

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA, 94019

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS

March 8, 2005

- 1) **ROLL CALL:** President Mickelsen called the meeting to order at 7:33 p.m. Present at roll call were Directors Jim Larimer, Everett Ascher, Ken Coverdell and John Muller.

Also present were Ed Schmidt, General Manager; Anthony Condotti, Legal Counsel; Jim Teter, District Engineer; Judy Nosecchi, Superintendent of Operations; Amanda Cox, Water Conservation Coordinator, JoAnne Whelen, Administrative Assistant/Recording Secretary; and Bridget Burns, Office Specialist.

- 2) **PLEDGE OF ALLEGIANCE:** Everyone stood for the Pledge of Allegiance.
- 3) **PUBLIC ANNOUNCEMENTS:** President Mickelsen recognized Mr. Jim Marsh, a member of the audience who requested to address the Board.

Jim Marsh, Half Moon Bay addressed the Board and stated a few questions that he had regarding water and board policies which included: Since the water demand exceeds the safe supply in the summer time, one could project drought conditions and worrisome fire conditions, and wondered why the Board is continuing to issue water connections.

James Teter, District Engineer addressed this question, explaining that fire safety is dependent on having water in the storage tanks and further explained that the fact that the safe yield supply under drought conditions does not meet normal demand, is not relevant because under those conditions, rationing would be instituted, so that there would be an adequate water supply in the tanks to meet fire safety regulations.

Director Coverdell stated that he was comfortable and positive with the current rainfall level, deep snow-pack in the Sierra Mountains and water levels in the reservoirs and was not aware of any drought conditions.

At this point in the meeting, Anthony Condotti, Legal Counsel recommended that the Board could continue to receive further comments from the current public speaker, but advised against engaging in a dialogue with the public speaker.

Mr. Marsh continued with another question concerning the recent loss in property tax revenue for special districts, and inquired how the District intended to deal with the loss of approximately \$800,000 over the next two years, and asked if the ratepayers would have to pay more money for their water.

President Mickelsen recommended that concerned parties should continue to stay tuned to CCWD public meetings, as that matter would continue to be discussed publicly by the Board.

Mr. Marsh proceeded by recognizing that the Board had made a commitment to sell water to the recent four failed-well owners and expressed curiosity about selling a commodity for more than it cost the district.

President Mickelsen thanked Mid-Coast Community Television (MCTV) for televising the lengthy meeting where this issue was discussed and expressed his appreciation to MCTV for airing the televised meeting on several occasions. He further explained that the Minutes from that subject's Special Meeting, held on February 1, 2005, were being presented to the Board at this meeting for approval, and would be available as an official public record of that meeting.

Director John Muller had a public announcement and stated that on Wednesday, March 16, 2005, he would be attending a briefing with CALTRANS at the San Francisco Regional Quality Control Board to discuss the Devil's Slide tunnel.

The General Manager, Ed Schmidt, then took the opportunity to address the Board and reminded them that a few months ago, CCWD addressed a request from the Loma Mar Mutual Water District to supply them with an emergency water supply. Mr. Schmidt briefly recapped the steps and agency approvals involved in the process, in order for the District to respond and fulfill their request. Mr. Schmidt proceeded to present President Mickelsen and the Board with a box of chocolates from the Loma Mar Mutual Water District, sent to express their appreciation to CCWD Board and Staff.

4) **CONSENT CALENDAR:**

- A. **Requesting the Board to review disbursements for the month ending February 28, 2005 - Claims \$416,606.55; Payroll: \$52,871.85 for a total of \$469,478.40**
- B. **Acceptance of Financial Reports**
- C. **Minutes of the February 1, 2005 Special Meeting of the Board of Directors**
- D. **Minutes of the February 8, 2005 Board of Directors Meeting**
- E. **Monthly Water Transfer Report**
- F. **Notice of Completion and Acceptance of Filbert / Metzgar Pipeline Replacement Project**

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

ON MOTION by Director Ascher and seconded by Director Coverdell, the Board voted unanimously to accept the Consent Calendar in its entirety:

Director Larimer	Aye
Director Ascher	Aye
Director Coverdell	Aye
Director Muller	Aye
President Mickelsen	Aye

5) **WATER CONSERVATION COORDINATOR'S REPORT**

Amanda Cox, CCWD's Water Conservation Coordinator reviewed the information contained in her written staff report and referenced a district profile provided in the packet, containing numerous statistics.

