

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

MINUTES OF THE SPECIAL CLOSED SESSION

April 10, 2007

1) CLOSED SESSION

A. Public Employment

Public Employment Pursuant to Government Code Section 54957

Title: General Manager

B. Conference with Legal Counsel - Anticipated Litigation

Initiation of litigation pursuant to subdivision (b) of Section 54956.9

Two (2) potential cases

C. Conference with Labor Negotiators

District's representative: General Manager/Legal Counsel

Unrepresented employee: Administrative Assistant

2) RECONVENE TO OPEN SESSION

See attached Report on Closed Session of April 10, 2007 by Anthony P. Condotti, District Legal Counsel.

**Coastside County Water District
Closed Session Report**

By: Anthony P. Condotti, District Legal Counsel
Agenda: April 5, 2007

Report

Date: April 23, 2007

Subject: Report on Closed Session of April 10, 2007

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2) RECONVENE TO OPEN SESSION

Public report of closed session action

The special Closed Session convened at 6:00 p.m. with President Larimer and Directors Ascher, Mickelsen, Coverdell and Feldman, General Manager Schmidt and Legal Counsel Condotti. The Closed Session concluded at approximately 7:00 p.m. immediately prior to the commencement of the regular meeting, at which time President Larimer announced that no reportable action had been taken.

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS

April 10, 2007

- 1) **ROLL CALL:** President Larimer called the meeting to order at 7:12 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) **MEETINGS ATTENDED / SCHEDULED - BOARD OF DIRECTORS INCLUDING COMMITTEES, CUSTOMERS, OTHER AGENCIES, ETC.**

A. **Committee Reports**

- **District Facilities Committee - March 16, 2007**

Director Coverdell reported on this meeting, which was conducted at the Nunes Water Treatment Plant. He stated that the Committee analyzed the site conditions for possible future expansion and determined that previous Boards and staff had planned well and a substantial amount of space is still available for potential future plant improvements. He reported on the committee's discussions of the District's well renovation discussions and short-term improvement projects and advised that the committee would be looking closely at future capital improvement projects and would be providing recommendations to the District's Finance Committee.

President Larimer added that the Committee also discussed the need to locate services for the operation of the District's hydraulic model and that the committee would be exploring options and reviewing proposals for these services.

- **Finance Committee - April 4, 2007**

Director Ascher stated that this committee performed an initial review of the draft operations budget and would be seeking recommendations from the District's Facilities Committee in regards to capital improvement projects. He informed the Board that the Finance Committee would be meeting again within the next few weeks and would be further reviewing the budget, followed by providing recommendations to the Board regarding the final fiscal year's budget for operations and maintenance and capital improvement projects, and any potential rate increases.

Directors Coverdell and Ascher complimented staff, stating that the draft budget was very detailed, professional, and well presented. Mr. Schmidt explained the remainder of the committee's budget review process, including obtaining additional reviews and recommendations from the District's Facilities and Finance Committees.

B. Meetings Attended

- **U.S. Environmental Protection Agency (EPA) - paying for Sustainable Water Infrastructure - Innovations for the 21st Century - March 20-23, 2007**

Director Mickelsen reported on this convention, stating that it was an interesting and informative conference and he made many valuable contacts. He stated that it is clear that a substantial amount of money will need to be spent to update and replace aging infrastructure, both in our community and throughout the country.

Director Larimer agreed that it was a very valuable conference, with a broad spectrum, with attendees and panels from a variety of private and public utility agencies. He stated that he learned that the problems facing CCWD are not unique, and

that water infrastructure, across the country, is a major and merging issue. He also reported on an expansion project in the Atlanta area and also shared what he learned about the history of the water system, dating back to 1854, in London, after a major cholera outbreak required that infrastructure be designed and built to provide safe drinking water to the population. Director Larimer concluded his comments regarding the conference, by stating that he felt that CCWD was a very modern water district, in very good shape, and has accomplished a great deal of good things in the community, with more yet to come.

Mr. Schmidt announced that the Coastside County Water District was featured at the EPA conference, in a Local Government Advisory Committee presentation, entitled *Water Infrastructure, Successful Strategies for Local Leadership*, which would be shown at the conclusion of the Board meeting. President Larimer added that the EPA had performed a study of five different water districts across the country and that CCWD was one of the districts featured, with former President and Board member, John Muller, featured in the presentation. He also announced that the presentation would soon be available for viewing on the District's website.

