

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS

January 13, 2004 - 7:30 p.m.

- 1) **ROLL CALL:** President Muller called the meeting to order at 7:30p.m. Present at roll call were Directors James Larimer, Everett Ascher, Ken Coverdell and Chris Mickelsen.

Also present were Ed Schmidt, General Manager; Anthony Condotti, Legal Counsel; Jim Teter, District Engineer; John Davis, Field Supervisor; and Gina Brazil, Office Manager.
- 2) **PLEDGE OF ALLEGIANCE:** Everyone stood for the Pledge of Allegiance.
- 3) **PUBLIC ANNOUNCEMENTS:** The General Manager introduced two new District employees, Jack Whelen and Gavin Morrell.
- 4) **SPECIAL ORDER OF BUSINESS: CERTIFICATE OF APPRECIATION:** President Muller read a prepared statement and presented a special Certificate of Appreciation to Richard Kirchner for the excellent photography work that he has done for the District. President Muller explained that Mr. Kirchner's photos had been used in the CCWD report and presentation to the California Coastal Commission (CCC) in support of the new El Granada Pipeline project, and stated his belief that Mr. Kirchner's photos played a significant role in the final project approval.
- 5) **CONSENT CALENDAR**
 - A. Requesting the Board to review disbursements for the month ending December 31, 2003 Claims: \$866,318.34 Payroll: \$46,174.06 for a total of \$912,492.40
 - B. Acceptance of Financial Reports
 - C. Minutes of the Meeting of December 9, 2003 of the Board of Directors
 - D. Monthly Water Transfer Approval Report

President Muller stated that he had reviewed the various reports for the Month of December, 2003 and had no questions or comments about them.

ON MOTION by Director Coverdell and seconded by Director Mickelsen, the Board voted unanimously to accept the Consent Calendar in its' entirety.

6) **REPORT OF THE GENERAL MANAGER**

A. **Update on recent activities and subsequent Notices of Intent to Issue Permit regarding the El Granada Pipeline Project**

The General Manager stated that in December, 2003, the District received the CCC's "Notice of Intent to Issue Permit" for both the City and County segments of the El Granada Pipeline project. However, prior to approved permits being issued, two plans for the development of erosion control and archeology must be submitted to the CCC and approved.

Director Larimer asked what could be done to speed up this process. Board members reviewed the proposed timelines for the El Granada Transmission Pipeline Replacement Project and the Carter Hill West Pipeline Replacement Project, and comments were made regarding moving the Carter Hill project forward as quickly as possible. President Muller suggested that the Board members focus on the El Granada project, as that is the project that has been approved by the CCC. Director Coverdell remarked that the Carter Hill project will draw significant attention and that there is likely to be substantial resistance to that project in the very near future, especially if the suggestion that the Carter Hill pipeline be made 24" is seriously explored.

The General Manager suggested that if the Carter Hill project approval delays approval of the El Granada project, (Phase 3A and 3B), it would be better to complete the El Granada (Phase 3A and 3B) separately. He also stated that he has received interest from a firm in San Francisco that is interested in working on the special permits, but he is attempting to get local firms to write the plans. The Board said they wanted the plans written as soon as possible, even if the District cannot utilize local firms.

B. Consideration of approving a draft Mitigated Negative Declaration and establishing a date and time for a public hearing pursuant to a Notice of Intent to Adopt Mitigated Negative Declaration for the Carter Hill West Pipeline Replacement Project- Presentation by George Burwasser, Project Manager, EIP Associates

The General Manager introduced Mr. George Burwasser, Project Manager with EIP Associates, a firm that was hired a year ago to perform an "Initial Study and Environmental Checklist" to evaluate the three major pipelines in the District's water distribution system, the results of which he presented to the Board. The study, which covered the potential impacts of sixteen environmental concerns, found that, with four minimal exceptions (in air quality, cultural resources, geology and soils, and noise issues), implementation of the pipeline projects would have no, or less than significant, adverse impacts on the environment. It further found that, with mitigation, the project will have no significant impacts. It was therefore concluded that the appropriate action for the District to take would be the adoption of a Mitigated Negative Declaration for the Carter Hill Pipeline Replacement Project.

