

September 9, 2011

DRAFT
Minutes of the Public Meeting of
The Board of Directors
Los Trancos County Water District
September 1, 2011

In attendance:

Charlie Krenz, David Smernoff, Tracy Sherman, Tom Uridel, Mike Ward, Keri Tate (Finance Manager) Cindy Rodas; (acting Recording Secretary)

Meeting was called to order: at 7:31 pm at the Portola Valley Town Center Buckeye Room

0. Public Comment: Members of the community present – 6; Bob Neuer, Nancy Neuer, Claudia Mazzetti, Steve Friedman, Stan Gage and Susan Coons.

Community member Stan Gage addressed the Board on two issues; first issue is in regards to district lands. If the District is terminated the lands would then belong to the County, Mr. Gage mentioned that back in 2003-5 that the County was very adamant about selling the land acquired and that Rich Gordon mentioned that he would try to protect the lands for a couple of years. The Board was exploring the possibility of creating a trust that would then take over ownership and operation maintenance of the lands. During the election of 2005 the idea was dropped but Mr. Gage believes that this issue should be addressed once again.

Second issue addressed by Mr. Gage has to do with the Blue Oaks construction loan. If the District no longer exists than the \$617,000.00 construction loan would also revert to the County. At the time the County mentioned that the loan would be allocated to property owners tax bills. The contract states that no payments are due on the no interest loan until 32 houses were connected with water service, and there are now 21 built; 4 under construction.

Copies of Stan Gages' letter and a section of the contract were submitted to the Board.

Sherman stated that these topics are of interest and that the Board will look into it.

1. Approval of minutes: June 2011

Sherman will reclude herself from vote.

Krenz mentioned that the minutes should reflect the motion that the current Recording Secretary would be replaced; details should be reflected in the minutes. Krenz to work up some rewording to more accurately reflect what was said during this section of the meeting.

Uridel requests to have a motion to table the minutes until the next meeting, Krenz seconds, followed by Ward and Smernoff.

2. Financial Report/Audit Update:

Keri Tate addressed the end of fiscal year July 2010 - June 2011 by going over numbers as listed on the Income Statement with the actual amounts spent versus what was budgeted.

For Income; Direct Public Support missed budget estimate by \$130.55, there were checks in the amount of \$16,738.87 from fiscal year 08/09 that had not been cashed. Investments (LAIF interest) were off by 51% (at 51% or off by 49%). Other types of income were not budgeted but the \$5,000.00 came from Town of Portola Valley for Fire Safety and the remaining \$69.80 was received from Stan Gage for software purchased by the District and later sold to Mr. Gage.

Expenses; Water Use Efficiency only achieved 17% of budget, Emergency Preparedness 104%, Offset Program 152% but was actually a little lower than that due to a \$3,850 carry over. Lands were 99% of budget, Water Movement Control 37%, Contract Services 117%, Operations 146%, other types of Expenses 193% this was partially due to 2 audits that hadn't been paid for because LTCWD had not been billed, Travel and Meetings 20%.

Ward spoke about the audit for the previous year and that it was mentioned in the report that the District did not submit a Management Comment and Analysis on Performance, which will be corrected this year. Along with these notes prepared by Krenz, Ward also suggested a letter that will be published along with the notes addressing the increase in coverage for Liability Insurance from \$1 million to \$3 million as well as D & O Insurance. As of June 30, 2011 reserves are at \$233,620.53 including an increase of \$9,784.00 vs a planned decrease of \$97,000.

Motion to approve financials: Sherman, Ward seconded – all in favor

Ward suggests that since Charlie Krenz and he will be retiring from the Board this year he noted that changes would need to be made to finance committee. Smernoff suggests that this item be on the agenda for the November meeting.

3. Program Updates

Water Movement Control:

Smernoff – Maps available for the Board and attending community members to view. One is a highly detailed survey of the landslide off of Ramona Road and the other is a map that is a work in progress with details and notes being finalized for water movement features including creeks, hydrology, geology, etc.

Smernoff - Map of slide and preliminary report from borings indicate that the fill was very soft. Uridel states that it has been characterized as a road built on uncompacted base. Smernoff mentions that a detailed report will be received in a couple of weeks outlining the findings along

with recommendations for repairs. Smernoff also mentions a temporary fix for the slide that can be done until money can be received by FEMA or another entity to build a permanent retaining wall.

