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


   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 recited.

2. **COMMENTS FROM THE PUBLIC:** Brian Holtz, who will take a Director's seat in December, was present, as well as Irving Siminoff and Adam Seiver, who have submitted their names for possible appointment to the Board.

3. **CONSENT CALENDAR:** It was moved by Director Anderson, seconded by Director Solomon, that Item A, approval of the regular minutes of September 10 and October 8, 2008, be removed from the Consent Calendar, and that Item B be approved. Motion carried unanimously—voice vote.

   B. Approval and Ratification of October, 2008, Disbursements—$379,563.27

   **Approval of Minutes of the Regular Meeting of September 10, 2008** This item was approved by roll call vote.

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

   **Approval of Minutes of the Regular Meeting of October 8, 2008** This item was approved by roll call vote.

   Ayes: Directors Anderson, Seidel, and Waldeck
   Noes: None
   Absent: None
   Abstain: Directors Jones and Solomon (Abstained because they were not at the October meeting)

4. **FINANCIAL REPORT—CONSUMPTION AND BILLING:** The Manager reviewed the Consumption and Billing Report and noted that he would review his additional reports under Item 9.

5. **AUDIT REPORT FOR FY 2007-2008 (CHARLES Z. FEDAK & COMPANY, CPA'S):** Paul Kaymark was present to review the draft audit report for fiscal year 2007-2008. He began by reviewing the Statement on Auditing Standards No. 112, which has changed the definitions regarding communication of internal control related matters.
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Mr. Kaymark then reviewed the Auditor’s Management Letter. The letter noted that the audit did not identify any deficiencies in internal control that would be considered significant deficiencies and/or material weaknesses. However, the audit did identify a few control deficiencies, which he went on to explain to the Board. The auditor then reviewed the Manager’s letter to the Board and the Auditor’s Report. Mr. Kaymark said that, overall, the audit was very clean.

After discussion, it was moved by Director Jones, seconded by Director Waldeck, that the contents of the draft audit report for FY 2007-2008 be accepted, subject to the incorporation of the comments made. Motion carried unanimously—voice vote.

6. EMERGENCY PREPAREDNESS:

A. County Sheriff—Roles and Responsibilities Captain Terry Calderone from the Office of the Sheriff, West Valley Division, was present. He said that, at any given time, his resources are 86 deputies, with four deputies assigned to the Town of Los Altos Hills (two at one time, on a rotating basis). Depending on the emergency, he can request assistance from sheriffs’ offices in surrounding communities. In turn, the County Sheriff, who is an elected official, can request assistance from Sheriffs’ offices throughout the County in an emergency.

Captain Calderone stated that, in a major emergency involving the County or State, response time can be from 24 to 48 hours. Director Anderson asked how the District would communicate with the Sheriff’s office. He responded that they would communicate closely with CERT (community emergency response team), many members of which are HAM radio operators. He then described the County’s new Emergency Response System which will be free to any city or public agency throughout the County.

In response to Director Waldeck’s question regarding emergency call procedures, Captain Calderone responded that he keeps group lists of those persons who should be notified and, as in this case, networks with different cities and agencies to obtain the proper notification groupings.

In response to Director Seidel’s question regarding emergency preparedness lessons learned during major emergencies, such as the Loma Prieta earthquake, Captain Calderone responded that they have gained experience regarding communications, networking, providing resources, and realistically assessing the number of officers who will be able to report in during a disaster.

In response to Director Jones’ question regarding response, Captain Calderone described the order in which deputies would respond to various emergencies. He also described drills which have been implemented with regard to communications. He noted that residents trained in CERT are the eyes and ears of the Sheriff’s office.

After further discussion, the Board thanked Captain Calderone for the important information he had given to the Board.

B. Coordinated Drill with Water District, Town of Los Altos Hills, and County Fire District The Manager reviewed the proposed script for an emergency operations drill, prepared by the District’s consultant, to be held on November 20 for District personnel only. He noted that a drill for the Town and Fire District would be scheduled in early 2009.
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C. Demand Reduction Measures in Emergency Conditions  Director Seidel reviewed his working paper, Emergency Water Use Restrictions, dated November 4. In connection with this, the Manager submitted a Drought Contingency Planning timeline based on the San Francisco Public Utilities Commission declaring a drought or emergency condition. After discussion, the Board continued this item to a future meeting.

D. Additional Ground Level Storage  Director Seidel reviewed his working paper, Deer Creek Reservoir Proposal, dated November 4, which itemized reasons for a new District reservoir.

7. ENGINEER’S REPORT:

A. Deer Creek Pump Station Improvement Project  The Engineer reviewed his memo of November 7, noting that the contractor, JMB Construction, and the electrical supplier had load tested the generator and Automatic Transfer Switch with two pumps tested and that District personnel had received training on the generator and other facilities.

The Engineer also noted that the last item of work, installation of the pipe vault and pipe modifications, required a temporary shutdown of the pump station beginning November 3 for a maximum of 10 days. JMB anticipates reactivating the pump station on November 11. The Engineer then reviewed pictures of the project.

B. Emergency Intertie Project (with City of Palo Alto and California Water Service Company)  

Cal Water Portion of Project: The Engineer’s memo of November 7 indicated that Cal Water had requested some time to develop a testing procedure and that a second conference call is scheduled for November 13.

Palo Alto Portion of Project: Palo Alto will coordinate the temporary water shutdown of the Stanford Medical Center on Saturday, November 15, in order to install a tee with a gate valve. A major item of work remaining is the tie-in of Palo Alto’s 14-inch main to the District’s 18-inch main. There are also minor miscellaneous punch list items.