The General Manager announced that Ms. Cox had just recently passed her probationary period and also relayed that she would be preparing the District's Urban Water Management Plan for this year, saving the District a substantial sum of money, usually paid to consultants for the preparation of this specific report.

Ms. Cox further reported on the recent water conservation activities, including the submittal of an application for the Clair A. Hill Water Agency Award, progress on the Water Supply Evaluation report, and many of the upcoming community activities scheduled for the month of April.

6) A. **REPORT OF THE GENERAL MANAGER**

**Discussion and possible direction to staff regarding an Initial Study/
Negative Declaration for Proposed Annexation of Service
Boundaries – Montara Water & Sanitary District**

The General Manager explained the nature of this item, reporting that the District recently received a copy of the Montara Water & Sanitary District's Initial Study and directed the Board's attention to that report. President Mickelsen announced that he had a member of the public who wished to speak on the topic.

Terry Gosset, Moss Beach, CA - Mr. Gossett stated that he was very disturbed with MWSD's proposed annexation, especially given the fact that at the same time MWSD is attempting to remove and deny service to their rural residential service customers, and felt that the timing of the two actions was odd. Mr. Gosset then directed the Board's attention to a report recently prepared by Don Bacon, a Montara resident, identifying many irregularities within the district and their service area.

Kathryn Slater-Carter, 6666 Cabrillo Highway – Ms. Slater-Carter stated that she had no advance notice that this item was on CCWD's agenda, but that she was available to hear any comments and answer any questions.

Director Muller expressed his concern regarding the area of supply enhancements and the discussion of surface water and flow of the Denniston/San Vicente Creeks and was unsure of any over-lapping boundary issues. He also asked if MWSD was still considering a date of 2010 to be lifting the water connection moratoriums.

President Mickelsen inquired as to when MWSD anticipated being able to serve the new larger area with connections.

Ms. Slater-Carter responded to the Board's comments and stated that MWSD hoped to make some progress as soon as possible, but pointed out that the permit process can be long and tedious. She reminded the Board that MWSD had invited CCWD to join with them in pursuing a grant application for a desalination feasibility study, which they were now proceeding with on their own. Ms. Slater Carter also discussed

that although the rainfall for this year is adequate, that it was not a matter of if California would face drought conditions, but when. She also commented that San Mateo County needs to amend their Local Coastal Program to switch priorities for failed well owners, so they can have priority, ahead of other uses.

Ms. Slater-Cater concluded her comments by stating that MWSD would not be looking at invading CCWD's water rights, although purchasing some would be another issue and that they were exploring as many different feasible solutions as possible and they were committed to finding water for build-out.

President Mickelsen extended an invitation to MWSD to attend the April 28, 2005 Water Summit and relayed that all of the local players would be participating at a round-table discussion of the future of water on the coastside.

Ms. Slater-Carter further explained that the areas that MWSD is seeking to annex consists of the CAL AM territory, and that MWSD is not trying to change or amend CCWD's boundaries and stated that MWSD is simply trying to follow through on what San Mateo County had put into law in the late 1980's as the territory of a special district, as a county service area.

Director Larimer commented that he had heard Ms. Slater Carter state that MWSD did not have a clear timeline for lifting the moratorium and inquired about the timeline for serving the area that they are proposing to annex, and why the urgency in annexing the property if there is not a plan to serve it.

Ms. Slater responded that it was a housekeeping issue and indicated that MWSD cannot legally plan for this and make it part of their master plan, if that area is not within MWSD's boundaries.

Director Larimer noted that CCWD had not received a response from MWSD regarding their interest in the list of discussion topics provided at the last Mutual Interest Committee meeting. President Mickelsen stated that he felt it was important to re-open discussions with MWSD and requested that another Mutual Interest Committee meeting be scheduled prior to the April 28th 2005 Summit.

