

*COASTSIDE COUNTY WATER DISTRICT
766 MAIN STREET
HALF MOON BAY, CA 94019*

MINUTES OF THE SPECIAL BOARD OF DIRECTORS MEETING

Tuesday, February 9, 2010

1) CLOSED SESSION

A. Conference with Labor Negotiators

(Cal. Govt. Code §54957.6)

Agency Designated Representatives: General Manager, IEDA

Employee Organization: Teamsters Union, Local 856

2) RECONVENE TO OPEN SESSION

The Closed Session concluded at approximately 7:00 p.m., immediately prior to commencement of the regular meeting, at which time President Mickelsen announced that no reportable action was taken during the closed session.

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MINUTES OF THE BOARD OF DIRECTORS MEETING

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- 1) **ROLL CALL:** President Chris Mickelsen called the meeting to order at 7:12 p.m. Present at roll call: Vice-President Bob Feldman, and Directors Ken Coverdell, Jim Larimer and Jerry Donovan.

Also present were: David Dickson, General Manager; Patrick Miyaki, Legal Counsel; Joe Guistino, Superintendent of Operations; Cathleen Brennan, Public Outreach/Program Development /Water Resources Analyst; JoAnne Whelen, Administrative Assistant/Recording Secretary; and Gina Brazil, Office Manager.

- 2) **PLEDGE OF ALLEGIANCE**

- 3) **PUBLIC ANNOUNCEMENTS:** There were no public announcements.

- 4) **CONSENT CALENDAR**

- A. Requesting the Board to review disbursements for the month of January 31, 2010 - Claims: \$425,703.40; Payroll \$73,591.88; for a total of \$499,295.28
- B. Acceptance of Financial Reports
- C. Minutes of the January 12, 2010 Board of Directors Meeting
- D. Installed Water Connection Capacity and Water Meters Report
- E. Total CCWD Production Report
- F. CCWD Monthly Sales by Category Report
- G. January 2010 Leak Report
- H. Rainfall Reports
- I. San Francisco Public Utilities Commission Hydrological Conditions Report for December 2009
- J. San Francisco Public Utilities Commission Hydrological Conditions Report for January 2010

Vice-President Feldman reported that he had reviewed the monthly financial claims and found all to be in order.

ON MOTION by Director Larimer and seconded by Director Coverdell, the Board voted as follows, by roll call vote, to accept the Consent Calendar in its entirety:

Director Coverdell	Aye
Vice-President Feldman	Aye
Director Larimer	Aye
Director Donovan	Aye
President Mickelsen	Aye

5) PUBLIC HEARING - PROPOSED INCREASE IN TRANSMISSION AND STORAGE FEES

- Public Hearing to consider proposed increases in the District's Transmission and Storage Fees
- Consider Resolution 2010-01 - A Resolution of the Board of Directors of the Coastside County Water District Amending the Transmission and Storage Fees

Mr. Dickson explained the purpose of the Public Hearing, which is to allow the public an opportunity to express their comments in regards to the District's proposed increase in the Transmission and Storage (T & S) fees. He provided further background, explaining that a T & S fee is the amount charged by the District for a water connection, granting the purchaser the right to obtain water service from CCWD and that the fees were established in August of 1987 and have not been increased since that date. He reported that the District had retained an experienced public agency financial consultant, Bartle Wells Associates, to review the T & S fees, and after they reviewed different generally accepted methods to calculate connection fees, Bartle Wells had recommended that the District adjust its T & S fees for inflation by escalating the 1987 fee by the change in the Engineering News Record 20-City Average Construction Cost Index (ENR CCI), resulting in the proposed rate increase. Mr. Dickson also advised that District staff had mailed a notice of Public Hearing to all record owners of property located within the District, had placed two announcements in the Half Moon Bay Review and had posted the notice on the District's website. He informed the Board that to date the District had received eighteen (18) letters of protest.