President Muller stated his perception of the simple and non-sensitive environmental and physical conditions of some of the land that would be impacted by the pipeline project, and Mr. Burwasser agreed with that assessment, reiterating that no serious environmental issues are at stake in the pipeline project. President Muller then asked about the potential for a full Environmental Impact Report (EIR). Mr. Burwasser answered that he does not believe that a complete EIR would be required and does not see the controversy over the pipeline project as a catalyst that would cause a full EIR to be required.

Discussion ensued among the Board members about the possibility of approaching Cabrillo School District regarding the re-paving of Lewis Foster Drive, which leads up to Half Moon Bay High School.

Director Larimer initiated a discussion regarding the possibility of replacing the Carter Hill pipeline with a 24" pipe instead of a smaller size, siting cost comparisons, anticipated future build-out and the District's responsibility to community needs that could be met by a larger diameter pipeline for the next one hundred years, as opposed

to the use of a 20" diameter replacement pipe that would last only thirty to forty years.

There was discussion among the Board members and Mr. Burwasser regarding what would be necessary to increase the size of the pipeline. Mr. Burwasser remarked that the District might want to make use of Rudi Metzner's hydraulic modeling in order to gather some additional engineering data on a larger diameter pipe. Director Larimer remarked that he would be very willing to spend additional money to have another model done. He expressed his main concern again regarding the potential for having to re-do the pipeline too soon in the future if the replacement pipe done now, ends up being too small to handle community needs for an extended period of time.

The Board then discussed the prospect of going back to the CCC and requesting an increase in the diameter of the Carter Hill pipeline in light of the length of time that it has taken for the CCC to approve the El Granada Pipeline Project. Director Larimer expressed his belief that the recent overwhelming election wins for the current Board members, sends a clear signal that the community wants to have financial resources protected. He said he expects the Board to advocate for the best possible outcome in community infrastructure.

The General Manager requested that Mr. Burwasser discuss the land use and LCP build-out issues that might trigger a full EIR. Director Larimer spoke about District limitations in the areas of water distribution, hook-ups and water treatment, all of which have the potential to limit future build-out. Mr. Burwasser explained that the District's requests to replace an existing, deteriorating pipeline and to size a replacement pipeline to an existing number of connections have been acceptable to the permitting agencies. However, he further explained, a move forward by the District to expand the project to accommodate future build-out would require a firm analysis of what that build-out would look like and would very likely create a number of complexities that could potentially affect the project.

Mr. Condotti expanded on Mr. Burwasser's discussion, by elaborating on the possible problems in planning the pipeline project around future build-out including differing opinions of what constitutes "buildout". He stated that a larger pipeline would likely cause the

California Coastal Commission (CCC) to more carefully scrutinize potential growth inducing impacts of the project.

The Board then discussed the subject of easement widths in various locations of the replacement pipeline and also talked about the issue of future treatment of reclaimed water. The General Manager recommended that the Board determine the minimum size desired for the pipeline before the project moves forward. Director Larimer urged the Board to consider fire safety issues related to having a larger pipeline. Several comments were made that any request for an increase in the pipeline size would undoubtedly create project timeline delays, as it would certainly guarantee that an appeal would take place.

ON MOTION by Director Mickelsen and seconded by Director Coverdell it was proposed that the District plug the balance of the priority connections into a new model study and see if a 20" pipeline is the minimum size warranted.

Discussion continued among the Board members regarding the possible costs involved in running additional model runs with alternative pipeline sizing. President Muller placed emphasis on the fact that every time engineering services are utilized, the costs are increased quickly and that this was a decision that the Board needed to make. President Muller then suggested that a possible amendment could be added to Director Mickelsen's motion that would include the running of additional model runs (in addition to the 20" size). The amendment was not accepted by Director Mickelsen. He stated that he would prefer that the 20" pipeline size be run and then make a decision based on the results of the 20" model run. If the 20" pipeline size works, the results would be clear. If the 20" pipeline size doesn't work, then alternatives could be investigated, and that we were shooting for the minimum pipeline size.

Director Ascher, expressing concerns about further contentious politics, more project appeals and CCC delays, advised that the Board move forward with the minimum pipe size that is acceptable and get the project completed. Director Larimer continued to voice his strong desire to add a little more time to complete the pipeline project by advocating for a larger pipe instead of possibly having to re-do the pipeline in another 20 years, which would be a significant cost to the community.

