

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

MINUTES of the MEETING OF THE BOARD OF DIRECTORS

October 14, 2003 - 7:30 p.m.

- 1) **ROLL CALL:** President Muller called the meeting to order at 7:30 p.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; James Teter, District Engineer; Sean Donovan, Field Supervisor; Gina Brazil, Office Manager; and JoAnne Whelen, Administrative Assistant.

- 2) **PLEDGE OF ALLEGIANCE:** Everyone stood for the Pledge of Allegiance.
- 3) **PUBLIC ANNOUNCEMENTS:** There were no public announcements.

- 4) **CONSENT CALENDAR**

- A. Requesting the Board to review disbursements for the month ending September 30, 2003 Claims: \$506,668.21, Payroll: \$44,033.48 for a total of \$550,701.69
- B. Acceptance of Financial Reports
- C. Minutes of the September 9, 2003 Board of Directors Meeting
- D. Monthly Water Transfer Approval Report

Director Coverdell stated that he had reviewed all items in the Consent Calendar and had found no errors. He had several questions related to some of the documentation and contacted Gina Brazil, the District Office Manager, who was able to answer all of his questions very quickly. He then asked if it would be necessary for him to abstain from a vote to accept the Consent Calendar, as he had not been present at the previous Board Meeting. Mr. Condotti advised him that he would not need to abstain from the vote.

ON MOTION by Director Ascher and seconded by Director Larimer, the Board voted unanimously to accept the Consent Calendar as submitted.

5) REPORT OF THE GENERAL MANAGER

A. Discussion and possible direction concerning the format of monthly financial reports presented to the Board

The General Manager informed the Board that the monthly financial reports are now being posted on the District website. Directors Coverdell and Ascher both made comments about the importance of the business of the District being as open as possible for the benefit of ratepayers. Director Larimer expressed his concern that, with the public being able to view all of the District's financial reports, large expenses could be misunderstood since the monthly posting would lack any history that would explain costs that could appear to be out of the ordinary. The Board members discussed the new graphs that have been added to the financial reports and Director Larimer asked that the graphs be modified to contain accumulated, as well as monthly amounts for the benefit of the public and to avoid the potential misunderstandings he referred to in his earlier remarks.

John Parsons addressed the Board and stated that he would review the accounting software to see if it will accommodate the requests for the breakdown of figures in the ways that the Directors would like to see, and will also determine if there are ways that the reports can be further clarified. Director Ascher called the current reporting methods a "work in progress" and stated that they should be reviewed and evaluated again at a later date. He proposed that the Board allow the General Manager and his staff to spend time working with the current reports in order to determine the best recommended methods for reporting. President Muller reminded all that paperwork reduction should be foremost in everyone's mind.

B. Coastside County Water District Water Sampling Program - Introduction of Linda Brown, Public Health Chemist with the County of Monterey Department of Health

Ms. Linda Brown, Public Health Chemist and Manager for the Consolidated Environmental Laboratory (CEL) in the County of Monterey made a brief presentation to the Board, describing the CEL as a 15-year

partnership between the Monterey Health Department and the Water Resources Agency. She reviewed her background and qualifications as a public health chemist, explained the accreditation requirements for the CEL, described their reports and reporting methods, offered a reference list of large water systems that her agency works with, and, at President Muller's request, explained how coliform samples are collected and tested in her laboratory. She also talked about ways that they strive to provide excellent and fast service to their customers, including extensive availability in off-hours. Ms. Brown was very complimentary in her evaluation of District field personnel.

C. Update on recent activities regarding the El Granada Pipeline Project Appeals and possible direction to staff regarding the California Coastal Commission Hearing for Appeal Nos. A-2-SMC-99-65 and A-1-HMB-99-20

The General Manager reminded the Board members that, at the previous CCWD Board Meeting, they had approved a resolution that had been sent to the California Coastal Commission (CCC) with a letter of explanation regarding the purpose of the resolution. He explained that, shortly after the CCC had received the resolution and the letter, he had been contacted by them regarding their desire for another meeting and a request for further engineering studies. The General Manager requested Board direction to Staff regarding any new engineering analysis and the scheduling of any new meetings with the CCC, as well as who the Board would like to attend the next meeting.

Jim Marsh, Half Moon Bay, referred to his letter of October 6th and asked for clarification of the list of pipeline costs and "the millions of dollars spent on pipeline delays". Director Ascher refuted Mr. Marsh's statement about millions of dollars being spent on the pipeline project and referred to previous Board discussion on this topic. Director Larimer suggested that this was the wrong time to address this issue, as the item currently under discussion is related to the CCC hearing.

