

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA, 94019

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS

January 11, 2004

- 1) **ROLL CALL:** President Mickelsen called the meeting to order at 7:30 p.m. Present at roll call were Directors Jim Larimer, Everett Ascher, Ken Coverdell and John Muller.

Also present were Ed Schmidt, General Manager; Anthony Condotti, Legal Counsel; Jim Teter, District Engineer; Judy Nosecchi, Superintendent of Operations; Amanda Cox, Water Conservation Coordinator, JoAnne Whelen, Administrative Assistant/Recording Secretary; Gina Brazil, Office Manager and Bridget Burns, Office Specialist.

- 2) **PLEDGE OF ALLEGIANCE:** Everyone stood for the Pledge of Allegiance.
- 3) **PUBLIC ANNOUNCEMENTS:** There were no public announcements made at this time.
- 4) **CONSENT CALENDAR:**
- A. **Requesting the Board to review disbursements for the month ending December 31, 2004 - Claims: \$519,064.63 Payroll: \$9,649.98 for a total of \$528,714.61**
 - B. **Acceptance of Financial Reports**
 - C. **Minutes of the December 14, 2004 Meeting of the Board of Directors**
 - D. **Acceptance of 566 Miramar Drive - Non-Complex Pipeline Extension Pipeline**
 - E. **Monthly Water Transfer Report**

Director Coverdell announced that he had reviewed the monthly claims and found all to be in order.

Director Larimer had a question pertaining to the General Ledger Period Budget Analysis, which was addressed by the General Manager, Ed Schmidt.

ON MOTION by Director Ascher and seconded by Director Muller, the Board voted unanimously to accept the Consent Calendar in its entirety:

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| Director Larimer | Aye |
| Director Ascher | Aye |
| Director Coverdell | Aye |
| Director Muller | Aye |
| President Mickelsen | Aye |

5) WATER CONSERVATION COORDINATOR'S REPORT

Amanda Cox, Coastside County Water District's Water Conservation Coordinator referenced her written staff report, reviewing the latest results of the district's ongoing water conservation programs. She attributed the increased customer interest in the district's conservation programs to the recent distribution of the Fall/Winter edition of the district's newsletter. She also reported that she would be attending a Half Moon Bay Gardening Club meeting, that she had signed the district up to host a booth at the Pacific Coast Dream Machines on April 24, 2005, and would be attending a water reception to kick-off the school education program for 4th graders. Ms. Cox also informed the Board about the opportunity to participate in a new commercial washer rebate program, partially funded by the CPUC.

Director Coverdell requested that a calculation be made, translating the savings from the district's various water conservation programs (showerheads and aerators, high-efficiency washers, etc.) into the average monthly amount of water utilized by a 5/8" connection.

Director Ascher complimented the district staff on the recent edition of the district's newsletter and Mr. Schmidt thanked Ms. Cox for her recent coordination with the California Department of Transportation in regards to the hydro-seed mix the district would like to use on the recent completed pipeline replacement project.

6) REPORT OF THE GENERAL MANAGER:

A. Update of Coastside County Water District's assistance in the planning of a "Water Summit" to be held in April, 2005 in Half Moon Bay

Ed Schmidt, General Manager introduced this item and provided a list of potential agenda summit topics. He then introduced Tim Frahm, representative from the Pilarcitos Creek Advisory Committee and the San Mateo County Farm Bureau. Mr. Frahm explained the many activities and interests that the groups have pursued over the years. He said that holding a summit would aid in assuring protection and a "balance" in our watershed use among the many interests and groups, including domestic use, rare and endangered species, fish habitats, recreation, agriculture, and irrigation. Mr. Frahm feels that the summit will be a good opportunity to allow all of the watershed beneficiaries, stakeholders and constituents to discuss issues openly in order to achieve that balance which they all seek.

President Michelsen reported that he and Director Muller have been interested and working in this direction for some time now and that achieving this balance that Mr. Frahm stressed was very important. President Mickelsen also invited the City of Half Moon Bay to approach and support the use of reclaimed water and consider including the concept in their draft Local Coastal Plan.

B. Update on status of San Mateo investigation of nitrate levels in drinking water wells in the Miramar Area

The General Manager referenced his staff report and reviewed the options presented. He also distributed some handouts to the Board which consisted of a record of applications of deposit for the Crystal Springs Project, including a chronological record dating back to 1986 of the districts contact and communication with the community in regards to the status and availability of the Crystal Springs connections and a copy of the deed restrictions placed on some properties by the City of Half Moon Bay.

At this point in the meeting, CCWD staff member, Glenna Lombardi, was invited to address the Board and shared some of the historical points regarding the Crystal Springs project.

The General Manager then reported to the Board that the Half Moon Bay City Council was not able to come to a decision on this issue at their last meeting, due to the potential legal issues regarding the omission of their Failed Well Policy in the City's Local Coastal Plan.

