

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

MINUTES OF THE BOARD OF DIRECTORS MEETING

Tuesday, April 9, 2013

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

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

- 2) **PLEDGE OF ALLEGIANCE**

- 3) **PUBLIC COMMENT:**

Jeff Tarantino, Project Manager with Erler & Kalinowski, Inc. (EKI) – Stated that he has had the opportunity to work with the District and that he and his colleague, Michael Steiger, were attending this Board meeting to learn more about the District, the District's budget and local coastside issues.

- 4) **CONSENT CALENDAR**

- A. Approval of disbursements for the month ending March 31, 2013:
Claims: \$618,122.63; Payroll: \$103,675.44; for a total of \$721,798.07
- B. Acceptance of Financial Reports
- C. Approval of Minutes of March 12, 2013 Regular Board of Directors Meeting
- D. Installed Water Connection Capacity and Water Meters Report
- E. Total CCWD Production Report
- F. CCWD Monthly Sales by Category Report – March 2013
- G. March 2013 Leak Report
- H. Rainfall Reports
- I. Notice of Completion – Phase 1 Avenue Cabrillo Pipeline Replacement Project

President Coverdell reported that he had reviewed the monthly financial claims and found all to be 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 Mickelsen	Aye
Vice-President Reynolds	Aye
Director Hannegan	Absent
Director Feldman	Aye
President Coverdell	Aye

5) MEETINGS ATTENDED / DIRECTOR COMMENTS

President Coverdell recounted details from the recent Bay Area Water Supply and Conservation Agency (BAWSCA) Board of Directors meeting, noting that it was a sentimental and bittersweet meeting due to tendering the resignation of Art Jensen, Chief Executive Officer. He provided updates on the bond sales and debt repayment to San Francisco Public Utilities Commission (SFPUC) by the member agencies and on the progress of the Water System Improvement Program. President Coverdell answered a few questions from the Board about securing a replacement for Mr. Jensen, at which time he announced that the Board would proceed with discussion of item 6B, a related topic, regarding the appointment of a Director to the BAWSCA Board of Directors.

6) GENERAL BUSINESS

B. Appointment of Director to the Board of the Bay Area Water Supply & Conservation Agency (BAWSCA) and the Bay Area Regional Water System Financing Authority (RFA)

President Coverdell introduced this item, stating that although the appointee need not be a member of the CCWD Board of Directors, he personally does not plan to run for election again when his term expires on the CCWD Board in November of 2015, and therefore did not feel that it was appropriate for him to be appointed to this position for another term. President Coverdell recommended that Director Mickelsen be considered for the position.

Director Mickelsen expressed an interest in fulfilling the position, stating that it would be an honor to serve another term as the District's representative on this BAWSCA Board.

ON MOTION BY President Coverdell and seconded by Vice-President Reynolds, the Board voted as follows, by roll call vote, to appoint Director Chris Mickelsen to serve a four-year term on the Board of Directors of the Bay Area Water Supply & Conservation Agency and the Bay Area Regional Water System Financing Authority, effective July 1, 2013 or as soon thereafter as the oath of office has been administered and executed:

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

Mr. Dickson explained further details about the transition process and it was decided that Director Mickelsen would be sworn in to the position as the District's representative to BAWSCA following the June 30, 2013 expiration of President Coverdell's term.

Mr. Dickson also took this opportunity to introduce Mr. David Gehrig, Legal Counsel, from Hanson Bridgett LLP, who was filling in for Patrick Miyaki for the meeting.

A. Award of Contract for the Avenue Portola Pipeline Replacement Project

Mr. Guistino described the nature and urgency of this project, and advised that Andreini Bros., Inc. submitted the low bid of \$95,965.00 and that staff is requesting the Board to approve entering into an agreement with the contractor.

ON MOTION BY Vice-President Reynolds, and seconded by Director Mickelsen, the Board voted as follows, by roll call vote, to direct staff to enter into a contractual agreement with Andreini Bros., Inc. for the Avenue Portola Pipeline Replacement Project:

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

C. Third Quarter Year-To-Date Financial Review

Mr. Dickson presented the third quarter financial reports, noting that the District is on track with respect to expenses and that District revenues are

significantly higher than anticipated. There were no comments or questions from the Board members.

