

*COASTSIDE COUNTY WATER DISTRICT*

*766 MAIN STREET*

*HALF MOON BAY, CA 94019*

MINUTES OF THE SPECIAL CLOSED SESSION

Tuesday, July 20, 2007 - 1:00 p.m.

1) **CLOSED SESSION**

**A. Public Employment**

Public Employment Pursuant to Government Code  
Section 54957  
Title: General Manager

**B. Conference with Labor Negotiators**

Agency Designated Representatives: Acting GM, Legal Counsel  
Employees: Operations Staff

2) **RECONVENE TO OPEN SESSION**

The Closed Session convened at 1:00 p.m. with President Larimer and Directors Ascher, Mickelsen, Coverdell and Feldman and Legal Counsel, Anthony Condotti. The meeting reconvened to open session at approximately 3:12p.m.

President Larimer stated that the Board had just completed a two hour closed session meeting, with the primary topic being the succession of the District's General Manager position. He reported the outcome of the meeting by stating that the District would be making an offer to one of the candidates and upon a confirmed agreement, the candidate's name would be announced.

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS

July 20, 2007

- 1) **ROLL CALL:** President Larimer called the meeting to order at 3:12 p.m. Present at roll call were Directors Ken Coverdell, Chris Mickelsen, Bob Feldman, and Everett Ascher.

Also present were; John Barisone, Legal Counsel; Joe Guistino, Acting General Manager/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** - Everyone stood for the Pledge of Allegiance.

- 3) **PUBLIC ANNOUNCEMENTS** - There were no announcements from the public.

- 4) **CONSENT CALENDAR**

- A. Requesting the Board to review disbursements for the month ending June 30, 2007 - Claims: \$613,392.64 Payroll: \$83,265.60 for a total of \$696,658.24
- B. Acceptance of Financial Reports
- C. Minutes of the June 12, 2007 Board of Directors Meeting
- D. Monthly Water Transfer Report
- E. Installed Water Connection Capacity and Water Meters Report
- F. Total CCWD Production Report
- G. CCWD Monthly Sales by Category Report
- H. June 2007 Leak Report and Revised May 2007 Report
- I. Rainfall Reports
- J. San Francisco Public Utilities Commission Hydrological Conditions Report for June 2007
- K. Engineering Projects Received for Review during June 2007
- L. Notice of Completion of the Carter Hill East Pipeline Replacement Project
- M. Notice of Completion of the Emergency Generator Project

Director Ascher announced that he had reviewed the monthly financial claims and found all to be in order. President Larimer reported that he had questions regarding the Total CCWD Production Report and the Monthly Sales by Category Report items, which were addressed by Mr. Guistino, Acting General Manager / Superintendent of Operations. He explained that some of the disparity in the numbers is due to the fact that the District's water meters are read and billed bi-monthly. He also reported that he has been actively working with Ms. Brennan, the District's Water Resources Analyst, in determining the reason for the District's current unaccounted water.

Ms. Brennan elaborated that staff suspected some of the unaccounted water could be attributed to fire hydrant usage and possibly fire training exercises. Mr. Guistino additionally noted that he is striving for better accuracy in calculating main leak repairs and he is also analyzing the volume of water passing through the treatment plants versus the actual water passing through the San Francisco Public Utilities Commission (SFPUC) meters, which also indicates some disparity. He informed the Board that he would also like to inspect the pipeline at Pilarcitos and Cahill Ridge. President Larimer stated that he was pleased that Mr. Guistino was aware of this issue and has put measures into place to research and determine the basis for the current unaccounted water figures.

**ON MOTION by Director Ascher and seconded by Director Mickelsen, the Board voted as follows to accept the Consent Calendar in its entirety:**

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

**5) MEETINGS ATTENDED/SCHEDULED - BOARD OF DIRECTORS INCLUDING COMMITTEES, CUSTOMERS, OTHER AGENCIES, ETC.**

**A. Coastside County Water District Advisory Committee Meetings:**

- SFPUC Policy Advisory and Future Water Resources Committee - June 27, 2007 - Review, discussion, and direction to staff regarding the District's Water Supply Evaluation Report for calendar year 2006) - See Item 6C for this report)

- SFPUC Policy Advisory and Future Water Resources Committee - July 9, 2007 - Meeting of the Pilarcitos Restoration Workgroup

The Board agreed that the meeting regarding the District's Water Supply Evaluation Report would be discussed under agenda item 6C.