Don Bacon, Montara – Stated that he thought it would make more sense to solve the water supply problem, in order to be able to serve the area that is within MWSD's current boundaries before annexing any further. He also pointed out that there are issues with the bond tax and explained that some of the rural Montara residents, who are not provided with MWSD water or sewer service, are still assessed the bond tax. He asked if the residents within the new proposed annexed area that MWSD is seeking to acquire, (approximately 375 acres) would also be levied the bond tax, adding to the hundreds of current residents who are assessed this bond tax, while not being provided with MWSD water and sewer services.

Director Larimer commented that he would like it noted in the record that CCWD was approached by one of the parties within this proposed annexed area sometime ago with a request that CCWD provide service to the project. He explained that although the Board had no objections regarding the request for service, it was not possible, due to one of the conditions from the California Coastal Commission, in connection with the El Granada Pipeline Replacement Project.

Director Muller concluded the conversation on this subject by stating that it is very important for everyone to continue to work on the emergency inter-tie with our neighbors to the north.

B. Update on the status of the Coastal Development Permit for the Carter Hill West Pipeline Replacement Project

The General Manager announced that the California Coastal Commission decided not to file an appeal on the Coastal Development Permit for this project.

Director Muller commented that as the appeal period drew to a close, it was very emotional for staff and the Board members and felt that the efforts of the entire staff were instrumental in the positive outcome. He expressed his appreciation to the staff and his pride in the District

President Mickelsen reiterated his appreciation to the staff for the success of this project.

C. **Update of Coastside County Water District's assistance in the planning of a Water Summit to be held on April 28, 2005 in Half Moon Bay**

The General Manager announced the date of the Water Summit and referenced his staff report, including the letters recently sent to the Sewer Authority Mid-Coastside and the City of Half Moon Bay, inviting them to participate in the Summit. President Mickelsen commented that he is looking forward to a very productive Water Summit and indicated that he would be forwarding information regarding the Summit, as it develops.

D. **Discussion and direction to staff regarding the Half Moon Bay Local Coastal Program - General Plan Update**

The General Manager announced that Directors Coverdell and Larimer, members of the Engineering Advisory Committee, met recently to discuss the City of Half Moon Bay Local Coastal Program/General Plan Update. He referred the Board to his staff report and distributed a copy of a draft reply letter, prepared by district legal counsel, Anthony Condotti.

Mr. Condotti then summarized the letter contents and explained that the committee looked at and discussed long range planning issues and the type of jurisdictional issues, that in updating the LCP, may affect the district's ability to plan infrastructure both within the City of Half Moon Bay and the County of San Mateo.

Mr. Condotti further reviewed the committee's findings in regards to specific changes as proposed in the LCP update and the Board briefly discussed the prepared draft response.

Terry Gosset, Moss Beach - Californian's for Property Rights

Mr. Gosset strongly urged the Board to follow and be involved in the Mid-Coast LCP process. He reported on the results of a meeting held earlier that day and stated that the staff and representatives of San Mateo County had been very responsive and had increased their public notification, and had recently sent notices to 4,960 property owners. Mr. Gosset reported that his group had been much less successful with the Half Moon Bay City Council. He advised the Board that there is another Mid-Coast LCP meeting scheduled for

March 29, 2005 and strongly encouraged the Board to consider monitoring the Mid-Coast LCP activities.

Director Larimer felt that it was important that CCWD point out to the City that they had not provided any data, estimates, etc. for the twenty-year period in their document. He pointed out that the City's document is suppose to be a major planning document, yet provides no data, or numbers, and without these figures, plans cannot be made. He suggested that CCWD advise the City that what they have provided for review is unacceptable.

Director Coverdell suggested that, in order to be clear to the City, CCWD should provide deadlines in our communications to them, so that the district can have a defendable record, documenting the information that the district has requested from the City of Half Moon Bay.

ON MOTION by Director Muller and seconded by Director Ascher, the Board voted unanimously, to present the draft letter to the City of Half Moon Bay, incorporating the revisions discussed and recommended by the Board:

Director Larimer	Aye
Director Ascher	Aye
Director Coverdell	Aye
Director Muller	Aye
President Muller	Aye

E. Discussion and direction to staff regarding the preparation of a response to the San Mateo County Environmental Services Agency in connection with San Mateo County's Local Coastal Program Update

The General Manager introduced this item and explained that San Mateo County's LCP update process is structured very differently, with a different method, process, and a different outcome. He provided a brief summary of the process to date and explained that on behalf of the San Mateo County Board of Supervisors, the Department of Environmental Services is requesting that CCWD provide information regarding the District's plans to supply water to the portion of the unincorporated Midcoast served by CCWD, when that community is fully developed, i.e., at buildout according to Local Coastal Program policies.