President Mickelsen opened the Public Hearing at 7:19 p.m. and opened the session for public comments:

Sam LaValle - 436 2nd Avenue, Half Moon Bay - Stated that he had lived at this address for fifty years and opposed the proposed rate increase.

At this point, after learning that Mr. LaValle is a current customer, with an existing service connection, President Mickelsen explained to him that this proposed rate increase would have no bearing on those customers, but was only applicable to the purchase of new service connections or in the purchase of additional water connection capacity for existing services.

Leonard Woren – P.O. Box 1375, El Granada, - Stated that he supported the increase in concept, but didn't necessarily agree with the methodology of using the Engineering News Record 20 – City Average Construction Cost Index as the inflator to adjust the price.

With there being no further comments from the public, President Mickelsen closed the public hearing portion of the meeting at 7:30 p.m.

Discussion began with each of the Directors stating their support of the proposed increase in the T & S Fees. Director Larimer distributed and reviewed a proposal that he had prepared that included increasing the price, based on two alternative indexes. Additional Board discussion ensued regarding the proposed amount of the T & S fee increase.

ON MOTION by Director Donovan and seconded by Vice President Feldman, the Board voted as follows, by roll call vote, to adopt Resolution 2010-01 - A Resolution of the Board of Directors of Coastside County Water District Amending Rate and Fee Schedule to Increase the Transmission and Storage Fees:

Director Coverdell	Aye
Vice-President Feldman	Aye
Director Larimer	No
Director Donovan	Aye
President Mickelsen	Aye

6) MEETINGS ATTENDED / DIRECTOR COMMENTS

Director Coverdell shared news from the current Bay Area Water Supply and Conservation Agency (BAWSCA) meeting. Director Larimer reported on his attendance at the latest meeting of the San Mateo County Special District's Association. Vice President Feldman informed the Board of details of the recent Association of California Water Agencies (ACWA) Region 5 conference meeting and the suggestions for public education programs in regards to supporting the \$11.14 billion dollar water bond measure to invest in the State's water system, slated for the November 2010 ballot.

7) GENERAL BUSINESS

A. Results of Connection Sale Survey

Mr. Dickson reviewed the background of this agenda item, and summarized detailed results of the recent survey mailed to the approximately 9,000 parcel owners within the District, in order to determine interest in purchasing connections from the inventory of 72 non-priority connections the District now holds. President Mickelsen stated that with the conclusion of the reporting of these results, and with no questions for staff, the Board could proceed with discussion regarding the possible sale of water service connections under agenda item 7B.

B. Discussion and direction to staff regarding possible sale of water service connections

President Mickelsen announced that he would be taking public comments.

Leonard Woren – P.O. Box 1375, El Granada – urged the Board to make these connections available to residents currently being served by wells.

Each of the Board members then shared their comments about the proposed sale of these connections. The General Manager outlined the key issues necessary for the Board to discuss in order to provide direction to staff for the development of a detailed process for the connection sale, which will be presented for Board consideration at a future meeting.

Mr. Dickson summarized the Board's discussion and direction to staff, which included suggestions for possibly selling some of the connections now, and retaining some for sale in the future; exploring purchasing options to include accepting deposits, but not to include any financing programs by the District; and additionally, these connections will be available exclusively to developed properties currently being served by wells.

Mr. Miyaki concluded the discussion by explaining that the next step in the process is for the General Manager to design a written policy for the sale of these connections, which will be presented to the Board. He also explained that additional documents will need to be developed which will include rules and regulations for the sale, an application and a purchase agreement.

Upon closing discussion of this matter at 8:49 p.m., President Mickelsen announced that there would be a short recess. The meeting was reconvened at 9:58 p.m.

C. Approval of Denniston Filter Repair Change Order

Mr. Guistino introduced discussion of this item by summarizing the events that led to the recent shut down of the Denniston Water Treatment Plant. He provided the results of the inspection and reviewed the best course of action to repair the filter under-drain piping.

