

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS

January 9, 2007

- 1) **ROLL CALL:** President Larimer called the meeting to order at 7:00 p.m. Present at roll call were Directors Ken Coverdell, Chris Mickelsen, Everett Ascher and Bob Feldman.

Also present were Ed Schmidt, General Manager; Anthony Condotti, Legal Counsel; Jim Teter, District Engineer; Joe Guistino, Superintendent of Operations; JoAnne Whelen, Administrative Assistant/Recording Secretary and Gina Brazil, Office Manager.

- 2) **PLEDGE OF ALLEGIANCE**

- 3) **PUBLIC ANNOUNCEMENTS**

There were no public announcements.

- 4) **SPECIAL ORDER OF BUSINESS**

- A. Resolution 2007-01 – A Resolution of the Board of Directors of the Coastside County Water District expressing its gratitude to Everett Ascher for his leadership and dedicated service to the community in his capacity as President of the CCWD Board of Directors

President Larimer introduced this item, and proceeded to read the Resolution recognizing former Board President Everett Ascher.

ON MOTION by Director Coverdell and seconded by Director Mickelsen, the Board voted as follows, by roll call vote, to adopt Resolution 2007-01 Expressing its gratitude to Everett Ascher for his leadership and dedicated service to the community in his capacity as President of the CCWD Board of Directors:

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

President Larimer then introduced member of the San Mateo County Board of Supervisors, Rich Gordon.

Rich Gordon – San Mateo County Board of Supervisors, District 3

Mr. Gordon presented a special commendation from the San Mateo County Board of Supervisors to congratulate Director Ascher on his year of service as the CCWD Board President. Mr. Gordon not only thanked Director Ascher for his service to the District, but for the work and leadership to the entire community. Mr. Gordon also thanked and commended the entire CCWD Board for being a Special District that understands its mission, and strives to, and accomplishes the fulfillment of that mission.

President Larimer then presented a plaque to Director Ascher on behalf of the CCWD Board and staff, in recognition of his leadership and dedication to the goals and mission of the District during his term as President – January 10, 2006 through January 9, 2007.

Director Ascher thanked the Board, staff, and Supervisor Gordon, noting that achieving the accomplishments listed in the Resolution had been an effort on the part of the entire Coastside County Water District Board and staff.

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

A. Discussion and review of District Advisory Committees

President Larimer announced that District Advisory Committee reports would now appear each month on the Board meeting agendas. He then referenced the CCWD Committees for 2007 report that he had prepared and presented in the Board packet, explaining that he had reviewed the functions of the committees

and had made a few re-assignments. Directors Ascher and Coverdell complimented President Larimer for the clear, concise, and organized manner in which the committees had been structured. There were no additional Board comments.

B. Committee Reports

Director Coverdell reported on the December 18, 2006 meeting of the Coastside County Water District/Montara Water & Sanitary District, Mutual Interest Committee. He stated that he felt it was a positive meeting and was encouraged at their discussion of potential mutual funding and grant writing. He commented that he felt both agencies shared a lot of commonalities including

geographically, the commitment to use local water sources as much as possible, and even similar customer bases. He said that he felt it would be very beneficial for the two agencies to pool some of these commonalities and work together, especially in connection with some of the available funding options. He also reported that the committee representatives were all in agreement, that a common thread was in deciding how to best utilize the treated wastewater on the coastside.

Director Ascher agreed with Director Coverdell's assessment of the positive meeting results, stating that it is in the best interest of both agencies to work together in trying to take advantage of some of the available opportunities.

Bob Ptacek – Montara Water & Sanitary District - Stated that there was a specific deadline in June 2007 and that his agency had taken the action necessary to proceed. He also advised that MWSD had been told that establishing an integrated regional water management plan was required and that his agency had formed that committee. He added that the committee had also discussed desalination at the meeting.

Director Ascher recommended that staff agendaize that matter for the next Board meeting.

Director Feldman reported on the Information Technology Committee meeting which took place on December 28, 2007. He explained that the committee met with Mr. Schmidt and Rudi Metzner, who had initially developed the model and had proposed

some next steps and recommendations, which included locating a consultant who can update and operate the model. He also stated that the committee felt that this was worthwhile because the model is a good basis for determining necessary capital improvement program work, infrastructure improvements, and an excellent planning tool for use by the District Facilities Committee. He explained that the committee felt that with a \$15,000 investment in the update of the model that the District could realize a substantial savings in the future.

