

JULY 17, 2007

WORKSHOP/SPECIAL MEETING:

1. **CALL TO ORDER, ROLL CALL, AND PLEDGE OF ALLEGIANCE:** President Seidel called the workshop to order at 5:30 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; David S. Gehrig, Attorney; Joubin Pakpour, Engineer; and Lucy E. Xavier, District Secretary.

The Pledge of Allegiance was recited.

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

3. **PROPOSED BUDGET FOR FISCAL YEAR 2007/2008:** The Board reviewed the Manager's proposed budget for fiscal year 2007-2008. He noted that there were two proposals—one based on the sale of 880,000 hundred cubic feet (ccf) of water and the other based on the sale of 1,080,000 ccf of water. He said that the purchase amount of \$1.30 per ccf was the same for both and is the current rate issued by the San Francisco Public Utilities Commission. The Manager then reviewed the operation expenses.

After discussion, it was moved by Director Jones, seconded by Director Anderson, that the proposed operations budget for fiscal year 2007-2008, based on the sale of 1,080,000 ccf of water, be adopted. Motion carried unanimously—voice vote.

The Board then reviewed the proposed capital budget for 2007-2008. The Manager explained that, as requested, he had taken out \$200,000 to keep the capital budget under \$1 million. After discussion, it was moved by Director Anderson, seconded by Director Waldeck, that the capital budget in the amount of \$927,000 be adopted. Motion carried unanimously—voice vote.

4. **PROPOSED REVISIONS TO DISTRICT'S RATE AND FEE SCHEDULE AND ALTERNATIVE WATER RATE ADJUSTMENTS:** Director Seidel noted that rates increased across the board is a less complex alternative which customers can better understand. Director Jones said he would rather the District have two to three tiers versus the current six tiers. Director Waldeck suggested rates based on an algorithm equation which would eliminate tiers.

The Attorney noted that, under Proposition 218, the four issues which must be addressed in the notice for a public hearing for a rate increase are as follows:

- The amount of the fee to be imposed
- The basis upon which the amount of the fee was calculated
- The reason for the fee
- The date, time, and location of the public hearing

The Manager noted that his proposed revisions to the District's rates were for water usage only, and did not include the readiness-to-serve charge or any other District fees. He then reviewed his spreadsheets showing different rate options and the revenues each option would acquire. After discussion, the Board directed that this matter be continued to the August meeting to be held at a workshop/special meeting at 5:00 p.m. Director Jones said that he would make a short presentation at the next meeting showing rate options with fewer tiers.

REGULAR MEETING (6:47 p.m.):

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

2. **CONSENT CALENDAR:**

Item removed: A (Jones)

The Board approved Item B, Approval and Ratification of Disbursements for June 2007—\$383,258.17

Item A Removed: Approval of Minutes for Workshop/Regular Meeting of June 13, 2007

After discussion, it was moved by Director Anderson, seconded by Director Jones, that the minutes of the workshop/regular meeting of June 13, 2007, be approved as amended. Motion carried unanimously—voice vote.

3. **APPROPRIATIONS LIMIT:** The Attorney reviewed the provisions of Resolution 2007-7, which establishes the appropriations limit applicable to the District during fiscal year 2007-2008 as \$947,198.00. It was then moved by Director Solomon, seconded by Director Anderson, that Resolution 2007-7, attached hereto, be adopted. Motion carried—roll call vote.

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

4. **ENGINEER'S REPORT:**

A. **Zone 2½ Phase I Project (Los Altos Hills County Fire District Project)** The Engineer reported that the water main installation is 95% complete. He reviewed an aerial photo showing the 4,100 linear feet of 12-inch main that had been installed and the remaining 300 linear feet to be installed. He also showed pictures of the contractor performing various aspects of the job. Director Seidel asked about the cleanliness of the pipe laying on the ground for several days before it is installed. The Engineer assured him that, once the pipe is installed, it is flushed then must pass two bacteriological tests before it can be put into service. He also explained the procedure for pressure testing. The Engineer noted that the change order rate was tracking at 3 percent which is considered low for this type of project. He said that the contractor will now begin switching over the service connections to the new water main. After bacteriological and pressure testing, the mains will be put into service. The Engineer noted that, overall, the project is proceeding smoothly and is on schedule.

