

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS

Tuesday, June 12, 2012

- 1) **ROLL CALL:** Director Bryan Hannegan called the meeting to order at 7:02 p.m. Present at roll call: Director Ken Coverdell and Chris Mickelsen. Vice-President Glenn Reynolds was absent.

Also present were: David Dickson, General Manager; Patrick Miyaki, Legal Counsel; Joe Guistino, Superintendent of Operations; Cathleen Brennan, Water Resources Analyst; JoAnne Whelen, Administrative Assistant/Recording Secretary; and Gina Brazil, Office Manager. There were no members of the public in the audience.

- 2) **PLEDGE OF ALLEGIANCE**
- 3) **PUBLIC COMMENTS -** There were no public comments.

REORDERING OF AGENDA

Director Coverdell requested that the agenda be reordered to proceed with discussion of agenda item 7A - Vacancy on the District's Board of Directors, followed by discussion of agenda item 4 - Fiscal Year 2012-2013 Budget, Fiscal Year 2012/2013 to 2021/2022 Capital Improvement Program and Resolution Amending the Rate and Fee Schedule. There were no objections to the request.

- 7) **GENERAL BUSINESS**

- A. **Vacancy on the District's Board of Directors**

Director Coverdell stated that he felt that Jerry Donovan had done a fine job for the District and it was unfortunate that he would no longer be

serving on the Board. He recommended that Director Mickelsen step in to fill the role as President for the remainder of this officer term.

Mr. Miyaki pointed out that this particular item was not included on the agenda for this meeting and, in accordance with the Brown Act, the action of appointing a new Board President would have to be placed on the agenda of a future Board meeting.

Vice-President Glenn Reynolds arrived at 7:06 p.m. and agreed to preside over the meeting.

Mr. Miyaki reviewed his memo outlining the Board's options for filling the vacancy created by Director Donovan's departure. The Board discussed the various alternatives.

ON MOTION BY Director Hannegan and seconded by Vice-President Reynolds, the Board voted as follows, by roll call vote, to fill the vacancy on the Board of Directors by appointment:

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

Further discussion ensued among the Board and it was agreed that the Notice of Vacancy would state that a brief statement of interest and qualifications must be submitted by Friday, June 29, 2012. The Board also decided that, based on the number of submittals, the Board could then determine if a special Board meeting should be scheduled, or if the Board would discuss the applications at the next regular Board meeting on July 10, 2012.

4) SPECIAL ORDER OF BUSINESS - FISCAL YEAR 2012-2013 BUDGET, FISCAL YEAR 2012/2013 TO 2021/2022 CAPITAL IMPROVEMENT PROGRAM, RESOLUTION AMENDING THE RATE AND FEE SCHEDULE

A. Staff Presentation

Noting that there were no members of the public in the audience, Mr. Dickson began his presentation of the budget. He emphasized that the

budget process to date had provided numerous opportunities for Board review and public comment on the budget, including seven noticed public meetings since January 2012. He also noted that the Board had approved the notice of rate increase on April 10, 2012 and that the District had conducted a public budget workshop on May 8, 2011. Mr. Dickson summarized staff's public outreach initiative on the budget process, which included bill stuffers and e-mail newsletters.

Mr. Dickson reviewed some Fiscal Year 2012-2013 budget highlights and discussed the rate increases needed to fund the budget and the Capital Improvement Program (CIP). He concluded his presentation by reviewing staff's recommendations to approve Resolution 2012-03 amending the Rate and Fee Schedule to reflect a 12% increase in fixed and commodity charges and seeking the Board's approval of the Fiscal year 2012-2013 Operations and Maintenance Budget and the Fiscal Year 2012/2013 to 2021/2022 Capital Improvement Program.

The Board then discussed the budget presentation and recommendations. Director Hannegan distributed an information packet that he had prepared that contained a proposed amendment to Resolution 2012-03 which would reduce the proposed rate increase by shifting, postponing, and possibly eliminating some of the scheduled CIP projects.

Mr. Dickson stated that he did not feel that it was appropriate to comment on the suggested alternatives, as he had not had an opportunity to review the proposal.

Each of the Board members shared their comments. Director Hannegan thanked his fellow Board members for their comments, thanked staff for their hard work in developing and presenting the budget in an open and transparent process. He stated that he did not want to diminish the process in any way and then withdrew his proposed amendment

B. Public Hearing

Vice-President Reynolds opened the Public Hearing at 8:21 p.m., noting that any members of the public could address the Board on the subject. There were no members of the public present. The 22 letters of protest received in response to the Proposition 218 notice were acknowledged and the Public Hearing was closed at 8:22 p.m.

