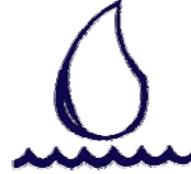


# PURISSIMA HILLS WATER DISTRICT

## MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS

DECEMBER 5, 2007



1. **CALL TO ORDER, ROLL CALL, AND PLEDGE OF ALLEGIANCE:** President Seidel called the special meeting of the Board of Directors to order at 7:00 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; David S. Gehrig, Attorney; Joubin Pakpour, Engineer; and Lucy E. Xavier, District Secretary.

The Pledge of Allegiance was recited.

Director Seidel said that this public hearing was being held to address proposed increases in District rates, fees, and charges. He noted that the last rate increase was in March of 2004, and that costs to run the District have risen, and capital improvements need to be made to the District's aging system. He also said that, at present, because of the scarcity of rain, the District is in a voluntary drought reduction mode and that conservation is an element in the rate increase, as well.

2. **COMMENTS FROM THE PUBLIC:** At this time, Director Seidel asked for comments unrelated to the public hearing. Mr. and Mrs. Alexander, Summit Wood Road, addressed the Board regarding an incident that happened several years ago when a District main break caused some damage to their house, belongings, and landscaping. They said that they had submitted a claim to the District's insurance carrier when the incident occurred in 2000 and that they had invested several thousand dollars of their own money. They said that, after all these years, they were still very unhappy with the resolution of the claim.

3. **PRESENTATION ON INCREASES IN DISTRICT RATES, FEES, AND CHARGES:** The Manager gave a brief presentation on the approach for developing rates and how revenue requirements are determined. The Engineer gave a presentation on the origin of the District; a system overview of the District; an analysis of the proposed rate and fee increases; historical and projected revenues and expenditures; a capital improvement overview and description of goals; and a rate comparison with other water agencies.

The Attorney then reviewed the provisions of Proposition 218, which amended the State's Constitution and which require public agencies to take certain steps before it can increase rates and fees. Prop 218 mandates compliance with four substantive requirements and three procedural requirements. The Attorney stated that the District has satisfied all the substantive and procedural requirements of Prop 218.

4. **OPEN PUBLIC HEARING:** Director Seidel declared the public hearing open. He said that the District had received 12 letters of protest.

Mr. Robert Hall, Foothill Lane, was concerned about the plantings going in at Foothill College and the amount of water which would be used this summer. Under the proposed rates for institutional accounts, he said that the residents of the District were being asked to

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subsidize 17,000 students because the rates were spread disproportionately. He said that the rates should be the same for residential and institutional accounts in order to avoid double taxation. Director Seidel said that the College has taken steps to conserve by converting a playing field to artificial turf, and by installing "purple" pipe, used for non-potable water, as part of its irrigation system.

Mr. Charles Allen, Executive Director of Facilities for the Foothill-DeAnza Community College District, noted that the College had reduced its consumption by 27% over the last three years. He said that imposing residential rates would triple the annual water budget to \$300,000, which is equivalent to the loss of three campus maintenance workers. Mr. Allen noted that the College District is funded through State determined rates, not by tuition; that the State has reported budget deficits that do not bode well for the College; and that bond money from property taxes cannot be used for utilities or other operational expenses.

Mr. Allen spoke about the history of collaboration with the District, noting that in January 2002, the College installed a new domestic main totaling \$850,000 which became part of the District distribution system and added flexibility and redundancy to portions of the District's system outside the College.

Mr. Allen said that the Foothill campus has two inactive wells, which will be put into service one day. However, it is a very expensive project, even with the piping in place. He noted that there are no funds available in the budget or through the bond measure to activate the wells at this time.

Ms. Ray Collilns, Planning Commissioner for the Town, and a member of the Town's ad-hoc Water Conservation Subcommittee, said that the Subcommittee's goal is to reduce water usage in the Town and, therefore, supports the proposed new rates. She said that higher rates are absolutely necessary to curb high usage. Ms. Evans questioned whether the institutional customers, who use only 6% of the water, will have an impact on water usage. Director Seidel answered that, although it will not have much of an impact, institutional customers must also do their share to help reduce usage in the District.

Ms. Collins asked about the effects of conservation on the District's revenues. The Engineer noted that 50% of the District's expenses is the purchase and pumping of water. If demand drops, water purchases and pumping expenses will drop, as well, although fixed costs will not go down, such as administration and capital project costs.

Director Waldeck noted that the Board has been discussing proposed new rates since August and did extensive modeling to make sure revenues meet expenses. Director Seidel said that it is very possible that revenues may drop because of conservation but, because water is a scarce resource, it is the path the District must take, as many other agencies are taking, to reduce usage through higher rates.

Mrs. Alexander said that Foothill College should be penalized for not activating its wells. Director Seidel said it is strictly a private business decision whether or not Foothill College activates its wells and that the District has no say in that decision. He said that there are approximately 200 hundred wells throughout the District on residential properties and that the District encourages the use of wells to cut back on the usage of Hetch Hetchy water.

Mrs. Alexander said that the Town imposes landscaping requirements on residents; requires homeowners to provide a park-like area on their own properties because of the absence of parks; and that pathway requirements add additional landscaping costs. All

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these requirements discriminate against residents who cannot landscape their property and conserve water. Director Solomon responded that trees do not require a great deal of water and most only need a year or two of watering before they are fully established. He also added that landscaping does not have to be high use and there is no correlation between large lots and high water use. He said that 75% of the District's highest users live on less than two acres, and the very highest users live on one acre.

Ms. Pat Ley, Ortega Drive, noted that the District has a conservation specialist that will go out and assist any District customer with their landscape use.

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

6. **CONSIDER ADOPTION OF RESOLUTION 2007-9—AMENDING RATE AND FEE SCHEDULE TO ADJUST RATES, FEES, AND CHARGES FOR ALL CUSTOMERS:**

There was a consensus of the Board that the adoption of the proposed institutional rates be postponed subject to re-evaluation and, therefore, this section of the Resolution would be deleted. It was then moved by Director Waldeck, seconded by Director Anderson, that Resolution 2007-9, attached hereto, amending the rate and fee schedule to adjust rates, fees, and charges for District customers, after deleting Section B, Institutional Water Unit Rate, be adopted. Motion carried—roll call vote.

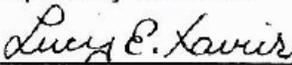
Ayes: Directors Anderson, Seidel, Solomon, and Waldeck  
Noes: None  
Absent: Director Jones

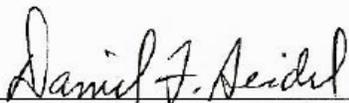
Director Seidel noted that the last block rate of \$10.65 of the new residential rate schedule is to encourage conservation and not meant to be punitive. After discussion, it was moved by Director Anderson, seconded by Director Waldeck, that the last tier, 200 units and above, of the new residential rate schedule as adopted by Resolution 2007-9, be lowered from \$10.65 to \$8.05. Motion carried—roll call vote:

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

7. **ADJOURNMENT:** The meeting was adjourned at 9:10 p.m. to reconvene at the next regular meeting on December 12, 2007, at 6:30 p.m., in the District office.

Respectfully submitted

  
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Lucy E. Xavier, District Secretary

Approved:   
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Daniel F. Seidel, President