The Board briefly discussed some of the City's policies associated with water transfers and Director Larimer requested that staff post a notice on the district's website noticing that CCWD continues to maintain a list of water connections available for sale from individuals and can provide these names upon request.

In conclusion, the General Manager summarized the discussion and reiterated that the status of this matter is dependent on future action taken on the part of the City of Half Moon Bay.

C. Discussion and possible direction to staff regarding an \$852,000. reduction in property tax revenues to Coastside County Water District over a two year period

The General Manager announced that the Finance Committee had met again to discuss this specific item and had prepared a list of options. He then reviewed the details of the Finance Committee's recommended Option 1, which raises the lost revenue over a three-year period, with a 6.7% increase, starting next fiscal year.

President Mickelsen thanked the Finance Committee for their time and commitment and Director Coverdell acknowledged staff for their contributions to the Finance Committee as well.

Director Muller expressed his appreciation to the Association of California Water Agencies for their involvement and support to the water agencies in dealing with this issue and advised the Board that he is in support of Option 1.

Discussion ensued among the Board and Director Coverdell pointed out the advantages of the district performing a "rate study" and also mentioned that he felt that once the Finance Committee met again and started analyzing the budget, that it may be possible to "tighten-up" certain areas, so that this loss in revenue may have less of an impact.

Director Ascher felt that a three-year payback was very reasonable and ample time to recover and re-build the draw-down of the district's reserves. He also emphasized that the capital improvement projects should not be compromised and expressed his support of Option 1 and in the district conducting a rate-study.

President Mickelsen also expressed his support of Option 1 and at this point in the meeting the General Manager mentioned that a motion was not necessary, that he had clear direction from the Board through their comments and discussion and would proceed with carrying out their recommendations throughout the budget process. He also announced that the Finance Committee would be meeting again on March 1, 2005 and by that time the district may have the San Francisco Public Utilities Commission rates to take into account.

The Board then discussed the costs and types of rate studies to be considered and the General Manager reported that he could obtain some bids on the proposed studies and Directors Coverdell and Ascher assured the Board that the results of their Finance Committee meeting discussions, including options and recommendations would be reported to the Board at the March Board of Directors meeting.

D. Discussion and adoption of a Resolution modifying Coastside County Water District's Statement of Financial Investment Policy

The General Manager announced that the Finance Committee had also recently met and discussed the district's financial investment policy. They are recommending a revision to the policy to allow the district to invest in United States Treasury backed Securities.

Director Ascher reported to the Board on the Finance Committee's discussion of this item and explained the process that could be instituted and the benefits to the district in investing in this manner.

Director Coverdell reiterated that the investments would be managed by the General Manager, with reports provided to the Board.

ON MOTION by Director Muller and seconded by Director Ascher, the Board voted to adopt Resolution 2005-01 Approving Amended Statement of Investment Policy by roll call vote as follows:

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| Director Larimer | Aye |
| Director Ascher | Aye |
| Director Coverdell | Aye |
| Director Muller | Aye |
| President Mickelsen | Aye |

President Mickelsen then briefly adjourned the meeting for a break at 9:00 p.m., and the meeting reconvened at 9:10 p.m.

E. Status Report on major Capital Improvement Projects

The General referenced his staff report and reported that he had included three additional current projects to the list, in which the progress could be monitored. The projects consisted of the Denniston Backwash Return Pump System, the Denniston Dredging Project and the Denniston Filter Media Replacement Project.

President Mickelsen announced that he was pleased to report that this Board is on track in renewing the district's infrastructure projects and ensuring a safe delivery system of water to the customers and thanked staff for overseeing and moving the projects forward in a smooth and efficient manner. He also took this opportunity to state that he was looking forward to a speedy permitting process on the Carter Hill West project and the General Manager confirmed that the project would be on the January 27, 2005 agenda of the City of Half Moon Bay Planning Commission meeting.

The Board discussed their interest in attending the meeting. Anthony Condotti, the district's legal counsel, advised that in case all of the directors attended, the meeting should be properly noticed. Staff also received direction to contact the City of Half Moon Bay staff and request that MCTV be scheduled to videotape and broadcast the meeting.

F. General Manager Activity Report

There were no questions or comments on this agenda item.

G. Correspondence:

- (1) Letter from Sewer Authority Mid-Coastside dated December 9, 2004
- (2) Association of California Water Agencies - Joint Powers Authority - Special Recognition to CCWD for achieving a low Ratio of "Paid Claims and Case Reserves" to "Deposit Premiums" in the Property Program for the period of April 1, 2000 through March 31, 2003

The General Manager summarized the referenced correspondence. There were no questions or comments from the Board.

7) ENGINEER'S REPORT

A. Engineering Projects Received in December 2004

Mr. Teter reported that there had been no new projects received during the month of December, 2004.