5) CONSENT CALENDAR

- A. Requesting the Board to review disbursements for the month ending March 31, 2007 – Claims: \$736,570.58; Payroll: \$59,695.87 for a total of \$796,266.45
- B. Acceptance of Financial Reports
- C. Minutes of the March 15, 2007 Board of Directors Meeting
- D. Report of the April 5, 2007 Special Closed Session
- E. Installed Water Connection Capacity and Water Meters Report
- F. Total CCWD Production Report
- G. CCWD Monthly Sales by Category Report
- H. March 2007 Leak Report
- I. Rainfall Reports
- J. San Francisco Public Utilities Commission Hydrological Conditions Report for March 2007
- K. Engineering Projects Received for Review during March 2007
- L. General Manager Activity Report

Director Feldman reported that he had reviewed the financial statements and found everything to be in order.

Director Ascher announced that in reviewing the District's financial statements, that it was apparent that CCWD is approximately ten percent ahead with respect to the expected revenue, and four percent less in anticipated expenses, and expressed his appreciation to the staff.

Mr. Guistino, Superintendent of Operations, then addressed a few questions from Director Ascher in regards to the figures reported in the Total CCWD Production Report and the number and nature of the leaks that occurred during the month of March in the leak report.

ON MOTION by Director Mickelsen and seconded by Director Ascher, 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

6) PUBLIC OUTREACH/PROGRAM DEVELOPMENT/WATER RESOURCES ANALYST'S REPORT

A. Monthly Report

Mr. Schmidt welcomed Ms. Cathleen Brennan, and reported that staff is in the final stages of completing the annual Water Supply Evaluation Report, which would soon be presented to the Board.

Ms. Brennan thanked the Board and staff and said that she appreciated that Board members and staff had been stopping by to introduce themselves and have been very helpful. She began her report by reviewing the District's current water conservation programs, including a new program just initiated, a one-stop statewide water rebate program known as Smart Rebates, which will run through September of 2008. She provided a few details about the program, and advised the Board that the District's Water Conservation Web Page had been updated to link customers to the Smart Rebates Program, materials were available at the District's

office and that an advertisement is planned for publication in the May edition of the Coastal Guide. Ms. Brennan then reported on the Smart Gardening Landscape Class, scheduled for Saturday, April 21, 2007, which is being sponsored by CCWD and the Bay Area Water Supply & Conservation Agency (BAWSCA). She also advised the Board that she has been working on a sample irrigation schedule for the coastside and addressed a few questions from Director Coverdell. President Larimer requested that the District provide some of this information in the form of a billing insert.

B. Review of the District's Water Shortage & Drought Contingency Plan

Ms. Brennan announced that there have been some revisions since her staff report on this item was produced, explaining that some updates had recently been received from BAWSCA. She distributed a copy of an e-mail, received on Tuesday April 10, 2007 regarding the Water Supply Outlook for the San Francisco Public Utilities Commission's Regional Water System (SFPUC), including some current facts on the status of the water supply to date. She reviewed some of the materials contained in the notice, noting that the limited water supply may represent the first year of a drought and the ten percent system-wide reduction trigger could be reached as early as July, in order to preserve sufficient supplies for next year. Additionally, Ms. Brennan distributed a draft of a proposed advertisement she planned to submit for publication, stating the District's status of water supply and outlook.

Ms. Brennan also reviewed her staff report, which included a review of the District's Water Shortage and Drought Contingency Plan and suggested that, given the new information provided by the SFPUC, the District may want to re-evaluate their current Plan. She then reviewed the conditions that would trigger the implementation of the Advisory Stage of the Plan, followed by the four stages of the Plan and the potential impact to the District. Mr. Schmidt advised that staff would provide an electronic version of the Plan to the Board.

The Board briefly discussed the proposed advisory and a possible percentage that the District may consider asking customers to reduce their water consumption. Discussion also included suggested possible weekly ads in local publications, possibly an

advertisement placed on the local MCTV Channel 6, and an informational article prepared by District staff to be submitted to local publications. A date of June 1, 2007 was discussed to possibly decide if the District should institute the Water Shortage & Drought Contingency Plan.

7) **SUPERINTNEDENT OF OPERATION'S REPORT**

A. **Superintendent of Operations Monthly Report**

Mr. Guistino referenced his staff report, providing highlights on a few projects, including the approval of the District's Denniston

Tank Modification Project from the California Department of Health Services, reporting that as soon as staff has developed a contingency plan for putting the tank out of service, this project would proceed. He also reported on the proposed automatic meter reading pilot program, stating that he wants to confirm that the technology that is eventually approved, is one that will meld with the future of automatic meter reading. He stated that there are approximately three to four companies for consideration, with estimates of approximately \$40,000. for the sixty-eight (68) meters for the pilot program to be installed at the meters located on Highway 92. He informed the Board that he would have further information at the next Board meeting, on May 8, 2007. Mr. Guistino also advised the Board that a new maintenance worker had been hired.