Director Feldman reported on the meeting of the Pilarcitos Restoration Workgroup, which included a tour of the lower Pilarcitos Creek area, reporting that the general subject of the meeting was the consultant's reports on the data gaps that they have ascertained after their review of the existing data, which was provided to the group for comments. The group also discussed the next steps, which included the goals for the plan and the definition of the conclusions. He also advised that the next meeting would be in September and also a public workshop is being scheduled in September to discuss their findings thus far. He reported that the group is working well together and is making progress.

**B. Other Meetings Attended**

President Larimer reported that he recently received information regarding an Environmental Protection Agency conference on the topic of Sustainable Infrastructure: Successful Strategies, Future Challenges, that will be conducted on Tuesday, August 8, 2007 in Sacramento and suggested that it be attended by some Board members and District staff.

**6) PUBLIC OUTREACH/PROGRAM DEVELOPMENT/WATER RESOURCES ANALYST'S REPORT**

**A. Monthly Water Resources Report**

Ms. Brennan referenced her written report, which summarized her activities over the past month and offered to address any questions from the Board. She stated that she and Mr. Guistino are in the process of reviewing the Draft Pilarcitos Integrated Watershed Management Plan - Watershed Assessment Update, with a deadline of July 30<sup>th</sup> for the District to provide review comments, and invited the Board to submit any of their comments as well. She also reported that CCWD had ordered 2,000 copies of the Water-Wise Gardening in the Bay Area

CD-ROM for distribution to District customers. She explained that this software is a tool for residential customers interested in water efficient gardening and offers photographs, a searchable plant database and watering recommendations and noted that landscape professionals might also find it useful. She informed the Board that the CD-ROM would be advertised on the District's website and via customer billing.

**B. Water Shortage and Drought Contingency Plan**

Ms. Brennan noted that this report was an update on the implementation of the Water Shortage and Drought Contingency Plan, featuring the recent outreach activities, including advertisements, website postings, billing statements and staff action planning meetings. She also directed the Board's attention to the table containing estimates of anticipated expenses from implementing the advisory stage, which the Board had requested at the June Board meeting.

**C. Water Supply Evaluation Report 2006**

Ms. Brennan reviewed her report, which included a summary of the items discussed and the conclusions established at the June 27, 2007 Committee meeting. Director Larimer suggested that it would be helpful to use footnotes detailing water quantities for different household uses, i.e. showers, dishwashing, etc. noting that scales in relative terms, providing information such as the number of gallons in a cubic foot of water would be beneficial information in the report. Ms. Brennan indicated that she expects the next draft of the report to be reviewed by the committee members sometime in September.

**7) SUPERINTENDENT OF OPERATION'S REPORT**

**A. Superintendent of Operations Monthly Report**

Mr. Guistino referenced his written staff report, featuring highlights of a few items, including the switch over from the Pilarcitos water source to Crystal Springs, and an update on the progress of the Supervisory Control and Data Acquisition (SCADA) System. Mr. Guistino also advised the Board of a significant event which took place on Saturday, June 16, 2007, when a major power failure occurred at the Crystal Springs Pump Station. He reported that District staff members Steve

Twitchell, Water Treatment Plant Supervisor; Sean Donovan, Senior Treatment/Distribution Operator; Jon Bruce, Treatment/Distribution Operator and Don Patterson, Treatment/Distribution Operator, responded swiftly and efficiently, and that their proficient actions prevented any water loss to be experienced by District customers. He expressed his appreciation to these staff members for their quick and thorough actions.