D. Proposed Fiscal Year 2013-2014 Budget, Fiscal Year 2013/14 to 2022/23 Capital Improvement Program, and Fiscal Year 2013/14 to 2022/23 Financing Plan

Mr. Dickson presented the budget, reviewing details of the 2013-2014 Budget Highlights, and the 2013-2014 Revenue Sources and Expenses. He then focused on the 2013-14 and 2022/23 Capital Improvement Highlights, including total project costs, a breakdown of expenditures planned for 2013-2014 and the amount designated for pipeline projects. He also presented a map from the District's GIS system which displayed the District's planned CIP projects, with an emphasis on pipeline replacement projects.

Next, Mr. Dickson focused on the process used for determining the proposed rate increase by taking into consideration the Fiscal Year Revenue and Expense Budget and Capital Improvement Program, which ties into the District's Financing Plan Model, to determine a projection of rate increases. Mr. Dickson then demonstrated what a 9% rate increase would mean for a typical water bill and reviewed staff's recommendation to set a public hearing on the proposed rate increase for June 11, 2013 at 7:00 p.m., and approve the Proposition 218 Notice. He also briefly discussed placeholders for two proposed new staff positions, which he has previously discussed with the District's Human Resources Committee, and would be discussing in greater detail with the Board at the June 11th 2013 meeting.

Director Feldman thanked staff for the explicit and impressive work completed on the Capital Improvement Plan. A brief discussion ensued regarding details of the Highway 1 South Pipeline Replacement Project.

With participation from the Board, Mr. Dickson then utilized the Financing Plan Model to demonstrate the effects of a series of alternative rate increases. Discussion ensued with the Board members stating their opinions about the amount of the proposed rate increases that they felt would best serve the District and its customers. The consensus of the Board was in agreement with Mr. Dickson's proposed 2013-2014 Plan, calling for a rate increase of 9% for the 2013-2014 Fiscal Year, followed by lower increases in subsequent years.

ON MOTION BY Director Feldman, and seconded by Vice-President Reynolds, a rate increase of 8 percent was proposed for the Fiscal Year 2013-2014.

The Board continued to discuss the amount of the proposed increases, at which point Vice-President Reynolds withdrew his second of the motion. Discussion continued, with Mr. Dickson clarifying that the decision before the Board at this meeting was limited to setting the maximum rate increase for the purpose of the Proposition 218 rate increase notice, which prompted the Board to advance to discussion of item 6E.

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

ON MOTION BY Vice-President Reynolds, and seconded by Director Mickelsen, the Board voted as follows, by roll call vote, to schedule a Public Hearing on Proposed Rate Increase not to exceed 9% for Fiscal Year 2013-2014 and Authorize Issuance of a Notice of Public Hearing and Proposed Rate Increase:

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

ON MOTION BY Vice-President Reynolds, and seconded by Director Mickelsen, the Board voted as follows, by roll call vote, to schedule the Public Hearing on the proposed rate increase for June 11, 2013 at 7:00 p.m:

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

7) GENERAL MANAGER'S REPORT

Denniston Water Treatment Plant Celebration and Tour

Mr. Dickson informed the Board that the date has been scheduled for a celebration and tour of the completion of the Denniston Water Treatment Plant for Thursday, May 2, 2013 from 9:30 a.m. to 12:30 p.m.

Mr. Dickson also reiterated that he would not be present for the May 14, 2013 Board meeting

A Operations Report

Mr. Guistino shared some monthly highlights, including the Denniston startup operations, and the Denniston Dredging Amendment.

B. Water Resources Report

Ms. Brennan provided an update on the hydrological conditions for the 2013 Water Year, including local watershed conditions.

8) DIRECTOR AGENDA ITEMS - REQUESTS FOR FUTURE BOARD MEETINGS

There were no comments or requests from the Board members.

9) ADJOURNMENT

ON MOTION BY Vice-President Reynolds, and seconded by Director Mickelsen, the Board voted as follows, to adjourn the April 9, 2013 meeting of the Coastside County Water District's Board of Directors

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

The meeting was adjourned at 8:47 p.m. The next meeting of the Coastside County Water District's Board of Directors will be on Tuesday, May 14, 2013.

Respectfully submitted,

David R. Dickson, General Manager
Secretary of the District

Ken Coverdell, President
Board of Directors