February 1, 2012

Patrick Walter
General Manager
Purissima Hills Water District
26375 Fremont Road
Los Altos Hills, CA 94022

VIA EMAIL


Dear Mr. Walter:

As you know, LAFCO recently adopted the 2011 Countywide Water Service Review Report that included sphere of influence updates for water districts and resource conservation districts in Santa Clara County. The Report is available on the LAFCO Website (www.santaclara.lafco.ca.gov) under “What’s New?” The Report identifies several opportunities and includes several recommendations for improving water and resource conservation services in the county. Specifically, the Report provides recommendations (see Attachment A) for improving the accountability and transparency of agencies through changes in their operations, management, and administration.

Agency’s Response is Requested

In an effort to follow-up on these recommendations, LAFCO is requesting that each agency:

1. Review the chapter of the Service Review Report pertaining to the agency and provide a written response to LAFCO on how the agency plans to implement the recommendation(s) presented in the Report and summarized in the attached table (see Attachment A), along with a time-frame for that implementation, and

2. Provide an explanation if the agency does not plan to implement a recommendation.

Response Due No Later Than March 14, 2012

Please provide a written response to LAFCO as soon as possible and no later than March 14, 2012. If you have any questions or concerns or would like to meet to discuss the agency’s plans, I can be reached at (408) 299-5127/ neelima.palacherla@ceo.sccgov.org or you may contact Dunia Noel, LAFCO Assistant Executive Officer, at (408) 299-5148/ dunia.noel@ceo.sccgov.org.
Lastly, I would like to thank you and the District for participating in LAFCO’s 2011 Countywide Water Service Review and for your consideration and timely response to this request.

Sincerely,

[Signature]

Neelima Palacherla
LAFCO Executive Officer

Attachment:
  A. Recommendations for Improving Accountability and Transparency

Cc:
Purissima Hills Water District Board of Directors
LAFCO Members
<table>
<thead>
<tr>
<th>AGENCY</th>
<th>WEBSITE</th>
<th>FINANCIAL RECORDS</th>
<th>AUDITS</th>
<th>ELECTIONS</th>
<th>PLANS / PROGRAMS</th>
<th>OPERATIONAL PRACTICES</th>
<th>MANAGEMENT PRACTICES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aldercroft Heights County Water</td>
<td>Establish a website or publish a newsletter</td>
<td>Statements need to be more comprehensive</td>
<td>Submit FY09-10 audit to County &amp; prepare future audits on time</td>
<td>Widely advertise board vacancies to ensure contested elections</td>
<td>Establish multi-year capital improvement program</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Purissima Hills Water District</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>Enhance water conservation program efforts to address large lots</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Pacheco Pass County Water District¹</td>
<td>Establish a website or publish a newsletter</td>
<td>Statements need to be more comprehensive and completed on an annual basis</td>
<td>Submit audit for last 5 years to San Benito County &amp; establish audit schedule</td>
<td>Widely advertise to fill extended board vacancies &amp; to ensure contested elections</td>
<td>Consider long-term future of District Adopt a capital improvement plan &amp; multi-year CIP for infrastructure needs</td>
<td>Track groundwater levels and usage, and water release through dams</td>
<td>Track workload and hours of District staff monthly</td>
</tr>
<tr>
<td>San Martin County Water District</td>
<td>Establish a website or publish a newsletter</td>
<td>N/A</td>
<td>Submit audit for last 5 years to the County &amp; establish audit schedule for future audits</td>
<td>Widely advertise to fill extended board vacancies &amp; to ensure contested elections</td>
<td>Prepare master plan &amp; project future water demands and storage needs Establish multi-year capital improvement program</td>
<td>Seek LAFCO approval before extending services outside District boundary</td>
<td>Track District &amp; staff workload</td>
</tr>
<tr>
<td>Guadalupe-Coyote Resource Conservation District</td>
<td>Continue to populate website with further information and documents</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>Prepare a plan for services that the District intends to provide that do not overlap with SCVWD efforts or SCVWD’s enabling act</td>
<td>Establish policies and guidelines for reviewing development projects to increase transparency &amp; provide consistency</td>
<td>Track workload of staff and evaluate staff on a regular basis</td>
</tr>
<tr>
<td>Loma Prieta Resource Conservation District</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>More closely align long range plan with functions in principal act</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

¹San Benito County LAFCO is principal LAFCO for the District. Santa Clara LAFCO will forward this information to San Benito LAFCO.