Purissima Hills Water District
MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF DIRECTORS

APRIL 14, 2010

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

Directors Present: President Gary C. Waldeck, Vice President Robert N. Anderson, and Directors Stephen A. Jordan and Ernest Solomon. Director Brian Holtz 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.

2. COMMENTS FROM THE PUBLIC: Public present:

Dick Jones, former Board member, stated that the rain click was not working properly and that it has very limited value in saving water.

Kathleen Santora was present to thank the District for its contribution to the Stop the Flow Water Wise Landscape Conference that will take place on April 24 at Foothill College. She also noted that she is encouraging the District to provide more information on the water bills that will help customers reduce their water usage. The Manager said that the District's new billing program, which will be implemented next month, will allow more useful data to be noted on the bills.

3. CONSENT CALENDAR: Item A, Approval of Minutes of March 10, 2010, was removed from the Consent Calendar. It was then moved by Director Anderson, seconded by Director Jordan, that the remaining items on the Consent Calendar be approved. Motion carried unanimously—voice vote.

B. Approval and Ratification of March 2010 Disbursements—$366,552.05

C. Financial Reports for March 2010: Income and Capital Improvement Plan Revenues and Expenditures Balance Sheet Consumption and Billing Investments

Approval of Minutes of Regular Meeting of March 10, 2010 Director Solomon suggested two amendments to the minutes. After discussion, it was moved by Director Anderson, seconded by Director Solomon, to approve the minutes as amended. Motion carried unanimously—voice vote.
4. **JOHN O'CONNELL—WATER SUPPLY AND DEMAND ECONOMICS:** John O'Connell, District customer, gave a power point presentation regarding the District's rate increase which had occurred the prior month. He noted that the San Francisco Public Utilities Commission (SFPUC) has increased its rate by 15% a year since 2008-2009 which is variable and that District rate increases are not based upon an increase of operations or capital costs but due to decreasing demand because of conservation efforts.

He added the following:
- District customers are being told to conserve, expecting that this will lower their water bills—but it won't.
- The unit price will increase to offset consumption decrease.
- SFPUC increases will be high 2010 through 2013 due to $4.3 billion capital improvement projects.
- SFPUC may implement a surcharge/penalty in December 2010 because some agencies are over their allocation.
- AB 1881 requires that communities introduce efficient irrigation ordinances.

He concluded:
- Reduce the March 2010 rate increase to minimize consumption decrease.
- Introduce a new billing structure.
- Capital improvements that reduce operations should be a priority.
- Capital improvement project budget should be managed to not peak in phase with SFPUC increases.
- District operations budget increase must be kept to 5% per year.
- Other income should be explored.
- Purchase of less expensive water should be explored.

The Board and Staff thanked Mr. O'Connell for his presentation.

5. **WATER DEMAND ANALYSIS—ENGINEERING CONSULTANT, JACK WEBER OF WEBER ANALYTICAL:** The Manager noted that Jack Weber had been hired to analyze the drop in water usage and to determine whether this is a trend or simply a one-year drop. He noted that this data is necessary because the District is in the process of considering the purchase of additional water supply assurance.

Mr. Weber's power point presentation was a summary of major findings of his draft report, which included the following tasks:
- To clearly identify the pattern of historical demand for residential and institutional customers, including the removal of abnormal weather impacts.
- To analyze demand, especially in recent months, to determine the cause for the declining gallons per day per account.
- To conduct a similar analysis on production data and track unaccounted-for-water during the 15 years of analysis.
- To evaluate historical consumption by consumption blocks, particularly rate blocks, to identify the causes for changes and the impacts of future consumption and revenues.
- To evaluate consumption for select customer categories such as by size, by old and new homeowners, by pattern of use, by lot size, etc.
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- To write a brief summary or report of methods, findings, and inferences.
- To provide spreadsheet modes for tracking and analyzing demand that can be updated by District Staff.

The Board thanked Mr. Weber for his informative presentation and asked him to prepare an executive summary of the report for the next Board meeting.