ON MOTION by Director Coverdell and seconded by Director Donovan, the Board voted as follows, by roll call vote, to authorize staff to proceed with Change Order #1 to the contract with ERS Industrial Services to repair the Denniston filter under-drain piping at a cost of \$35,754.99:

Director Coverdell	Aye
Vice-President Feldman	Aye
Director Larimer	Aye
Director Donovan	Aye
President Mickelsen	Aye

D. Approval of Contract with Jim Steele for Denniston Biological Study

Mr. Dickson summarized the background of this project and referenced the recent letter received from the California Department of Fish and Game (DFG) to the State Water Resources Control Board expressing project concerns. He also reported on the meeting with Jim Steele, and the subsequent recommendation for the District to initiate a study of biological resources in the Denniston Creek in order to evaluate and respond to the issues raised by the DFG.

ON MOTION by Director Coverdell and seconded by Director Larimer, the Board voted as follows, by roll call vote, to authorize staff to contract with Jim Steele for a Denniston Creek biological study at an estimated cost of \$26,850.00:

Director Coverdell	Aye
Vice-President Feldman	Aye
Director Larimer	Aye
Director Donovan	Aye
President Mickelsen	Aye

E. Water Reclamation Update - Principles of SAM-CCWD Agreement for Water Reclamation

Mr. Dickson summarized the background of the principles of the SAM-CCWD agreement, reporting that beginning in early November 2009, SAM and CCWD staff started working to develop basic principles of the interagency agreement for recycled water. He recapped the recent efforts expended in trying to obtain approval of the principles, reviewed the basic principles, and explained that staff recommends that the CCWD Board approve the principles as the first step in the negotiation process. Mr. Dickson also suggested that the CCWD Board confirm that CCWD will not reimburse SAM or pay for any recycled water project costs incurred before SAM and CCWD have executed a recycled water project agreement, unless the CCWD Board expressly authorizes an expenditure.

Board discussion ensued, with Mr. Miyaki addressing a few questions and concerns expressed by the Board members.

ON MOTION by Director Larimer and seconded by Director Donovan, the Board voted as follows, by roll call vote, to approve the submitted Principles of Agreement for Recycled Water between SAM and CCWD and confirm that CCWD will not reimburse SAM or pay for any recycled water project costs incurred before SAM and CCWD have executed a recycled water project agreement, unless the CCWD Board expressly authorizes such expenditure:

Director Coverdell	Aye
Vice-President Feldman	Aye
Director Larimer	Aye
Director Donovan	Aye
President Mickelsen	Aye

F. Bartle Wells Rate Study

Mr. Dickson summarized the results of Bartle Well's review of the District's rate structure, stating that their conclusion was that the rate structure is satisfactory based on normally applied criteria and does not currently need to be changed. He informed the Board that the study pointed out that the District may desire to make changes to upper residential tiers and water charges to encourage conservation and indicated that the District's rates are comparable to those of other water utilities in this region.

The Board discussed the rate study results and President Mickelsen stated that the Water Resources Committee could meet in the future to discuss the possibility of revising the upper residential tiers and water charges.

8) GENERAL MANAGER'S REPORT INCLUDING MONTHLY INFORMATIONAL REPORTS

Mr. Dickson reviewed the highlights of the General Manager's report, including the Proposition 1A Securitization funds, the Educational Revenue Augmentation Fund (ERAF) refund, and a recent "revenue enhancement measure" discussion by the San Mateo County Board of Supervisors in regards to the possible investigation of a utility user tax.

- A. **Monthly Water Resources Report**
- B. **Water Shortage and Drought Contingency Plan Update**
- C. **Operations Report**

The Board had no questions on the Monthly Water Resources Report or Water Shortage and Drought Contingency Plan Update. Mr. Guistino addressed a few brief comments from the Board in regards to the Operations Report.

9) ADJOURNMENT

The meeting was adjourned at 9:40 p.m. The next regular meeting of the Coastside County Water District's Board of Directors is scheduled for Tuesday, March 9, 2010.

Respectfully submitted

David R. Dickson, General Manager
Secretary of the Board

Chris R. Mickelsen
Board of Directors
Coastside County Water District