John Meador, Half Moon Bay, stated that he had spoken with Chris Kern of the CCC on Friday, October 10, 2003 and that Mr. Kern had said to him that he believes that the pipeline analysis performed to date is inaccurate. Mr. Meador stated that he thinks that the Commission is confused and dragging their feet due to misconceptions and the belief that the District data is not "real". He expressed his concern that the CCC has based their decision on misinformation and misconceptions.

Director Larimer remarked that if Mr. Meador's analyses are correct, it is very disturbing, because he believes that the District has provided sufficient and straightforward information to the CCC. He asked Mr. Schmidt and Mr. Teter how the information about the project has been relayed to the CCC. Mr. Schmidt and Mr. Teter commented on numerous communications with the CCC staff, including a list of correspondence that was included within the staff report for this item.

Director Coverdell expressed his concern about the misinformation from some members of the public, that continues to misrepresent CCWD communication to the CCC and he referred to the detailed chronological history of communications between the CCWD staff, Mr. Condotti and the CCC that was included in the Board packet. He stated that it is quite clear that there is no progress being made on the pipeline project and is frustrated by it, referring to further evaluation of pipeline size and additional engineering study requested by the CCC, as well as the significant amount of time spent using the hydraulic model in evaluating the project.

President Muller urged the Board not to spend too much time re-hashing the same issues, stating that he would like to see the Board move forward with the best possible case that they can present and that they should now decide how they want to respond to the latest letter from the CCC.

Director Larimer stated that he counted thirty communications between CCWD and the CCC between the beginning of 2003 to the most recent at the hearing in Southern California and asked Mr. Condotti for clarification of what appears to be an expanded scope of the project. After some explanation to answer Director Larimer's question, Mr. Condotti suggested that the most important question for the Board to answer is how to get the CCC to consider the pipeline evidence presented to them by CCWD and make a decision on the project. He commented on the difficulty of working with the CCC and stated that when a decision on a project is continually thwarted, at some point it can be considered to be "tantamount to a denial of due process" but that point can be difficult to determine.

Director Mickelsen remarked about the very pro-active and cooperative approach that the Board has taken in working with the CCC in answering questions and concerns that they have about the project.

President Muller told the General Manager that he could move forward with setting up the next meeting with the CCC. The General Manager agreed with President Muller that it would be best to hold off on further engineering studies until after the next meeting between the CCWD and the CCC occurs, so that a scope of work can be agreed upon.

President Muller, stating that his preference would be not to schedule another engineering study, asked Mr. Schmidt to respond back to the CCC and indicated that he would personally prefer that the meeting be scheduled for a date following the upcoming election on November 4, 2003. Director Ascher remarked that he would like to see the El Granada Pipeline Project Appeals on the December CCC Agenda. The General Manager responded that he was of the understanding that the CCC was anxious to meet within the next few weeks, in order to possibly schedule the item to be heard at the CCC hearings scheduled December 10th through 12th in San Francisco, CA. President Muller and Directors Larimer and Coverdell volunteered to go to the meeting and the General Manager said that he would get a confirmed date and inform the Board of the details.

D. Update on Non-Crystal Springs Capital Projects

The General Manager provided a review of non-Crystal Springs Capital Projects in the 2003-2004 budget: pipeline projects at Avenue Balboa and Metzger and Filbert Streets; various maintenance projects; equipment replacement; regulatory permit applications; and loan repayment status.

E. Reminder of November 11th CCWD Regular meeting cancellation and special meeting to be held November 18th, 2003 at 7:30 p.m.

The General Manager reminded everyone present about the change in the schedule for the November Board meeting.

F. Discussion and possible direction to staff to provide "out-of-class" pay for several CCWD employees who are performing duties outside of their job description/pay classifications

The General Manager addressed the Board regarding the possibility of providing temporary special compensation for several District employees who are currently fulfilling additional responsibilities. President Muller expressed his confidence in the General Manager to make appropriate decisions in this area. Mr. Condotti explained that, although the Board is not required to provide direction to the General Manager, Mr. Schmidt is asking for the Board's approval. Director

Mickelsen pointed out the net salary savings to the District with the loss of a District employee in mid-August and that the additional funds resulting from this could be used to compensate the employees for the additional work they are temporarily providing.

ON MOTION by Director Ascher and seconded by Director Mickelsen, the Board voted unanimously to provide temporary "out of class" pay for CCWD employees who are performing duties outside of their job description.

G. General Manager Activities Report

There were no comments regarding the General Manager's activities report.

H. Correspondence:

- (1) Coastside County Water District Candidates Forum Flyer – Wednesday, October 15, 2003

The Board briefly remarked on the CCWD Candidates Forum scheduled for Wednesday evening, October 15th, 2003.

