

PURISSIMA HILLS WATER DISTRICT

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS



JANUARY 10, 2007

1. **CALL TO ORDER, ROLL CALL, AND PLEDGE OF ALLEGIANCE:** President Seidel called the regular meeting of the Board of Directors to order at 6:32 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 led by Director Waldeck.

2. **COMMENTS FROM THE PUBLIC:** Maurice R. Johnson, former Director of the District was present. Mr. Johnson said that the agenda's new format did not give enough time for the public to comment. Director Seidel responded that the Board is flexible in allowing more time for the public to speak, if necessary.

3. **CONSENT CALENDAR:** It was moved by Director Solomon, seconded by Director Anderson, and approved unanimously, voice vote, that the consent calendar be approved, specifically:

- A. Approval of Minutes: Regular Meeting of the Board of Directors—
December 13, 2006
- B. Review of Disbursements: December 2006 payables, checks 18645-18726,
in the amount of \$248,708.68

4. **ENGINEER'S REPORT:**

A. **LAHCFD Funding of Permanent Generator at District's Deer Creek Pump Station**
The Engineer reported that the new permanent generator to be located at the District's Deer Creek pump station could weigh up to approximately 6,700 pounds. With the addition of a trailer and 2,100 pounds of diesel fuel, the total weight will be between 9,500 and 10,000 pounds.

The Manager noted that he had recently spoken with Stu Farwell, Consultant for the LAHCFD, who had reiterated the LAHCFD's preference for a permanent generator at the Deer Creek pump station versus a portable generator. Mr. Farwell also said that, as indicated at the last Board meeting, the LAHCFD is proposing to fund \$250,000 out of the total cost of approximately \$300,000 to \$335,000. Mr. Pakpour said that this amount includes engineering and permitting and noted that a portable generator alone could run approximately \$225,000.

The Attorney noted that the Board had accepted this project in principle at the December 2006 meeting and that Staff was currently working on an agreement between the District and the LAHCFD to address the key business terms which would be brought to the Board next month for review and approval.

B. **LAHCFD Funding of Zone 2½ Phase II Project** The Engineer reported that he and the Manager had met briefly with the LAHCFD to discuss possible loan terms for this

JANUARY 10, 2007

project. Mr. Pakpour noted that Staff is working on a draft capital improvement program and will be incorporating this project into the draft. The Manager noted that the LAHCFD is looking at a payback interest rate equal to that of the Local Agency Investment Fund which is currently 4.5% over a possible five-year term. This investing agency is for public entities only. Staff will continue to discuss the funding of this project with the LAHCFD.

5. WATER SUPPLY ALTERNATIVES:

A. Groundwater Project The Engineer reported that the District's consultant, Martin Feeney, had submitted his final report. Mr. Pakpour noted that Staff had not run title reports or made zoning inquiries on the four to five lots that are of interest to the Board but would have these for the next meeting.

The Manager noted that he and Director Seidel would try to meet with Jim Flanagan, an engineer with the City of Palo Alto. Mr. Flanagan had been instrumental in developing the EIR for Palo Alto's well reclamation and other projects. The Manager said they would be discussing opportunities that are in the interest of both the District and Palo Alto, such as participation in the well program, tie-ins and acquiring additional water.

B. Potential Purchase of Additional Water from the Santa Clara Valley Water District/California Water Service Company The Engineer noted that he had not had a chance to talk with Amy Fowler, Special Programs Engineer with the Santa Clara Valley Water District (SCVWD), regarding an update on a possible contract between the District and the SCVWD.

6. ATTORNEY'S REPORT:

A. Conflict of Interest Issue Regarding Zone 2½ Phase II Project The Attorney reviewed his memo dated January 5, 2007, with regard to whether Directors Jones and Waldeck would have a conflict of interest if the construction of a proposed pipeline project that is located near their homes goes forward. The Attorney noted that an analysis of this issue consists of three key elements: whether the Directors have an economic interest, whether the economic interest is directly or indirectly involved in the governmental decision, and whether the governmental decision will have a material financial impact on the public official's economic interest.

As part of the legal analysis, the Engineer had performed a hydraulic modeling analysis of the change in flow under four separate scenarios. (This analysis is based on the assumption that Zone 2½ Phase I has been completed.) The Attorney pointed out that, if the District was replacing a pipe with the same size, it would be considered maintenance and there would be no conflict of interest issue. However, this project would increase the size of the pipe and would increase fire flows to the area by approximately 8%. The Engineer noted that water flow to the homes would not increase due to the limitations of existing meters and pressure regulators. The Attorney said that the Manager and Engineer had concluded that an 8% increase is not such an improved fire service that would substantially impact the value of the real property. After discussion, Directors Jones and Waldeck each concluded that, if the Board goes forward with the Zone 2½ Phase II Project, the project will not result in new or improved water service to his home that will substantially affect the value if his real property.

