

APRIL 9, 2008

WORKSHOP/SPECIAL MEETING:

1. **CALL TO ORDER, ROLL CALL, AND PLEDGE OF ALLEGIANCE:** President Seidel called the workshop/special meeting to order at 5:04 p.m. in the District office.

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

Staff Present: Patrick D. Walter, General Manager; Phillip Witt, General Foreman; and Lucy E. Xavier, District Secretary. Patrick T. Miyaki, Attorney, and Joubin Pakpour, Engineer, arrived at 6:06 p.m. for the regular meeting.

The Pledge of Allegiance was recited.

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

3. **DISCUSSION OF WATER EMERGENCY CONTINGENCY PLAN:** Director Seidel noted that everyone had received a copy of the District's Emergency Operations Plan (EOP) as requested at the last meeting. Board and Staff then drafted a flow chart which showed several agencies/utilities/cities which could possibly give help to the District and/or benefit from each other in a major disaster, such as an earthquake. Director Seidel said that many of these agencies/utilities/cities would also benefit by having an emergency drill with the District.

Director Anderson suggested that the Sheriff should be given a tour of District facilities to become familiar with the locations of tank sites, etc. Director Waldeck noted that the Town's Emergency Communications Committee conducts weekly and/or monthly countywide drills and, in an emergency, most coordination would be done at the County level, administrating aid where needed. Director Anderson said that the next countywide drill would be held that next Saturday. Discussion then ensued regarding Level 3 and 4 emergencies of the EOP.

Director Seidel suggested a Level 2 tabletop exercise before asking other agencies/utilities/cities to join in. He said that District personnel and one Director should develop an emergency scenario. He also suggested that the Manager start communications with the other agencies/utilities/cities to inform them of the District's desire to have an emergency drill with active participation from them. The Manager said he would contact the Engineer who coordinated other District tabletop exercises in the past to help with this project.

REGULAR MEETING (6:06 p.m.):

1. **COMMENTS FROM THE PUBLIC:** Those present were Charles Allen, Executive Director of Facilities for the Foothill—De Anza Community College District; and Nick Ward, customer of the District.

APRIL 9, 2008

2. **PRESENTATION ON AMENDING DISTRICT RATES FOR INSTITUTIONAL CUSTOMERS:** The Engineer gave a presentation on amending District rates for institutional customers. The presentation consisted of a system overview of the District; an analysis of the proposed rate increase; historical and projected revenues and expenditures; a capital improvement overview and description of goals; the adopted water rates for residential customers; and the proposed water rates for institutional customers.

3. **OPEN PUBLIC HEARING:** Director Seidel declared the public hearing open. Director Anderson noted that the City of Palo Alto has a flat institutional rate of \$4.34 per unit, significantly higher than the proposed District rate of \$3.75 per unit.

Mr. Allen said that he understood that a reliable and flexible water service is in the best interest of the customers and understood the cost and responsibility of ownership. He said that the increase was very reasonable and he was appreciative of the Board's efforts.

Mr. Ward asked why institutional customers did not have tiered rates. The Engineer responded that it was difficult to design a tiered rate structure that would suit the smallest institutional customer on a small lot to the larger one, such as Foothill College, in terms of promoting conservation.

Director Waldeck said that one factor of primary concern in designing the rate was the relative size of the institutional customer. Because Foothill College is the largest user, it does not necessarily mean that the per capita usage rate is so much higher than a residential customer on a one-acre lot. The Board decided that the most fair way was to use the middle tier of the residential rate as a flat rate for institutional customers.

4. **CLOSE PUBLIC HEARING:** Director Seidel declared the public hearing closed.

5. **CONSIDER ADOPTION OF RESOLUTION 2008-1—AMENDING RATE AND FEE SCHEDULE TO INCREASE WATER UNIT RATE FOR INSTITUTIONAL CUSTOMERS:** Director Seidel noted that no written protests had been received by the District opposing the increase. It was then moved by Director Anderson, seconded by Director Solomon, that Resolution 2008-1, attached hereto, amending the rate and fee schedule to increase the water unit rate for institutional customers to \$3.75 per unit, be adopted. Motion carried—roll call vote.

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

6. **CONSENT CALENDAR:** Item A, Approval of Minutes, was removed from the Consent Calendar. After review of the minutes, it was moved by Director Solomon, seconded by Director Waldeck, that the minutes of the regular meeting of March 12, 2008, be approved as amended. Motion carried unanimously—voice vote.

