

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS

Wednesday, January 17, 2018

- 1) **ROLL CALL** - President Feldman called the special meeting to order at 9:00 a.m. Present at roll call: Directors Chris Mickelsen and Arnie Glassberg. Vice-President Ken Coverdell and Director Glenn Reynolds were absent.

Also present: David Dickson, General Manager, Mary Rogren, Assistant General Manager, James Derbin, Superintendent of Operations, Cathleen Brennan, Water Resources Analyst, and JoAnne Whelen, Administrative Assistant/Recording Secretary.

- 2) **PLEDGE OF ALLEGIANCE**

- 3) **PUBLIC COMMENT** - There were no public comments.

- 4) **GENERAL BUSINESS**

- A. **Presentation by Mr. Sanjay Gaur of Raftelis Financial Consultants, Inc. regarding the FY 2018-2019 Water Rate Study**

Ms. Rogren provided a brief background, reporting that the Board had approved an agreement with Raftelis Financial Consultants to perform the District's 2018-2019 Water Rate Study at the January 9, 2018 CCWD Board of Directors meeting. She then introduced Mr. Sanjay Gaur, Vice President and Project Manager, and Mr. Kevin Kostiuk, Senior Consultant/Lead Analyst, to provide a presentation and water rate study kickoff meeting.

Mr. Gaur introduced himself, provided a brief background on himself and Mr. Kostiuk. He reviewed the presentation agenda, project scope and project schedule and encouraged the Board's input and participation. Mr. Gaur then summarized the legal environment and key legislation in California affecting water rates, including Proposition 218, Proposition 26, and California Government Code 54999. Additionally, Mr. Gaur reviewed the water conservation related legislation, explained the San Juan Capistrano case study and ruling and the role and importance of having an administrative record to illustrate the nexus between cost of providing services and rates.

Next Mr. Kostiuk summarized the cost of service, the fundamental benchmark used to establish utility rates in the United States. He explained the process to recover costs from users in proportion to their use of the system, recognizing the impact of each class on the system's facilities and operations. He also illustrated water system costs and peak demand in a graph and reviewed the rationale behind cost of service, followed by featuring a water rate case study from Scotts Valley Water District.

Mr. Gaur then focused on the evolution of water rate structure and demonstrated the characteristics of the following rate structures, flat rates, uniform rates, seasonal rates, inclining tiered rates and water budget tiered rates. He also reviewed the goals and objectives of rate pricing and potential refinements to tiered rates and encouraged the Board and Staff's suggestions regarding any additional refinements that should be evaluated.

Board members expressed interest in the possibility of covering a multi-year rate increase schedule with a single Proposition 218 notice and hearing process and commented on the existing tiered rate structure. The presentation and discussion of agenda item 4A concluded at 9:58 a.m.

5) CLOSED SESSION

**A. Conference with Legal Counsel - Anticipated Litigation
Significant Exposure to Litigation
Pursuant to California Government Code Section 54956.9(d)(2)
One Potential Case**

The Closed Session convened at 10:00 a.m. with Directors Mickelsen and Glassberg and President Feldman, Mr. Dickson and Ms. Rogren present and Mr. Miyaki participating via telephone. Discussion of the closed session agenda item concluded at 10:29 a.m.

6) RECONVENE TO OPEN SESSION - The meeting reconvened to open session at 10:29 a.m. with President Feldman reporting that there was no Board action taken on Agenda item 5A in the Closed Session.

5) ADJOURNMENT - The Special Meeting was adjourned at 10:29 a.m.

Respectfully submitted,

David R. Dickson, General Manager
Secretary to the District

Robert Feldman, President
Board of Directors