Uridel mentions that the LTCWD has received the full cooperation from the department of Public Works and that the turnaround time for encroachment permits is almost instantaneous.

Costs for putting up the wall is unknown, a civil engineer would first need to design the wall and then LTCWD would have a better idea on the cost and at that point go to FEMA or other entity and support the County in obtaining funding.

Uridel – Ultimately a refined map will be made of the entire District to outline where the water goes after it is routed to the Blue Oaks area and what the impact is on the trail system. The Sunrise Trail may be the most affected during the winter months.

Fire Safety

Krenz – Discusses a large eucalyptus removal project along the Brauwer Property and neighboring parcels similar in size to what was removed on Lake Road.

Sherman mentions a letter that was received from Denise Enea and the WFPD notifying the LTCWD that El Rey Road needed better clearance for the fire engines in and out of the road. This was a two day project that is now complete, lots of overgrown bays and broom that is now cleaned up. Also, broom and brush cleaning has been done along Ramona Road; this has also been an ongoing project to make one of the main entrances/exits in the community as clear as possible. The T intersection of Vista Verde and Ramona Road has been cleared of broom, this project was completed with home owner's approval.

Sherman will be moving forward on an annual maintenance contract for the 'critical mile' to be clear of broom. Also, LTCWD has received a great response from the 2nd Annual Gutter and Roof clearing project, 35 homes signed up for the project.

Saving Water

Ward states that there has also been a great response to the coupon book and Ward has also taken on home visits which has great results. There is about \$8,200 committed to this program with this marketing effort which is a great start for the year but doesn't think that the \$30,000 goal will be reached.

Gray Water and rain water harvesting, Ward spoke to the contractor who is working with the City of San Francisco's Gray water/rain water program which offers incentives for the mechanical part of the kits and reduction in cost for the permit. The incentives are about \$100 to \$200 for the mechanical part of the kits.

Lands

Smernoff – Final No Parking sign installed on Lake Road, the project is now completely finished. General maintenance has been done in regards to weeding.

4. Update regarding 2011 LTCWD Board of Directors election/candidate roster

Sherman announces candidates for the Board that are also in attendance for the meeting; Claudia Mazzetti, Susan Coons and Nancy Neuer. Sherman states the election date of November 8th.

Smernoff suggests introductions from the candidates.

Susan Coons initiates introduction, a community member of 12 years, does not have a specific agenda but is concerned with water security in regards to a major emergency where will water be obtained for the community.

Nancy Neuer, a community member for 36 years and has some involvement with community affairs in part with the Emergency Preparedness team as a group leader and a facilitator for the sewer work for the Sewers for Los Trancos Woods Project. Nancy is interested in fire safety issues involving the community and the prevention of a possible Oakland Hills disaster in the District.

Claudia Mazzetti; a member of the community for over 20 years, has been a volunteer for Red Cross and the schools, also PTA president. Claudia is currently the co-chair for the Vista Verde Sign Committee. Mazzetti is particularly interested in the water conservation program, including storm water retention and gray water/rain water distribution.

Uridel moves to revise the agenda by substituting item number 6 in place of item number 5, Ward seconds – all in favor

5. Discussion on recent Rich Gordon legislation ruling pertaining to Special Districts

Ward discussed SF Examiner article regarding the dissolution of the LTCWD due to the state law passed, bill was originally introduced by Assemblyman Rich Gordon. Ward contacted Rich Gordon's office to find out when this will be in effect but has not yet received an answer.

Ward believes that Martha Poyato of LAFCo's case against the LTCWD has to do with the law and that she believes that the LTCWD services overlap other districts and they can do the same functions without waste. Ward feels there is a very strong case that LTCWD is very efficient; as our overhead is only 10%, and other organizations do not, or will not provide the services we provide. Ward also states that he believes there is strong community support based on the fact that there are 3 candidates running for the board. "Timeline is critical if something were to happen we would have to act within 60 days" Ward states in order to overturn a directive from LAFCo to shutdown.

