

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

MINUTES OF THE BOARD OF DIRECTORS MEETING

Tuesday, May 12, 2009

- 1) **ROLL CALL:** President Mickelsen called the meeting to order at 7:03 p.m. Present at roll call were Directors Ken Coverdell, Bob Feldman, Jim Larimer, and Everett Ascher.

Also present were: David Dickson, General Manager; Patrick Miyaki, Legal Counsel; Joe Guistino, Superintendent of Operations; Cathleen Brennan, Public Outreach/Program Development /Water Resources Analyst; 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 April 30, 2009 - Claims: \$458,414.41; Payroll: \$67,659.27 for a total of \$526,073.68
- B. Acceptance of Financial Reports
- C. Minutes of the April 14, 2009 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
- G. April 2009 Leak Report
- H. Rainfall Reports
- I. San Francisco Public Utilities Commission Hydrological Conditions Report for April 2009

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

ON MOTION by Director Ascher and seconded by Vice-President Feldman, the Board voted as follows, by roll call vote, to accept the Consent Calendar in its entirety:

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

5) DIRECTOR COMMENTS / MEETINGS ATTENDED

Director Ascher reported on his attendance at the recent California Special District Association's Legislative Days event in Sacramento and shared discussions he had with several of the State Legislators.

Director Coverdell noted that he had attended a meeting of both the Finance Committee and the Facilities Committee.

6) GENERAL BUSINESS

A. Authorization to staff to solicit bids for the Nunes Water Treatment Plant - Short Term Improvements Project

Mr. Dickson introduced this item, provided some of the background, and advised the Board that staff was now requesting permission to issue an invitation to solicit bids for the construction of this project. Discussion ensued, with Mr. Dickson addressing a few questions and comments from the Board.

ON MOTION by Director Ascher and seconded by Director Coverdell, the Board voted as follows, by roll call vote, to authorize staff to solicit bids for the construction of the Nunes Short Term Improvement Project:

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

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)

Mr. Dickson referenced his staff report, noting that BAWSCA is recommending that an appointment be made to serve on the BAWSCA and RFA Boards before June 30, 2009, so that effective July 1, 2009, a quorum of both Boards can be ensured, and CCWD will be continually represented. The Board discussed, and both President Mickelsen and Director Coverdell expressed interest in the position. Director Ascher proposed and the Board agreed that the matter be tabled until the June 9, 2009 meeting.

C. Discussion and direction to staff regarding possible sale of non-priority water connections

Mr. Dickson referenced his staff report, explaining that as a result of the expiration of a Wavecrest connection reserve agreement in 2008, the District now holds 72 non-priority water connections, and it had been suggested by the Finance Committee that the Board discuss possibly making the connections available for purchase. Mr. Dickson stated that based on the Board's interest in pursuing this matter, staff is requesting guidance in regards to the quantity of connections to consider selling in the coming year, and any preference in how to set priorities, etc. He advised that, with this information, staff will provide a detailed proposal for the Board's consideration, which will include discussion of financial, legal, and other related issues.

Board discussion ensued, with each of the Board members providing comments and suggestions including the following: making the connections available to residences currently being served by wells; the importance of testing the demand for the connections; possible restrictions to ensure that the connections be placed into immediate use, openings discussion with the City of Half Moon Bay and San Mateo County officials, and the possibility of developing a policy that would allow the District to buy back connections that have been purchased but not been utilized.

Leonard Woren – Urged the Board to reserve all of these connections to be designated for homeowners currently being served by wells, encouraged the District to try to verify the number of wells located

on the coastside, and stated that the District should base the price for connections on the original sales price adjusted for inflation.

Mr. Dickson indicated that staff had adequate direction from the Board to further pursue this matter and will include this item on the June 9, 2009 agenda.

D. Fiscal Year 2009-2010 Revenue and Expense Budget and Capital Improvement Program - Draft

Mr. Dickson explained that this is the first presentation of the draft budget, that it will not be formally adopted until the July Board meeting, and that the required action now is to authorize the issuance of a notice of public hearing and proposed rate increase in order to comply with Proposition 218. He also proposed that a detailed presentation of the budget, including both Operations and Maintenance (O & M) and the Capital Improvement Program (CIP) would be provided at the June CCWD Board meeting.

