

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS

Tuesday, April 10, 2012

- 1) **ROLL CALL:** President Jerry Donovan called the special meeting to order at 6:55 p.m. Present at roll call: Vice-President Glenn Reynolds, and Directors Ken Coverdell, Bryan Hannegan, and Chris Mickelsen

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

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

- 3) **APPROVAL OF CONTRACT WITH BAY VALVE FOR CRYSTAL SPRINGS INTAKE VALVE REMOVAL**

Mr. Guistino provided the background of this item, explaining that the Board approved a contract with Bay Valve Inc. in March 2012, but the initial bid did not adequately cover proper confined space procedures and the safety assurance of the tunnel workers. He noted that this omission became obvious during a recent job walkthrough by Bay Valve Inc. and District staff. He stated that the use of a qualified, experienced, emergency rescue team to assist with entry and egress is the safest possible way to undertake this task. Mr. Guistino then answered several questions from the Board members.

ON MOTION BY Vice-President Reynolds, and seconded by Director Hannegan, the Board voted as follows by roll call vote, to approve an increase of \$20,815.00 to the Bay Valve Inc. contract:

Director Coverdell	Aye
Vice-President Reynolds	Aye
Director Hannegan	Aye
Director Mickelsen	Aye
President Donovan	Aye

- 4) **ADJOURN** The Special Meeting was adjourned at 7:02 p.m.

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- 1) **ROLL CALL:** President Jerry Donovan called the meeting to order at 7:02 p.m. Present at roll call: Vice-President Glenn Reynolds, and Directors Ken Coverdell, Bryan Hannegan, and Chris Mickelsen

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

- 2) **PLEDGE OF ALLEGIANCE**

- 3) **PUBLIC COMMENTS** There were no public comments.

- 4) **CONSENT CALENDAR**

- A. Approval of disbursements for the month ending March 31, 2012:
Claims: \$739,591.04; Payroll: \$ 102,844.62; for a total of \$842,435.66
- B. Acceptance of Financial Reports
- C. Approval of Minutes of March 13, 2012 Board of Directors Meeting
- D. Installed Water Connection Capacity and Water Meters Report and Non-Priority Lottery Recipients Status Update Report
- E. Total CCWD Production Report
- F. CCWD Monthly Sales by Category Report
- G. March 2012 Leak Report
- H. Rainfall Reports
- I. San Francisco Public Utilities Commission Hydrological Conditions Report for March 2012

President Donovan reported that he had reviewed the monthly financial claims, had asked a few questions of staff, , and had found all was in order.

ON MOTION BY Director Mickelsen, and seconded by Vice-President Reynolds, the Board voted as follows by roll call vote, to accept and approve the Consent Calendar in its entirety:

Director Coverdell	Aye
Vice-President Reynolds	Aye
Director Hannegan	Aye
Director Mickelsen	Aye
President Donovan	Aye

5) MEETINGS ATTENDED/DIRECTOR COMMENTS

Vice-President Reynolds commented that he had attended the recent California-Nevada Section AWWA conference to support the District's team in the Top Ops competition and congratulated them on their first place win.

Director Hannegan reported on his attendance at the World Water Forum in France and said he was particularly interested in the energy-water nexus.

6) GENERAL BUSINESS

A. Proposed Fiscal Year 2012-2013 Budget, Fiscal Year 2012/2013 Capital Improvement Program, and Fiscal Year 2012/2013 to 2021/2022 Financing Plan

Mr. Dickson reviewed the slides in his presentation, which focused on the Fiscal Year 2012-2013 budget highlights, including revenue sources and expenses. He also summarized the highlights of the Fiscal Year 2012/13 to 2021/22 Capital Improvement Program (CIP). Next, Mr. Dickson reviewed the factors in determining the proposed rate increase, recapped the rate increases needed to fund the budget and the CIP and discussed the effect that a 12% rate increase would have on typical water bills. Additionally, he addressed San Francisco Public Utilities Commission's rate increases, the methods utilized by the District to hold down operating costs and the revenue impact associated with potential lower rate increases. In conclusion, Mr. Dickson stressed the disadvantages of delaying CIP projects, the importance in investing in the District's water future and stated staff's recommendation to set a public hearing for June 12, 2012 for the proposed rate

increase and to approve the Proposition 218 notice of a proposed 12% rate increase, effective July 1, 2012.

The Board members then shared their comments about the proposed rate increase and Mr. Dickson answered a few questions from the Directors.

B. Schedule a Public Hearing on Proposed Rate Increase and Authorize Issuance of a Notice of Public Hearing and Proposed Rate Increase

Following discussion of the Budget, Capital Improvement Program, and Financing Plan during the previous agenda item, the following motion was proposed.

ON MOTION BY Director Coverdell, and seconded by Vice-President Reynolds, the Board voted as follows by roll call vote, to schedule a Public Hearing for Tuesday, June 12, 2012 on the proposed rate increase and authorize staff to issue a Notice of Public Hearing for a proposed rate increase of up to 12%:

Director Coverdell	Aye
Vice-President Reynolds	Aye
Director Hannegan	Aye
Director Mickelsen	Aye
President Donovan	Aye

C. Third Quarter Budget Review

Mr. Dickson summarized the third quarter budget to date, explaining that the overall financial performance is on track and that water revenues have caught up to a significant extent. He also pointed out that operating expenses are also considerably lower than budgeted and that the net contribution to reserves, year to date, is approximately \$300,000. ahead of budget.

