

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS

September 9, 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 Jim Larimer, Everett Ascher and Chris Mickelsen. Director Ken Coverdell was absent.

Also in attendance were Ed Schmidt, General Manager; Anthony Condotti, Legal Counsel; John Davis, Field Supervisor; James Teter, Engineer; Gina Brazil, Office Manager; and JoAnne Whelen, Administrative Assistant.

- 2) **PLEDGE OF ALLEGIANCE:** Everyone stood for the Pledge of Allegiance.
- 3) **INTRODUCTIONS:** There were no introductions.
- 4) **PUBLIC ANNOUNCEMENTS:** There were no public announcements.
- 5) **APPROVAL OF THE AGENDA:**

James Marsh, Half Moon Bay requested that a letter he had written to the Board regarding the Beuth settlement, to become a separate agenda item instead of being grouped with all other correspondence under Agenda Item 7 H.

Mr. Condotti stated that if the Board had any questions or concerns about the issues expressed by Mr. Marsh, it could agendize the matter for further discussion. However, he reminded the Board that the issues had already been addressed a number of times in prior meetings, and particularly in response to questions raised by Mr. Marsh. Director Mickelsen stated that the Minutes of the December, 2002 meeting show that Mr. Marsh, as a member of the CCWD Board of Directors at that time, was present during closed session discussions of the Beuth lawsuit. President Muller stated that he would accept the advice of Mr. Condotti as legal counsel and Mr. Condotti responded that he did not recommend agendizing the letter as a separate item.

Mr. Marsh stated that he was more concerned about issues related to Corado than to the Beuth settlement. Mr. Condotti then addressed four individual

points of concern in Mr. Marsh's letter. Mr. Marsh then requested further discussion with the Board during the "Correspondence" portion of the General Manager's report.

**ON MOTION by Director Larimer and seconded by Director Mickelsen, the Board voted unanimously to approve the Agenda as presented.**

**6) CONSENT CALENDAR**

**A. Requesting the Board to review payment of claims for the month ending August 31, 2003 in the amount of \$402,479.08**

President Muller asked the General Manager for an explanation of a check made out to the Association of California Water Agencies (ACWA). The General Manager explained that it was the District's annual insurance payment to the Joint Powers Insurance Agency (JPIA). Director Larimer then asked if the financial information could be presented to the Board each month as a graph, in order to make it easier to compare the current month's figures with the preceding month. The General Manager suggested that the Finance Advisory Committee was scheduled to meet on September 24, 2003 and could discuss this issue and draft some suggestions. Director Ascher, (a member of the Finance Advisory Committee) concurred with this proposal, stating his belief that category summaries would be more easily reviewed and that any unusual amounts would be more easily recognized.

President Muller asked to have employee salary amounts put into a total rather than having them listed individually per employee, as he believes this is a privacy issue. Mr. Condotti explained that this has been the past practice for the District but not legally mandated, therefore the report will be modified per the Board's request.

**B. Acceptance of Financial Reports**

**C. Minutes of the August 12, 2003 Board of Directors Meeting**

**D. Monthly Water Transfer Approval Report**

**ON MOTION by Director Ascher and seconded by Director Mickelsen, the Board voted unanimously to approve the Consent Calendar as presented.**

7) **REPORT OF THE GENERAL MANAGER**

A. **Discussion and presentation of the Annual Independent Financial Audit for the years ending June 30, 2003 and 2002**

Scott Maze, of Maze & Associates, an Accountancy Corporation presented the financial audit report and the General Manager noted that the results of the audit are presented as "A Clean Opinion", indicating that "the CCWD financial statements fairly represent the financial condition of the District" and that the District cash flows are in conformity with accepted accounting principles. Director Ascher complimented Mr. Maze on an excellent report and asked if Mr. Maze's firm prepares audit reports for any other water districts. Mr. Maze answered affirmatively and, when asked by Director Ascher how the CCWD compares to other water districts in their financial reporting, Mr. Maze stated that the CCWD "has excellent internal controls and manages their money well."

