

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS

November 14, 2006

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

Also present were Ed Schmidt, General Manager; Anthony Condotti, Legal Counsel; Jim Teter, District Engineer; Joe Guistino, Superintendent of Operations; 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 ending October 31, 2006 - Claims: \$461,088.95; Payroll: \$58,338.79 for a total of \$519,427.74
- B. Acceptance of Financial Reports
- C. Minutes of the October 10, 2006 Board of Directors Meeting
- D. Minutes of the October 26, 2006 Special Board Meeting
- E. Monthly Water Transfer Report
- F. Installed Water Connection Capacity and Water Meters Report
- G. Total CCWD Production Report
- H. CCWD Monthly Sales by Category Report
- I. October 2006 Leak Report

- J. Rainfall Reports
- K. San Francisco Public Utilities Commission Hydrological Conditions Report for September 2006
- L. Engineering Projects Received for Review during the month of October, 2006
- M. General Manager Activity Report

ON MOTION by Director Mickelsen and seconded by Director Feldman, the Board voted as follows to accept the Consent Calendar:

Director Coverdell	Abstain
Director Larimer	Absent
Director Mickelsen	Aye
Director Feldman	Aye
President Ascher	Aye

5) SUPERINTENDENT OF OPERATIONS REPORT

Mr. Guistino referenced his written staff report, and advised the Board that the Denniston Well Rehabilitation Project is scheduled to begin by the end of the week, with an anticipated completion date of approximately four weeks. He also reported on the progress of the Water Treatment Plant Short Term Improvements and the extension of the deadline that was authorized by the San Mateo County Health Department in connection with the submittal to the Risk Management Plan (RMP) for the Nunes and Denniston Water Treatment Plants. He also informed the Board about the recent incidents with the telemetry communication equipment and explained the correction plan and schedule.

Directors Coverdell and Mickelsen expressed an interest in attending the inspection of the tunnel, located at Crystal Springs when it is scheduled for later during the year.

President Ascher congratulated Mr. Guistino on his recent promotion to Vice-Chair of the Water Quality Division of the American Water Works Association and expressed his appreciation for a thorough and complete monthly report. Mr. Guistino attributed the current successful operations and accomplishments to the District's dedicated field staff and their excellent work ethics.

At this point in the meeting, Director Coverdell announced that he had intended to discuss an item (4B) – Acceptance of Financial Reports under the Consent Calendar portion of the agenda, and requested to re-open discussion of this item, which President Ascher agreed to do. Director Coverdell expressed his concern with the format in which the numbers are displayed in the Period Budget Analysis Report, indicating that the variances are shown as negative numbers. He requested that the matter be researched to determine if the reporting method could be improved to read more logically. Mr. Schmidt informed the Board that he would research the matter and determine what was necessary to improve the reporting method.

6) DISTRICT ENGINEER’S REPORT

A. District Engineer’s Work Status Report

Mr. Teter announced that all projects are moving ahead on schedule. He also provided an update on the progress on the El Granada Pipeline Replacement Project, reporting on his recent contact with CalTRANS and their additional requirements, including the steps necessary to accomplish these tasks. Mr. Teter referenced the memo he had prepared dated November 6, 2006, (provided in the Board packet under item 7J – Status Report of the Current Major Capital Improvement Projects), detailing a list of the tasks to be completed in order to complete the contract documents so the project can go out to bid. Mr. Schmidt expressed his appreciation to Mr. Teter for preparing this valuable list. Director Feldman requested that the Engineer provide an update to the schedule for the El Granada Transmission Pipeline Replacement Project, that is provided in his monthly District Engineer Work Status Report each month.

B. Award of Contract for Construction of Carter Hill East Pipeline Replacement Project

Mr. Teter reported that three bids were received for this project, with the low bidder being Stoloski & Gonzalez, Inc. in the amount of \$140,360.00. Mr. Teter added that Stoloski & Gonzalez, Inc., has in the past, and is currently performing, satisfactory construction work for the District and it is his recommendation that the contract be awarded to them.

Mr. Schmidt confirmed the Engineer’s recommendation, reporting that Stoloski & Gonzalez, Inc. have a history of submitting reasonable bids and have performed some excellent work for the District. Mr. Schmidt also expressed his astonishment in how accurate the Engineer’s estimate of \$150,000. proved to be, prepared approximately one year ago, in relation to Stoloski & Gonzalez, Inc.’s bid amount of \$140,360.00. Mr. Condotti confirmed that he had satisfactorily reviewed the bid documents submittal.