President Larimer provided a brief historical background of the District's hydraulic model, including the documentation that CCWD's Engineer, Jim Teter, had sized the El Granada Pipeline Replacement Project appropriately at a 16" pipeline. He agreed with the committee's recommendation to direct staff to locate and hire a consultant to update and operate the model.

6) CONSENT CALENDAR

- A. Requesting the Board to review disbursements for the month ending December 31, 2006 – Claims: \$314,398.23; Payroll: \$92,816.95 for a total of \$407,215.18
- B. Acceptance of Financial Reports
- C. Minutes of the December 12, 2006 Board of Directors Meeting
- D. Minutes of December 12, 2006 Special Board of Directors Workshop
- E. Installed Water Connection Capacity and Water Meters Report
- F. Total CCWD Production Report
- G. CCWD Monthly Sales by Category Report
- H. December 2006 Leak Report
- I. Rainfall Reports
- J. San Francisco Public Utilities Commission Hydrological Conditions Report for November 2006
- K. Engineering Projects Received for Review during December 2006
- L. Resolution 2006-25 Amending Personnel Manual at Section 2.07B pertaining to Holiday Pay (approved at December 12, 2006 Board Meeting)
- M. Application to Present a Late Liability Claim to Coastside County Water District
- N. Notice of Completion – Nunes Water Treatment Plant Influent Control Valve Replacement Project
- O. General Manager Activity Report

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

7) SUPERINTENDENT OF OPERATIONS REPORT

Mr. Guistino referenced his written staff report, providing updates on a few significant achievements, including the progress on the rehabilitation of the Denniston Wells 1 and 2, the status of the water treatment plant improvements, the Denniston storage tank modification project, and the facilities chemical feed systems. Mr. Guistino also provided a status report on the Main Street /Highway 92 Project and the Crystal Springs Telecommunication system. He informed the Board that with the retirement of Elias Borba and the medical leave of John Davis, maintenance workers Jack Whelen and Jon Bruce had “stepped up to the plate” and have been providing much needed assistance in the field and at the water treatment plants and were doing a fine job. He also reported that both Jack Whelen and Jon Bruce had recently been promoted to the

position of Maintenance Worker 2, and are now included in the management of the water treatment plant rotations.

Mr. Guistino addressed a couple of questions from the Board on the Emergency Generator Replacement project and the Main Street / Highway 92 project. Mr. Teter, District Engineer, elaborated on the process required in connection with the creek crossing area of this project, including applying for a coastal development permit, the completion of environmental work and meetings with the City of Half Moon Bay Engineer and Planning Department, to discuss proposed plans for handling the creek crossing of the pipeline replacement project.

Mr. Schmidt advised the Board that this replacement project was in the District's fiscal year 2009/2010 and 2010/2011 budget, in the amount of \$350,000. The Board directed staff to move this item up earlier in the budget and to begin to move forward with this project.

8) DISTRICT ENGINEER'S WORK STATUS REPORT

Mr. Teter referenced his written report and provided an update on the El Granada Phase 3 Pipeline Replacement Project, which included a background of the required CalTRANS encroachment permit. He informed the Board that CalTRANS is requiring that the shoring design for the jack and bore portions located at the project under-crossings be provided on the project drawings.

He further reported that he had located a qualified engineer who can provide the necessary submittal, but that further services are required including, surveying, and geotechnical reports, including the recommended soil pressure diagram for temporary shoring for each one of the bore pits. Mr. Teter explained the process that he had completed to move this forward and advised that CalTRANS had anticipated approximately four to six weeks to obtain the encroachment permit, and he estimated a few days of the required soils work, followed by laboratory work for the shoring design and final completion of the geotechnical report. He stated that he felt the District may be able to resubmit all of these required materials to CalTRANS approximately the first part of the month of April, at which time he felt the District could go out to bid with the project.

Mr. Teter also advised the Board that the three necessary consultant proposals all exceed the General Manager's spending authority and requested that the Board consider providing authorization for Mr. Schmidt, General Manager, to approve and proceed with these agreements. He reported that the amount for the surveying work is approximately \$17,500.00, the geotechnical work and report approximately \$19,800.00 and the shoring design estimated at \$20,906.00, all just slightly above the General Manager's spending authority. He also stated that he felt these

matters could not wait until the February Board meeting for approval, as time was of the essence in order to keep this project moving forward.