**ON MOTION by Director Ascher and seconded by Director Mickelsen, the Board voted by roll call vote, as follows, to accept the Annual Independent Financial Audit for the years ending June 30, 2003 and 2002:**

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

B. **Discussion and presentation of Midcoast Local Coastal Plan (LCP) Update and possible direction to staff**

Mr. George Bergman, Senior Planner with the San Mateo County Planning Department and project manager for the extensive multi-faceted Midcoast LCP update, reviewed thirteen key tasks of the project, out of the total twenty-three task scope of study, along with issues and determinations made in relation to each of those tasks, and stated that the most important issue for the Coastside is addressed in Task #3 regarding water service infrastructure. He explained that the Planning Commission will be meeting over the next six months to conduct workshops in which all of the issues will be addressed, and they will then draft resolutions to be presented. President Muller directed Staff to continue to support Mr. Bergman in his efforts to update the Midcoast LCP.

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 reviewed his recent activities related to the El Granada Pipeline Project Appeals, including his recent meeting with Jack Liebster of the City of Half Moon Bay, as well as his recent telephone conversation with Chris Kern of the California Coastal Commission (CCC) and reported that Mr. Kern had advised him that the CCC would be issuing a letter to CCWD in the near future, which would include a list of questions that were raised at the hearing. He presented to each of the Board members a copy of notes he had taken while recently listening to an audiotape made at the CCC hearings in Huntington Beach on August 6, 2003. He also reviewed the report that the Directors had asked him to prepare, showing the costs to CCWD caused by the project delays. An addendum was also passed out, which presented the number of leaks that had occurred on the pipeline during the period of time in which the pipeline might have been completed if the appeals had not been filed, and estimated the costs that had been involved in repairing the pipeline over this period. President Muller expressed his concern regarding the 20% of the General Manager's time that has been allocated to this one project.

*Jim Marsh, Half Moon Bay* distributed to Board members a letter he had written to President Muller on September 5<sup>th</sup>, 2003, raising questions related to the project scope and funding of the Crystal Springs Project. President Muller asked the General Manager to respond to Mr. Marsh's letter in writing, however Mr. Schmidt indicated that he was prepared to provide an immediate, verbal response to address these questions, explaining that information from the District Engineer, in a report dated February 12, 2002 detailed the El Granada Transmission Pipeline Project Cost Comparison of Project Alternatives, had been used to make project decisions. Additionally, the General Manager indicated that he was prepared to provide answers to Mr. Marsh's questions, based on information from David Mier, Retired Superintendent and James Teter, CCWD's Engineer. The General Manager proceeded to explain that there are several reasons why those two particular pieces of the pipeline were selected for replacement. One of which is that most of the Casa Del Mar Pipeline, is under a concrete sidewalk. That particular section was chosen first, due to the fact that it presented the most expensive repairs. The reason that the San Mateo County section of pipeline was selected

to be replaced is because there are very few isolation valves in that area and there are approximately two hundred service connections located off of that pipeline. Any time there is a leak on that section of the pipeline, the water to most of the two hundred customers is turned off and service stopped while the pipeline leak is repaired. CCWD staff would no longer have to manually provide notice tags to some two hundred customers when a service repair is required. An additional reason was due to the fact that the District did not sell all of the priority connections that they anticipated selling. There was nine hundred (900) connections allocated and only about five hundred (500) have been sold. Jim Teter further elaborated that he had been directed by the previous General Manager to select construction phasing on a section by section basis in \$400,000 increments because that related to the money that was thought to be available. The direction was to start with those two phases, and then the appeals were filed and no additional phases proceeded because the District does not know what size diameter pipe to apply for in the permit.

Director Mickelsen elaborated further on the issue, expressing his view of some of the events that had transpired on the pipeline replacement project, including the fact that in 1998 there were approximately 1,100 unsold priority connections, which is what is funding this pipeline project at approximately \$7,000 each. Then in 1999 Mr. Lohman appealed the pipeline project and in the fall of 1999 a new board came on board who sat on the appeal for two years at the Coastal Commission and at that point the money accumulated in the bank as the priority connections were selling. That Board refused to spend any money on the Crystal Springs project and at that point the bank account started building to the point where it got the attention of the Grand Jury and their subsequent report, but this Board's intention was to fund these projects, as the priority connections were sold.

Ric Lohman, Miramar addressed the Board regarding the next phase of the project and relayed that a lot of questions, as well as a lot of history was presented by the Half Moon Bay Representatives at the Coastal Commission hearing. Mr. Lohman expressed his desire to see appropriate permits and an Environmental Impact Report process move forward and stressed that the City of Half Moon Bay representatives have expressed a lot of concerns about the process, which could be extensive.