The Board then voted on the earlier Motion made by Director Mickelsen, and seconded by Director Coverdell, as follows:

Director Larimer	No
Director Ascher	Aye
Director Coverdell	No
Director Mickelsen	Aye
President Muller	Aye

At this point in the meeting, the Board took a short break at 9:08 p.m. and reconvened at 9:15 p.m.

C. **Status Report of current permitting activities for critical Non-Crystal Springs Capital Improvement Projects**

President Muller expressed his concern that he wants Coastside County Water District to be the lead agency for Capital Improvement Projects and agreed with the General Manager that CCWD should have that role, not the City of Half Moon Bay. There was brief discussion among the Board members.

D. **Discussion and direction to staff regarding possible agenda topics as well as staff and other agency attendance for a Board Retreat**

The Board discussed possible dates for a proposed Board Retreat and the members agreed to hold the retreat on February 27th, 2004. President Muller suggested that the Board send notes and/or emails to the General Manager about possible suggestions for agenda items.

Director Coverdell asked for clarification of the purpose, focus and possible tasks of this proposed Board retreat. Director Ascher asked Mr. Condotti about when a "retreat" becomes a "meeting", which could be considered to be a violation of the Brown Act. Mr. Condotti explained that the retreat would be considered to be a "Special Meeting" and therefore would be agendized as such, and the public would be entitled to attend.

President Muller asked that the General Manager review potential retreat sites, establish an agenda and submit a notice to the public about the meeting. The General Manager stated that he would prepare a draft agenda for the retreat and present it to the Board members at the regularly scheduled February Board of Directors

Meeting. President Muller expressed his desire to use a low-key, local Coastside-based facilitator for the meeting.

E. **Discussion and possible direction to staff regarding San Mateo Local Agency Formation Commission (LAFCO) – File No. 03-10-Proposed Sphere of Influence Amendment of Midpeninsula Regional Open Space District (MROSD) and Annexation of the San Mateo County Coastal Area (144,000 acres)**

The General Manager offered a brief review of the proposed annexation and discussed the results of an evaluation of potential fiscal impact done by John Parsons, CCWD Accountant. Kathy Woodbury, Planning Director of the MROSD, reiterated her stand from the previous month's Board meeting that the annexation process does not impact taxes for the Coastside communities.

Director Larimer discussed his view of the two potential tax consequences of the proposed annexation: 1) the loss of revenues due to lands taken off the tax rolls and 2) concerns that annexed lands may have to be supported by taxpayers, depending upon what the annexed lands are eventually used for.

Director Ascher asked Ms. Woodbury to explain where the land to be annexed is located. She explained that the present acreage under consideration for annexation is approximately 12,000 acres out of the 144,000 acres total area on the Coastside. Director Mickelsen expressed his belief that the land under consideration is unlikely to be a part of the CCWD area, which would therefore mean that there would be no fiscal impact to CCWD ratepayers. He then stated that, because CCWD ratepayers are unlikely to be impacted, he personally has no opposition to the annexation taking place.

President Muller stated that he would like for the Board to move forward with a letter of non-opposition to the proposed land annexation by the MROSD. Director Larimer expressed his desire to have an analysis done of unknown indirect costs related to the annexation, as he is very concerned about the potential for tax assessments to District customers. A similar request was made by Director Coverdell, who would also like to see further analysis of potential fiscal impact to the District. The General Manager stated that the Board is under no obligation to present any recommendation to LAFCO.

ON MOTION by President Muller, and seconded by Director Mickelsen, for the Coastside County Water District to support the land annexation in the San Mateo County Coast Area by the Midpeninsula Regional Open Space District, the Board voted as follows:

Director Larimer	No
Director Ascher	No
Director Coverdell	Aye
Director Mickelsen	Aye
President Muller	Aye

F. General Manager Activities

There were no questions on this agenda item.

7) ENGINEER'S REPORT

A. Lower Pilarcitos Creek Groundwater Basin Study - continued discussion from previous CCWD Board meeting of November 18, 2003 and possible direction to staff

District Engineer Jim Teter reviewed the Lower Pilarcitos Groundwater Basin Study in response to questions from Director Larimer that followed the presentation by Todd Engineers to the Board at the previous Board of Directors meeting on November 18th, 2003. Mr. Teter, after reviewing the reasons for his analysis that the proposed test pumping project is unwise to undertake, suggested to the Board that the Todd Engineers test well proposal will not yield sufficient technical data and recommended that the CCWD not proceed with the test pumping program proposed by Todd Engineers.