ON MOTION by Director Coverdell and seconded by Director Mickelsen, the Board voted as follows, to increase the General Manager’s spending authority to \$21,000.00 for each of these three items:

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

Mr. Teter also informed the Board of the progress of the water treatment improvement project, reporting that he and staff are working closely together to achieve the goals of this improvement project.

9) GENERAL MANAGER’S REPORT

A. Discussion and possible direction to staff regarding request from Cameron Palmer and Y.A. Tittle to transfer a water service connection located at 490 Wavecrest Road to project site located on Main Street.

Mr. Schmidt introduced this item, reviewed the background of the District’s transfer policies referenced in his staff report and recommended approval of this request.

Doug Snow, Architect – Mr. Snow introduced himself as a Half Moon Bay Planning Commissioner and stated that he wished that the Half Moon Bay Planning Commission worked as cooperatively as the Coastside County Water District. He reviewed the proposed action and answered several questions from the Board regarding the project location.

Mr. Condotti reviewed the District’s transfer policy and informed the Board that they had the ability to over-ride the policy in this particular case, if they chose to do so.

ON MOTION by Director Coverdell and seconded by Director Ascher, the Board voted as follows by roll call vote, to authorize the transfer of an installed water service connection located at 490 Wavecrest to the property at 797 Main Street in Half Moon Bay:

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

B. Update on the Denniston Restoration Project, including a Scope of Work (Draft) for Preparing a Water Budget and Stream Flow Monitoring

Mr. Schmidt referenced the last Board workshop on this project, reminding the Board that they had directed TRC Essex to obtain a scope of work, budget, and time schedule for the project's hydrological assessment (water budget). He reported that he had been working with Mr. Kevin Janik, TRC Essex Project Manager, and referenced a proposal for the project that they had recently obtained from Kamman Hydrology & Engineering, Inc. Mr. Schmidt recommended that the proposal should be forwarded to the newly formed Denniston Restoration Committee, for review and recommendation to the full Board of Directors at a future Board meeting. He also advised that, as directed by this committee, he was in the process of scheduling a meeting with the representatives from Peninsula Open Space Trust and the farmer, Mr. David Lea.

Director Ascher stated that this was a long term project, that he agreed with Mr. Schmidt's recommendation, and also felt that this matter should also be addressed by the Finance Committee, and should become a separate line item on the District's budget.

Director Feldman pointed out an inconsistency in the subject proposal and TRC Essex's costs. Mr. Janik explained that they were aware of this and that the documents were in the process of being revised and updated documents would be provided.

Mr. Condotti expressed a word of caution about the sharing of information through the committee process, reminding the Board that according to the Brown Act, if consensus is reached among Board members, even if it is through two different committees, on a particular issue, it can be construed as a serial meeting. He advised the Board that they need to be careful in dispensing information through the committee process and be mindful of the Brown Act restrictions.

President Larimer explained that the committees do not make decisions, but make recommendations to the Board and in this particular case, one committee would be looking at the mechanics of the project in terms of how it fits in with District goals, and also to share and compare data with the other stakeholders. He stated that if this a worthwhile project, there is still a budget issue for consideration by the District's Finance Committee.

Director Ascher then shared his view of the issue, stating that the Denniston Restoration Committee will examine the issues and make a recommendation to the Board. The Finance Committee will only be discussing the amount of money that should be placed in the budget next year for this project.

Mr. Condotti stated that he felt it was very important that this discussion take place for the record, stating that he is aware that the Board understands about the serial meetings, but felt that it is important that it be documented in the record that all of the Board members have expressed their understanding, so that the public knows that the business of the Board is being conducted by the Board as a whole. He reiterated the importance that the committee members understand their limited functions, and that it was his responsibility to provide these types of Brown Act and Public Record Act requirements reminders to the Board.

Mr. Schmidt informed the Board that Mr. Janik with TRC Essex would be revising and resubmitting the proposal figures for the proposed scope of work, including the water budget development, and that he would pursue the scheduling of the next Denniston Restoration Committee meeting.

C. Award of Contract for the Emergency Generator Replacement Project

Mr. Schmidt reported that this project was identified approximately one and a half years ago and placed in the budget for last year, with very negative bid results. He explained that the District had gone out to bid twice this year on this project and both times received only one bid. A bid of \$55,000 at the September bid opening, and at the recent January 4, 2007 bid opening, only one bid was received, in the sum of \$102,000. Mr. Schmidt stated that the first bidder, California Generator Service, agreed to honor their first bid, as is, and that \$45,000 for the generator replacement had been carried over from the FY 05-06 budget and that there is sufficient money in the District's capital budget to make up the difference. Mr. Schmidt then distributed copies of both bid submittals.

