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 Brian Holtz, Stephen A. Jordan, and Ernest Solomon.

Staff Present: Patrick D. Walter, General Manager; Patrick T. Miyaki, Attorney; Gary Ushiro and Brandon Laurie, Engineers; and Lucy E. Xavier, District Secretary.

The Pledge of Allegiance was recited.

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

3. **CONSENT CALENDAR:** Items A and C were removed from the Consent Calendar. It was then moved by Director Anderson, seconded by Director Solomon, that Item B, Approval and Ratification of the May 2010 Disbursements in the amount of $376,112.66, be approved. Motion carried unanimously—voice vote.

   Item A, Approval of Minutes After discussion, it was moved by Director Anderson, seconded by Director Jordan, that the minutes of the regular meeting of May 12, 2010, be approved as amended. Motion carried—roll call vote.

   Ayes: Directors Anderson, Jordan, and Waldeck
   Noes: None
   Absent: None
   Abstain: Directors Holtz and Solomon (Director Holtz had not brought his copy of the minutes to the meeting and Director Solomon had not been present at the May meeting.)

   Item C, Financial Reports for May 2010 After discussion, it was moved by Director Jordan, seconded by Director Anderson, that the Financials for May 2010 be approved. Motion carried unanimously—voice vote.

4. **APPROVE BUDGET FOR FISCAL YEAR 2010-2011:** The Manager reviewed a draft budget summary and capital improvement plan for fiscal year 2010-2011. After discussion, Director Waldeck directed that this item be continued to a later time in the meeting.

5. **ENGINEER’S REPORT:**

   A. **Zone 2.5 Project—Phase II** Mr. Laurie reviewed the Engineer’s memo of June 4, noting that the District’s contractor, Stoloski & Gonzalez (SG), had completed the installation of all transmission main for Phase II, including the 8-inch ductile iron pipe (DIP) along Anacapa Court. He also noted that the contractor had installed 390 linear feet of 8-inch DIP, one fire hydrant, and miscellaneous appurtenances, including bends, tees, and reducers.
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Mr. Laurie noted that SG had conducted three 2-hour pressure tests on Anacapa Court, upper La Cresta Drive, and Viscaino Road. All tests passed with minor water losses well under the allowable losses recommended by the American Water Works Association.

He then reported that SG had repaired a 12-inch main at the intersection of La Cresta Drive and La Cresta Court on May 24 as a result of a main leak. He said that during the week of May 17, SG had also installed a 6-inch main, a fire hydrant lateral, and two services on upper La Cresta Drive. This work was requested by and will be entirely paid for by the Los Altos Hills County Fire District as part of the Zone 2.5, Phase III project. Mr. Laurie then reviewed Change Order No. 2.

As of May 28, 2010, SG has completed 82% of the contractual work by installing a grand total of 4,218 linear feet of 12-inch DIP, 1,338 linear feet of 8-inch DIP, 897 linear feet of 6-inch DIP, nineteen 12-inch gate valves, five 8-inch gate valves, 15 fire hydrants, and various appurtenances.

B. Zone 2.5 Project, Phase III Mr. Ushiro reviewed the Engineer’s memo of June 3, wherein it was noted that Staff had negotiated with Stoloski & Gonzalez (SG) and had received a cost proposal for the Phase III portion of the Zone 2.5 project totaling $767,327.00. The engineer’s estimate for the project is $879,400.00. Mr. Ushiro reviewed the major cost differences between SG’s cost proposal and the engineer’s estimate.

It was noted that the Los Altos Hills County Fire District would reimburse the District a total of $101,050.00 upon completion of the project for abandoning and replacing fire hydrants throughout the project area.

After discussion, it was moved by Director Anderson, seconded by Director Holtz, that Change Order No. 3, Addition of Phase III of the Zone 2.5 Project, dated June 4, 2010, be approved. Motion carried unanimously—voice vote.

6. WATER SUPPLY AUGMENTATION:

A. Quarry Hills Lake Water The Manager noted that, at the last meeting, discussion had taken place regarding Staff recommendations for the use of the Quarry Hills Lake water. He said that one of the recommendations was to have a structural engineer conduct a seismic evaluation of the District’s Neary tank and consider using this tank for emergency storage during the winter months.

The Manager now reviewed a Seismic Vulnerability Assessment Update with Recommended Actions prepared by John Eidinger, G&E Engineering Systems, dated June 6, 2010. (The Manager noted that Mr. Eidinger had prepared a seismic vulnerability assessment for the District in 2002.)