6. **ENGINEER’S REPORT:** The Engineer introduced Brandon Laurie, an engineer from his firm who has been with Pakpour Consulting since its inception. Mr. Laurie is also the inspector for the District’s Zone 2.5 project.

   A. Quarry Hills Lake Water (Item 7.A. on the Agenda. Mr. Jones requested that this item be moved forward.)

The Engineer noted that a draft report had been submitted to the advisory committee (consisting of Directors Holtz and Solomon) prior to the last Board meeting and that comments had been incorporated into the report. He said that contact had been made with the representative from the San Francisco Public Utilities Commission who is preparing the reliability modeling study regarding the duration of water outages during an emergency. The representative had said that she would not be able to give the District the information it requested because the modeling was a planning level study only. Board and Staff then discussed possible mobile equipment use for this project.

After discussion, the Engineer suggested that a meeting of the advisory committee be set up to review the final report which will be submitted to the Board, along with recommendation from Staff, prior to the May meeting. The Board agreed.

   B. Altamont Pump Station Upgrades The Engineer reported that the project was now complete. Gardini Electric had connected the generator to the pump station and the automatic transfer switch. On April 7, the generator was started and passed a full load test.

The Engineer then recommended acceptance of the project. It was moved by Director Anderson, seconded by Director Jordan, that Resolution 2010-2, attached hereto, accepting as complete the construction of the Altamont Pump Station Upgrade Project and authorizing the recordation of a Notice of Completion, be adopted. Motion carried—roll call vote.

   Ayes: Directors Anderson, Jordan, Solomon, and Waldeck
   Noes: None
   Absent: Director Holtz

   C. Zone 2.5 Project—Phase II The Engineer said that the project was 59% complete. He then reviewed his memo of April 7, noting that the District’s contractor, Stoloski & Gonzalez (SG), had continued the water main installation on upper La Cresta Drive. The contractor had installed 740 linear feet of 12-inch ductile iron pipe (DIP), four 12-inch gate valves, one 6-inch gate valve, three fire hydrants, and miscellaneous appurtenances, including bends, tees, and reducers. SG was able to final pave La Cresta Court and lower La Cresta Drive after two successful 2-hour pressure tests.
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The Engineer then reported that SG had severed a Comcast line on La Cresta Drive. After investigating the incident and concluding that Comcast had mismarked its own line, the Engineer noted that several new procedures have been instituted to minimize the effect on customers should something like this happen again.

The Engineer also reported on two leaks along the La Cresta Drive water main where the project crossed over existing AC water mains and hydrant laterals. One of the leaks, at the intersection of La Cresta Court and La Cresta Drive, had compromised the new main and washed out 300 feet of trench which will need to be repaired. He noted that in the future a proactive approach will be taken which will eliminate future instances of existing AC mains being damaged from construction around the main.

(As of April 2, 2010, SG has completed 59% of the contractual work by installing a grand total of 2,895 linear feet of 12-inch DIP, 948 linear feet of 8-inch DIP, 897 linear feet of 6-inch DIP, fifteen 12-inch gate valves, three 8-inch gate valves, 10 fire hydrants, and various appurtenances.)

D. Zone 2.5 Project, Phase III—Authorization to Waive the District’s Award of Contract Policy The Engineer reviewed his memo of April 8, wherein he noted that the plans and specifications for the Zone 2.5 Project, Phase III, are complete and estimated to cost $830,000.

He noted that the District’s policy for award of contracts states that any project over $50,000 must be competitively bid. He said that Staff is requesting that the Board waive this policy and allow Staff to negotiate the Phase III project with Stoloski & Gonzalez (SG) pursuant to a contract change order. He said that this request is based on the following:

- It would be difficult to find a higher quality contractor than SG based on the performance of SG on the Phase II portion of the project.
- Construction costs have risen slightly. SG has indicated that it would be willing to maintain the same unit prices it charged for the Phase II project.
- SG has committed to keeping the same crew.
- The District would save approximately $15,000 in engineering and legal costs for preparation of bid documents, advertisement, administering the bid period, review of bids received, and award of the project.
- The overall project schedule for completion of the Phase III project would be completed, at a minimum, two months earlier.
- Awarding the contract to SG would avoid the possibility of receiving a low bid from an unqualified contractor due to competitive bidding during an economic downturn as we are now experiencing.

