

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

MINUTES OF THE SPECIAL BOARD OF DIRECTORS MEETING

Thursday, April 29, 2010

1) **ROLL CALL:** President Chris Mickelsen called the meeting to order at 2:02 p.m. Present at roll call were Vice-President Bob Feldman and Director Donovan. Director Larimer arrived at 2:04 p.m. and Director Coverdell arrived at 2:06 p.m.

2) **PLEDGE OF ALLEGIANCE**

3) **PUBLIC ANNOUNCEMENTS** - There were no public announcements.

4) **GENERAL BUSINESS**

A. **Call for Nominations: Special District Selection Committee to Elect Special District Member on San Mateo Local Agency Formation Commission (LAFCo)**

Mr. Dickson provided the background of this agenda item, explaining that the nomination period is now open for the candidates to fill the independent special district regular term and that the nominations are due by 5:00 p.m. on May 24. He also explained that staff recommends that the Board comply with the request from LAFCo to provide authorization to transmit the Special District Selection Committee Ballot by Electronic Mail. The Board briefly discussed the process and their interest in the nomination of a specific candidate.

ON MOTION BY Vice-President Feldman and seconded by President Mickelsen, the Board voted as follows, to nominate Mr. David Altscher as a candidate to be included on the ballot to the independent special district regular upcoming term ending May 2014 to serve on the Local Agency Formation Commission and provide Board authorization to transmit the Special District Selection Committee Ballot by Electronic Mail to the CCWD General Manager, David Dickson:

Director Coverdell	Aye
Vice-President Feldman	Aye
Director Larimer	Aye
Director Donovan	Abstain
President Mickelsen	Aye

5) **BUDGET WORKSHOP**

A. **Draft Fiscal year 2010-2011 Budget and Draft Fiscal year 2010/2011 to 2019/2020 Capital Improvement Program**

B. **District Financing Plan**

Mr. Dickson presented, for the Board's discussion, the Draft Fiscal Year 2010-2011 Budget and Draft Fiscal year 2010/2011 to 2019/2020 Capital Improvement Program. He highlighted a few items from the budget, including a significant change in the non-operating revenue section regarding the sale of service connections, the unexpected increase in anticipated tax share revenue projections, and a significant increase in cell site leasing income. He also noted that the District had received a larger than expected Education Revenue Augmentation Fund Refund (ERAF) in this years' budget.

Mr. Dickson addressed questions regarding the non-operating revenue figure of \$458,000 in the approved fiscal year 2009-2010 budget column and the \$503,310 amount listed under the projected year end column, representing the sale of service connections. There were no additional questions from the Board on the non-operating revenue portion of the budget.

Mr. Dickson then reviewed details of the operating expense section of the budget, advising that the proposed operating expense budget for fiscal year 2010-2011 is \$5,756,622, representing an increase of approximately 1.2 % over the current years' budget and about 2 ½% over the projected current year actual expenditures, pointing out that the net increase in total operating expenses is approximately \$69,000.00. He also informed the Board that there will be an increase of 15.2% in the cost of water obtained from the San Francisco Public Utilities Commission (SFPUC).

Vice-President Feldman informed the Board that the Finance Committee had reviewed the draft budget at two separate committee meetings and that staff had made the appropriate adjustments based on the Committee's recommendations.

Brief discussion ensued on various aspects and options regarding the operating expense portion of the proposed budget, with direction given to staff to schedule a meeting of the Human Resources Committee to further review staff salaries and related matters. Upon conclusion of the discussion of the operating expense portion of the budget, Mr. Dickson distributed updates for the Fiscal Year 2010-2011 Water Sales Projections and the Water Production and Pumping Schedule.

Utilizing the District's financing plan model, Mr. Dickson then engaged the Board in discussion of the District's proposed rate increase and demonstrated how changes in assumptions or in the Capital Improvement Program could affect the required series of rate increases. Various options and scenarios were explored, with Mr. Dickson addressing questions and suggestions from the Board. Mr. Dickson advised the Board that they will have another opportunity to review the budget documents and schedule the public hearing for the rate increase at the next regular Board meeting on May 11, 2010. Director Coverdell thanked Staff and the Finance and Facilities Committee members for their excellent work on the budget preparation and complimented Mr. Dickson on the comprehensive budget presentation.

6) ADJOURNMENT

The meeting was adjourned at 3:56 p.m. The next regular meeting of the Coastside County Water District's Board of Directors is scheduled for Tuesday, May 11, 2010.

Respectfully submitted

David R. Dickson, General Manager
Secretary of the Board

Chris R. Mickelsen, President
Board of Directors