

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS

Tuesday, May 10, 2011

- 1) **ROLL CALL** - President Feldman called the meeting to order at 7:03 p.m. Present at roll call: Director Ken Coverdell, Vice-President Jerry Donovan, and Directors Jim Larimer and Chris Mickelsen.

Also present were: David Dickson, General Manager; Patrick Miyaki, Legal Counsel; Cathleen Brennan, Water Resources Analyst; JoAnne Whelen, Administrative Assistant/Recording Secretary; and Gina Brazil, Office Manager.

- 2) **PLEDGE OF ALLEGIANCE**

- 3) **PUBLIC COMMENTS**

Jeff Peck, El Granada, CA - Stated that his business in the construction industry has been affected by the down-turn in the economy over the past two and a half years. He recommended that the Board consider making some cuts to the budget. He also recommended that the Board focus on continuing to pursue development of new and existing local water sources, which could help in off-setting the high cost of water rates.

- 4) **CONSENT CALENDAR**

- A. Approval of disbursements for the month ending April 30, 2011:
Claims: \$348,248.85; Payroll: \$107,823.42 for a total of \$456,072.
- B. Acceptance of Financial Reports
- C. Approval of Minutes of the April 12, 2011 Board of Directors Meeting
- D. Monthly Water Transfer Report
- E. Installed Water Connection Capacity and Water Meters Report
- F. Total CCWD Production Report
- G. CCWD Monthly Sales by Category Report
- H. April 2011 Leak Report
- I. Rainfall Reports
- J. San Francisco Public Utilities Commission Hydrological Conditions Report for April 2011
- K. Notice of Completion for the Mill Street Two Inch Main Removal Project
- L. Notice of Completion for the El Granada Tank No. 1 Fencing Project

M. Notice of Completion for the Crystal Springs Pump Station Check Valve Vault Cover Replacement Project

Vice-President Donovan requested that the Minutes from the April 12, 2011 Board meeting be revised to reflect that he did not participate in the Closed Session due to a possible conflict of interest and also that he was in attendance at the April 5, 2011 meeting of the Pilarcitos Workgroup.

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

Mr. Dickson pointed out that a new report had been included under the Installed Water Connection Capacity and Water Meters Report section that consists of a summary of the 2010 Non-Priority Lottery Recipients Status Update in connection with the 33.5 water connections recently sold to residents that were served by wells. He informed the Board that this report will continue to be included in the monthly Board packet.

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

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

5) MEETINGS ATTENDED / DIRECTORS COMMENTS

President Feldman reported that he had attended the annual dinner meeting of the San Mateo County Special Districts Association. He also stated that he and Mr. Dickson had attended the San Francisco Public Utilities Commission's public hearing earlier in the afternoon, where the adoption of their rate recommendations was considered. President Feldman then requested that the agenda be re-ordered so that the General Manager's Report would be the next reported agenda item.

7) GENERAL MANAGER'S REPORT

- 1. Denniston Water Treatment Plant Improvements Project Bid Results** – Mr. Dickson reported that bids from six general contractors had been submitted for this project, all of which were significantly less than the Engineer's construction cost estimate. He advised that the low bid came in at \$4.6 million and that staff is in the process of reviewing the documents to confirm that all is in order prior to presenting a recommendation to the Board for award of the contract.

