

**COASTSIDE COUNTY WATER DISTRICT**

**766 MAIN STREET**

**HALF MOON BAY, CA 94019**

**MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS**

**THURSDAY, JUNE 30, 2016**

- 1) **ROLL CALL** - President Arnie Glassberg called the meeting to order at 7:00 p.m. Present at roll call: Directors Ken Coverdell, Chris Mickelsen, Bob Feldman, and Vice-President Glenn Reynolds.

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

John Farnkopf, Senior Vice President and Richard Simonson, Vice President with HF&H, the District's rate consultants, were in the audience. There were nine members of the public in the audience.

**PLEDGE OF ALLEGIANCE**

- 2) **PUBLIC COMMENT** - There were no public comments.
- 3) **SPECIAL ORDER OF BUSINESS - FISCAL YEAR 2016-2017 BUDGET, FISCAL YEAR 2016/2017 TO 2025/26 CAPITAL IMPROVEMENT PROGRAM, RESOLUTION AMENDING THE RATE AND FEE SCHEDULE TO INCREASE WATER RATES, AND RESOLUTION AMENDING THE GENERAL REGULATIONS REGARDING WATER SERVICE**
- A. Staff Presentations**
- a. Fiscal Year 2016-2017 Operation and Maintenance Budget
  - b. Fiscal Year 2016/17 to 2025/26 Capital Improvement Program
  - c. Proposed Amendment to Rate and Fee Schedule to Increase Water Rates
  - d. Proposed Amendment to General Regulations Regarding Water Service

Ms. Rogren began her presentation of the FY 2016-2017 Operating Budget and Capital Improvement Plan (CIP) by reviewing the timeline of the nine CCWD budget related public meetings that have transpired since February of 2016. She also provided a brief overview of the District's responsibilities, including operating and maintaining two

water treatment plants, the Crystal Springs Pump Station, the District's wells, water tanks and 100 miles of pipeline. Next she provided an overview of the District's Operating Expenses, totaling \$180,000 less than the prior year's budget .

Mr. Dickson then summarized the Draft Capital Improvement Plan for Fiscal Year 2016-2017 to FY 2025 - 2026, including a brief description of six FY 2016-2017 key projects. He also reviewed potential risks with regards to the projected CIP.

Ms. Rogren reviewed the steps leading up to a rate increase recommendation and focused on the costs it takes to run the District from an operations and capital perspective, followed by a lengthy discussion and presentation on the District's reserve funds and the District's financing plan. Next, utilizing the District's financing model, Ms. Rogren showed the impact of a 12% rate increase and also summarized proposed changes to the District's General Regulations Regarding Water Service to allow for any class of customers to be billed either bi-monthly or monthly and a change to increase the number of days before a bill is considered to be delinquent from 21 to 25 days.

## **B. Public Hearing**

President Glassberg opened the Public Hearing regarding the proposed Amendment of Rate and Fee Schedule to increase water rates at 7:32 p.m., inviting members of the audience to address the Board on the subject of the proposed rate increase.

Galyn Evans, Leslie Gardens Administrator - 701 Arnold Way, Half Moon Bay Spoke on behalf of the residents, whose average income is approximately \$913.00 per month from Social Security, requesting that the District investigate some type of credit system that could be offered based on a customer's income.

Craig Lavayas, 701 Arnold Way, Half Moon Bay - Stated that it was difficult for the residents to pay their water bills on their limited income.

Joan Kersten, 701 Arnold Way, Half Moon Bay - Questioned the District's need to increase reserve funds so rapidly and cited the subsequent years of rate increases proposed.

Monica Ackerman, 701 Arnold Way, Half Moon Bay - Stated that she has heard of cases of a sliding scale being used for water charges in other parts of the country and wondered why the same program could not be utilized with CCWD.

JoAnn Ordano – 701 Arnold Way, Half Moon Bay – Commented that she was under the impression that some District projects have experienced cost over-runs, stated that she had requested at a previous Board meeting that a tiered system for residents on a fixed income should be considered, and requested that the District look for a creative solution for this unfair situation.

Nona Lanter, 5 Patrick Way, Half Moon Bay – Stated that the rate increase was discussed at the recent Board meeting at the Cypress Cove Development and indicated that many people in the community cannot afford their current water bills, let alone an increased amount.