D. Approval of CEQA Notice of Exemption for the Railroad Avenue Main Replacement Project

Mr. Guistino described the nature of this project and reviewed the reasons why this project meets the criteria to be exempt from the California Environmental Quality Act (CEQA). He answered a couple of questions from the Board.

ON MOTION BY Vice-President Reynolds, and seconded by Director Coverdell, the Board voted as follows by roll call vote, to approve the Notice of Exemption for the Railroad Avenue Main Replacement Project:

Director Coverdell	Aye
Vice-President Reynolds	Aye
Director Hannegan	Aye
Director Mickelsen	Aye
President Donovan	Aye

E. **Resolution Consenting to Join the Health Benefits Program of the ACWA Joint Powers Insurance Authority, Ratifying the Action of the ACWA Health Benefits Authority Board of Directors to Terminate the Health Benefits Authority Joint Powers Agreement, and Authorizing and Directing the General Manager to Execute All Necessary Documents**

Mr. Dickson reviewed the background of this item and explained the recent transition process that will allow the Association of California Water Agencies (ACWA) Health Benefits Authority (HBA) and the ACWA Joint Powers Insurance Authority (JPIA) to combine resources, reduce overall costs and improve operations. He advised that this action will allow the District to continue providing health benefits under the JPIA and that any potential cost savings would be passed on to all agencies that participate in the programs.

ON MOTION BY Vice-President Reynolds, and seconded by Director Mickelsen, the Board voted as follows by roll call vote, to approve Resolution 2012-02, a Resolution consenting to join the health benefits program of the ACWA Joint Powers Insurance Authority, ratifying the action of the ACWA health Benefits Authority Board of Directors to terminate the Health Benefits Authority Joint Powers Agreement, and authorizing and directing the General Manager to execute all necessary documents:

Director Coverdell	Aye
Vice-President Reynolds	Aye
Director Hannegan	Aye
Director Mickelsen	Aye
President Donovan	Aye

F. **Authorization to Join the California Water/Wastewater Agency Response Network**

Mr. Dickson reviewed the advantages to joining the California Water/Wastewater Agency Response Network (CalWARN), including fulfilling the important requirements for obtaining aid from the Federal Emergency Management Agency (FEMA), which could facilitate bringing vital financial assistance to the District after a disaster. He added that as a member of CalWARN, the District can request emergency assistance from

other members while retaining absolute discretion in deciding whether to provide assistance under the terms of the agreement.

ON MOTION BY Director Hannegan and seconded by Vice-President Reynolds, the Board voted as follows by roll call vote, to execute the California Water/Wastewater Agency Response Network (CalWARN) agreement to make Coastside County Water District a member of CalWARN:

Director Coverdell	Aye
Vice-President Reynolds	Aye
Director Hannegan	Aye
Director Mickelsen	Aye
President Donovan	Aye

7) GENERAL MANAGER'S REPORT

1. BAWSCA Comments on Restore Hetch Hetchy and SFPUC Proposed Rate Structure Change

Mr. Dickson recapped some recent events where he felt that BAWSCA did an excellent job in representing the wholesale customer interests relating to SFPUC's proposed rate structure change and to the petition drive to put a measure on the ballot which would ask San Francisco voters whether SFPUC should be directed to study draining Hetch Hetchy reservoir.

2. CCWD-MWSD Team Wins Top Ops Competition at AWWA Conference

Mr. Dickson noted that Mr. Guistino would report further on this topic, but that he wanted to recognize Steve Twitchell for being part of a winning Top Ops team.

A. Operations Report

Mr. Guistino shared his enthusiasm in moderating the successful Top Ops competition between four Northern California utilities and presented the "traveling" trophy, which will be shared over the next year with the other team member's agency, Montara Water & Sanitary District. He also updated the Board on the progress of the Crystal Springs 'Alternative Intake Project.

B. Water Resources Report

Ms. Brennan reviewed the District's current water supply conditions, both San Francisco Public Utilities Commissions (SFPUC) imported water supply and the District's local water supply and summarized that based on the information available, there should be adequate water supply through calendar year 2012 from the SFPUC and local sources to meet the District's

production demand. She also shared information about a current series for public television, underwritten by the Association of California Water Agencies, entitled "Water: The Best Deal Around", and provided the broadcast date and time, as well as the website available for viewing the segment. Additionally, she advised that some local water agencies are partnering with the Home Depot, who will be hosting some Bay Area garden- friendly parking lot events this spring and summer. She also directed the Board's attention to the District's latest bill stuffer, providing information to the public about participating in the District's proposed budget and rate increase process.

8) DIRECTOR AGENDA ITEMS - REQUESTS FOR FUTURE BOARD MEETINGS

The Board discussed the possibility of scheduling a special budget workshop in April or May to further explore budget alternatives using the District's financing plan model.

9) ADJOURNMENT

ON MOTION BY Director Coverdell , and seconded by Vice-President Reynolds, the Board voted as follows to adjourn the April 10, 2012 meeting of the Coastside County Water District's Board of Directors:

Director Coverdell	Aye
Vice-President Reynolds	Aye
Director Hannegan	Aye
Director Mickelsen	Aye
President Donovan	Aye

The meeting was adjourned at 8:47 p.m. The next regular meeting of the Coastside County Water District's Board of Directors is scheduled for Tuesday, May 8, 2012.

Respectfully submitted,

David R. Dickson, General Manager
Secretary of the Board

Jerry C. Donovan, President
Board of Directors