B. District Engineer Work Status Report

Mr. Teter reported continued progress on the current projects.

There was a brief discussion regarding the preliminary design work, surveying and photogrammetric services for the Phase IIIA and IIIB of the El Granada Transmission Pipeline Replacement Project and the delays encountered with the contractor for these services. Mr. Teter provided an updated report on the status of this project and the Board requested to be kept informed of the progress.

C. Alves Tank Drainage and Paving Improvements

The Board had a few brief questions regarding the project, which were addressed by Mr. Teter. Director Larimer suggested that signage be used to provide facts and information regarding this project once it is underway.

ON MOTION by Director Larimer and seconded by Director Ascher, the Board voted to adopt Resolution 2005-02 Approving Plans and Specifications and Calling for Bids for the Drainage and Paving Improvements at the Alves Tank Site Project by roll call vote as follows:

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| Director Larimer | Aye |
| Director Ascher | Aye |
| Director Coverdell | Aye |
| Director Muller | Aye |
| President Mickelsen | Aye |

D. Avenue Balboa Pipeline Replacement Project

Mr. Teter provided a brief description of the project.

ON MOTION by Director Coverdell and seconded by Director Larimer, the Board voted to adopt Resolution 2005-03 Approving Plans and Specifications and Calling for Bids for the Avenue Balboa Pipeline Replacement Project by roll call vote as follows:

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| Director Larimer | Aye |
| Director Ascher | Aye |
| Director Coverdell | Aye |
| Director Muller | Aye |
| President Mickelsen | Aye |

8) OPERATIONS REPORT

- A. Superintendent of Operations Monthly Report**
- B. Water Service Connections Installed, Priority and Non-Priority**
- C. Capital Improvement Program Progress**
- D. Total CCWD Production, Sales by Category, Monthly Leak Report, Rainfall Reports**
- E. San Francisco Public Utilities Commission Hydrological Conditions Report for October 2004**

Judy Nosecchi, Superintendent of Operations referred the Board to the Operations reports contained in the board packet and answered a few questions from the Board.

President Mickelsen informed the Board of the recent district system tour that Judy had conducted with him and requested that the Finance Committee support the Superintendent of Operation's wish list.

Director Larimer expressed his appreciation to Ms. Nosecchi, for the emphasis she is placing on safety issues and felt it was very valuable.

9) MEETINGS ATTENDED/SCHEDULED - BOARD OF DIRECTORS

Director Muller announced that he is scheduled to attend an Association of California Water Agencies conference at the end of the month in Monterey.

The General Manager announced a few meetings that he recently became aware of, including an LCP update meeting with the City of Half Moon Bay City Council and Planning Commission. Mr. Schmidt distributed a copy of associated agenda and staff report for this meeting and the Board briefly discussed the agenda items and the importance that the City of Half Moon Bay keep the district informed of such meetings in ample time for the district to schedule attendance and responses.

The General Manager also distributed a copy of the flyer announcing the 2005 annual American Water Works Association conference and exposition to be held in San Francisco, June 12th through the 16th 2005 and announced that he anticipates that many staff members will attend and the Board may be interested in attending the event as well. The General Manager indicated that he would be keeping the Board informed as he received more information regarding the conference.

10) AGENDA ITEMS AND DIRECTOR COMMENTS

Director Larimer recalled a unique situation that transpired approximately one year ago regarding the construction of a new residence, in which a problem was discovered with the main line. He emphasized that this Board worked together to find a solution that worked for all parties involved and that everything was now resolved and the family was living in their new home, and that the Board should be proud of this. The General Manager added that he recalls how hard that staff, including Anthony Condotti, legal counsel, worked on this particular situation. Director Larimer concluded the discussion on this matter by relaying that the important point and key factor is that if we work together, we can service this community and not delay people in their projects.

11) CLOSED SESSION - Conference with Real Property Negotiators

Pursuant to Government Code Section 54956.8(b)

District Negotiator: General Manager

Parties/Properties:

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|-------------------------------|-----------------|
| Norma & Jose L. Miramontes | APN 056-051-040 |
| Manuel & Isabel Rosa Silveira | APN 056-053-300 |
| Marie L. Russert, Trustee | APN 056-141-360 |
| Carl Hoffman | APN 056-142-110 |
| George & Nancy Auld | APN 056-143-330 |

Under Negotiation: Instruction to negotiators concerning price and terms

12) ADJOURN

The Recording Secretary was not present for formal adjournment of the meeting, which took place following the Closed Session, at 10:30 p.m., with no members of the public present, and no action reported. The next meeting of the Board of Directors is scheduled to take place on Tuesday, February 8, 2005 at 7:30 p.m.

Respectfully submitted,

Ed Schmidt, General Manager

Chris Mickelsen, President