B. Resolution Adopting Procedure for Payment of Disbursements The Attorney noted that adoption of this resolution would allow the General Manager, after obtaining authorization from the Director responsible for reviewing and approving the disbursements, to

JANUARY 10, 2007

pay any disbursements that will come due before the monthly Board meeting, if necessary, to avoid late fees, penalties, or interest charges for the following: 1) retirement, health, and medical benefits; 2) claims from recurring vendors; 3) fees for utility and government services; and 4) unanticipated emergency situations that must be remedied immediately in order to maintain District operations. The resolution would also require that the Manager submit to the Board a list of all disbursements paid for ratification at the earliest regular Board meeting following payment.

After discussion, it was moved by Director Anderson, seconded by Director Waldeck, that Resolution 2007-1, attached hereto, adopting a procedure for payment of disbursements, be adopted. Motion carried—roll call vote.

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

7. **LETTER TO SUSAN LEAL, MANAGER OF SFPUC, REQUESTING COMMITMENT FOR ADDITIONAL ALLOCATION:** Director Seidel reviewed his draft letter to Susan Leal, Manager of the San Francisco Public Utilities Commission. The letter requests assurances from the SFPUC that the 2033 water demand can and will be met. After discussion, it was moved by Director Anderson, seconded by Director Jones, that the letter be sent with the President's signature to Ms. Leal. Motion carried unanimously—voice vote.

8. **ALTERNATE WATER RATE STRUCTURES:** Board and Staff reviewed a 2006 survey conducted by Black & Veatch in Los Angeles. The survey included water charges for 11,000 gallons (15 ccf) per month for 453 cities and service areas served by 289 water purveyors. The Board also reviewed a letter to the California Public Utilities Commission signed by the California Water Service Company and other joint signatories urging actions to strengthen water conservation programs, such as tiered rate structuring. The Manager reviewed the history of the District's tiered rate structure and discussion ensued regarding the pros and cons of changing the type of rate structure the District currently uses.

9. **STRATEGIC PLANNING FOR THE DISTRICT—GOALS AND OBJECTIVES:** The Board reviewed and discussed handouts from last month's meeting. It was agreed that more in-depth discussion and planning is necessary and that morning workshop meetings can take place once the District occupies its new facility.

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

Field Report

- There were no leaks during the month of December.
- Zone 3 flushing was nearly completed; Zone 4 flushing had been completed.
- Crews installed a 2-inch service and backflow on La Vida Real.
- As reported last month, lead and copper testing had been completed and three out of 25 tests had failed. The Manager noted that, due to the failures, two additional rounds of testing must be completed—one in the very near future and the other in six months. If all samples pass, then the District will only need to sample once every three years.

Financial Reports The Manager reviewed the December 2006 reports for billing and consumption, income and expense, and investments. Director Seidel requested a ½-year financial report with pie charts showing income and expenses.

JANUARY 10, 2007

Operations Center—Update The Manager reported that the carpeting had been installed and all the electrical had been completed. He noted that the District must go through a landscape screening hearing before the Town will issue a final inspection. He expected screening plans to be submitted to the Town the next week and would be showing those plans to the surrounding neighbors, as well.

Customer Communications In answer to Director Seidel's concern, the Manager explained that Staff handles all customer complaints in the office unless the customer specifically asks for Board involvement. He also noted that all water-related complaints, such as turbidity, odor, low and high pressure, etc., are logged into the billing system. A print-out of these complaints are then submitted to the Department of Health Services on a yearly basis.

Miscellaneous The Manager noted that he was working on the District's website

11. **DIRECTORS' REPORT:**

BAWSCA Issues Director Seidel said that he would be attending a BAWSCA meeting the next week and would give a report at the February meeting.

Attendance at ACWA Region 5 Meeting in Concord on March 7 It was moved by Director Seidel, seconded by Director Solomon, to authorize any Board member to attend. Motion carried unanimously—voice vote.

Status of Proposed Town Resolution Regarding Water Conservation Director Waldeck reviewed a copy of a proposed resolution drafted by the Town's Environmental Initiatives Committee supporting water conservation measures that will be going before the Town Council. He also noted that he was helping to edit a letter that currently goes out in a packet from the Town Planning Commission regarding landscaping. He hoped to have the final draft for the Board's review at the next meeting.

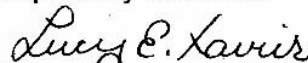
Miscellaneous Director Seidel requested a calendar that would show Board meetings, Council, Planning Commission, and other important Town meetings, BAWSCA meetings, etc. The Board also discussed what projects each member would work on.

Agenda Item Requests The Board identified agenda items for the February 2007 meeting.

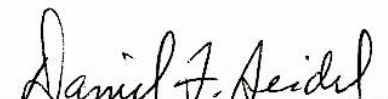
Town of Los Altos Hills General Plan with Regard to Water Conservation Director Solomon noted that he had attended a meeting of the committee working on the Town's General Plan. He said that the Planning Commission will be reviewing the elements dealing with conservation and open space at a meeting on February 1.

12. **ADJOURNMENT:** The meeting was adjourned at 9:30 p.m. to reconvene at the next regular meeting on February 14, 2007, at 6:30 p.m. in the District office.

Respectfully submitted



Lucy E. Xavier, District Secretary

Approved: 
Daniel F. Seidel, President