**B. Discussion and possible direction to staff regarding an automated meter-reading program**

Mr. Guistino reviewed the background of this item, noting with a focus on safety, the District has recently been discussing an automatic meter reading system pilot program for the sixty-seven meters located on the Highway 92 route. He then reported the results of his research on the three manufacturers he reviewed, including the three different technologies applicable to automated meter reading programs. He also explained the installation and operation process, and the results of his benchmarking with other water agencies. He also reviewed the advantages of the system which included reliability, reduced manpower requirements, and meter re-reads and leak detection advantages. He provided costs and details of the pilot program installation, as well as an eventual conversion of the District's entire system to the automated meter reading program. He stressed that one of the most important factors of instituting this program is to ensure the safety of the District's meter reading staff, and also pointed out other advantages including the work force savings and reallocation to such programs as unidirectional and dead end flushing programs, a valve exercise program, meter replacement program, reservoir cleaning, and service line installations, with subsequent revenue generated. Mr. Guistino recommended that the District proceed with acquisition of the Orion automatic meter reading system for the sixty seven meters located on the Highway 92 route.

Director Ascher stated that he fully supports the pilot program and felt that Mr. Guistino had performed an excellent job in researching all aspects of the project. Director Mickelsen stated that this was a long time in coming, and he was very much looking forward to the program being instituted. Mr. Guistino then addressed a few questions presented by President Larimer on the installation costs and options, and if there is any diversity in regards to multiple sources/

vendors for this recommended product. President Larimer also stated that Mr. Guistino had prepared an excellent project report.

**ON MOTION** by Director Ascher and seconded by Director Coverdell, the Board voted as follows, by roll call vote, for the Superintendent of Operations to prepare and solicit a formal request for proposal for the installation of an automated meter-reading pilot program for the sixty-seven meters located on the Highway 92 route. Director Coverdell suggested an amendment to the motion, which provided a provision for the Superintendent of Operations to proceed with installation of the pilot program, subject to the winning bid amount not to exceed the cost estimates presented in his July 20, 2007 staff report on the subject. Director Ascher accepted the motion amendment:

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

**C. Discussion and possible Direction to Staff regarding Nunes Underground Storage Tank Replacement**

Mr. Guistino provided the background of this potential project, reporting the required costly repairs and expensive annual testing fees to maintain this underground storage tank. He proposed that the tank be replaced with an above ground storage tank and requested that the Board authorize him to proceed with a request for proposal for removal of the existing diesel tank and replacement of an above ground unit. Mr. Guistino addressed several questions from the Board members regarding the proposed project.

**ON MOTION** by Director Mickelsen and seconded by Director Ascher, the Board as follows, by roll call vote, to authorize the Acting General Manger to proceed with preparation and solicitation of a request for proposal to remove the existing diesel storage tank at the Nunes Water Treatment Plant and to replace it with an above ground unit:

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

8) **DISTRICT ENGINEER'S REPORT**

A. **El Granada Phase 3 Pipeline Replacement Project Work Status Report**

Mr. Teter provided an update on the progress of this project, including an estimate that a Resolution is very likely to come to the Board at the August 21, 2007 Board meeting, requesting to proceed with advertising for the bid process, if the remaining few tasks, including the archaeological work, are completed and the remainder of the permits and easements are obtained. Mr. Teter also showed the Board the recently completed Storm Water Pollution Prevention Plan (SWPPP), which will become part of the project specifications. He also reminded the Board that an archaeological monitor would be on site full-time, and a biological monitor on site part-time, which are conditions of the Coastal Development Permits. He concluded his report by advising that the project will be handled very carefully, and reminded the Board that the permit issued from CalTRANS allows for work to be performed during the winter months. He reiterated that the project would be going to bid soon, following by the award of a contract, with work to begin in the very near future, anticipating completion of the project by mid-summer of 2008.

B. **District Engineer Work Status Report**

Mr. Teter referenced his written staff report and provided an updates on the Water Treatment Plant Short-Term Improvement project and the SCADA System Replacement project.