ON MOTION BY Director Coverdell and seconded by Vice-President Reynolds, the Board voted as follows, by roll call vote, to adopt Resolution 2012-03 Amending the Rate and Fee Schedule to Increase Water Rates:

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

ON MOTION BY Director Coverdell and seconded by Vice-President Reynolds, the Board then voted as follows, by roll call vote, to approve the Fiscal Year 2012-2013 Operation and Maintenance Budget and Capital Improvement Program for Fiscal Year 2012/2013 to 2021/2022:

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

5) CONSENT CALENDAR

- A. Approval of disbursements for the month ending May 31, 2012:
Claims: \$796,654.81; Payroll: \$ 72,229.81; for a total of \$868,884.62
- B. Acceptance of Financial Reports
- C. Approval of Minutes of May 8, 2012 Board of Directors Meeting
- D. Installed Water Connection Capacity and Water Meters Report and Non-Priority Lottery Recipients Status Update Report
- E. Total CCWD Production Report
- F. CCWD Monthly Sales by Category Report
- G. May 2012 Leak Report
- H. Rainfall Reports
- I. San Francisco Public Utilities Commission Hydrological Report for April, 2012
- J. San Francisco Public Utilities Commission Hydrological Report for May 2012

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

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

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

6) MEETINGS ATTENDED/DIRECTOR COMMENTS

Director Coverdell reported that he had attended a recent Bay Area Water Supply and Conservation Agency (BAWSCA) meeting and that he was very impressed with the amount of time and effort that is being expended in overseeing the Water System Improvement Project (WSIP).

Director Hannegan reported that he had attended a meeting earlier in the day of the Western Conference of Public Service Commissioners in Redmond, Oregon. He explained that a great deal of discussion had transpired about the relationship between energy and water.

Vice-President Reynolds added that he had just returned from a project overseeing the engineering of a water project located in Thailand.

7) GENERAL BUSINESS

B. Approval of Change Order No. 6 for Denniston Creek Water Treatment Plant Improvement Project

Mr. Dickson introduced this item, and explained the nature of this \$59,514.00 change order, which includes some piping changes in the filter building.

ON MOTION BY Director Hannegan and seconded by Vice-President Reynolds, the Board then voted as follows, by roll call vote, to authorize staff to execute Change Order No. 6 to the contract with Anderson Pacific for construction of the Denniston Creek Water Treatment Plant Improvements Project in the amount of \$59,514.00:

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

8) **GENERAL MANAGER'S REPORT**

1. **SFPUC Rate Increase** - Mr. Dickson provided an update, advising the Board that the SFPUC approved the Proposed Wholesale Water Contract Rates for Fiscal Year 2012-13 on May 8, 2012, to be effective July 1, 2012. He also reported that the approved rates included an Untreated Wholesale Water Rate Discount Factor of \$0.24/ccf for CCWD.
2. **El Granada Pipeline Leak Repair** - Mr. Dickson advised the Board that this leak repair has been concluded successfully effective June 4, 2012 and that District staff had performed a tremendous job on the repair operation. He noted that the field crews have removed the bypass piping, poured a new concrete pad around the valve boxes at the repair site and restored the areas disturbed during the work. He especially recognized the exceptional efforts of the District's staff, including Joe Guistino, John Davis, Jon Bruce, and Jack Whelen.

A. **Operations Report**

Mr. Guistino reported updates on several District projects, including the Crystal Springs Alternative Intake Project. He also recognized the outstanding accomplishments of John Davis, Distribution Supervisor, who masterminded the project and efficiently coordinated all aspects of the project.

B. **Water Resources Report**

Ms. Brennan informed the Board that the District's 2011 Consumer Confidence Report/ Annual Water Quality Report had been distributed to every postal customer within the District's service area, every P.O. Box customer in the 94019 and 94018 zip codes, and was mailed to customers with addresses outside of the District's service area. She also reported that the report is available in Spanish and English on the District's website and in the lobby of the District's headquarters and that copies had been hand

delivered to the school district and other local schools, the local medical clinic and library.

9) DIRECTOR AGENDA ITEMS - REQUESTS FOR FUTURE BOARD MEETINGS

Director Hannegan reminded the Board that they had discussed agendizing the vacancy of the District's Board President and the possibility of a future rate study. Vice-President Reynolds added that the potential subject of the rate study would best be discussed at a committee level prior to being presented to the full Board.

10) ADJOURNMENT

ON MOTION BY Director Hannegan and seconded by Vice-President Reynolds, the Board then voted as follows, to adjourn the June 12, 2012 meeting of the Coastside County Water District's Board of Directors:

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

The meeting was adjourned at 8:54 p.m. The next meeting of the Coastside County Water District's Board of Directors is scheduled for Tuesday, July 10, 2012.

Respectfully submitted,

David R. Dickson, General Manager
Secretary of the Board

Glenn Reynolds, Vice-President
Board of Directors