7. **APPROVAL AND RATIFICATION OF MARCH 2008 DISBURSEMENTS:** It was moved by Director Waldeck, seconded by Director Anderson, that the March disbursements in the amount of \$272,947.65 be approved. Motion carried unanimously—voice vote.

8. **PROPOSALS FOR AUDITING SERVICES:** The Manager noted that individual meetings would be held on April 16th with the three candidates who had submitted proposals to perform the District's yearly audit. He said that the advisory committee consisting of Directors Jones and Waldeck; David Thomas, the previous District auditor; and he would be making a recommendation to the Board at the next meeting.

APRIL 9, 2008

9. **ENGINEER'S REPORT:**

A. Deer Creek Improvement Project The Engineer reviewed his memo of April 3. The contractor, JMB Construction, had completed 11 percent of the work and was scheduled to begin the structural modifications of the pump station building and installation of the new pump can for Pump No. 4 within the next few weeks. The Engineer also reviewed pictures of the project.

B. Authorization to go out to Bid—Emergency Intertie Project (with City of Palo Alto and California Water Service Company) The Engineer reviewed the completed plans for the intertie project with Palo Alto and Cal Water. He noted that the engineer's estimate is \$371,937 for the intertie with California Water and \$164,090 for the intertie with Palo Alto. The District will be paying the full cost for both interties. A spreadsheet for estimated time of completion was also reviewed.

After discussion, it was moved by Director Anderson, seconded by Director Solomon, to authorize advertisement of the Emergency Intertie Project. Motion carried unanimously—voice vote.

C. Purchase Pax Mixer for Neary Tank At the March meeting, the Board had authorized the purchase of the PAX Mixer for Neary tank #2 with the condition that the manufacturer give a performance guarantee. The Engineer now noted that Staff was working on this matter. He said that he hoped to have the mixer installed before the end of May.

D. Proposition 50 The Engineer noted that at the March meeting he had reported on possible grants the District might be eligible for under Prop 50. He now said that the District's Conservation Specialist had concluded that the project monitoring that would be required for these grants are outside the scope of the District but that the Santa Clara Valley Water District would be applying and the District could possibly benefit that way. The Manager also noted that the conservation projects that the District is currently performing, such as installing Orion meters, leak detections, and planting a demonstration garden at the office site, are not eligible under Prop. 50. Therefore, the District would not be applying for grant money under Prop 50.

10. **WATER SUPPLY ALTERNATIVES:**

A. Potential Purchase of Additional Water from the Santa Clara Valley Water District Director Seidel noted that a letter had been received from Patrick Kwok, Director of the Santa Clara Valley Water District (SCVWD), indicating that Amy Fowler would be in contact with the District to discuss the possibility of purchasing water from the SCVWD.

The Engineer noted that he and the Manager had met with Amy Fowler in the Water Supply Management Division of the SCVWD on April 7. Ms. Fowler indicated that selling water to the District would set a precedent because the SCVWD has never wheeled water through another agency. The Engineer then reviewed the talking points of the meeting and the alternative approaches suggested by Ms. Fowler: 1) an interruptible treated water contract; 2) an interim treated water contract with option to transition to a permanent contract; and 3) transfer option agreement. The Board discussed recycling options as a buy-in option for the purchase of additional water. The Engineer noted that another meeting with Ms. Fowler would be scheduled for sometime in May.

APRIL 9, 2008

B. Monitoring Well on Town Hall Property The Engineer reviewed with the Board his updated analysis summary spreadsheet for the samples taken from the monitoring well on the Town Hall property. The Engineer noted that the samples meet the primary standards for drinking water after filtering. He also said that to drill an 8-inch well that would meet drinking water standards could cost up to \$500,000. Director Solomon noted that it might be worth pursuing the idea of drilling this well, if not for more than sanitation and fire fighting if a major earthquake occurs and the District is cut off from the San Francisco Hetch Hetchy water supply. After discussion, the Board directed that this project be postponed for now.

C. Quarry Hills Lake The Engineer noted that, at the last meeting, the Board had authorized a contract with Armand Ruby Consulting for the Quarry Hills lake water testing. The Attorney said that the District was waiting for the signed agreement and insurance certificates to be returned from the contractor.

11. **AMEND POLICY ON COMPENSATION AND EXPENSE REIMBURSEMENT FOR BOARD MEMBERS AND ADOPT RESOLUTION 2008-2—AMENDING A POLICY ON COMPENSATION AND EXPENSE REIMBURSEMENT FOR BOARD MEMBERS:** The Attorney noted that this amendment to the policy would allow Directors to attend the Association of California Water Agencies Spring and Fall Conferences without pre-authorization and to receive compensation and reimbursement. After discussion, it was directed that this item be deferred to the May meeting when a full quorum of the Board is in attendance.

