

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

MINUTES OF THE BOARD OF DIRECTORS MEETING

Tuesday, April 14, 2015

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

Also present were: David Dickson, General Manager; David Gehrig, 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.

- 2) **PLEDGE OF ALLEGIANCE**

- 3) **PUBLIC COMMENT**

- 4) **CONSENT CALENDAR**

- A. Approval of disbursements for the month ending March 31, 2015:
Claims: \$621,894.15; Payroll: \$80,774.85 for a total of \$702,669.00
➤ *March 2015 Monthly Financial Claims reviewed by Director Coverdell*
- B. Acceptance of Financial Reports
- C. Monthly Water Transfer Report
- D. Approval of Minutes of March 10, 2015 Regular & Special Board of Directors Meetings
- E. Approval of Minutes of March 31, 2015 Special Board of Directors Meeting
- F. Installed Water Connection Capacity and Water Meters Report
- G. Total CCWD Production Report
- H. CCWD Monthly Sales by Category Report - March 2015
- I. March 2015 Leak Report
- J. Rainfall Reports

- K. San Francisco Public Utilities Commission Hydrological Conditions Report for February 2015
- L. San Francisco Public Utilities Commission Hydrological Conditions Report for March 2015

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

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

President Mickelsen	Aye
Director Coverdell	Aye
Director Flint	Aye
Vice-President Glassberg	Aye
Director Reynolds	Aye

5) MEETINGS ATTENDED / DIRECTOR COMMENTS

Director Reynolds reported that he had attended the March 25, 2015 Water Education Foundation's 32nd Executive Briefing in Sacramento. He reported that some of the topics discussed included the California drought and sustainable groundwater management. He also shared some highlights of a current situation with water rights issues associated with the Salton Sea, located in Southern California, and the potential impacts on the entire State of California.

6) GENERAL BUSINESS

A. Resolution 2015-04 Authorizing Investment of Coastside County Water District Monies in Local Agency Investment Fund

Mr. Dickson reported that this item was considered a housekeeping matter, consisting of updating records pertaining to authorization for the deposit or withdrawal of monies in the District's Local Agency Investment Fund account.

ON MOTION BY Vice-President Glassberg and seconded by President Mickelsen, the Board voted as follows, by roll call vote, to approve Resolution 2014-04 Authorizing Investment of CCWD monies in the Local Agency Investment Fund:

President Mickelsen	Aye
Director Coverdell	Aye
Director Flint	Aye
Vice-President Glassberg	Aye
Director Reynolds	Aye

B. Quarterly Financial Review

Ms. Rogren referenced the Period Budget Analysis, summarizing the Fiscal Year 2014-2015 year to date revenue and expenses for the past nine months, ending March 31, 2015. She also provided projections for water revenue, project operating expenses, the reserve balance, the budget shortfall and the capital improvement funds to the end of the year.

C. Governor's Executive Order and State Water Resources Control Board Emergency Regulations Pertaining to the Drought

Ms. Brennan summarized the recent significant actions with regard to emergency drought regulations, including the State Water Resources Control Board's Resolution 2015-0013 and the April 1, 2015 Executive Order (B-29-15) issued by California's Governor Brown. Her presentation entitled "Emergency Regulations Pertaining to the Drought", included a background review of District's drought related actions, beginning with the initial Stage 1 Water Shortage Advisory in October of 2013. She also the new developments implemented since March 17, 2015, summarizing those regulations, and then reviewed Governor Brown's Executive Order and State Water Board actions aimed at achieving the Governor's mandated 25% statewide water use reduction.

Ms. Brennan then answered a few questions from the Board and advised that staff would be presenting an updated ordinance to the District's Board for adoption at the May 12, 2015 meeting.

D. Amended Fiscal Year 2015-2016 Budget Process Timeline

Mr. Dickson reviewed the updates and revisions to the Budget Process Timeline, noting that a Special Board Meeting has been added for the end of June for the purpose of the Rate Increase Hearing and approval of the Capital Improvement Program (CIP) and Operations and Maintenance (O & M) Budgets. All Directors confirmed their availability for a special Board meeting the evening of Tuesday, June 30th 2015.

E. Draft Fiscal Year 2015-2016 Budget and Draft Fiscal Year 2015/2016 to 2024/2025 Capital Improvement Program

Mr. Dickson advised that he and Ms. Rogren had met the previous day with the District's Finance Committee members to discuss new developments with the budget and the structuring of the proposed rate increase. Mr. Dickson started the presentation by reviewing what has transpired since the March 31, 2015 Budget Work Session, including Governor Brown's April 1, 2015 Executive Order calling for a statewide reduction in urban water usage of 25%. He discussed budget risks associated with the State's water use reduction requirements, and Ms. Rogren reviewed the budget impact of various levels water sales below the District's budget assumptions.

After reviewing the CIP and the District's reserves, Mr. Dickson discussed why a proposed 27% rate increase would be appropriate to fully fund operations and the revenue-funded portion of the Fiscal Year 2016 CIP. He added that this increase would also restore funds drawn from reserves to fund the Fiscal Year 2015 shortfall due to lower water sales, and would improve the District's ability to absorb near-term budget risks.

Mr. Dickson then provided an update on the preliminary results from the rate study being prepared by HF & H Consultants and explained that the District has outgrown its current tier structure. He also pointed out that this is a good time to evaluate the District's rate structure, as revisions would provide the needed conservation signal, while reducing the impact on customers with the lowest water use. He also shared a comparison of how CCWD's current and proposed tiers compare to those of other local water agencies. Next Ms. Rogren summarized details of the FY 2015-2016 rate proposal, explaining that changes are proposed to the residential tier breakpoints to reflect current trends in usage, and reward conservation efforts. She also reviewed the impact of the proposed rates on the District's residential customers.

Mr. Dickson expressed his appreciation to Vice-President Glassberg and Director Coverdell, members of the Districts Finance Committee, for spending over two hours on the previous day providing valuable feedback to staff on the budget and proposed rate increase. Director Flint commented that he felt the budget presentation was very thorough and beneficial in getting an accurate picture of the District financial requirements.

President Mickelsen thanked the Finance Committee members for their contributions and input into the budget and rate discussion and invited the District's customers and members of the public to stay informed and welcomed their participation in these discussions.

7) **MONTHLY INFORMATIONAL REPORTS**

- A. **Operations Report** - Mr. Guistino provided a brief update on the monthly water production at the Denniston Water Treatment Plant and answered a few questions from the Board regarding the March 4, 2015 El Granada Pipeline Final Phase Project meeting with the City of Half Moon Bay.

8) **DIRECTOR AGENDA ITEMS - REQUESTS FOR FUTURE BOARD MEETINGS**

There were no requests for future Board meeting agenda items.

9) **ADJOURNMENT** - The meeting was adjourned at 8:54 p.m.

Respectfully submitted,

David R. Dickson, General Manager
Secretary of the District

Chris Mickelsen, President
Board of Directors