

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

MINUTES OF THE BOARD OF DIRECTORS MEETING

Tuesday, February 12, 2013

- 1) **ROLL CALL:** President Ken Coverdell called the meeting to order at 7:00 p.m. Present at roll call: Director Chris Mickelsen, Vice-President Glenn Reynolds, Directors Bryan Hannegan and Bob Feldman.

Also present were: David Dickson, General Manager; Joe Guistino, Superintendent of Operations, Patrick Miyaki, Legal Counsel; Cathleen Brennan, Water Resources Analyst; 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 2013-01 - A Resolution of the Board of Directors of the Coastside County Water District Expressing Its Gratitude to Christian R. Mickelsen for his Leadership and Dedicated Service to the Community in his Capacity as President of the Board of Directors**

President Coverdell presented the District gavel and gavel block, which had been engraved with former President Mickelsen's name and years of service. President Coverdell thanked Director Mickelsen for his twelve years of dedicated service and proceeded to read Resolution 2013-01 into the record. Director Mickelsen expressed his gratitude and commented that he was happy to have the opportunity to give back to the community and had enjoyed serving with the current Board as well as the previous Boards. He stated that he agreed with President Coverdell's comments from the January Board meeting, that the District has never been in a better condition.

ON MOTION BY Vice-President Reynolds and seconded by Director Hannegan, the Board voted as follows, to adopt Resolution 2013-01 - A Resolution of the Board of Directors of the Coastside County Water District Expressing Its Gratitude to Christian R. Mickelsen for his Leadership and Dedicated Service to the Community in His Capacity as President of the Board of Directors:

Director Mickelsen	Aye
Vice-President Reynolds	Aye
Director Hannegan	Aye
Director Feldman	Aye
President Coverdell	Aye

5) CONSENT CALENDAR

- A.** Approval of disbursements for the month ending January 31, 2013:
Claims: \$690,333.53; Payroll: \$70,058.00 for a total of \$760,391.53
- B.** Acceptance of Financial Reports
- C.** Approval of Minutes of January 8, 2013 Special Board of Directors Meeting
- D.** Approval of Minutes of January 8, 2013 Regular Board of Directors Meeting
- E.** Installed Water Connection Capacity and Water Meters Report
- F.** Total CCWD Production Report
- G.** CCWD Monthly Sales by Category Report
- H.** January 2013 Leak Report
- I.** Rainfall Reports
- J.** San Francisco Public Utilities Commission Hydrological Report for December 2012
- K.** San Francisco Public Utilities Commission Hydrological Report for January 2013

Director Feldman reported that he had reviewed the monthly financial claims and found all to be in order.

Director Hannegan inquired about the Monthly Sales Report, noting that there appeared to be a discrepancy in the running twelve month total for Fiscal Year 2013 in the residential classification and requested that item 5G be pulled from the Consent Calendar for further investigation.

ON MOTION BY Vice-President Reynolds and seconded by Director Hannegan, the Board voted unanimously, to accept and approve the Consent Calendar with the exception of item 5G - CCWD Monthly Sales by Category Report:

Director Mickelsen	Aye
Vice-President Reynolds	Aye
Director Hannegan	Aye
Director Feldman	Aye
President Coverdell	Aye

6) MEETINGS ATTENDED / DIRECTOR COMMENTS

Director Hannegan reported that he had attended a meeting of the California Council on Science and Technology earlier in the day in Sacramento, and had obtained a copy of the 2009 California Water Plan prepared by the Department of Water Resources, which would be available to share with the Board and Staff.

Vice-President Reynolds stated that he had attended the regional meeting of the Special Districts Association and reported a few of the meeting highlights, including budget based water rates. He also advised that he had recently been asked to review some proposed legislation on water treatment devices, and shared his comments and views on the potential bill. Brief discussion ensued with Mr. Miyaki offering a few suggestions. The general consensus was that Vice-President Reynolds would reply with review comments as an individual, as opposed to the CCWD Board providing a unified response.

President Coverdell announced that the Bay Area Water Supply and Conservation Agency (BAWSCA) Board had recently reviewed the performance of their Chief Executive Officer and General Manager, Arthur R. Jensen, which has been outstanding. He also advised that Mr. Jensen was currently involved with the bond sale to refinance and pay the debt owed to the San Francisco Public Utilities Commission, and Mr. Jensen was able to complete the mission, which should provide a savings of approximately \$67 - \$69 million dollars.

7) GENERAL BUSINESS

A. Denniston Water Treatment Plant Improvements Project Construction Contract - Approval of Change Order # 14

Mr. Dickson provided the background, and advised that the project is approximately 99.5% complete and the contractor was in the process of demobilizing. He then explained that this particular change order to the Anderson Pacific Construction contract combines 30 project changes for which Anderson had not previously submitted the required change order

paperwork. He directed the Board's attention to the attached Denniston Project Value Summary, which provided details of each of the specific change orders. Mr. Jeff Tarantino, EKI's Project Manager, was then introduced, who, along with Mr. Dickson, proceeded to answer a few questions from the Board about the change orders. Vice-President Reynolds thanked Mr. Tarantino for being available to answer the Board's questions and President Coverdell thanked Mr. Tarantino and EKI for managing the project. Mr. Tarantino expressed his appreciation to the Board for allowing his firm the opportunity to work on this exceptional project.

Discussion ensued with Mr. Guistino and Mr. Dickson answering the Board's questions and comments about the project.