9) **GENERAL BUSINESS**

A. **Consider approval of Resolution in support of "No Time to Waste: A Blueprint of California Water"**

President Larimer announced that discussion of this item would be postponed until the next regular meeting of the Board of Directors.

B. **Consider approval of license agreement between CCWD and Linda and Eddie Andreini for establishment of electrical connection to property adjacent to Carter Hill Parcel**



President Larimer introduced this item and stated that a letter regarding this matter had been received by the Board from Mr. Kevin Lansing, a local resident and member of the City of Half Moon Bay Planning Commission. President Larimer then distributed copies of the letter to the Board members and staff.

Mr. Guistino provided background details, stating that Mr. Andreini had purchased the land adjacent to the Nunes Water Treatment Plant and had requested access to utility service from the existing electrical connection at the District's Carter Hill property. He explained that the District's Legal Counsel had prepared a revocable license agreement that essentially allows Mr. and Mrs. Andreini to connect to the electric utility service at the Carter Hill Site. He then introduced Legal Counsel, Mr. John Barisone, of Atchison, Barisone, Condotti & Kovacevich, to address the letter submitted by Mr. Lansing.

Mr. Barisone stated that essentially the letter from Mr. Lansing contends that the grant of a license agreement constitutes development for purposes of the Coastal Act and constitutes a project for purposes of the California Environmental Quality Act. He also pointed out that although Mr. Lansing's letter indicates that he has reviewed the staff report, it does not indicate that he reviewed the license agreement that had been drafted and included in the Board packet. Mr. Barisone then referenced Section 4 of the agreement, which states that "Licensees shall be responsible for all permits and approvals necessitated by the installation provided for herein that may be required from any other agency with jurisdiction over such matters." He further stated that no development is taking place as a result of the District's consent, and that the CCWD is simply allowing Mr. and Mrs. Andreini to go to the proper permitting agency and demonstrate that if indeed he is issued a permit to develop the property the way they would like to, that they have a source of power to do so. He further stated that the District is not triggering development, not authorizing development and that the County of San Mateo is the permitting agency in this case and that they would be the lead agency for the California Environmental Quality Act (CEQA) analysis. Mr. Barisone concluded his comments by saying that he respectfully disagreed with Mr. Lansing and his contentions.

President Larimer requested that Mr. Lansing's letter be made a part of the District's permanent record, and also requested that Mr. Barisone prepare a written analysis of Mr. Lansing's letter so that the basis for the Board's decision on the License Agreement will clearly be explained and documented in the District's records. Note: Mr. Lansing's July 20, 2007 letter and Mr. Barisone's August 2, 2007 Memorandum are attached hereto and incorporated into these Minutes.

**ON MOTION by Director Coverdell and seconded by Director Mickelsen, the Board as follows, by roll call vote, to execute the License Agreement between Coastside County Water District and Eddie and Linda Andreini to connect to the electric utility service at the Carter Hill site:**

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

**C. Request for Board to provide Authorization to Write Off Bad Debts for Fiscal Year 2006-2007**

Mr. Guistino introduced this agenda item, explaining that the process of writing off bad debts takes place annually at the end of each fiscal year, and requested Board authorization for staff to write off the bad debts for fiscal year 2006-2007 in the total amount of \$6,621.92. Mr. Guistino advised the Board that staff's efforts to locate the customers and collect payment on these accounts have been exhausted and recommended that the accounts be turned over to a collection agency for further action.

**ON MOTION by Director Ascher and seconded by Director Mickelsen, the Board as follows, by roll call vote, to authorize staff to write off bad debts for fiscal year 2006-2007 (July 1, 2006 through June 30, 2007) in the total amount of \$6,621.92.**

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

**D. Status Report on the Current Major Capital Improvement Projects**

Mr. Guistino provided an update on the District's current projects, including the Main Street/Highway 92 Pipeline Replacement Project, the Water Treatment Plant Short Term Improvements and the SCADA System Replacement Project. He advised the Board that the Carter Hill East Pipeline Replacement Project is now complete and referenced Mr. Teter's Engineer's Report for the status of the progress on Phase 3 of the El Granada Pipeline Replacement Project.