*Leonard Woren, El Granada*, spoke to the Board regarding the costs related to the pipeline project and made remarks about the issue of build-out as related to the project. Director Mickelsen replied to Mr. Woren's comments, stating that even the CCC does not support the idea that the El Granada pipeline project is in any way related to Coastal build-out.

Director Larimer commented that Rudi Metzner's evaluation of the pipeline size demonstrated a requirement for a 16" diameter line to meet fire pressure and flow rates without any residential demand whatsoever. He felt that it showed that the engineering choice for the size of the pipe has little to do with how much water flows through it, but rather what happens to water pressure when there is a fire, and that is determined basically by the head pressure and the length of the pipeline. It would seem that the reason that all three engineering firms have recommended this particular size pipe replacement is because of fire flow and pressure. It is not an expansion, just a replacement of an old pipeline with a newer one, with a better understanding of the hydrology of the system. He then referred to the General Manager's calculations of the costs associated with the project as "very conservative" and stated his belief that the costs related to the ongoing delays of the project are likely to be substantially larger than the General Manager's estimate. A serious concern to him is that construction costs are continuing to rise as the pipeline project is delayed, and that this could create significant cost increases to District customers.

President Muller requested a five-minute break at this point in the meeting.

**D. Acceptance of the Hacienda Gardens Water System Improvements**

The General Manager reviewed the five items that are required before the District accepts a project, (1) the completion of the Project Utility System, (2) the Certification by the District Engineer that the Project Utility System was constructed in accordance with the agreement, (3) the furnishing of evidence that all costs for the construction of the Project have been paid, (4) payment of all fees to the District and (5) the furnishing of as-built drawings of the Project. The General Manager stated that all of these conditions have all been met for the Project.

**ON MOTION by Director Ascher and seconded by Director Mickelsen, the board voted unanimously by roll call vote, as follows, to accept the Hacienda Gardens Water Systems Improvements:**

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

E. Discussion of proposed Candidate Forum to be presented by Coastside County Water District and the League of Women Voters

The General Manager reviewed the upcoming CCWD candidate forum and President Muller thanked him for coordinating the materials that have been distributed to each of the eight candidates.

F. Discussion and direction concerning the Association of California Water Agencies (ACWA) Region 5 Election for 2004-2005 Term

President Muller briefly addressed his candidacy for the ACWA Region 5 Board Representative position.

G. General Manager Activities

The General Manger briefly remarked on his activities in the past month.

H. Correspondence:

(1) Letter from the City of Half Moon Bay to the San Francisco Public Utilities Commission Planning Department dated August 14, 2003 regarding Request for information from the City of Half Moon Bay

The General Manager reviewed a letter from Jack Liebster, Planning Director for the City of Half Moon Bay, to the San Francisco Public Utilities Commission.

(2) Copy of a letter from the Law Offices of David Schricker to Martha Poyatos, Executive Officer of the San Mateo County Local Agency Formation Commission dated August 18, 2003 regarding Notice of Intent to Circulate Petition for Annexation - Lands of Big Wave LLC

The General Manager briefly reviewed a letter from Attorney David Schricker regarding the Montara Water and Sanitary District opposition of annexation of Lands of Big Wave, LLC to the CCWD. President Muller reiterated the Board's position that CCWD will remain neutral in these proceedings.

(3) Letter from Judy and Jim Marsh dated August 25, 2003 regarding Moss Beach Highlands Water Agreement and Beuth Settlement

Mr. Marsh again spoke to the Board regarding his contention that numerous questions related to the Beuth legal settlement are still unanswered. Mr. Condotti addressed Mr. Marsh's questions about the settlement agreements and reiterated his statement that the Beuth settlement clarified several issues that had been unresolved concerning the 83 connections sold to the owner of Moss Beach Highlands in January, 2000. President Muller stated that the Beuth settlement has been finalized and that there would be no basis to reopen the matter.

*Leonard Woren, El Granada*, addressed the Board regarding a recent advertisement in the Half Moon Bay Review regarding water connections for sale.

(4) CCWD's September 4, 2003 letter of response to two (2) letters from Donald L. Freese dated August 21, 2003 regarding Canada Cove

The General Manager reviewed the letter he had written to Mr. Donald Freese of Canada Cove in response to letters from Mr. Freese regarding water consumption and lifeline conservation rates at Canada Cove. He advised Mr. Freese that water rates for Canada Cove are set by the mobile home park and that Mr. Freese should discuss issues of concern with them.