The General Manager reviewed some of the Board's options on this item and discussed a potential response to address San Mateo's County's requested information, and the Board proceeded to discuss. Director Muller stressed the importance of providing a prompt response to the County, including a list of ranges, with an emphasis placed on the need for flexibility regarding permits. President Mickelsen expressed his agreement with this.

Terry Gosset, Moss Beach – Californian's for Property Rights:

Mr. Gosset pointed out that this update encompasses the mid-coast only, and did not include the south coast areas. Mr. Gossett reiterated the need for data, especially from the City of Half Moon Bay, and indicated that this citizen's group is trying to obtain data from the City of Half Moon Bay as well.

F. Update on status of San Mateo County investigation of nitrate levels in drinking water wells in the Miramar Area and subsequent offer to sell CCWD non-priority water connections and possible reply to the California Coastal Commission's letter dated February 18, 2005

The General Manager directed the Board's attention to the February 18th 2005 letter from the California Coastal Commission and read referenced portions of the letter. He also referred to an inter-departmental memo from Marcia Raines, Director of the Environmental Services Agency to the San Mateo County Council, contained in the Board packet. He suggested that the Board discuss a possible response to the Coastal Commission and also indicated that it may be beneficial to try to schedule another meeting with Supervisor Rich Gordon.

President Mickelsen presented a draft response letter to the California Coastal Commission and discussed the importance of meeting with the other local agencies to develop a long-term solution to the failed well problem on the coastside.

Director Larimer also presented a letter to the California Coastal Commission that he had drafted and explained the essence of the letter.

Director Coverdell stated that he felt it was important to open a dialogue with the California Coastal Commission regarding the importance of looking for additional water supply sources to handle the failed well problem.

Director Muller relayed that he is supportive of continued meetings with the City of Half Moon Bay, the County of San Mateo, and the California Coastal Commission, in order to arrive at a mutually acceptable solution to the failed wells and stated that he felt that the established price would continue to be an issue.

ON MOTION by Director Larimer and seconded by Director Coverdell, the Board voted as follows, to adopt the draft letter written by Director Larimer, to the President of the California Coastal Commission:

Discussion of the proposed draft letter ensued among the Board with President Mickelsen stating that he would not agree to sign the letter as the Board President and felt that the letter was somewhat combative and that if the Board approved the letter, it would have to go out under the signature of another Board member. Director Muller expressed his desire to read the letter in further detail and felt that further analysis was necessary, in order to determine if this was the proper direction for the Board to take, in addressing this issue.

Director Coverdell suggested that the Board immediately forward the letter drafted by President Mickelsen to the California Coastal Commission and table a decision on the letter drafted by Director Larimer, allowing for further time to review the letter and place the matter on the agenda for the April 12, 2005 Board meeting for further discussion and possible revisions.

Director Ascher stated that he felt that President Mickelsen's letter was very appropriate and should be sent as a response to the letter from the California Coastal Commission. He proposed that the addition of a request for a date, time and location of a meeting be included in the letter. He also proposed that the Board be provided with additional time to review, digest, and possibly modify the letter drafted by Director Larimer, before agreeing to finalize the letter to be forwarded to the California Coastal Commission.

Directors Larimer and Coverdell agreed with Director Ascher's suggestion and the original motion was withdrawn.

ON MOTION by Director Ascher and seconded by Director Muller, the Board voted by roll call vote as follows, to adopt the draft letter written by President Mickelsen, with the amendment that the letter include a request for a date, time and location of a meeting to be scheduled with the California Coastal Commission, and that the Board will have an opportunity to forward their comments regarding Director Larimer's draft letter directly to Mr. Condotti, with the edited version of the letter to be presented at the April 12, 2005 Board meeting:

Director Larimer	Aye
Director Ascher	Aye
Director Coverdell	Aye
Director Muller	Aye
President Muller	Aye

President Mickelsen then briefly adjourned the meeting for a break at 9:35 p.m. and the meeting was reconvened at 9:50 p.m.

