

**COASTSIDE COUNTY WATER DISTRICT**

**766 MAIN STREET**

**HALF MOON BAY, CA 94019**

**MINUTES OF THE SPECIAL BOARD OF DIRECTORS MEETING**

**Monday, January 26, 2009**

- 1) **ROLL CALL:** President Mickelsen called the meeting to order at 2:05 p.m. Present at roll call were Directors Ken Coverdell, Bob Feldman, Jim Larimer, and Everett Ascher.

Also present were: David Dickson, General Manager; Operations; Cathleen Brennan, Public Outreach/Program Development /Water Resources Analyst; and JoAnne Whelen, Administrative Assistant/Recording Secretary

- 2) **PUBLIC ANNOUNCEMENTS:** There were no public announcements.

- 3) **INFRASTRUCTURE STRATEGIC PLANNING WORKSHOP**

Mr. Dickson introduced the infrastructure strategic planning session, provided a brief background, and the objectives of the workshop. He stated that overall he felt that the District's infrastructure is in good shape, with no current major infrastructure problems or issues. He then reviewed the list of key questions to be addressed, explaining that the answers to these questions will be the basis for the next strategic planning workshop related to funding the District, which has been scheduled for February 26, 2009.

Mr. Dickson then restated the District's goal/policy statement regarding infrastructure as follows: *"The District's policy is to develop and maintain the water source, storage, treatment, and transmission infrastructure needed to provide a safe, adequate, reliable water supply to the District's customers, in compliance with all legal and regulatory requirements"*.

Board discussion ensued with several suggestions for minor revisions to the statement provided by the Board, including removing the word "adequate" and possibly including the addition of a reference to respecting the need for water conservation and a commitment to achieving excellence. It was agreed to delete the word "adequate" from the statement and the Board concurred that an opportunity could be provided at a future meeting to further refine the goal statement.

1. Does the District have in place the infrastructure we need to serve our current customers?

Mr. Dickson stated that the answer to this question is “yes”, with the completion of the El Granada Pipeline Replacement Project, the final element of the Crystal Springs Project, all of the planned main components of the District’s infrastructure are in place. He also commented that he felt that the District was very close to now being considered in a “maintenance and replacement mode”.

2. Is the District’s infrastructure capacity sufficient to meet the demands of projected growth in our service area over the term of the current Capital Improvement Program?

Mr. Dickson stated that the answer to this question is yes, provided that projected growth is defined as the number of connections allowed under the Crystal Springs Project Coastal Development Permits. He reported that the District currently has approximately 1,500 remaining sold but unconnected CSP service connections. He stated that the District’s entire system has been designed to service that level of connections, so the infrastructure capacity should be sufficient to meet that demand; however the question of how much beyond that level, our current infrastructure could go has not yet been analyzed. He also commented that staff feels that with some relatively straightforward modifications, which would not consist of major replacements, it could allow the District to go somewhat beyond that level.

Director Ascher expressed some concerns and lack of confidence with the current status of the Denniston Reservoir and questioned whether it can still be considered a viable water source. He proposed the question whether the District might be better served by looking at new possible sources of local water and questioned the costs associated with eventually achieving water production from Denniston.

Mr. Dickson addressed this question by stating that he believes that the District must preserve Denniston, even if the costs are high, due to the fact that Denniston has served the District for a very long time with good quality water, is a valuable source, is a protected watershed, and has historically provided a level of public water supply. He stated that the challenges of developing a new water supply somewhere else are immense, and feels that with the Denniston water supply and the existing

water treatment facility, the District is responsible for doing everything in its power and should invest substantial resources in recovering Denniston as a significant water source for the District.

Board discussion ensued including the various measures that the District can pursue to improve the present condition of the watershed, and the value of having Denniston as a local water supply. Mr. Teter shared his views, agreeing that Denniston is a very valuable source of water and that it was possible, with various measures, including installation of a pre-treatment process, that Denniston could be restored to produce historical yields and meet current standards.

3. Are our maintenance and replacement programs adequate to ensure long-term reliability at a reasonable cost?

Mr. Dickson stated that he thinks the current and planned level of investment in maintenance and replacement is more than adequate to ensure that the District's infrastructure meets reasonable service life expectations. He reviewed the attachments provided, documenting the District's Capital Improvement Program Budget and actual expenditures over the years, and commented that, given a District asset base (at cost) of about \$50 million, the budgeted rate of expenditures appears to be adequate to maintain existing infrastructure and to provide for improvements to meet regulatory requirements, improve efficiency, and increase reliability. He addressed questions and comments from the Board.

4. Does our infrastructure plan address anticipated regulatory requirements?

Mr. Dickson answered this question as yes, explaining that the most significant regulatory requirements affect the Nunes and Denniston treatment plants and a comprehensive study completed by CDM in February of 2006 recommended short-term and long-term improvements needed at the plants. These improvements have been incorporated into the Capital Improvement Program (CIP), with construction of the short-term improvements included in this year's budget.

5. Have we evaluated and addressed infrastructure vulnerabilities?

Mr. Dickson stressed the importance of assessing vulnerability and referenced the seismic vulnerability assessment performed in December 2002. He commented that he would like to update the District's overall infrastructure vulnerability assessment when preparing the Capital Improvement Project Budget for for fiscal year 2010–2019 and bring recommendations to the Board at that time. Mr. Teter stated that in his opinion the District is very fortunate in the fact that the majority of the important facilities are new, including the Crystal Springs Pump Station, and the pipelines, which are constructed of ductile iron pipe with interlocking joints, that the tanks are built on solid ground, and that the system is in overall fine shape.

6. What should be the key infrastructure priorities in the District's 10-year Capital Improvement Program?

Mr. Dickson stated that he felt the highest priority is the Denniston Improvements and Supply Restoration, which had been discussed throughout the meeting. He reviewed the elements associated with this project, including the treatment plant upgrades, consisting of short-term improvements, pre-treatment, sludge ponds, and the intake/pump station; the reservoir restoration; and the potential watershed property acquisition, suggesting that these are the next steps he is recommending the District pursue. Discussion ensued, with Mr. Teter providing some historical perspectives. Mr. Dickson summarized discussion of this project by stating that in terms of the District's overall Capital Improvement Program, restoring Denniston is the most important and highest priority.

Mr. Dickson listed the next highest priority as water reclamation and improvements, for the goal of improving the water supply reserves. He reviewed a range of strategies that can be utilized, including conservation, and developing projects with some of the District's top users. The Board discussed some of the options and the importance in pursuing the project, including some of the specifics about the extent of terms the District can request customers to subsidize recycled water.

Mr. Dickson then introduced the topic of system improvements for productivity and operational reliability and advised the Board that there are

some opportunities for improving and enhancing productivity and operational reliability through SCADA and electrical controls, and through automatic meter reading.

Director Ascher discussed the importance of learning how many houses are currently being served by domestic wells within the District's service area, should the need arise sometime in the future for the District to provide service to those residences.

President Mickelsen thanked Mr. Dickson for an excellent presentation, stating that he felt it was a very productive use of the Board's time, and felt the District now had some clear direction in regards to the District's future infrastructure plans and needs.

**9) ADJOURNMENT**

The meeting was adjourned at 4:32 p.m. The next regular meeting of the Coastside County Water District's Board of Directors is scheduled for Tuesday, February 10, 2009.

Respectfully submitted,

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David R. Dickson, General Manager  
Secretary of the Board

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Chris R. Mickelsen, President  
Board of Directors  
Coastside County Water District