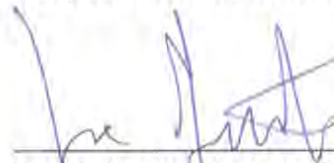
**10) AGENDA ITEMS AND DIRECTOR COMMENTS**

President Larimer announced that the regular meeting of the CCWD Board of Directors for the month of August has been scheduled to be conducted on Tuesday, August 21, 2007, commencing at 7:00 p.m.

**11) ADJOURNMENT**

The meeting was adjourned at 4:43 p.m. The next meeting of the Coastside County Water District's Board of Directors is scheduled for Tuesday, August 21, 2007 at 7:00 p.m.

Respectfully submitted,



Joe Guistino, Acting General Manager



Jim Larimer, Board President

July 20, 2007 (via email)

Board of Directors, Coastside County Water District  
766 Main Street  
Half Moon Bay, California 94019

Re: Agenda Item 9B, Consideration of approval of a license agreement between CCWD and Linda and Eddie Andreini for establishment of electrical connection to property adjacent to Nunes WTP.

Members of the Board of Directors:

As a CCWD customer, I appreciate the opportunity to provide input to the public hearing on the above-named item. I request that a copy of this letter be made part of the public record and be distributed to each member of the Board of Directors.

The agenda report states that the terms of the proposed license agreement include temporary access to CCWD property for the purpose of allowing Mr. Andreini to install an electrical service connection to the PG&E underground line via a trench.

The proposed operation constitutes "development" as defined by the San Mateo County Local Coastal Program (LCP). Section 1.2 of the County LCP defines development as follows (emphasis added):

#### 1.2 Definition of Development

As stated in Section 30106 of the Coastal Act, define development to mean:

On land, in or under water, **the placement or erection of any solid material or structure**; discharge or disposal of any dredged material or any gaseous, liquid, solid, or thermal waste; **grading, removing, dredging, mining, or extraction of any materials**; change in the density or intensity of use of land, including, but not limited to, subdivision pursuant to the Subdivision Map Act (commencing with Section 66410 of the Government Code), and any other division of land, including lot splits, except where the land division is brought about in connection with the purchase of such land by a public agency for public recreational use; change in the intensity of use of water, or of access thereto; **construction, reconstruction, demolition, or alteration of the size of any structure, including any facility of any private, public, or municipal utility**; and the removal or harvesting of major vegetation other than for agricultural purposes, kelp harvesting, and timber operations which are in accordance with a timber harvesting plan submitted pursuant to the provisions of the Z'berg-Nejedly Forest Practice Act of 1973 (commencing with Section 4511).

**As used in this section, "structure" includes, but is not limited to, any buildings, road, pipe, flume, conduit, siphon, aqueduct, telephone line, and electrical power transmission and distribution line.**

Development that takes place on CCWD property requires a coastal development permit. CCWD is proposing to enter into an agreement with Mr. Andreini that would involve future

development taking place on CCWD property. CCWD would be required to be a joint applicant on any Coastal Development Permit application, and thereby incur staff time and other possible costs, including any required environmental studies.

The proposed electrical utility connection is the first step in a true larger project that involves the construction of a barn, stable and other associated facilities. A "project" as defined in section 15378 of the California Environmental Quality Act (CEQA) guidelines is the "whole of an action" such that a project cannot legally be segmented into smaller pieces and then studied independently of one another. A narrow definition of the project to include only the electrical connection would constitute an illegal "piecemealing" of the project for the purpose of assessing the potential environmental effects pursuant to CEQA. The potential environmental effects of the true larger project are unknown at this time, as they have yet to be studied by a designated Lead Agency.

A public agency like CCWD should not enter into a development agreement with a private citizen where there is no discernible benefit to CCWD customers. The costs of establishing the electrical infrastructure that exists on the CCWD parcel were paid for with public funds. This infrastructure should not be used in a manner that subsidizes the cost of Mr. Andreini's private development project on the adjacent parcel.