B. **Zone 2½ Phase II Project** The Engineer reported that a draft agreement between the Los Altos Hills County Fire District (LAHCFD) and the District had been completed. This Agreement establishes each party's rights and responsibilities in connection with the design and construction of the project and the terms and conditions of the funds the LAHCFD will provide to the District. The total estimated cost of the project is \$3 million, with the LAHCFD loaning the District \$2 million. The Manager reviewed the details of the Agreement. The Attorney explained the one change that had been made to the Agreement which was not in the copy before the Board; and the Manager noted that one minor point regarding late payment fees would need to be finalized with the Attorneys for both agencies. The Manager also said he had been in contact with a lender about the possibility of borrowing the funds for this project and other District capital projects.

The Engineer then reviewed the Phase II project which is located along La Cresta Drive, from the end of the Zone 2½ Phase I Project on the north to Leander Drive and La Barranca Drive to

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the south. The project will switch this area to higher Zone 3 pressure and upgrade most of the mains in the area from 4-6 inch to 12-inch, thereby improving fire flows and providing redundancy.

After discussion, it was moved by Director Anderson, seconded by Director Solomon, that the Agreement between the LAHCFD and the District for the loan of funds for the Zone 2½ Phase II Project be approved. Motion carried unanimously—voice vote.

C. Arastradero Road Main Replacement The Engineer reported that the installation of 300 linear feet of pipe was complete and in service.

D. Solar Power for Pump Stations The Engineer reported that his firm was working on this project. He said that Staff was looking at the McCann, Hungry Horse, and Matadero pump stations, and possibly installing solar panels across from the Deer Creek pump station (on the LAHCFD lot). The Engineer said he hoped to have a power analysis at the end of summer.

E. Deer Creek Pump Station Emergency Generator The Engineer reported that a meeting with the electrical engineer and electrical contractor had been very productive and that plans and specifications would be ready in approximately four weeks. The permit from the Bay Area Air Quality Management District would take two to four months to obtain and an application would be submitted as soon as the District has received bids from the contractors for the generator.

Director Seidel asked about the sound impact on surrounding customers. The Engineer noted that no complaints have been received with regard to the existing generator and the new one would be significantly more quiet. He noted that the environmental firm preparing the CEQA documents had determined that the sound impact is not an issue in the environmental report and that the District will be filing a Notice of Exemption for this project.

F. Deer Creek Pump Station Structural Upgrades The Engineer noted that, as part of the structural design for the installation of a skylight for a new pump, it was decided that a structural investigation be made for the entire building, as well, to ensure that the pump station is up to current code. He said that plans are now complete. Director Seidel suggested that, if necessary, ventilation system modifications also be made at this time so that electrical equipment does not get stressed on hot days.

G. Deer Creek Pump Station Fire Suppression Upgrades The Engineer reported that six fire suppression vendors had been contacted. Two quotes for different fire protection systems were obtained—one for \$75,000 and the other for \$140,000. The Engineer noted that, because he was unable to ascertain which system is better, Staff had decided to contact fire protection engineers. The two firms contacted will be submitting proposals for a system that will be specific to the Deer Creek pump station. The Engineer noted that capital and yearly maintenance costs must be considered, along with other issues, such as—clean up (hazardous or non-hazardous), what happens to the rest of the pump station if only one pump needs fire suppression, and how long it will take to put the pump station back into service after a fire.

H. Five-Year Capital Improvement Program (Draft Presentation) The Engineer gave a draft presentation which included a general overview of the District and water supply issues, as well as capital projects completed within the last six years, present projects, and proposed capital projects (five years out). This presentation could be given to the Town or any other interested agency/individual. The Board suggested changes and the Engineer said he would continue working on this project and would bring it back next month.

5. **WATER SUPPLY ALTERNATIVES:**

A. Potential Purchase of Additional Water from the Santa Clara Valley Water District/California Water Service Company The Engineer reported that he and the Manager had met on June 26 with Mr. Jim Simunovich and Mr. Ron Richardson from the California Water Service Company to discuss the intertie with Cal Water. The Engineer noted that this intertie will only be used for emergencies. He said that the project is in the design phase and surveys have been ordered. The Engineer also reported that Mr. Simunovich and Mr. Richardson were both very amenable to the project and the Manager said he was told that Cal Water engineering management also supported the project. The Engineer said that the connection would have a two-way meter so that the District could supply water to Cal Water, as well, in an emergency.

The Attorney noted that the District's Attorney, Patrick Miyaki, had prepared a draft contract between the two agencies which would be presented to the Cal Water staff shortly. The Engineer noted that District Staff will continue to work on developing a wheeling agreement with the Santa Clara Valley Water District.

B. Intertie with the City of Palo Alto The Attorney noted that the District's Attorney, Patrick Miyaki, had received a draft contract from the City of Palo Alto which Mr. Miyaki would review and modify before bringing to the Board.