- (2) Judy & James Marsh, October 6, 2003 letters regarding Moss Beach Highlands, El Granada Pipeline Project

James Marsh, Half Moon Bay, referred to his letters to the Board in August, 2003, and October, 2003, regarding water connections and the Moss Beach Highlands Water Agreement. He expressed his opinion regarding the original terms of the agreement between the Board and Kaufman & Broad as having "just vanished" and stated that he would like to have a written response from the Board as to how the litigation settlement terms and conditions were reached and related reasoning.

Mr. Condotti reviewed the essential elements of the decisions and resolutions regarding the Bueth litigation and the two agreements (the January, 1999, agreement with Kaufman and Broad, and the January, 2000, agreement between the CCWD Board and Mr. Corado) that had to be resolved as part of the litigation settlement. Director Mickelsen asked for verification of his understanding that the Board is still bound by the January, 2000 agreement and Mr. Condotti confirmed that was so, elaborating on the terms of that

agreement and stating that "the January, 2000, agreement was the operative document".

Director Coverdell responded with a few brief comments regarding his recollection of the discussions and negotiations during that time, of the status of the 305 connections. He offered to share with Mr. Marsh on a personal level, his historical perspective of the results of the some of the numerous meetings that took place then, including meetings with the San Mateo County and City of Half Moon Bay representatives requesting that CCWD honor requests for some of these connections for their priority projects.

Director Mickelsen corrected the figure quoted by Mr. Marsh of 20 lottery connections, clarifying that the number of connections available for the lottery was 105. Director Mickelsen then read portions of the Half Moon Bay City Council's Resolution number C-63-98, signed unanimously by City Council members Coleman, Donovan, Ruddock, Stone and Patridge, which strongly requested that the CCWD Board grant preferential and priority water connections be given to the DiBenedetti Project and the Wavecrest Village Development project.

Mr. Marsh reiterated his request for a written response to the issues he is raising concerning the distribution of the connections, stating that the bottom line in regards to what the community believed in 1999 for the distribution of these water connections to Moss Beach, is that CCWD staff screwed up and sent the wrong standard water supply connection form in 1999 or January of 2000. CCWD can fall back on blaming staff, it was that simple, but it should be owned up to, and a written response provided to him.

Director Larimer remarked that putting blame on CCWD staff, when Directors Carol Cupp, Eva Coleman and Eleanor Witttrup were board members that controlled the Board at that time and signed those documents, is just wrong. If it was suggested that if blame is to be assigned, it should be to them, the controlling faction on the Board at that time when that agreement was signed and approved by them.

President Muller urged all to move on from this issue, as it has been repeatedly discussed at several meetings, and expressed his hope that it be brought to a conclusion and hopes that the speaker

understands that the Board has done their best to settle this matter and move forward.

(3) ACWA Communications Outreach Advisory dated October 1, 2003 - Region Board Election Results for 2004-2005 Term

President Muller reported to the Board on his recent election to the ACWA Board of Directors. He expressed his view that all of the water agencies represented by ACWA seem to be dealing with similar water-related issues. He will report to the CCWD Board on future ACWA meetings.

6) **ATTORNEY'S REPORT**

A. Water Service Agreement between Coastside County Water District and Bruce Stebbins for the Magellan Avenue Pipeline Extension Project

Mr. Condotti addressed the Board regarding the request of Mr. Bruce Stebbins for approval of a standard water service agreement that will provide for the construction of a pipeline extension to serve two parcels of real property that he is in the process of purchasing along Magellan Avenue in Miramar. Mr. Condotti explained that Mr. Stebbins has already received a coastal development permit to construct a single-family residence on one of the parcels and will be paying all administrative and construction costs as well as all costs for the engineering review of the design.

ON MOTION by Director Coverdell and seconded by Director Ascher to approve the water service agreement between the Coastside County Water District and the Isabella Trust, though its representative Mr. Bruce Stebbins, the Board votes unanimously to approve by roll call vote as follows:

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

B. Same-Party Non-Priority Transfer Application - Helen Carey and Robert Carey, Trustees of THE ISABELLA TRUST

Mr. Condotti reviewed the issue of a non-priority transfer application by Mr. and Mrs. Robert Carey, trustees of the Isabella Trust. He explained to the Board that there is a significant question as to whether or not the

property can be developed, as the San Mateo County Planning Department has issued a letter stating that the property is considered to be substandard and non-conforming and therefore does not fit development criteria.

Mr. Condotti requested that the Board determine if the application for the transfer is consistent with the requirement that the applicant furnish evidence that the property can be developed, and then suggested to the Board that they direct staff to prepare an amendment to the transfer policy to make it consistent with the manner in which it is currently applied by staff and has historically been applied by the Board.