After discussion, it was moved by Director Anderson, seconded by Director Jordan, that the District’s policy for award of contracts be waived and to allow Stoloski and Gonzalez to bid the Phase III portion of the Zone 2.5 project pursuant to a contract change order. Motion carried unanimously—voice vote. The Engineer noted that the bid from SG would be brought to the Board for approval.
E. Engineered Rain Water Collection The Engineer reported that he had attended a webinar, through the American Society for Civil Engineers, dealing with rain water collection. He learned that the Bay Area does not have enough rainfall for this type of water collection and works only in areas that have rainfall throughout the year.

7. WATER SUPPLY AUGMENTATION:

B. Acquisition of Additional Supply Allocation The Manager reported that the advisory committee (consisting of Directors Jordan and Waldeck) had met the prior day and established the amount of additional water supply the District would propose to purchase from the City of Palo Alto and the methodology for determining a price for the water.

Director Waldeck requested that the Attorney prepare an offer to the City of Palo Alto for the purchase of a portion of Palo Alto's excess individual SFPUC supply guarantee for review at the next Board meeting.

8. MANAGER’S REPORT / COMMUNICATIONS ITEMS:

A. Field Report The Manager reported the following:

- Four new backflows had been installed and 12 had been replaced.
- Page Mill tank vents had been welded to keep rainwater out.
- Tank sites are being cleared of brush.

B. Customer Communications No customer communications had been received.

C. Agricultural Meters The Manager reported that he had developed a draft policy for agricultural metering. Customers would be required to install an irrigation system separate from the residence and which would tee off from the existing service. The meter would be intended for agricultural purposes only.

After discussion, the Manager said he would be discussing this draft policy with the Attorney and would report back to the Board.

D. Rain Click Program The Manager reported that he had called the rain click manufacturer because of the problems Mr. Jones had been having with his rain click. The manufacturer said that the device is working as it was designed, in that it shuts off the irrigation controller when there is a power outage. Director Waldeck recommended that a letter be sent to those customers who had rain clicks installed by the District to let them know to check the rain click periodically to make sure it is functioning properly. The Board agreed.

9. WATER CONSERVATION:

A. Los Altos Hills / Purissima Hills Water District AB 1881 Compliance Efforts Director Waldeck reported on the meeting he had attended of the Town's Water Conservation Committee. Director Waldeck then recommended that Director Anderson take his place as a member of the Town's committee when he retires from the Board in December 2010. Director Anderson said he would consider the suggestion and, in the meantime, continue attending the Town's committee meetings as an observer.
10. **DIRECTORS' REPORT:**

A. **Bay Area Water Supply and Conservation Agency (BAWSCA) Issues** Director Anderson reported on BAWSCA issues and gave a report on the ongoing SFPUC Hetch Hetchy repair project.

B. **Agenda Item Requests** The Board identified agenda items for the May 12, 2010, meeting.

11. **CLOSED SESSION:** The Board went into closed session at 10:35 p.m. to confer with legal counsel on the following matter:

   Anticipated Litigation
   Pursuant to California Government Code Section 54956.9(b)
   Significant Exposure to Litigation: One Case

The Board came out of closed session at 11:30 p.m. The Board received a report from legal counsel and no action was taken.

12. **ADJOURNMENT:** The meeting was adjourned at 11:31 p.m. to reconvene next at the regular meeting on May 12, 2010, at 6:30 p.m., at the District's office.

Respectfully submitted,

Lucy E. Xavier, District Secretary

Approved:

Gary C. Waldeck, President