C. Disposition of Monitoring Well on Town Hall Property The Engineer reported that he had received a proposal of \$5,500 to pump and test the District's monitoring well for possible irrigation use. He said that he would report back to the Board after reviewing the proposal in more detail.

D. Miscellaneous Director Jones suggested the possibility of using the lake at Quarry Hills in an emergency, such as in the case of a "boil water alert." The Engineer noted that any surface water that is put into a domestic system would result in a Department of Health Services surface water treatment rule. The Board discussed the pros and cons of using such a source. Director Jones asked that Staff inquire as to the ownership of the lake and report back at the next meeting.

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

Field Report

- Three main leaks had occurred: on Josefa Lane at Elena Road—bolts rusted and broke off the saddle; 2) on Purissima Road at Rhoda Drive—a pipe broke near a four-inch tapping tee which feeds a 2-inch Cal Trans meter; and 3) on Concepcion Road at Esperanza Drive—a CI pipe broke due to a 7-8 foot split.
- District crews inspected the main installation for the new Horton subdivision.
- A Town meter had been re-installed and a new backflow installed on the median strip on St. Francis Drive.

Miscellaneous The Engineer reviewed his memo of June 27. He noted that various tanks had been surveyed to record base tank elevations. He said that elevation measurements had been taken at four locations at each tank and averaged to obtain one elevation per site. The summary indicated that differences between design elevations and surveyed elevations were between -0.49 feet and +1.61 feet. The surveys were originally ordered to verify elevations due to apparent hydraulic variances between the Elena and La Cresta tanks, and for the Cal Water intertie. Additional tanks were then surveyed, as well.

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Financial Reports: The Manager reviewed the following reports: Income and Capital Plan; Revenues and Expenditures; Balance Sheet; Consumption and Billing; and Investments.

Status of Town of Los Altos Hills Emergency Communications Antenna The Manager reported that the structural engineer had found that a 43-foot antenna tower could support the Town's equipment and a 38-foot antenna tower could support District and Town equipment. This structural information had been given to the Town to distribute to the proper persons.

Director Anderson said that Ray Egan had designed a vertical directional antenna which could be operationally efficient at a lower height, thereby utilizing the tower in its current configuration.

Emergency Response—Stanford Fire Director Seidel expressed concern that the District was not notified by the Town that there was a fire on Stanford land or that the Town's Emergency Operations Center was open, and that there was no notification from the Fire District. He noted that customers on the other side of Page Mill Road could have been affected if the fire had jumped into the trees.

The Manager explained that he had gone out that afternoon and discovered that the fire was far enough away from the District to not be of too much concern. He said that even so, he started the pumps early just in case. The next day, per Director Seidel's request, he had called the Town Manager and the Town Safety Officer to let them know the District had not been notified and they responded that the omission would be in their action report and that it would be addressed so that it would not happen again. Director Waldeck said he would prefer that a letter be written to the Town Manager asking that District notification be included in the Town's emergency operations plan. The Manager said he would do so.

The Manager noted that for \$200 he could purchase software to program eight frequencies, such as the fire district, county communications, etc., into the District's existing five handheld radios. The Board thought it a good idea and Director Anderson offered his services as a member of the Town's Emergency Communications Committee.

Customer Communications There were no customer communications.

7. **DIRECTORS' REPORT:**

BAWSCA Issues Director Seidel reported that the City and County of San Francisco had released its 3,000 page draft Program Environmental Impact Report (Draft PEIR) for projects related to rebuilding San Francisco's regional water system. He said that this item would likely be on the agenda for the meeting he would be attending on Thursday of the Bay Area Water Supply and Conservation Agency.

Customer's Request to Install Antenna on Operations Center for Emergency Communications

The Manager explained that Mr. Sam Wood, a member of the Town's Emergency Communications Committee who lives on La Cresta Court, had asked to place a small, unobtrusive microwave dish somewhere inside the shed which is attached to the District's operations building. This could be hardwired to the Town's equipment in the Heritage House and the Town could then use existing cable from the District's old office to the La Cresta tank site to transmit digital packets. The Manager said that in exchange, Mr. Wood would help the District develop a T1 line which would enable the computer at the District's corporation yard to have faster communications with the server in the Operations Center.

The Manager said that he and Mr. Wood would work out the details of a proposal and that the Attorney would then write an agreement.

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

8. **ADJOURNMENT**: The meeting was adjourned at 9:22 p.m. to reconvene at a workshop/special meeting on August 8, 2007, at 5:00 p.m. in the District office to be followed by the regular Board meeting at 6:30 p.m.

Respectfully submitted

s/_____
Lucy E. Xavier, District Secretary

Approved: s/_____
Daniel F. Seidel, President