Recently, CCWD relinquished ownership of a public utility easement across another property owned by Mr. Andreini. CCWD received no compensation whatsoever for this publically-owned asset. No attempt was made to determine the true market value of the easement. This action, together with the proposed development agreement, suggests that CCWD's stewardship of public assets does not provide the highest value to CCWD customers. Please note that CCWD's mission statement includes a commitment to "Legality of all District actions and behaviors."

Based on the above, I would encourage the Board to refrain from entering into any development agreement until the potential environmental effects of the true larger project as defined by CEQA have been studied and a Coastal Development Permit application has been submitted.

Sincerely,

Kevin J. Lansing  
359 Filbert Street, HMB

Copy to:  
California Coastal Commission, North Central Coast Office  
San Mateo County Zoning Hearing Officer  
HMB Review

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## MEMORANDUM

**TO:** Board of Directors, CCWD

**FROM:** John G. Barisone, Assistant District Legal Counsel

**DATE:** August 2, 2007

**RE:** Andreini License Agreement (July 20, 2007 Board Agenda Item 9B)

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Pursuant to the Board's July 20, 2007 direction the purpose of this memorandum is to confirm in writing the advice I orally provided to the Board on July 20, 2007 in response to the July 20, 2007 letter submitted to the Board by Kevin Lansing relative to the captioned agenda item. Staff recommended approval of a license agreement with Eddie and Linda Andreini pursuant to which the District would issue a revocable license to the Andreinis authorizing them to connect to the District's electric utility service at the Nunes Water Treatment Plant if and when the Andreinis developed their adjacent parcel of property. In his letter, Mr. Lansing took the position that the Board was without authority to authorize such a license agreement unless, in connection with that authorization, the Board issued a coastal development permit for the license agreement and in conjunction with that coastal development permit application conducted all necessary environmental review required by the California Environmental Quality Act.

While Mr. Lansing's letter states that he reviewed the agenda report prepared by District staff in connection with this matter, he did not indicate that he had reviewed the draft license agreement which was prepared by this office and presented to the Board in connection with this agenda item. Section 4 of that draft license agreement states that "Licensee shall be responsible for all permits and approvals necessitated by the installation provided for herein that may be required from any other agency with jurisdiction over such matters." In other words, unless the Andreinis obtain all necessary land use approvals for the property development which will necessitate the subject electrical hookup, the license agreement is of no force and effect. In this particular instance, because the Andreinis' property is in the unincorporated territory of San Mateo County, San Mateo County is the land use regulatory agency with legal authority and responsibility for considering any permit applications that the Andreinis must process in order to develop their property. Accordingly, it is San Mateo County and not the Coastside County Water District which will be authorizing any land use to which the Andreinis might wish to devote their property; the license agreement authorizes no development and confers no land use entitlements.

Board of Directors  
August 2, 2007  
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Under these circumstances, San Mateo County is the appropriate agency for issuance of a coastal development permit if, depending upon the Andreinis' land use application, a coastal development permit is required under the California Coastal Act and the County's Local Coastal Program. In addition, because the County would be the "lead agency" with regard to the processing of any such discretionary land use permit application, a "project" for purposes of CEQA, the County, and not the District, will be responsible for ascertaining the level of environmental review required for the Andreinis' project once the application for that project has been submitted by the Andreinis to the County's Planning Department.

In summary, the license agreement in and of itself confers no land use entitlement or authorization upon the Andreinis. The District's approval of the license agreement at this juncture serves only to facilitate the Andreinis' ability to submit the necessary land use application to the County inasmuch as they can demonstrate to the County that the project, if approved by the County, will have a readily available source of electrical power.

I trust the foregoing serves to accurately summarize the advice I verbally provided to the Board on July 20, 2007.

Very truly yours,



John G. Barsone  
Assistant District Legal Counsel

JGB:kw

cc: Joe Guistino, Acting General Manager  
JoAnne Whelen, Administrative Assistant  
Anthony Condotti, District Counsel