G. Discussion and possible direction to staff to add Cross Connection Control Program Specialist (backflow) Certificate to the list of approved incentive certification pay

The General Manager explained the nature of this item and requested that the Board approve incentive certification pay in this area, limiting the benefit to the two current certified employees. The Board had a few questions, which were addressed by the General Manager, followed by a detailed description of the training program and testing involved for the certification, provided by Judy Nosecchi, Superintendent of Operations.

ON MOTION by Director Muller and seconded by Director Larimer, the Board voted by roll call vote as follows, to include the Cross Connection Control Specialist (backflow) certificate as part of the approved incentive certification pay, with a limit of participation of two district employees:

Director Larimer	Aye
Director Ascher	Aye
Director Coverdell	Aye
Director Muller	Aye
President Muller	Aye

H. Discussion and direction to staff regarding the filling of a vacant Maintenance Worker position

The General Manager provided background information regarding this item and requested that the Board approve the advertising and filling of the vacant position at a Maintenance Worker level II position.

The Board agreed that a motion and vote was not necessary on this item, as the General Manager has the authority to hire and fire district employees.

I. Appointment of a Director to the Boards of the Bay Area Water Supply and Conservation Agency and the Bay Area Regional Water System Financing Authority

President Mickelsen expressed his interest in continuing to serve as a director on the two Boards. He also expressed the value to CCWD in having a Board member serve in this capacity.

Director Muller stated that he felt the Board should stipulate that it be a requirement that the position is held by a current member of the CCWD Board, which was agreed by the Board.

ON MOTION by Director Muller and seconded by Director Ascher, the Board voted by roll call vote as follows, to re-appoint Chris Mickelsen to serve a term on the board of directors of BAWSCA and RFA, while maintaining a position on the Coastside County Water District Board:

Director Larimer	Aye
Director Ascher	Aye
Director Coverdell	Aye
Director Muller	Aye
President Muller	Aye

J. Status Report on major Capital Improvement Projects

The General Manager directed the Board's attention to the updated Status Report on the District's major Capital Improvement Projects. He commented to the Board that this report takes a lot of time to put together and he appreciated staff's support. He thanked JoAnne Whelen, Administrative Assistant for her contribution in providing

updated information on the projects, Judy Nosecchi for maintaining close contact with the project contractors, and Amanda Cox and Bridget Burns for their role in the distribution and summarization of the customer satisfaction surveys for the recent pipeline replacement work in the Casa Del Mar area.

Director Ascher requested that, in the future, staff include the final project cost, in addition to the budget and engineer's estimates, which are currently provided. He indicated that it would be beneficial to know if a project was completed at the project bid amount, over the bid amount, or under the bid amount.

K. General Manager Activities

There were no questions or comments on this specific agenda item.

L. Correspondence:

- (1) Letter received January 30, 2005 from Dr. Eshmail M. Sarkis regarding request for non-priority water connection;
- (2) Letter dated February 9, 2005 from California Urban Water Conservation regarding support of Proposition 50.

The General Manager summarized the referenced correspondence. The Board had no questions or comments regarding the specific correspondence.

7) ENGINEER'S REPORT

A. Engineering Projects Received in February, 2005

Mr. Teter reported that he had received one new project in February.

B. District Engineer Work Status Report

Mr. Teter pointed out that there are fewer projects listed on this report, due to the recent completion of so many of the district's projects. He reported on the progress of Phases IIIA and IIIB of the El Granada Pipeline Project and indicated that drawings would be ready for submittal to the Half Moon Bay Planning Commission within a few weeks, and that work was progressing on the County portion of the pipeline replacement project as well.

C. **Award of Contract for the Avenue Balboa Pipeline Replacement Project**

Mr. Teter announced the low bidder for this project and requested a motion to award the contract for this project.

ON MOTION by Director Coverdell and seconded by Director Ascher, the Board voted by roll call vote as follows, to award the contract for the Avenue Balboa Pipeline Replacement Project to Andreini Brother's Inc. in the sum of \$348,160:

Director Larimer	Aye
Director Ascher	Aye
Director Coverdell	Aye
Director Muller	Aye
President Muller	Aye

D. **Award of Contract for the Construction of the Drainage and Paving Improvements at the Alves Tank Site Project**

Mr. Teter reported the bid results for this project.