B. **Denniston Wells Rehabilitation Project**

Mr. Guistino reviewed the details of his recommendation to purchase a new 5 HP GPM pump and motor, with installation from Maggiora Brothers for the Denniston Well number 1, for a total of \$6,783.00. He also stated that he felt that the Denniston well number 3 will likely be in a very similar condition. The Board acknowledged that the purchase was within the spending authority limit of the General Manager. The Board briefly discussed the situation with the Denniston wells, with questions being addressed by Mr. Guistino and the District Engineer, Mr. Jim Teter.

C. Proposed Well Rehabilitation Master Plan

Mr. Guistino advised the Board that he had incorporated the recent revisions and additions to this plan, as recently suggested by the Facilities Committee members.

D. Nunes Filter Backwash Valves Project

Mr. Guistino provided the background of this project by explaining that there is a significant “leak-by” during backwash of the Nunes Water Treatment Plant, that must be remedied. He advised that the required replacement valves could be purchased for a total cost of \$20,000.00 for this fiscal year, with the District staff being able to install the valves, for a substantial savings.

ON MOTION by Director Coverdell and seconded by Director Ascher, the Board voted as follows, by roll call vote, to approve an expenditure of \$20,000.00 to purchase the replacement valves required to repair the Nunes Filter Backwash Valves Project:

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

8) DISTRICT ENGINEER’S WORK STATUS REPORT

Mr. Teter referenced a map on the bulletin board and directed the Board’s attention to the location of the Pilarcitos wells, explaining that part of the area’s boundary is located outside of the coastal zone. He proceeded to provide updates on the El Granada Pipeline Replacement Project, Phase 3, including the progress of the soils engineer, surveyors, and storm water plan development. He advised that he expects by the May 8th Board meeting, that his work should be completed and ready for re-submittal to CalTRANS. He also stated that he would obtain an update on the progress of the work being performed by George Burwasser with EIP, as well as the status of the archaeological work and final report, and would report the results at the May Board meeting.

Mr. Teter also provided details of the progress on the water treatment plant short-term improvement projects, indicating that he has completed the drawings for the Denniston plant, and expected that the drawings for the Nunes Water Treatment Plant would also soon be completed. Mr. Teter answered a few questions for the Board on the proposed schedule for the Phase 3 of the El Granada Pipeline Replacement Project.

President Larimer suggested that staff begin taking and collecting photographs of construction sites and applications (jack and bore, etc.), for use in assisting concerned customers to better understand about specific construction processes. The photographs could also be posted on the District's website for customers to be able to reference.

9) **GENERAL MANAGER'S REPORT**

A. **Annual Report to Coastal Commission required by Condition No. 3 of the El Granada Pipeline Coastal Development Permit (CDP) Nos. A-2-SMC-99 and A-1-HMB-99-20**

Mr. Schmidt reported on the background of this item, reminding the Board that providing this report to the California Coastal Commission was one of the numerous conditions contained in this project's coastal development permit. He informed the Board that like many of the District's projects, this process was a collaborative effort, with input provided from many staff members. He also reviewed the list of items and reports that are contained within the annual report.

B. **Discussion and possible direction to staff concerning General Manager Recruitment Process**

Mr. Schmidt reported that he had advised the Board, in a Special Board meeting conducted last week, that he has recently resigned from his position as the General Manager of the Coastside County Water District. He stated that it was a difficult decision to make and expressed his appreciation of the Board and staff and wished the District continued success in the future. He read from an e-mail submitting his resignation, stating that "it has been an extremely positive experience for me to serve the District, and we have made significant progress together. You have been very generous with me and I really appreciate your support over the last 5 ½ years.

The community is extremely fortunate to have all of you serving as their elected representatives. You always have their best interests at heart and I hope all of you get re-elected when election time rolls around. You have done a lot to make CCWD a fantastic organization in which to work, so I doubt if you will have trouble finding a replacement. I would be happy to help you in your search if you like. Thank you again for all of your generosity. I feel honored to serve you and the community". Mr. Schmidt also stated that he felt the District had excellent, knowledgeable employees and extremely competent consultants, and that his resignation was due to the need to spend more time with his family and less time commuting. Mr. Schmidt touched base on the recruitment process that is already underway and commented that due to the District's smooth running operation system, and present employees and consultants, that it should not be difficult to locate some excellent candidates for the replacement of the General Manager position.

Mr. Schmidt then distributed two proposals he had retained from recruitment agencies, Avery & Associates and Hayhurst & Associates and the Board briefly discussed the process and options available to fill the position promptly. President Larimer announced that the Board plans to hold special meetings on a weekly basis to conduct the position recruitment and selection process.

ON MOTION by Director Ascher and seconded by Director Feldman, the Board voted as follows, by roll call vote, to approve an expenditure of not to exceed \$25,000.00, to be utilized for the purpose of engaging a search firm to assist the Board of Directors in the selection of a new General Manager:

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

President Larimer stated that he has served on the CCWD Board for almost six years and in his view, the District is experiencing a very significant organizational transition. He told Mr. Schmidt that he was sorry to see him leave the agency, but found it amazing that the District has gone through some very intense changes, and has done so without

rebellion, and without disharmony, grief or unhappiness. He also commented that one of the major changes that he sees, is in the way the District conducts business, which is very professional and that this is a very first-rate organization today and it has not been accomplished without a great deal of effort and leadership, and thanked Mr. Schmidt for his role in these many achievements.

