

# PURISSIMA HILLS WATER DISTRICT

## MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS



MAY 9, 2012

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

Directors Present: President Brian Holtz, Vice President Stephen A. Jordan, and Directors Gary Kremen and Ernest Solomon. Director Robert N. Anderson participated in the meeting by teleconference from Monterey, California, pursuant to Government Code Section 54953. The procedural requirements of Government Code Section 54953 had been satisfied and no members of the public were present with Director Anderson.

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

The Pledge of Allegiance was recited.

2. **COMMENTS FROM THE PUBLIC:** Los Altos Hills Council Member, Gary Waldeck, was present.

3. **CONSENT CALENDAR:** It was moved by Director Solomon, seconded by Director Jordan, that the Consent Calendar be approved. Motion carried unanimously—voice vote.

- A. Approval of Minutes: Special Meeting of April 2, 2012  
Regular Meeting of April 11, 2012
- B. Approval and Ratification of April 2012 Disbursements—\$345,335.82
- C. Financial Reports for April 2012: Income and Capital Improvement Plan  
Revenues and Expenditures  
Balance Sheet  
Consumption and Billing  
Investments

4. **DISCUSSION OF DIRECTOR KREMEN'S LETTER TO BOARD OF DIRECTORS AND GENERAL MANAGER:** On March 19, 2012, Director Kremen submitted a letter to the Board and General Manager outlining a number of issues which were of concern to him, which the Board now discussed:

- ❖ *We Do Have Customers on Fixed Income or Lower than Average Income—Rate Increases Hit Those Customers Hard.* The Attorney said he would not recommend that the District subsidize low income customers because, under Proposition 218, this cannot be done with funds that have already been budgeted. He said that cities that supply water are able to do this because they have several sources of funds. However, he did not know of any water districts that subsidize low income customers.

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Director Holtz said he did not like the idea of the District having to verify customers' income and would prefer that a private citizens committee be formed to help low income customers pay water bills, to which he would be happy to donate. Board consensus was that no more than 10 units of water should be subsidized, in any event.

After discussion, Staff was directed to conduct a survey of water districts and cities to determine if and how these agencies deal with subsidizing low income water users.

- ❖ *Proposed Abolishment of Water Conservation Tier Sends a Negative Message for Water Conservation.* District data shows that customers have conserved due to the rate of the top tier. If usage goes up once the sixth tier is phased out, it can be reinstated.
- ❖ *Carefully Examine What California Water Service (Los Altos) Does and the Reason They Keep Their Increase Under Ours.* Director Solomon said that Cal Water does not purchase Hetch Hetchy water to serve either Los Altos or Los Altos Hills. Director Jordan noted that customers in Cal Water service areas that are supplied Hetch Hetchy water, such as in Menlo Park and Atherton, are charged more for 30 units than District customers (30 units being the average usage). If the District was purchased by Cal Water, it is more than likely that Hetch Hetchy water would still be supplied to the District at similar wholesale costs.
- ❖ *Implement Aggressive Cost Reduction of Recurring Operating Expenses.* An advisory committee comprised of Directors Jordan and Kremen was formed to compare District operating costs with Cal Water and to find out if there are any operating expense areas that might be merged with Cal Water.

Council Member Waldeck discussed the likely possibility that the Town would form an ad hoc committee at its May 17 meeting to review the District. He also advocated that the District have better communications with its customers.

- ❖ *Make Only Prudent Capital Investments.* Board and Staff discussed capital improvement projects and main maintenance with relation to the CIP. The Manager noted that main maintenance is non-discretionary spending and gave several examples of main repairs that bring costs up during certain years. The Engineer explained how some capital projects are determined and prioritized.
- ❖ *Los Altos Hills County Fire District (LAHCFD) Should Fund Capital Improvements that Fundamentally are Fire Safety Improvements.* The Manager explained that the LAHCFD has already allocated its funds for its own projects over the next 18 months. However, he and the Engineer have prepared a list of District projects which benefit fire flow for which the District will request funding from the LAHCFD. The Board's consensus was that the LAHCFD should fund the fire and safety portion of any District capital project.
- ❖ *The District Should Investigate the Santa Clara Valley Water District Tax Levy (State Water Project).* The Attorney left the room during discussion of this item. Director Jordan and the Manager reported on the teleconference meeting with a consultant who is guiding the District on this matter.



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- ❖ *Board Members Should Take Our Manager's Lead on Compensation.* Director Kremen praised the Manager for foregoing a pay increase. Director Kremen also reminded the Board that he has refused all compensation as a Board member.

5. **ENGINEER'S REPORT:**

A. **McCann Pump Station Upgrades** The Engineer reviewed his memo dated May 2, 2012, noting that the contractor, Lewis & Tibbitts Inc., had constructed the structural components of the pump station, reconfigured the Tank No. 1 overflow, and completed work on the pipe manifold and successfully passed pressure and bacteria tests.

The Engineer noted that the District has extended the Contractor's time by 15 working days due to the lead time of several weeks for the delivery of a remaining valve, and for an unanticipated problem encountered during the repair of the Pump No. 1 pedestal.

As of May 2, 2012, the Contractor has completed 100% of the contractual work and has 15 working days remaining out of 58 working days.

B. **Tank Structural Upgrades** The Engineer said that he is incorporating lessons learned from the McCann tank No. 1 installation and that plans should be ready in the next several months.

6. **QUARRY HILLS LAKE WATER:** The Manager requested direction from the Board as to whether this project should be continued or abandoned. He noted that he would prefer to rent pumping equipment in an emergency and use the lake water at the time it is needed. The Engineer said that the project should be abandoned altogether or continued as planned, because renting equipment during the time of an emergency would be very difficult. This issue will be discussed by the District's advisory committee.

7. **MANAGER'S REPORT / COMMUNICATION ITEMS:**

A. **Field Report** The Manager reported the following:

- 100 feet of new main had been laid and tied in on Palo Hills Drive due to two leaks which had occurred.
- A 1-1/2-inch service and meter and 2-inch backflow had been installed on Eshner Court.
- At the McCann pump station, one pump had been turned on and another required repair.
- A Cla-Val technician had rebuilt three valves at the McCann pump station and a surge valve at the Deer Creek pump station.
- A cross-country main leak had occurred between Elena Road and Saddle Mountain Road which damaged approximately 750 feet of pathway.
- Trenching for wiring conduit is being dug for the automatic gate at the La Cresta tank site.

B. **Customer Communications** A summary of rate increase protest letters was reviewed.

C. **Water Tank Sites** See Field Report above.

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8. **DIRECTORS' REPORT:**

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

B. Director Advisory Committee Reports There were no reports to be discussed.

C. Directors' Comments Director Holtz requested that Directors attend the upcoming Town Council meeting; Director Jordan reminded the Board that the Town picnic is June 3; Director Holtz thought that a water taste test between the District and Cal Water should be done at the picnic.

D. Agenda Item Requests The Board identified agenda items for the June 13, 2012, meeting.

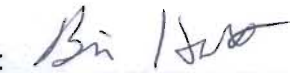
9. **ADJOURNMENT:** The meeting was adjourned at 9:20 p.m. to reconvene next at the regular meeting on June 13, 2012, at 6:30 p.m., at the District's office.

Respectfully submitted



Lucy E. Xavier, District Secretary

Approved:



Brian Holtz, President