G&E’s recommended actions, in light of the current status of the SFPUC’s seismic upgrade program and in consideration of the steps that the District has already taken, are to continue mitigation efforts to secure a reliable alternate water supply, as well as make seismic upgrades to the Neary and Page Mill tanks. The study noted that the overall project cost for the upgrades would be $620,000.
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After discussion, the Manager said that he and the Engineer would have further discussions with Mr. Eidinger regarding the cost of the upgrades and that he will report back to the Board with additional information.

B. Authorization to Purchase Supply Allocation: The Manager reported that a letter had been sent to the City of Palo Alto requesting the purchase of its excess SFPUC allocation. He noted that no answer had as yet been received. He said that he had prepared letters to two other agencies, as well, requesting the possible purchase of their excess SFPUC allocation.

7. WATER CONSERVATION:

A. Los Altos Hills / Purissima Hills Water District AB 1881 Compliance Efforts
Director Waldeck reported that he had attended the Town’s Planning Commission meeting on June 3 and that an ordinance will now go before the Town Council for adoption which will establish water efficient landscape regulations pursuant to the California Water Conservation in Landscaping Act.

8. CUSTOMERS’ WATER CONSERVATION PROPOSALS:

The Manager reported that three proposals had been received in answer to the District’s request for home irrigation and landscape projects that will reduce annual water usage and which will receive limited funding from the District to help implement the project.

Project 1—Submitted by Steve Schmidt
Project will provide an easy-to-use web tool designed for customers to analyze their water use, to be used in conjunction with Acterra’s “High Energy Assessment” program. A grant of $10,000 from the District would be used for the development of this water analysis software program which would educate residents about their specific consumption and suggest simple actions they can take. If successful, water reductions in the range of 5-20% can be expected with no on-site visits. (The Acterra program has already received Los Altos Hills federal stimulus EECBG funds in the amount of $47,000.)

Project 2—Submitted by Devin and Lynne Ivester
Project will replace 6,500sf of water-consuming turf with drought tolerant grapevines. Estimated water savings the first year would be more than 100,000 gallons or 134 units. Water savings would go up over the second and third year. Estimated cost of project is $39,000.

Project 3—Submitted by Bridget and Bill Coughran
Project will feature a 20,000 gallon rainwater collection and reclamation system. Rainwater will be collected from roof downspouts and directed to a buried fiberglass tank. Water savings could be up to 25,000 gallons or 33 units per year. Estimated cost of project is $64,200.

The Board discussed the projects in detail. The Manager was then directed as follows:

For Project 1, work with Attorney on agreement and talk to Mr. Schmidt to identify the project in more detail and scope.

For Project 2, District will match the rebate given by the Santa Clara Valley Water District for turf removal.
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For Project 3, contact homeowners to let them know that District will monitor the project as it progresses and upon completion, fund the project up to $2,500.

9. CLOSED SESSION: The Board went into closed session at 9:03 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 10:25 p.m. The Board took action; however, this action need not be reported at this time.

10. APPROVE BUDGET FOR FISCAL YEAR 2010-2011 (CONT.): The Manager continued the review of his preliminary budget and capital improvement plan. After discussion, the Board directed that the Manager prepare a revised preliminary budget, based on comments and recommended changes, for approval at the July 2010 meeting.

11. MANAGER’S REPORT / COMMUNICATIONS ITEMS:

   A. Field Report  The Manager reported the following:

      ➢ The McCann pump station improvement project was continuing. A storm drain had been relocated to allow the installation of the 10-inch main.
      ➢ Crews had smoothed out the cross-country hillside in the area where a main leak had occurred last year near Rhus Ridge Road.
      ➢ Field personnel had worked on continuing education hours to recertify distribution, treatment, and backflow certification.
      ➢ Two backflows were installed and one was replaced.
      ➢ The pathway around the Hungry Horse tank had been regraded with new rock.
      ➢ Toyon yard had been cleaned.

   B. Customer Communications  No customer communications had been received.

   C. CUSI—New Billing Software  The Manager noted that problems were being addressed and fixed on the new software and that the meter reading portion would be tested this month.

12. DIRECTORS’ REPORT:

   A. Bay Area Water Supply and Conservation Agency (BAWSCA) Issues  Director Anderson reported on BAWSCA issues.

   B. Agenda Item Requests  The Board identified agenda items for the July 14, 2010, meeting.
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13. **ADJOURNMENT**: The meeting was adjourned at 11:10 p.m. to reconvene next at the regular meeting on July 14, 2010, at 6:30 p.m., at the District's office.

Respectfully submitted

Lucy E. Xavier, District Secretary

Approved: Gary C. Waldeck, President