2. **District Website Update** - Mr. Dickson informed the Board that JoAnne Whelen had been working closely with the District's web designer, Robin Gotfrid of Rogue Web Works, to develop an update to the District's website that improves the site's appearance, organization and function and that the updated site is now live at www.coastsidewater.org. He also advised that the site is now organized to allow the District to add more content in the future. Mr. Dickson stated that he appreciated Ms. Whelen's work and that he often receives compliments about the quality of the District's website and the amount of information available on the site. Director Larimer added that he felt the District's website was exemplary and that the amount of information provided and the transparency far exceeded websites of other agencies and he hoped that staff would research the possibility of applying for some type of website award.
3. **SFPUC Rate Increase and Untreated Water Discount Proposal** - Mr. Dickson distributed a copy of the Resolution that was passed earlier in the afternoon by the SFPUC which adopted an untreated wholesale water rate discount factor, effective July 1, 2011, which establishes a \$0.23 per 100 cubic feet rate discount factor for all untreated water delivered to the Coastside County Water District in Fiscal Year 2011-2012. Mr. Dickson relayed that the impact of the discount in the coming fiscal year, will amount to \$190,000.00. He also stated that the present value of this to the District is substantial and that Director Mickelsen and District Counsel Patrick Miyaki had played significant roles in this achievement. The Board gave a round of applause honoring Mr. Dickson, Director Mickelsen, and Mr. Miyaki for this successful accomplishment for the District.
4. **Water Day Event** - Mr. Dickson recognized the excellent efforts of staff, under the leadership of Cathleen Brennan, in planning this event, originally inspired by Director Coverdell's enthusiastic advocacy. Ms. Brennan summarized the planned activities for the day and noted that all District employees have participated one way or another in helping to plan the event.

6) **GENERAL BUSINESS**

A. **Draft Fiscal Year 2011-2012 Budget and Draft Fiscal Year 2011/2012 to 2020/2021 Capital Improvement Projects**

Mr. Dickson presented the draft budget and reviewed the changes that have been incorporated since the draft budget was last presented on April 12, 2011. There were no questions or comments from the Board.

B. **District's Financing Plan Update**

Mr. Dickson reminded the Board that the Financing Plan, originally presented in 2009 by Bartle Wells and updated during the Fiscal Year 2010-2011 budget process, projects the rate increases and borrowing necessary to fund the District's operations and Capital Improvement Program. He reviewed a series of model worksheets, charts, and tables that included (1) an end-of- year reserve fund balance, (2) ten-year cash flow projections, (3) operating expenses, and (4) water production and purchase costs. Utilizing the model, Mr. Dickson presented several different rate increase scenarios. Board discussion ensued, with Mr. Dickson answering the Board's questions and comments. He told the Board that he would further explore how the District can maximize the amount of money to be borrowed and that Bartle Wells is preparing a Financing Plan update.

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

Mr. Dickson informed the Board that in order to comply with the requirements of Proposition 218, the recommended Board action would 1) authorize issuance of a notice of a rate increase of up to 15%, and 2) schedule a public hearing. He advised that following the public hearing, the Board can approve the budget and adopt the rate increase, unless a majority of affected property owners submit written protests.

ON MOTION BY Director Coverdell and seconded by Director Larimer, the Board voted as follows, by roll call vote, to schedule a public hearing for Tuesday, June 28, 2011 on a proposed rate increase of up to 15% and authorize Staff to issue a Notice of Public Hearing for this proposed rate increase:

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

Mr. Miyaki then summarized the Board's policy discussion of the proposed rate increase and reiterated that the recommendation presented by staff of up to a 15% rate increase was based on an analysis prepared by the District's financial consultant, updated in 2011, thoroughly studied and evaluated in light of the operations and the Capital Improvement Program.

7) MONTHLY INFORMATIONAL REPORTS

A. Operations Report

Mr. Dickson stated that Mr. Guistino had a previous commitment that could not be avoided and offered to answer any questions in connection with the

Operations Report. He answered questions regarding the new City of Half Moon Bay encroachment permit fees.

B. Water Resources Report

Ms. Brennan stated that Staff is working on the District's Urban Water Management Plan, which will be presented at the June Board meeting.

8) DIRECTOR AGENDA ITEMS - REQUESTS FOR FUTURE BOARD MEETINGS

Director Larimer encouraged all to attend the monthly Brews and Views events sponsored as a public service by the Half Moon Bay Brewing Company, which offers an opportunity to keep the community informed about state politics and current affairs.

9) ADJOURNMENT

ON MOTION BY Vice-President Donovan and seconded by Director Mickelsen, the Board voted as follows to adjourn the May 10, 2011 meeting of the Coastside County Water District's Board of Directors:

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

The meeting was adjourned at 8:58 p.m. The next regular meeting of the Coastside County Water District's Board of Directors is scheduled for Tuesday, June 14, 2011.

Respectfully submitted,

David R. Dickson, General Manager
Secretary of the Board

Robert C. Feldman, President
Board of Directors