ON MOTION BY Vice-President Reynolds and seconded by Director Feldman, the Board voted as follows, by roll call vote, to authorize the General Manager to execute Change Order # 14 to the Denniston Water Treatment Plant Improvements Project construction contract with Anderson Pacific, in the amount of \$155,970:

Director Mickelsen	Aye
Vice-President Reynolds	Aye
Director Hannegan	Aye
Director Feldman	Aye
President Coverdell	Aye

B. Proposed Increase in Transmission and Storage Fees:

Mr. Dickson recapped the history of the District's Transmission and Storage Fees, (T& S), recalling the 2009 report by consultants, Bartle Wells, and the method they recommended for the District to adjust its T & S Fees. He advised that Staff is recommending that the District continue to adjust the T & S fees for inflation, using the Engineering New Record 20-City Average Construction Cost Index (ENR CCI), with increases to become effective July 1st of 2013, 2014, and 2015. He also explained that the recommended action authorizes the public notice of the proposed T & S fee increases and sets a public hearing after the required 45-day notice period. It was suggested by several Board Members that the notice emphasize that the proposed increase in T & S Fees applies only to the purchase of new water service connections and does not affect rates for existing water services.

Director Hannegan added that this matter was discussed at the January 30th 2013 meeting of the Finance Committee and that the Committee members had agreed that this was an appropriate course of action to pursue.

ON MOTION BY Vice-President Reynolds and seconded by Director Hannegan, the Board voted as follows, by roll call vote, to authorize the issuance of a notice of proposed increases in the District's Transmission and Storage fees and schedule a public hearing on the proposed increases to be held at the Board's regular meeting on April 9, 2013:

Director Mickelsen	Aye
Vice-President Reynolds	Aye
Director Hannegan	Aye
Director Feldman	Aye
President Coverdell	Aye

C. Fiscal Year 2013-2014 Budget Process Timeline

Mr. Dickson presented the proposed Budget Process Timeline, noting that this timeline has been previously reviewed by members of both the Finance Committee and the Facilities Committee. He also noted that a Special Board Meeting had been scheduled for February 28, 2013 to conduct a Budget Workshop and discuss the Capital Improvement Program. He reviewed the details and schedule of the Budget Process Timeline items, including the planned activities, and outreach efforts.

The Board shared a few comments about the budget process and the upcoming workshop.

ON MOTION BY Vice-President Reynolds and seconded by Director Hannegan, the Board voted as follows, to approve the Fiscal Year 2013-2014 Budget Process Timeline:

Director Mickelsen	Aye
Vice-President Reynolds	Aye
Director Hannegan	Aye
Director Feldman	Aye
President Coverdell	Aye

D. Discussion of District and General Manager Goals for Fiscal Year 2013-2014

Mr. Dickson referenced the attachments, including the CCWD Goals for 2013 introduced at the January 8, 2013 Board meeting by President Coverdell and the General Manager's proposed objectives for 2013-2014 that were presented to the District's Human Resources Committee on December 17, 2012. He noted that he was presenting these lists of goals and objectives for the Board's discussion and consideration.

Director Hannegan commented that after his review of both sets of goals, he was struck by how the goals complement and sometimes even duplicate each other. He suggested that the Board may want to consider combining the two lists together into a single set of District objectives to be shared by the Board and Staff. Vice-President Reynolds agreed with the idea, and recommended that the objectives be reviewed by the District on an annual basis.

Discussion ensued among the Board on the subject of the District's goals and objectives, with an emphasis on the six components identified in both documents, including water supply planning, securing water rights, planning and execution of the Capital Improvement Program, evaluation of the District's financial and billing software, succession planning and training and education programs, and increased Board engagement. Goals of celebrating safe, secure, and efficient water use, contracting issues, conducting a strategic planning session, and revisiting the Mission Statement were also discussed.

Mr. Dickson expressed his appreciation of the Board's discussion of the District's goals and objectives, noting that it is very valuable discussion for the Staff, and a good reminder that this is a team effort. He shared that he believes the District's many successes is a direct reflection on the excellent team efforts among the Board and Staff.

8) GENERAL MANAGER'S REPORT

1.) Denniston Treatment Plant Startup

Mr. Dickson advised that Mr. Guistino would elaborate on this topic during his report.

2.) BAWSCA Bond Sale

Mr. Dickson reiterated that the bond sale savings will be substantial over the 30 year bond period.

3.) ERAF Refund

Next, Mr. Dickson reported that the District has recently received notification that this year's Educational Revenue Augmentation Fund (ERAF) refund will be approximately \$311,000. versus the originally estimated budget amount of \$100,000.

A. Operations Report

Mr. Guistino shared additional details about the startup of the Denniston Water Treatment Plant. He also updated the Board on other activities, including well rehabilitation, the El Granada Tank 2 pump station, and the Avenue Cabrillo and Railroad Avenue Main Replacement Projects.

B. Water Resources Report

Ms. Brennan provided an update on the 2013 Water Year (October 1, 2012 through September 30, 2013), based on the second snowpack survey of the year performed by the California Department of Water Resources, reporting that the water content is below average (93%) for year to date statewide and 55% of normal for the season. She also distributed a new general fact sheet that had been developed as part of the District's Strategic Communications Plan, which the Board agreed, was very impressive and informative.

9) DIRECTOR AGENDA ITEMS - REQUESTS FOR FUTURE BOARD MEETINGS

There were no comments or requests from the Board members.

10) ADJOURNMENT

The meeting was adjourned at 9:06 p.m. The next meeting of the Coastside County Water District's Board of Directors will be on Tuesday, March 12, 2013.

Respectfully submitted,

David R. Dickson, General Manager
Secretary of the District

Ken Coverdell, President
Board of Directors