Mr. Guistino informed that Board that he anticipated that the new generator would be installed within ninety (90) days, and that the cost

may be reduced by possibly \$4,000.00 if the District handles the permitting process, including submittal of project drawings to the Half Moon Bay Fire Protection District.

ON MOTION by Director Ascher and seconded by Director Feldman, the Board voted as follows, by roll call vote, to accept the bid and award the

contract for the replacement of the emergency generator to California Generator Service for their bid price of \$55,000.00:

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

D. Update on recruitment on the Public Outreach/Program Development / Water Resources Management Position

Mr. Schmidt reviewed the recent recruitment process for this position, reporting that Director Feldman had assisted him in interviewing five candidates and that they were both in agreement with their first and second candidate choices. He further reported that the top two candidates had been scheduled to be interviewed again by him, along with the two members of the Personnel Committee, Directors Ascher and Feldman. He explained that once a final candidate had been chosen, background checks will commence, followed by a physical exam, prior to a job offer being tendered.

E. Discussion and possible direction to staff regarding the project associated costs of the U.F. Fish & Wildlife Service component, for the El Granada Pipeline Coastal Development Permit

Mr. Schmidt provided the background of this item, detailing the estimated associated costs of \$33,874.93. He explained that the costs were incurred due to an initial recommendation in Coast Range Biological's biotic assessment, subsequently, the City of Half Moon Bay's Planning Commission had placed this as a condition of the District's permit.

Mr. Schmidt answered several questions from Director Ascher, referencing the report dated December 20, 2006 from George Burwasser, Project Manager. He stated that "the EIP/PBS& J's July 17, 2006 review of the Assessment noted that most of the areas that might have provided California red-legged frog habitat actually were described in the Assessment as unsuitable. Our review noted that the two areas considered suitable, Frenchman's Creek and Naples Creek, would not be disturbed because no work would occur within them. The pipe would be installed by jack-&-bore from outside the sensitive areas. Extensive preconstruction surveys seemed unnecessary. Our review noted that monitoring for the San Francisco garter snake was appropriate where suitable habitat existed (Frenchman's Creek and Kehoe ditch), but that

much of the habitat described in the Assessment was unsuitable and that monitoring in those areas seemed excessive”.

Director Mickelsen stated that these costs were equivalent to a \$5.00 cost per District customer, for biological work that was more than likely, unnecessary, due to an over-zealous City of Half Moon Bay Planning Commission.

President Larimer proceeded to share his interpretation, which stated that one City of Half Moon Bay Planning Commissioner, Kevin Lansing, took it upon himself, prior to having approval from the remainder of the Commission, to contact the Federal Fish & Wildlife Service and basically inform them that CCWD was about to do something that should be investigated. He stated that, the procedure, as he sees it, is that CCWD was to go through a permit process, presenting documentation to other agencies, including a critical agency, the US Army Corp. of Engineers. And based on the scope of work in the proposal, at that stage of the permitting process, if it had been determined that there was a need to evoke the Federal Fish & Wildlife, then they would have become involved and we would have then done the study, that had already been performed. When the documents actually were received by the Army Corp. of Engineers, there was no nexus, so this was an entirely avoidable approximately \$34,000.00 expenditure. It is equivalent to costing each CCWD customer \$5.00. He further stated that there are proper processes that should be followed, CCWD follows the processes, and the City of Half Moon Bay should be required to do so as well.

Director Ascher stated that he felt that CCWD did have a very thoughtful and fair hearing at the City of Half Moon Bay Planning Commission as a whole, and that the outcome was what it should have been, given the evidence that was submitted to the Planning Commission. The fact that the vote was 5 to 2, indicates that there was strong support for the project by the Commission and that as a whole, the process, once CCWD presented to the Commission, was very proper and fair. He thanked Directors Feldman and President Larimer for their comments and discussion, which had addressed some of his earlier questions.