ON MOTION by Director Coverdell and seconded by Director Mickelsen, the Board voted as follows to award the contract for project construction of the Carter Hill East Pipeline Replacement Project to Stoloski & Gonzalez, Inc. in the amount of \$140,360.00:

Director Coverdell	Aye
Director Larimer	Absent
Director Mickelsen	Aye
Director Feldman	Aye
President Ascher	Aye

7) GENERAL MANAGER’S REPORT

A. Discussion and direction to staff regarding a High Water Bill Adjustment Policy

Mr. Schmidt introduced this item, reminding the Board that the matter had been continued from the October Board meeting, with a request from the Board that staff prepare an additional option to be presented for handling high bill relief requests. He reviewed the language in the proposed resolution, including the portion defined as Option 2.

At this point, President Ascher acknowledged a request from a member of the public, Leslie Kramer, to speak on this topic.

Leslie Kramer – 624 Pilarcitos Avenue, Half Moon Bay – Addressed the Board, thanking them for the opportunity to speak on this subject. She referenced the two letters she had submitted, reviewing the details that she had experienced a leak in her irrigation system, during a period when she was out of the country, in the process of adopting a baby.

Discussion of the proposed policy continued, with the inclusion of the figure of \$500.00 to be added to the proposed resolution language. Mr. Schmidt also requested that the language reflect that no relief would be granted in regards to late fees as well. Director Coverdell referenced the sentence stating that “the Manager’s determination shall be final and non-appealable” and requested that language be included to state that it is not appealable “to the Board of Directors”.

ON MOTION by Director Coverdell and seconded by Director Feldman, the Board voted as follows to approve and adopt the Resolution Amending the District’s General Regulations Regarding Water Service at Section H, Pertaining to High Bill Relief; with the addition of language in the Resolution to include that the Manager’s determination shall be final and not appealable with the inclusion of “to the Board of Directors”, and that the proposed language presented in red as Option 2, be included within the body, as a part of the Resolution, and the inclusion of the previously omitted \$500. figure, so that the statement would read “provided that the amount of relief shall not exceed 25% of the difference between the amount of the high bill and the amount of the average of the prior years’ bills, or \$500.00, whichever amount is less:

Director Coverdell	Aye
Director Larimer	Absent
Director Mickelsen	Aye
Director Feldman	Aye
President Ascher	Aye

President Ascher than advised Ms. Kramer that under the provisions of the recently passed Resolution, she was eligible for some relief on the bill and that she now needed to work directly with Mr. Schmidt to resolve the matter.

Mr. Condotti then requested that, for accurate recording of the Minutes, that items 7B and 7C be officially acknowledged and acted on by the Board of Directors:

- B. Discussion and direction to staff regarding request for relief of water bill from Leslie Kramer for service located at 624 Pilarcitos Avenue
- C. Discussion and direction to staff regarding request for relief of water bill from Kia Vakili for service located at 186 San Mateo Road

ON MOTION by Director Coverdell and seconded by Director Feldman, the Board voted as follows to direct the General Manager to deal with these two request items in accordance with the newly adopted Resolution amending the District’s General Regulation Regarding Water Service at Section H, Pertaining to High Bill Relief:

Director Coverdell	Aye
Director Larimer	Absent
Director Mickelsen	Aye
Director Feldman	Aye
President Ascher	Aye

D. Discussion and direction to staff regarding request for relief of late payment charges totaling \$7.47 from Ms. Margaret Branick-Abilla for services located at 262 Avenue Balboa (Account #'s 011424 and 011425)

Mr. Schmidt stated that his recommendation is to continue with the District’s practice of enforcing payment of all late payment charges. Mr. Schmidt referenced his staff report, reiterating that this request for relief of late payment charges was for \$7.47. He also reviewed the District’s billing process, including the series of notices that are mailed prior to shutting off a customer’s water service.

The Board concurred with Director’s Coverdell’s statement that these small issues detract from the Board’s attention and focus on much more important, valuable matters, including District improvement and construction projects.

Mr. Condotti informed the Board that in his opinion, the District has a fairly comprehensible late payment penalty policy, that the Board put in place a few years ago. He further stated that in his mind, the policy is satisfactory for the business of the District and could be handled directly by the General Manager. Mr. Condotti stated that he could possibly review the late payment policy in further detail and that one option for handling these issues could include placing copies of this type of correspondence in the Board packet, after the matters have been dealt with by the General Manager, under the Consent Calendar portion of the agenda, if the Board has any concerns with these issues.

President Ascher advised Mr. Schmidt and Mr. Condotti that if they felt that additional language was still necessary to clarify this issue, to please proceed in this direction.

E. **Discussion and direction to staff regarding the Denniston Restoration Project Special Board Meeting/Workshop**

Mr. Schmidt provided a brief background of this item, and reviewed the tasks to be completed by TRC Essex, reporting that he was very pleased with their progress on the project. He then invited Mr. Kevin Janik, Project Manager with TRC Essex to make a brief presentation.