C. Zone 2.5, Phase II Project  The Engineer reported that a topographic survey had been received and design on the project was starting.

D. Review of Engineering Rates  At a previous meeting, Director Jones had asked for a review of engineering rates. The Engineer now provided a Summary of Engineering Cost by Month spreadsheet and a copy of a memo that he had given to the Manager on August 8, 2007, which provided an engineering cost analysis for the past seven years.

The Board discussed the pros and cons of having an in-house engineer. The final consensus was that it is to the District’s benefit to have a consulting engineer.

8. VERIZON ANTENNA LEASE AMENDMENT AT LA CRESTA TANK SITE:  The Attorney reviewed the provisions of the First Amendment to Ground Lease between the District and Verizon. The lease was originally entered into in September 1989 for a cell site at the La Cresta tank site. After discussion, it was moved by Director Anderson, seconded by Director Solomon, that the First Amendment be approved. Motion carried unanimously—voice vote.
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9. PREPARATION FOR A POSSIBLE MANDATORY WATER SUPPLY CUTBACK AND IMPACT OF CURRENT ECONOMIC DOWNTURN ON DISTRICT OPERATIONS, POLICIES, AND BUDGETS: Director Waldeck had asked that this item be on the agenda in light of today's economy. The Manager noted that he had checked with the County Assessor's office and the District Auditor to verify if the State would be taking the District's property tax income due to the State's budget deficit. He was told this would probably not happen, but would not positively be known until December 2008 or January 2009. The Board also discussed the economy and housing market problems with relation to the use of water and its impact on District income.

The Manager then reviewed his financial reports noting that, based on water usage to date, usage is 15% below what had been projected. He then reviewed the changes he had made to his financial reports.

10. WATER SUPPLY ALTERNATIVES:

A. Potential Purchase of Additional Water from the Santa Clara Valley Water District (SCVWD) The Attorney reported that the SCVWD had submitted a draft standard contract between the District and the SCVWD for the purchase of water. He noted that there were several matters of concern to him regarding the reimbursement agreement for legal services and that he had suggested that Staff set up a meeting with the legal counsel of the SCVWD to discuss these concerns.

B. Quarry Hills Lake Water Quality The Attorney reported that comments submitted by the District’s advisory subcommittee had been incorporated into the draft copy of the Quarry Hills Lake water quality report. He said that this draft could now be reviewed by the entire Board and that any changes should be given to the Manager.

11. MANAGER’S REPORT / COMMUNICATIONS ITEMS:

A. Field Report The Manager reported the following:

- Annual backflow testing is continuing.
- Five backflows were installed.
- District crews inspected a new fire hydrant installation on Altamont Road and replaced two service lines.
- A new blow off was installed at the end of Briones Way.
- District crews finished backfilling the second of two main repairs on La Loma Court at Kate Drive.
- A leak had occurred today on Wildcrest Drive and Wild Flower Lane.

B. Customer Communications There were no customer communications.

C. Water Outage—Zone 4 The Manager explained that a water outage had occurred in Zone 4 and part of Zone 3 on October 29. This occurred when District crews turned off pumps while cycling water in the Neary tank and did not turn the pumps back on before leaving for the day. A very small number of customers in Zone 3 were out of water for a few minutes. However, customers in Zone 4 were out of water for several hours. Customers were notified the next day using the Town’s emergency calling system to inform customers of what had happened the prior day.
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D. Antenna Tower at the La Cresta Tank Site  The Manager noted that work on the antenna tower will begin the week of November 17.

E. Electronic Payment System  The Manager noted that the Board had requested that he look into whether it is possible to incorporate financial limits in an automatic electronic payment system to ensure that a customer’s bank account could not be depleted in the case of a very large leak. The Manager said that financial limits cannot be incorporated in the District’s current billing system. He noted that a large number of customers pay through online banking and that, in the next District newsletter, he would suggest that other customers do the same. After discussion, the Board directed that no further action be taken on this matter.

12. DIRECTORS’ REPORT:

A. Appoint Voting Delegate—Association of California Water Agencies General Session, December 3, 4, 2008  Director Seidel noted that a proxy form must be submitted indicating the voting delegate who will be attending the ACWA General Session. After discussion, it was decided that no proxy form would be needed because no Director would be attending the General Session.

B. Bay Area Water Supply and Conservation Agency (BAWSCA) Issues  Directors Seidel and Solomon reported on BAWSCA issues regarding 1) the SFPUC water supply improvement program and 2) contract negotiations.

C. Comments from Retiring Director Seidel  Director Seidel said that during his 16 years on the Board, he had had great satisfaction serving as a representative of the customers of the District which has a high level of service. Director Solomon said that Director Seidel had set a high standard as president.

D. Agenda Item Requests  The Board identified agenda items for the December 10, 2008, meeting.

13. CLOSED SESSION FOR GENERAL MANAGER PERFORMANCE EVALUATION:  The meeting was convened to closed session at 10:45 p.m., pursuant to Government Code Section 54957, for the performance evaluation of the General Manager. The meeting was reconvened at 11:15 p.m. Director Seidel reported that a subcommittee comprised of Director Waldeck and he had met with the Manager in September for his annual review. He said that, overall, the Manager was doing a very good job. Director Waldeck agreed and said that a set of goals and objectives had been given to the Manager. After discussion, Director Seidel said that the Board had agreed to increase the Manager’s salary by 3.5%, effective November 1, 2008.

14. ADJOURNMENT:  The meeting was adjourned at 11:20 p.m. to reconvene at the next regular meeting on December 10, 2008, at 6:30 p.m., at the District’s office.

Respectfully submitted

[Signature]
Lucy E. Xavier, District Secretary

Approved:  
Daniel F. Seidel, President