Discussion among Board members ensued about the possibility of returning to previous test wells to see if they would yield the desired data. The General Manager suggested that a District representative take photos of the potential test wells on private property using a more detailed map than Todd Engineers had access to and then analyze potential costs of using those wells instead of the new test well proposed by Todd Engineers. Director Larimer expressed his desire to ensure that the owners of the previously used test wells would be open to allowing the CCWD an easement to wells that may prove to be useful. He then

addressed Mr. Condotti and asked about potential legal and regulatory issues related to who has jurisdiction over groundwater on private property. Mr. Condotti explained that if the analysis of the wells showed that it was underflow from Pilarcitos Creek, then the State Water Resources Control Board would have the jurisdiction over permits to appropriate water from the Creek.

President Muller asked Mr. Condotti to explain how the scope of the groundwater project would be impacted if the District were to actually acquire property that had an adequate water supply on it. Mr. Condotti reviewed the issue of potential legal claims that other landowners might have if the District were to utilize a well that, in turn, had a negative impact on the wells of those adjacent owners.

Keith Mangold commented on the riparian rights of the San Francisco Water Department and asserted that, according to recent reports, Pilarcitos Creek is over-appropriated. He then discussed winter versus summer pumping as well as his recommendations for where to pump in this project. President Muller and Director Mickelsen both commented on the need for the District to continue to look for alternate sources of water due to potential drought and impact of the needs from other Districts, and Director Mickelsen expressed his desire for the District to look for available water "in our own backyard" since there is no certainty as to where future water may come from.

Director Coverdell discussed the possibility that Crystal Springs might be another alternate source of water that has been overlooked and he would like to have a better understanding of that possibility as well as what the CCWD would have to do to secure water from that source. Director Mickelsen explained that the Bay Area Water Users Association will be addressing that very issue in the next two years, as all 29 Bay Area water districts are very close to needing additional sources of water. The present contract with SFPUC expires in 2009.

The Board directed Staff to contact the owners of previously tested wells to determine accessibility to those wells, and the General Manager agreed that he would work with Mr. Condotti to draft an appropriate letter to those property owners. Additionally, Staff was also directed to look at the potential for winter pumping and to keep in contact with Keith Mangold.

B. Engineering Projects Received in December 2003

Mr. Teter stated that there were no engineering projects received in December, 2003.

C. District Engineer Work Status Report

Mr. Teter explained that the work status report for January is similar to previous months and the report for February will be upgraded with Doug Donaldson's information.

8) OPERATIONS REPORT

- A. Water Service Connections Installed, Priority and Non-Priority**
- B. Capital Improvement Program Progress**
- C. Water Sample Report, Local Production, Water Purchases, Leaks, etc.**
- D. San Francisco Public Utilities Commission Hydrological Conditions Report for November 2003**

Field Supervisor John Davis provided a brief overview of the Operations Reports and documentation.

9) MEETINGS ATTENDED/SCHEDULED - BOARD OF DIRECTORS

President Muller stated that he would be going to Sacramento on the 3rd of February to attend the ACWA meeting. He will be meeting with cabinet members of the California EPA, the Resource Secretary, and the Secretary of Agriculture to discuss Coastside water issues.

Director Mickelsen will be attending a BAWSCA meeting on January 15th, 2004 at which time the Hetch Hetchy retrofit project will be addressed.

10) AGENDA ITEMS AND DIRECTOR COMMENTS

Director Ascher stated that, once the Board receives the Staff recommendation report on Rudi Metzner's new model for the 20" pipeline for the Carter Hill project, he would encourage President Muller to call a Special Meeting so that the Board can begin to work toward the 30-day project timeline. Director Mickelsen thanked Director Ascher for bringing up this topic and strongly agreed that it is a very important issue.

11) ADJOURN

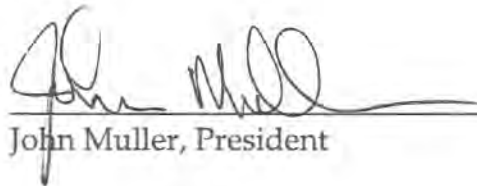
The meeting was adjourned at 10:39 p.m. The next scheduled meeting of the Board of Directors will be held on February 10th, 2004 at 7:30 p.m.

Respectfully submitted,



Ed Schmidt, General Manager

Approved:



John Muller, President