Ann Carey, representing her parents Helen and Robert Carey, addressed the Board regarding her parents' request to transfer a non-priority water connection. She explained that her parents have maintained this piece of property since 1966, that it is a legal piece of property, that it borders another property serviced by the CCWD, that there is precedent for land use permits being issued for non-conforming parcels of land, that it has a sewer assessment that they have been paying over the years, is legal in accordance with water district policy and, therefore, should be considered developable.

Leonard Woren, El Granada, stated that the General Plan allows for the development of parcels of land of 10,000 square feet and that the parcel in question is only 4,400 square feet; thus the development of it would violate the density limitations in the General Plan. He said that it is unclear that sewer service is available from the Granada Sanitary District for this parcel of land and expressed his view that having a property assessment for sewer service, does not mean that service will be provided.

Director Coverdell commented that the Carey's have owned the property in question prior to the new zoning standards established in 1980 and thus should be able to develop it. He stated his belief that the Board should honor the transfer request due to the length of time that they have owned the property. Mr. Condotti stated that without the approval of the water service connection, the Carey's will not be able to go to the planning agency and apply for a development permit. Discussion then ensued among the Board members about the criteria for the issuance of a use permit and the limitations of the Board's role in the area of land use.

ON MOTION by Director Coverdell, and seconded by Director Ascher, to approve the Same-Party Non-Priority Transfer Application of Helen Carey and Robert Carey, Trustees of THE ISABELLA TRUST. The Board voted unanimously by roll call vote as follows:

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

In order to avoid this issue in the future, Director Larimer requested this issue be agendized for a future Board meeting.

7) ENGINEER'S REPORT

A. Engineering Projects Received in September 2003

Mr. Teter addressed the Board and explained that there had been only three small, routine projects received in September, 2003. There was no further discussion.

B. District Engineer Work Status Report

Mr. Teter explained that this was a normal monthly report, remarking briefly on Coastal Development Permits (CDP) that have been applied for. Director Coverdell asked to have the CDP costs and times frames tracked in order to have District energies and organization focused at appropriate times in the permit process due to the length of time and increasing complexity of the process. Mr. Schmidt remarked that the time frame and cost breakdown for Doug Donaldson will be a valuable model tool for future projects. President Muller commented on the permit process and the cost of doing business, and he and Director Larimer both commented on the role of the Board and its' responsibility to protect the ratepayers as much as possible from escalating business costs.

C. El Granada Pipeline Project Phases 3A & 3B - Request for Proposal for Land Surveying and Photogrammetric Mapping Services

Mr. Teter explained that Phase 3 is the balance of the pipeline project. He explained that the District had sent out a Request for Proposal (RFP) for land surveying and photogrammetric mapping services to seven consulting firms and had received three responses. His recommendation to the Board is to award the contract to Sandis Humber Jones, as their reputation and references are excellent, their projects always come in under budget and they submitted the lowest bid for the project.

ON MOTION by Director Ascher, and seconded by Director Mickelsen , the Board voted unanimously to approve the selection of the engineering firm of Sandis Humber Jones to provide land surveying and photogrammetric mapping services to the CCWD by roll call vote as follows:

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

8) OPERATIONS REPORT

A. Water Service Connections Installed, Priority and Non-Priority

Mr. Sean Donovan, CCWD District Field Supervisor, briefly reviewed the water service connections that had been installed in the previous month.

B. Capital Improvement Program Progress

Director Mickelsen referred to the capital improvement program as "permit limbo".

C. Water Sample Report, Local Production, Water Purchases, Leaks, etc.

Mr. Donovan briefly reviewed the reports presented to the Board.

D. San Francisco Public Utilities Commission Hydrological Conditions Report for August 2003

Mr. Donovan briefly reviewed the SF PUC Hydrological Conditions report that the Board had asked to be provided with each month. The Board undertook discussion regarding the high levels of water storage in the report and their belief that the water storage levels reflect the positive effects of conservation education for the public.

9) MEETINGS ATTENDED/SCHEDULED - BOARD OF DIRECTORS

There was no discussion on this agenda item.

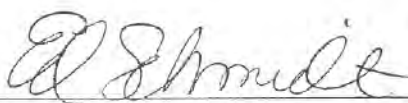
10) AGENDA ITEMS AND DIRECTOR COMMENTS

There was no discussion on this agenda item.

11) ADJOURN

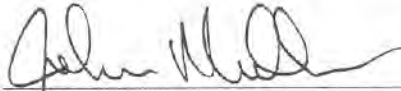
The meeting was adjourned at 9:25 p.m. The next scheduled meeting of the Board of Directors will be a special meeting on Tuesday, November 18th, 2003 at 7:30 p.m.

Respectfully submitted,

 10/30/03

Ed Schmidt, General Manager

Approved:



John Muller, President