's draft of the Land Use Element portion of the General Plan. He said that this would go to the Town Planning Commission, then on to the Council for approval.

D. Participation in Water Reuse Projects Director Seidel said he had nothing to report.

E. Attendance at AWWA Conference on April 21-24, 2008 The Board determined that there would be no attendance at this conference.

F. Director Responsibilities and Duties Director Seidel reviewed his memo of February 7, which described publications dealing with duties and responsibilities of special district directors. He said he had instructed the District Secretary to purchase these manuals for distribution to the Directors.

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G. Agenda Item Requests The Board identified agenda items for the March 12, 2008, meeting.

13. **ADJOURNMENT**: The meeting was adjourned at 10:30 p.m. to reconvene at the next special meeting workshop on March 12, 2008, at 5:00 p.m. in the District office.

Respectfully submitted

Lucy E. Xavier, District Secretary

Approved: _____
Daniel F. Seidel, President