Mr. Dickson then reviewed a few key aspects of the O & M budget and options for funding the District's CIP, suggesting that the District issue the required notices by requesting a rate increase of up to 14%. Mr. Dickson addressed questions and Board discussion ensued, with the Directors sharing their views on the proposed budget and possible alternatives.

ON MOTION by Director Ascher and seconded by Director Coverdell, the Board voted as follows, by roll call vote, to authorize the issuance of a notice of public hearing and a proposed rate increase not to exceed twelve percent (12%) to apply to meter readings after July 15, 2009:

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

E. Water Reclamation Update

Mr. Dickson outlined the latest developments consisting of a Sewer Authority Mid-Coastside (SAM) Board meeting held on April 27,

2009, a draft delegation agreement between SAM and CCWD, and the SAM Board's approval of proceeding with the Phase II

(Facilities Plan) study proposed by SRT Consultants. Additional activities included a meeting between Mr. Dickson and SAM's General Manager, Jack Foley, and Tanya Yurovsky, SAM's consulting engineer. Mr. Dickson then reviewed some key points proposed for the District's written responses to SAM and Ocean Colony Partners (OCP) in regards to these latest activities. President Mickelsen then opened the period for public comments:

Leonard Woren – stated that he wanted to clarify that the proposed draft delegation agreement proposed by the SAM Board only applies to the pilot project.

Bruce Russell – OCP/Kenmark – commented that he was shocked because he thought that the CCWD Board had given direction to work out a delegation agreement. He stated that from the time that OCP first delivered their letters of March 23, 2009 to CCWD and SAM requesting for an agreement to provide recycled water to Ocean Colony, a lot of work had been done, both by OCP and SAM including: completion of applications for federal and state grant funding, congressional and state representatives and several regulatory agencies have all been approached, OCP has hired project managers to work on the pipeline, and as-built drawings and the original pipeline under the creek have been located. He added that he thought that CCWD would be discussing their responses to SAM's draft delegation agreement at the meeting this evening. He also informed the Board that OCP was half way through recycled water contract negotiations with SAM, including long-term contract terms, rates and supplies, etc. He encouraged the Board to act soon, especially with the abundance of "shovel ready" government stimulus funding currently allocated and available for reclamation and recycling programs.

Board discussion of the current activities ensued, with Mr. Dickson and Mr. Miyaki reiterating that the District has the authority and statutory rights as the agency solely responsible to distribute and sell recycled water to retail recycled water customers within its service boundary. They also reminded the Board that with the adoption of Resolution 2008-10, the District had established that it wishes to exercise these rights. Mr. Dickson and Mr. Miyaki also

answered questions, and addressed some of the related issues expressed by the Board.

Bruce Russell - OCP/Kenmark – responded to some of the concerns expressed.

Leonard Woren – stated that at one of the SAM discussions during this year, the SAM Board made it clear that they would never have any interest in building any pipelines and that the proposed delegation is specifically because this project can be done without building pipelines.

The Board continued to discuss the matter, including the staff's proposed letters to SAM and Kenmark. Mr. Miyaki reviewed the potential points to be covered in the letters.

ON MOTION by Director Coverdell and seconded by Director Ascher, the Board voted as follows, to direct staff to send a letter to SAM, under the Board President's signature, and to send a letter to Kenmark to be executed by the General Manager, in accordance with staff recommendations:

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

7) GENERAL MANAGER'S REPORT INCLUDING MONTHLY INFORMATIONAL REPORTS

Mr. Dickson reviewed the highlighted topics in the report; including the status of the Denniston Dredging project and an update on the San Francisco Water Supply Agreement, advising that additional information will be provided at the June CCWD Board meeting.

- A. Monthly Water Resources Report
- B. Water Shortage and Drought Contingency Plan Update
- C. Operations Report

The Board had no specific questions regarding the monthly informational reports.

8) ADJOURNMENT

ON MOTION by Director Ascher and seconded by Vice-President Feldman, the Board voted unanimously to adjourn the May 12, 2009 Meeting of the Coastside County Water District's Board of Directors:

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

The meeting was adjourned at 10:03 p.m. The next regular meeting of the Coastside County Water District's Board of Directors is scheduled for Tuesday, June 9, 2009.

Respectfully submitted,

David R. Dickson, General Manager
Secretary of the Board

Chris R. Mickelsen, President
Board of Directors
Coastside County Water District