Director Coverdell stated that after being involved in the CCWD Board for many years, has never seen the District shirk their responsibilities in regards to providing any information in the way of studies, reports, or any other requested or required project data. He stated that it was particularly frustrating due to the fact that the District typically hires consultants of a very high competency level, and finds it insulting that the District had to work with another agency that was using a consultant that was not providing quality work. Furthermore, CCWD was not only required to use this

consultant, but had to make up for their lack of quality work, by supplying additional quality work at the unnecessary expense of the District and its customers. He stated that he appreciates the people who serve on these agencies, but hopes that the message that goes out is that this was an unnecessary expense, and the District does not need this, nor does any other governing body trying to manage some type of project.

President Larimer concluded discussion of this item by stating that he did not want his comments construed towards the Commission as a whole, but were meant for one or two Commissioners, a minority, who basically abrogated the process, generating these unnecessary expenses.

F. Status Report of Capital Improvement Projects

Mr. Schmidt stated that he appreciated Mr. Teter's informative update on the El Granada Pipeline Replacement Project.

Mr. Teter stated that he was hoping to put the project out to bid in January or February of this year, and although that deadline could

not be met, he was optimistic that the project could be put out to bid before the end of the calendar year.

G. Correspondence: Bay Area Water Supply and Conservation Agency – (BAWSCA) – WSIP Quarterly Update – 1st Quarter FY 06-07

Mr. Schmidt shared his notes and comments from this meeting with the Board.

The Board asked a few questions of Director Mickelsen, Bay Area Water Supply & Conservation Agency (BAWSCA) Board of Director, on the status of the San Francisco Public Utilities Commission (SFPUC) improvement project, which he addressed, reporting that the next BAWSCA Board meeting is scheduled for January 18, 2007. He also reported that SFPUC had recently hired Chris Kern, former employee of the California Coastal Commission.

The Board briefly discussed BAWSCA's role in the SFPUC project, the current political climate, and the impact that the cost of environmental studies have on infrastructure replacement projects.

10) ATTORNEY'S REPORT

A. Report on January 9, 2007 Closed Session Pursuant to Cal Government Code §54957.1

Mr. Condotti reported on the Closed Session, which convened at 6:00 p.m. as follows:

Conference with Legal Counsel – Anticipated Litigation – Initiation of litigation pursuant to subdivision (b) of Section 54956.9 One (1) potential case

No reportable action was taken by the Board on this item.

Conference with Legal Counsel – Liability Claim (Government Code §54956.95).

Claimant: Allied Insurance

Claim Against: Coastside County Water District

Action on this item was taken by the Board in the open session portion of the meeting, under item 6M, at which time the Board of Directors rejected this claim.

Conference with Real Property Negotiators (Cal. Govt. Code §54956.8(b)):

Properties: Carter Hill West Storage Tank Site

(APN 056-320-090); 655 Miramar Drive

Half Moon Bay, CA (APN 048-076-070)

Agency Negotiators: General Manager/Legal Counsel

Negotiating Parties: District and Interested Parties

Subject Matter: Potential sale/lease of portion of District-owned properties for communications tower site

No reportable action was taken by the Board on this item.

A written report of the Closed Session of January 9, 2007 prepared by Mr. Condotti, District Legal Counsel, is attached as an addendum to January 9, 2007 Board of Directors meeting Minutes.

B. Local Government Omnibus Act of 2007

Mr. Condotti referenced his written staff report, which included a summary of the local government Omnibus Act of 2007, explaining that it is an annual process where the Legislature undertakes minor non-controversial amendments to laws affecting public agencies. Mr. Condotti reported that the only item on the bill that may have an affect on Coastside County Water District, in his view, is the item that would amend government code section 1780, which governs the process for appointment of directors to the board when a vacancy exists. Additionally he reported that he had submitted some review comments to the local government committee regarding this matter, which he hoped would be taken into consideration.

Mr. Condotti then directed the Board’s attention to the proposed amendments, contained in the Board packet, and offered to address any questions.

11) AGENDA ITEMS AND DIRECTOR COMMENTS

Mr. Schmidt reported that staff had not yet received a response from all Board members regarding scheduling the Special Rates and Fees Board Workshop. The Board briefly discussed this matter and made the decision to schedule and agendaize this workshop for Friday, January 26, 2007, starting at 11:30 a.m.

President Larimer reiterated that he recommended that each of the District Advisory Committees meet at least three times per year.

- 12) The meeting was adjourned at 9:06 p.m. The next meeting of the Coastside County Water District Board of Directors is scheduled for Tuesday, February 13, 2006 at 7:00 p.m.

Respectfully submitted

Ed Schmidt, General Manager

Jim Larimer, President