Kevin Janik -Project Manager, TRC Essex, 637 Main Street, Half Moon Bay
Mr. Janik referenced his Monthly Progress Report provided in the Board packet and provided a brief overview of some of the work performed over the past month. He also reviewed progress of the field work, project research, project boundaries, GIS mapping, evaluation of stream-flow monitoring methodologies and the data currently being utilized by CCWD, results of some of the meetings with agencies, landowners and consultants and several other on-going related tasks.

Mr. Schmidt then distributed an e-mail from Mr. Janik containing several “next-step” suggestions and a letter provided from Tim Frahm, Consultant, highlighting several important topics that have recently been discussed in regards to the proposed project.

Tim Frahm, 315 Magnolia Street, Half Moon Bay - Mr. Frahm stated that he was very pleased to see that so many of the points highlighted in his report were replicated in Mr. Janik’s report. He reported that he felt that TRC Essex was performing an excellent job and was very impressed with their work, especially in their recent meetings with other interested agencies. Mr. Frahm stated, that in his opinion, the process cannot move forward unless it is done in an atmosphere of trust and assurances. The resource agencies have to feel an assurance that the resources that they are empowered to protect are going to be protected and that CCWD has to trust and be assured throughout the process that their interests are going to be preserved and maintained and that the current property owner, POST, and the tenant farmer also share those feelings of assurance. These negotiations with agencies need to be conducted with “eyes-wide-open”, but with the understanding that the resource agencies are serious about the protective measures that they are requesting.

Mr. Frahm addressed several questions from Board members and the Board proceeded to discuss the advantages and disadvantages in continuing with the December 12th Initial Resource and Planning Analysis of the Proposed Denniston Reservoir Restoration Project, as planned.

Mr. Janik and Mr. Frahm agreed that the Board should consider changing the agenda and list of attendees for the December 12th meeting and suggested that the Board reevaluate what they wish to achieve at this meeting and then to review and determine if all of the information is available to present at this time, in order to accomplish these goals. Mr. Janik also recommended that meetings be scheduled with representatives from CCWD and POST to begin discussions to find ways to agree on how to move forward with the project, which can then be presented to the other interested agencies.

The Board continued to discuss the positive progress that has been accomplished so far with the project, and the best ways to proceed from this point, including what the focus and goals should be if the meeting is still held on December 12th. President Ascher recommended that the District proceed with the December 12th meeting but adjust the invitees and adjust the program, more in line with Mr. Frahm's suggestions.

ON MOTION by Director Coverdell and seconded by Director Mickelsen, the Board voted as follows to provide TRC Essex with an additional month, until approximately the middle of January, and to utilize this additional time to refine the scope and intent of the meeting, as well as the invitation list:

Director Coverdell	Aye
Director Larimer	Absent
Director Mickelsen	Aye
Director Feldman	No
President Ascher	No

President Ascher announced that the motion was defeated and reported that the District's Public Outreach Committee is scheduled to meet on Thursday, November 16th and they will discuss the matter further and report back to the Board and consultants.

Mr. Schmidt then proposed another option that the meeting be held on December 12th, possibly as part of the regular December Board meeting, in the form of an informative workshop for approximately an hour. The list of invitees would be much smaller, but it would allow an opportunity to circulate

some of the information that has been obtained, and share it with some key interested agency members. The Board agreed with this suggestion of Mr. Schmidt's and directed staff to cancel the reservation at the Train Depot, and determined that further details could be developed by the Public Outreach Committee later in the week. Mr. Condotti was also directed to continue communication with the members of POST.

F. Discussion and possible adoption of Resolution providing for a supplemental deferred compensation plan to District employees - Presentation by John Parsons, District CPA

Mr. Schmidt introduced this item, reporting to the Board that at a recent all-employee meeting, Mr. Parsons had made a brief presentation on another 457 Plan, in which several employees had expressed an interest.

Mr. Parsons informed the Board that he had recently reviewed the District's plan with Valic and found it to be a decent plan, but noted that the majority of the employees had their contributions in the conservative money market funds, which indicated to him that there may be a lack of information and education being provided to the employees regarding their investment options.

Mr. Parsons stated that he is very impressed with one of the firms that he represents, which is The Hartford. He expressed a willingness to meet with each interested employee to review their Valic account balance, their risk tolerance, address tax issues, and discuss possible options for any new contributions.

ON MOTION by Director Coverdell and seconded by Director Mickelsen, the Board voted as follows to adopt the Resolution establishing an additional 457 Employee Deferred Compensation Plan:

Director Coverdell	Aye
Director Larimer	Absent
Director Mickelsen	Aye
Director Feldman	Aye
President Ascher	Aye

G. Consideration of a Resolution Changing The Start Time of Regular Board Meetings from 7:30 p.m. to 7:00 p.m.

Mr. Schmidt reported that this item was the result of a request from the Board at the October Board meeting, to change the start time of the monthly Board meetings from 7:30 p.m. to 7:00 p.m.