Mr. Schmidt thanked President Larimer and responded that the successes are also attributed to the good visions and directions of the Board and the professional and devoted staff.

Director Ascher commented that he believes that this District has come a long way in their commitments and responsibilities to their constituents and the community and that this could not have transpired without an excellent General Manager. He credited Mr. Schmidt with many accomplishments, including the continuity in staffing, and the team cooperative spirit. He stated that it was a joy working with Mr. Schmidt while serving his term as Board President, felt that Mr. Schmidt had performed an excellent job, and regretted that he was leaving the District. Mr. Schmidt thanked Director Ascher, stating that he mutually enjoyed working with him and recalled some fond educational moments they shared at some of conferences they attended together.

Director Mickelsen declared that he felt Mr. Schmidt was responsible for taking the District from the nineteenth century to the twenty-first century, in the span of 5 ½ years, after “inheriting” a District that had been somewhat neglected by design. He stated that through Mr. Schmidt’s leadership, CCWD is now operating with a twenty-first century mentality and complying with twenty-first century regulations, and doing it well and with a staff that is “second-to-none”.

Mr. Schmidt thanked Director Mickelsen for his comments.

Director Feldman stated that in the eight months that he has served on the Board, he has found it to be a very stable and capable District, with many important tasks being accomplished, and with the competent staff and consultants, believed the District was on a positive path for continued success. He said that although he was sorry to see Mr. Schmidt leave the District, he supported his decision to do what is right for him and his family.

Mr. Schmidt also expressed his appreciation to Director Feldman and added that he hoped to be invited to the eventual celebration ceremony for the Phase 3 of the El Granada Pipeline Replacement Project.

Director Coverdell shared that one of his concerns in the initial hiring of Mr. Schmidt was that his background was from that of a large agency, with a large staff, and was experienced at dealing with agencies at a different level. He added that, the Board's concerns about transitioning into a more professionally managed agency, were very well resolved by Mr. Schmidt's skills, experience and personality, all the while, building the confidence of the staff, involving the field crew, pulling everyone together, and building CCWD into a very strong team. He said that what he appreciated the most was Mr. Schmidt's willingness, communication, and tenacity, especially in a community, which often times can be so divided, and thanked Mr. Schmidt for opening the lines of communication on all fronts, and for being so readily available at all times.

Mr. Schmidt thanked the Board for all of their comments.

E. **STATUS REPORT OF THE CURRENT MAJOR CAPITAL IMPROVEMENT PROJECTS**

Mr. Schmidt referenced the report update contained in the agenda packet. President Larimer commented that this is the time when the District is going to have to depend on staff to orchestrate the tasks and ensure the continued progress on the District's projects.

Mr. Schmidt remarked that he felt that the transition would be smooth, because this is a small community, with generations of families living in the area and it is apparent that the employees all work together because they love and live within this community.

E. **CORRESPONDENCE: (1) Half Moon Bay Review Article - March 28, 2007 edition - Local Water District Highlighted at EPA Gathering (2) Correspondence from San Francisco Public Utilities Commission - Land and Natural Resources Division dated March 26, 2007 regarding Upcoming Dates Reminders**

Mr. Schmidt reviewed the correspondence items. Mr. Condotti advised that the Board's attendance at the SFPUC tour on May 7, 2007 would not have to be agendaized as a District Special Meeting,

but cautioned the Board against discussing District business while attending the function.

10) AGENDA ITEMS AND DIRECTOR COMMENTS

The Board briefly discussed the upcoming committee meetings.

Mr. Schmidt distributed an e-mail received from Mr. Larry Kay.

Director Ascher announced that he would not be available to attend the May 8, 2007, Board meeting as he would be attending an ACWA/JPIA conference in Sacramento, representing CCWD, and would be providing a report at the June Board meeting.

President Larimer stated that he felt it is very important that the Directors and staff should be encouraged to take advantage of and attend the many related seminars and training sessions.

11) ADJOURNMENT

The meeting was adjourned at 9:12 p.m. The next meeting of the Coastside County Water District Board of Directors is scheduled for Tuesday, May 8, 2007.

Following adjournment, the Water Infrastructure – Successful Strategies for Local Leadership presentation, originally presented at the U.S. Environmental Protection Agency – Paying for Sustainable Water Infrastructure – Innovations for the 21st Century, in Atlanta, Georgia, March 20-23, 2007 was aired.

Respectfully submitted:

Ed Schmidt, General Manager

Jim Larimer, President