Direct Counsel, Sandy Sloan (in a letter sent to the board) proposes to address the legality issue directly with the County and LAFCo. The legality issue has to do with "Sphere of Influence", other organizations could conduct services that the District currently provides.

Sherman addresses emails on water movement control and activation of latent powers, which brings in item number 6

6. Possible Request to LAFCo for activation of Chartered Water Removal Responsibility

Uridel spoke on meeting with the Department of Public Works, stating that County Representatives reported back from a meeting with LAFCo and that LAFCo stated that the District was not serving valid public purposes and in that manner directed the District to find agencies give District money to and in turn dissolve the District.

What was done in response was that the department of Public Works was provided with copies of the decision made by Sandy Sloan and also providing Martha Poyatos with copies of reports outlining services done by the District to establish that the District is serving a valid public purpose. Uridel states that he believes that the article is timely and that if the District did make a request for activation it may receive favorable consideration.

Uridel believes that in order for the District to move on and normalize business would be to get a decision from LAFCo.

Sherman – concerned about a decision from LAFCo regarding an activation request, if the request is denied then there would be no recourse.

Smernoff – believes that the way this should be addressed is that first the District would need to activate the power for water movement and then proceed with other projects.

Uridel recommends that Board members; current president and incoming president come together with Direct Counsel Sandy Sloan to find a way to approach LAFCo with the activation request.

Stan Gage made additional comments stating that the District may need to discuss with Sandy Sloan first and then proceed with LAFCo, and put together a strategy first before proceeding.

Motion to have the legality and activation issue discussed with Sandy Sloan – Approved by all members.

7. Follow-up discussion regarding 2011/2012 budget; possible modifications

Ward discusses the 2011/2012 budget and states that the Board always seems to under spend; Ward proposes that the Board try to hit a more conservative number

Smernoff believes that the District is on track and suggests that the Board stay within the approved budget and not make changes.

Ward is looking to not reduce the reserve below a level that the board should set. Defect spending will have to end at some time.

Motion made by Ward to reduce saving water from 26.3 to 15K and increase legal from 3.6 to 15K – all in favor. Discussion of other reductions were not approved.

8. Community Response from Incentive Coupon Book

Sherman with results, coupon went out to 276 homes, water savings had 21 responses that resulted in 14 purchases 4 inquiries are still pending. Fire Safety had 57 responses which included the roof and gutter clearing project that resulted in 48 purchases, 7 of those are for the gas and shut off valve and 9 inquiries that are still pending.

Booklet garnered an overall a 28% response rate and a 22% sale rate, looking forward to what the response rate will be at year end. This is considered very successful as mailings usually garner about a 2% sales rate.

9. Review Secretary Contract Agreement. Discussion on hiring procedures/protocol for LTCWD

Ward addresses that compensation for the Secretary position is based on the frequency of meetings.

Smernoff believes that the scope of services as stated on the agreement may need to be changed and address who will maintain records of electronic and paper archives. Changes may need to be made as far as responsibilities.

Motion by Krenz for Ward to make changes on the contract and agreement, seconded by Sherman – all Board members approved.

Smernoff suggests having a public posting for candidates for the recording secretary in order to receive a full disclosure from all applicants in order to make a decision. Posting resources suggested as the P.V. Forum, Ladera and Vista Verde Yahoo Groups, the County Almanac and displayed at the kiosk in order to broaden the scope of applicants.

Ward suggests having a trial period for the secretary position, possibly the first 3 meetings. Software and laptop to be added in the contract as a requirement in order to obtain electronic records and recommendation to have newly appointed Board members take part in hiring process. Target start date for a hired member to begin Recording Secretary job by the March 2012 meeting.

10. Status on E-Signatures/email approvals of invoices and update on moving forward

Smernoff – Tate will take on getting a scanner, Ward suggested the software Adobe 10

11. Correspondence and Communication

Sherman – Chili Cook-off for September 25th for the WFPD

Insurance policy is coming up for renewal on September 9th.

Ward – talked with Sandy Sloan regarding loan, to be discussed on the agenda for the next meeting regarding loan and debt.

12. Set date, time, and place of next meeting

Next meeting date will be November 3, 2011 at 7:30 pm in the Buckeye Room of the Portola Valley Town Center.

Meeting adjourned 10:31 pm