ON MOTION by Director Muller and seconded by Director Larimer, the Board voted by roll call vote as follows, to award the contract for the Construction of the Drainage and Paving Improvements at the Alves Tank Site to Andreini Brothers Inc. in the sum of \$142,714.00:

Director Larimer	Aye
Director Ascher	Aye
Director Coverdell	Aye
Director Muller	Aye
President Muller	Aye

E. **Nunes Water Treatment Plant Perimeter Fencing Project**

Mr. Teter announced that this project is ready to go to the bid stage. Director Muller reported that there may possibly be some grant funding money available from the U.S. Environmental Protection Agency and that he would forward information to the General Manager to research and possibly pursue.

ON MOTION by Director Coverdell and seconded by Director Larimer, the Board voted by roll call vote as follows, to approve Resolution 2005-04 approving the plans and specifications and calling for bids for the Nunes Water Treatment Plant Perimeter Fencing Project:

Director Larimer	Aye
Director Ascher	Aye
Director Coverdell	Aye
Director Muller	Aye
President Muller	Aye

F. Carter Hill West Pipeline Replacement Project

Mr. Teter explained the status of this project, and reported that a meeting had been scheduled with representatives from the City of Half Moon Bay and the Cabrillo Unified School District to discuss the road and bike land paving. The General Manager also reported that the District would have to complete and submit a traffic plan.

Additionally, Mr. Teter explained that he had prepared a materials lists for this project, as well as the Avenue Balboa Pipeline Replacement Project and that it was imperative that the materials be ordered soon. He suggested that the Board authorize the Board President to sign the materials contracts, in order to save time and avoid the delay in having to wait for approval at the next Board meeting.

ON MOTION by Director Coverdell and seconded by Director Ascher, the Board voted by roll call vote as follows, to authorize the District Engineer, under the Board President's signature, to order and purchase the materials for the Carter Hill Pipeline and Avenue Balboa Pipeline Replacement Projects:

Director Larimer	Aye
Director Ascher	Aye
Director Coverdell	Aye
Director Muller	Aye
President Muller	Aye

Mr. Teter also directed the Board's attention to Resolution 2005-05, approving the plans and specifications for the Carter Hill West Pipeline Replacement Project.

ON MOTION by Director Muller and seconded by Director Coverdell, the Board voted by roll call vote as follows, to approve Resolution 2005-05 Calling for Bids for the Carter Hill West Pipeline Replacement Project:

Director Larimer	Aye
Director Ascher	Aye
Director Coverdell	Aye
Director Muller	Aye
President Muller	Aye

8. OPERATIONS REPORT

- A. Superintendent of Operations Monthly Report
- B. Water Service Connections, Installed, Priority and Non-Priority
- C. Capital Improvement Program Progress
- D. Total CCWD Production, Sales by Category, Monthly Leak Report, Rainfall Reports
- E. San Francisco Public Utilities Commission Hydrological Conditions Report for January 2005

Ms. Nosecchi answered a few questions from the Board regarding the proposed fencing at the Nunes Water Treatment Plant and the cross connection inspection program that the District is in the process of undertaking. There were no further questions or comments concerning the Operations Reports.

9. MEETINGS ATTENDED/SCHEDULED - BOARD OF DIRECTORS

President Mickelsen reported that he would be attending a BAWSCA Board of Directors meeting on March 17, 2005 and Director Muller announced the Farm Day Luncheon, scheduled for April 1, 2005.

10. AGENDA ITEMS AND DIRECTOR COMMENTS

11. CLOSED SESSION

- A. PUBLIC EMPLOYEE PERFORMANCE REVIEW:
Positions: Superintendent of Operations; Water Conservation Coordinator
Subject - Successful Completion of Probationary Appointment

12. ADJOURN

The meeting was adjourned at 10:37 p.m. The next meeting of the Coastside County Water District Board of Directors is scheduled for Tuesday, April 12, 2005.

Respectfully submitted,

Ed Schmidt, General Manager

Chris Mickelsen, President