(5) Letter from City of Half Moon Bay dated September 3, 2003

President Muller asked for the preparation of a response as needed and mentioned the importance of keeping the City of Half Moon Bay informed and keeping the planning process in place.

The General Manager informed the Board that the District has already taken those steps by directing the District Engineer to start on the design and permits for the other sections of the pipeline, including the section in front of Roosevelt, and has been keeping the City well informed via e-mails to Dan Pincetich on the District's ongoing work and indicated that Mr. Pincetich has been pleased with the communication with the District.



8) **AGENDA ITEMS REQUESTED BY BOARD MEMBERS**

- A. Discussion and possible approval of Resolution 2003-17 In Support of a Condition on the El Granada Pipeline Project Limiting the Total Number of Uninstalled Water Service Connections Permitted Within the Coastside County Water District System to the Approximately 1900 Phase I Non-Priority and Priority Connections Existing

This item was placed on the Agenda at the request of Director Mickelsen. Jim Marsh asked for clarification as to how this Resolution relates to the California Coastal Commission (CCC) or their recent Addendum.

Director Mickelsen explained that he drafted this Resolution as a means to clarify any misinformation there may be about the El Granada Pipeline Project being related to Coastside growth and build-out, stating that the project has always been about a "vital piece of infrastructure" that was designed to fulfill Phase I.

Mr. Condotti remarked that this Resolution is a statement of District policy and expresses the views of the current Board of Directors, noting also that it can be revoked or amended at any time by future Boards.

President Muller expressed his hope that the Resolution would put questions about the project to rest, and Directors Larimer and Ascher both expressed support for Director Mickelsen's action in proposing the Resolution.

**ON MOTION by Director Ascher and seconded by Director Larimer, the Board voted unanimously, as follows, by roll call vote to accept Resolution 2003 -17 as proposed:**

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

9) **ENGINEER'S REPORT**

- A. Engineering Projects Received in August 2003

Mr. Teter presented a brief review of current projects.

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**B. District Engineer Work Status Report**

Mr. Teter presented a brief review of the standard report.

**10) 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.**

John Davis, District Field Supervisor, presented a report on recent repairs and showed power-point photos of the damaged El Granada pipeline and repairs. The General Manager addressed the issue of microbiological tuberculation, which consists of mineral deposits and bacterial growth, which feeds on matter in the water and grows within the pipeline, which causes the water flow to slow down, causes turbulence and decreases the amount of water that can flow through the pipe. It also creates taste and odor problems and creates a red tinge to the water and it consumes all of the chlorine residual that the District puts into the water before it goes into the storage tanks. This may be the reason that the District had some coliform samples that came back without adequate chlorine residual. The District Engineer added that this process occurs in metal pipelines, which are unlined and that all of the District's newer products are cement-lined, so this process does not occur.

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

The General Manager presented the SFPUC's July 2003 report of hydrological conditions, which had been added this month at the Board's request.

**11) MEETINGS ATTENDED/SCHEDULED - BOARD OF DIRECTORS**

Director Mickelsen told the Board he would be attending a combined meeting of the Bay Area Water Supply and Conservation Agency (BAWSCA) and the San Francisco Bay Area Regional Water System Financing Authority Board of Directors on September 24th 2003.

12) **AGENDA ITEMS AND DIRECTOR COMMENTS**

Director Ascher addressed the Board regarding the Financial report that had been presented to the Board earlier in the evening and expressed his appreciation to the General Manager and District staff for their excellent work in controlling budget expenditures and preparing informative reports. President Muller and the other Board members agreed that District staff continually exhibits exemplary performance in their jobs and extended thanks to all staff members.

13) **CLOSED SESSION - Conference with Legal Counsel - Liability Claims  
Government Code 54956.95**

(1) **Claimant: Amesport Landing Homeowners Association  
Claim against Coastside County Water District**

The Board, with Legal Counsel, moved to Closed Session at 9:50 p.m.

14) **ADJOURN**

The Recording Secretary was not present for adjournment, which occurred following the Closed Session of the Board.


The next meeting of the CCWD Board of Directors will take place on Tuesday, October 14<sup>th</sup>, 2003 at 7:30 p.m.

Respectfully submitted,



Ed Schmidt, General Manager

Approved:

  
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John Muller, President