12. **LEGAL MATTERS— REVIEW OF AB 1881, WATER EFFICIENT LANDSCAPING:** The Attorney summarized the three components of Assembly Bill 1881 which became effective on January 1, 2007. The first component, Water Conservation in Landscaping Act, applies only to cities and counties and does not directly apply to the District. However, because it applies to the Town of Los Altos Hills, it will have some impact on the District. This Act requires cities and counties to adopt their own water efficient landscape ordinance by January 1, 2010, that is at least as effective in conserving water as the updated Department of Water Resources model ordinance. Further, if the Town does not adopt its own ordinance, the model updated Department of Water Resources ordinance will apply. The Manager noted that he and the Conservation Specialist had already offered assistance to the Town in this matter.

The second component, Landscape Irrigation Equipment, deals with adopting performance standards for landscape irrigation equipment and does not apply to the District.

The third component, Separate Irrigation Meters, applies to a connection that 1) serves a property with more than 5,000 square feet of irrigated landscape; and 2) serves 15 or more service connections. This component does not apply to single-family residential connections and so has limited applicability to the District.

13. **PURCHASE OF BOBCAT TRACTOR WITH BUCKET, FORKLIFT, SWEEPER, AND ASPHALT GRINDER ATTACHMENTS:** The Foreman reported that the same owner who was selling two trucks to the District was also selling a Bobcat tractor with only 321 hours of use and all the attachments for \$30,000. The trailer would cost an additional \$5,000. After discussion, it was moved by Director Anderson, seconded by Director Waldeck, that the Board waive the District policy for competitive bidding for the purchase of equipment over \$25,000, and to authorize the purchase of the Bobcat tractor and trailer, not to exceed \$35,000. Motion carried unanimously—voice vote.

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

A. Field Report

- District crews finished the installation of a 4-inch blow-off and air release on the 18-inch transmission line into the Deer Creek pump station.

B. Financial Reports The Manager reviewed reports for the income and capital plan; revenues and expenditures; balance sheet; consumption and billing; and investments.

C. Customer Communications The Manager noted that the District had received several notes from customers giving positive feedback on the information that had been added to the billing statements.

Director Waldeck noted that feedback had also been received from John Harpootlian, Chair of the Town's Water Conservation Subcommittee. Mr. Harpootlian had said that the information was a bit confusing and recommended a more understandable message to let customers know how much water they are using in relation to other customers. Discussion then ensued on how the message should be worded and the Manager said he would work on it for the April statements.

D. Antenna Tower at the La Cresta Tank Site The Manager noted that the construction and purchase of materials for the antenna tower have been approved by the Town and the District. He said that the agreement between the District and Town would need to be in place before construction begins and noted that the agreement will be on the Town's consent calendar for April 24.

15. **DIRECTORS' REPORT:**

A. Review District Holiday Schedule Directors Solomon and Waldeck, the advisory committee, reported that they had reviewed the District's holiday schedule which is part of the District's Personnel Manual. After checking with several agencies, the committee recommended one change. The Attorney noted that he would bring back a resolution to the Board next month to reflect the change.

The Manager said that the Manual requires updating and will be reviewed by a labor attorney to ensure that the Manual complies with current labor laws. A draft will be then be submitted to the Board for review.

B. Bay Area Water Supply and Conservation Agency (BAWSCA) Issues Director Seidel reported on BAWSCA issues.

C. Attendance at ACWA Conference May 6-9, 2008, in Monterey It was moved by Director Seidel, seconded by Director Solomon, that Directors Anderson and Seidel be authorized to attend the Association of California Water Agencies Spring conference in Monterey, May 6-9. Motion carried unanimously—voice vote.

D. Earth Day Celebration Ms. Xavier noted that the District's Conservation Specialist, Alexis Shields, would be in charge of the District's booth on April 20 at the Earth Day Celebration at Westwind Barn. She asked that those Directors who would be interested in helping out contact Ms. Shields to let her know.

APRIL 9, 2008

E. Agenda Item Requests The Board identified agenda items for the May 14, 2008, meeting.

16. **ADJOURNMENT**: The meeting was adjourned at 9:15 p.m. to reconvene at the next regular meeting on May 14, 2008, at 6:30 p.m. in the District office.

Respectfully submitted

Lucy E. Xavier, District Secretary

Approved: _____
Daniel F. Seidel, President