ON MOTION by Director Mickelsen and seconded by Director Coverdell, the Board voted as follows to adopt the Resolution Changing the Time of Regular Board Meetings:

Director Coverdell	Aye
Director Larimer	Absent
Director Mickelsen	Aye
Director Feldman	Aye
President Ascher	Aye

H. Consideration of Resolution Amending Personnel Manual Relating to Health Insurance Benefits For New Employees And Other Non-Substantive Changes

Mr. Schmidt advised the Board that this was a follow up from a discussion at the October Board meeting, where the Board discussed proposed changes to the District’s Personnel Manual to limit health benefits for new employees (those hired after effective date of resolution) to fifty percent of premiums for medical, dental, vision and life/accidental death and dismemberment insurance. Mr. Schmidt did inform the Board that the term “life insurance” needed to be added to the Resolution under Section 4.11. “Health Benefits – Regular Employees and Retirees Hired After November 14, 2006”, explaining that this term had been omitted during the Resolution preparation.

The Board briefly discussed this item, with Mr. Schmidt addressing several of their questions.

ON MOTION by Director Mickelsen and seconded by Director Feldman, the Board voted as follows to adopt the Resolution Amending the Personnel Manual Relating to Health Insurance Benefits For New Employees and Other Non-Substantive Changes:

Director Coverdell	Aye
Director Larimer	Absent
Director Mickelsen	Aye
Director Feldman	Aye
President Ascher	Aye

I. Discussion and possible adoption of Resolution regarding Section 3.02 of the CCWD Personnel Manual regarding holiday pay Schedule

President Ascher reported that this item would be pulled from the Agenda due to the fact that the District's Human Resource Committee had not had an opportunity to meet yesterday and review the latest recommendation on this item and that the item would be placed on a future agenda.

J. Status Report of the Current Major Capital Improvement Projects

Mr. Schmidt complimented Mr. Teter on the excellent quality of the report he prepared dated November 6, 2006, which provided a listing of the tasks that must be completed in order to complete the project's contract documents so that it can go to bid. He reported that the document, organizing the tasks to be completed by categories, was an extremely valuable tool in moving the project forward and on schedule, and he was very appreciative that Mr. Teter took the time to prepare this important report.

K. Correspondence: (1) Letter to Marcia Raines, Half Moon Bay City Manager dated October 23, 2006; (2) E-mail transmitted November 7, 2006 from Bay Area Water Supply & Conservation Agency (BAWSCA) regarding correspondence with S.F. Mayor Newsom, Commissioners of the San Francisco Public Utilities Commission and Ms. Susan Leal; (3) E-mail dated November 9, 2006 from Tim Ramirez of the SFPUC providing a Summary of the Pilarcitos Creek Integrated Watershed Management Plan; (4) The Bay Area Water Supply and Conservation Agency Water Wise Program Summary Report for School year 2005-2006

There were no comments from the Directors on any of the correspondence.

8) MEETINGS ATTENDED / SCHEDULED - BOARD OF DIRECTORS - INCLUDING COMMITTEES, CUSTOMERS, OTHER AGENCIES, ETC.

Director Mickelsen reported that he would be attending a BAWSCA Board meeting during the week and would provide a report to the Board in December.

Director Feldman reported that he attended a Special District Institute Finance Seminar during the second week of October and based on the information he obtained at the seminar, it is very evident that the District is doing everything right in terms of conducting the District's financial business.

President Ascher stated that he would be attending the Association of California Water Agencies Fall Conference in Southern California during the first week of December and additionally would be serving on one of the subcommittees and would be providing a report at the December Board meeting.

President Ascher inquired about the results of the meeting with the auditors. Mr. Schmidt explained that the Finance Committee had reviewed the initial results, which were very positive, that the committee had requested that a few changes be made, and that the audit would be presented to the full Board at the December 14th Board meeting.

A. Interim Report of the Rate Sub-Committee

Director Feldman reference the report that Director Larimer had prepared and suggested that the Board review it and expressed that he felt that the model implies a very exciting product, and that at some point in the future, he hopes that the Board can agendize the subject and explore the concept in further depth.

9) AGENDA ITEMS AND DIRECTOR COMMENTS

Director Coverdell inquired about the status and progress of the District's hydrological model. Mr. Schmidt responded that he has a meeting scheduled with Mr. Rudolph Metzner for November 20th to confirm that the model is up to date and also to obtain some contact information for some individuals that may be able to assist the District in continuing with the development and maintenance of the model.

- 10)** The meeting was adjourned at 9:03 p.m. The next meeting of the Coastside County Water District Board of Directors is scheduled for Tuesday, December 12, 2006 at 7:00 p.m.

Respectfully submitted

Ed Schmidt, General Manager

Everett Ascher, President