President Glassberg closed the Public Hearing at 7:54 p.m.

Mr. Glassberg then opened discussion among the Board members. He began by addressing the concern from one of the speakers with regards to District project cost over-runs, explaining that CCWD has a very good record for not having unreasonable cost over-runs on the District's projects.

Director Mickelsen also commented on this, explaining that environmental fees over which the District has no control often increase the cost of projects, as was the case with the El Granada Pipeline Replacement Final Phase Project.

Director Feldman commented that the District's Facilities Committee has carefully reviewed the Capital Improvement Program recently and has made adjustments and reallocations to projects to reduce the CIP budget over the next five years.

Vice-President Reynolds referenced the importance of the reserve funds, stressing how crucial it is that the District has funds available in case of an emergency, such as an earthquake.

District Counsel Sherman summarized and explained the elements of Proposition 218, and clarified why the District cannot offer reduced rates to limited income customers, as a result of Proposition 218's cost of service requirements.

Director Coverdell stated that he wondered if it was an option for the District to petition the U.S. Department of Housing and Urban Development (HUD) to inquire if it would be possible for HUD to increase the amount that they currently subsidize the customer's water bills at this particular housing development, Leslie Gardens.

Vice-President Reynolds thanked the members of the audience for attending and participating in the meeting. President Glassberg added that he appreciated the level of civility that was demonstrated by the public speakers and was impressed with the amount of research invested by some of the customers.

**C. Adoption of Resolution 2016-07 – A Resolution of the Board of Directors of the Coastside County Water District Amending the Rate and Fee Schedule to Increase Water Rates**

Director Feldman stated that he felt that a 12% rate increase was not necessary and suggested building the reserves up over a longer period of time. Utilizing the District’s financing plan model, Mr. Dickson demonstrated the results of a 12%, 11%, 10%, 9%, 8% and 7% rate increase and discussion ensued about the impacts with respect to the various rate increases. Director Feldman made a motion to adopt a 7% rate increase; the motion did not receive a second from any of the Board Members. Vice-President Reynolds, not feeling well, left the meeting at 8:42 p.m.

Director Feldman asked the General Manager, Mr. Dickson, to share his views on the proposed rate increase.

Mr. Dickson stated that reserve funds are not currently at a level that staff is comfortable with.

Director Feldman then made a motion to adopt an 8% rate increase, but this motion also did not receive a second. Discussion of the rate increase continued.

**ON MOTION BY Director Coverdell and seconded by Director Mickelsen, the Board voted, by roll call vote, to adopt Resolution 2016-07 Amending the Rate and Fee Schedule to Increase Water Rates by 10%:**

Director Coverdell	Aye
Vice-President Reynolds	Absent
Director Feldman	No
Director Mickelsen	Aye
President Glassberg	Aye

**D. Approval of Fiscal Year 2016-2017 Operation and Maintenance Budget and Capital Improvement Program for Fiscal Year 2016/2017 to 2025/2026**

**ON MOTION BY Director Coverdell and seconded by Director Feldman, the Board voted, by roll call vote, to approve the Fiscal Year 2016-2017 Operation and Maintenance Budget and Capital Improvement Program for Fiscal Year 2016/2017 to 2025/2026:**

Director Coverdell	Aye
Vice-President Reynolds	Absent
Director Feldman	Aye
Director Mickelsen	Aye
President Glassberg	Aye

**E. Adoption of Resolution 2016-08 – A Resolution of the Board of Directors of the Coastside County Water District Amending the General Regulations Regarding Water Service**

**ON MOTION BY Director Coverdell and seconded by Director Flint, the Board voted, by roll call vote, to adopt Resolution 2016-08 – A Resolution of the Board of Directors of the Coastside County Water District Amending the General Regulations Regarding Water Service:**

Director Coverdell	Aye
Vice-President Reynolds	Absent
Director Feldman	Aye
Director Mickelsen	Aye
President Glassberg`	Aye

**4) ADJOURNMENT**

The meeting was adjourned at 9:07p.m.

Respectfully submitted,

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David R. Dickson, General Manager  
Secretary of the District

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Arnie Glassberg, President  
Board of Directors