

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS

Tuesday, June 14, 2011

- 1) **ROLL CALL** - President Feldman called the meeting to order at 7:00 p.m. Present at roll call: Director Ken Coverdell, Vice-President Jerry Donovan, and Directors Jim Larimer and Chris Mickelsen.
Also present were: David Dickson, General Manager; David Gehrig, Legal Counsel; Joe Guistino, Superintendent of Operations; Cathleen Brennan, Water Resources Analyst; JoAnne Whelen, Administrative Assistant/Recording Secretary; and Gina Brazil, Office Manager.

- 2) **PLEDGE OF ALLEGIANCE**

- 3) **PUBLIC COMMENTS** - There were no public comments.

- 4) **PUBLIC HEARING**
 - To allow community input on Coastside County Water District's (CCWD) 2010 Urban Water Management Plan

 - To consider adoption of Resolution 2011-09 - Authorizing the Approval of an Urban Water Management Plan

President Feldman opened the Public Hearing at 7:01 p.m. Cathleen Brennan announced that she has been working closely with Consultants Gerry Nakano, P.E. and Elizabeth Drayer, P.E., from West Yost Associates to create a 2010 Urban Water Management Plan (UWMP) that meets or exceeds the regulatory requirements. She then provided an overview of the Urban Water Management Planning Act requirements and the key components of the Plan and advised that staff recommended the Board adopt the Plan. She proceeded to review each of the power-point slides which addressed historical and projected water demands, water supplies, District facilities, projected San Francisco Public Utilities Commission (SFPUC) supply under various hydrologic conditions, various

stages of supply versus demand, water conservation and demand management and the District's Water Shortage Contingency Plan.

Additionally Ms. Brennan reviewed the Urban Water Management Plan actions that had been completed to date, the steps to be completed once the Plan is adopted and the proposed action expected to take place at this meeting. She and Mr. Dickson also answered questions and addressed comments from the Board. President Feldman then invited comments from the public.

Glenn Reynolds - Princeton By The Sea, CA - Inquired about how the District's 35% shortage compares to other Bay Area Water Supply and Conservation Agency (BAWSCA) water retailers and how the District's Urban Water Management Plan overall compares with the Plans of other BAWSCA agencies.

Ms. Brennan explained that this is difficult to determine due to the fact that other water agencies are also in the process of preparing their Urban Water Management Plans and until they are complete, it would be impossible to do an accurate comparison. She did review the similarities that the BAWSCA agencies will share, including the reliability information provided by SFPUC.

There were no additional comments from the public and President Feldman closed the public hearing at 7:34 p.m. and invited Board comments and action for consideration of Resolution 2011-09. Director Larimer requested that the presentation be placed on the District's website. Directors Coverdell and Larimer commended Ms. Brennan for her excellent work in producing the Plan. President Feldman and the other Directors agreed that it was a thorough and professional Plan.

ON MOTION BY Director Larimer and seconded by Vice-President Donovan, the Board voted as follows, by roll call vote, to adopt Resolution 2011-09 - A Resolution Adopting the Coastside County Water District's 2010-2015 Urban Water Management Plan:

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

5) CONSENT CALENDAR

- A. Approval of disbursements for the month ending May 31, 2011:
Claims: \$438,279.24; Payroll: \$ 70,820.70; for a total of \$509,099.94
- B. Acceptance of Financial Reports
- C. Approval of Minutes of the May 10, 2011 Board of Directors Meeting
- D. Installed Water Connection Capacity and Water Meters Report
- E. Total CCWD Production Report
- F. CCWD Monthly Sales by Category Report
- G. May 2011 Leak Report
- H. Rainfall Reports
- I. San Francisco Public Utilities Commission Hydrological Conditions
Report for May 2011

Vice-President Donovan reported that he had reviewed the monthly financial claims and found all to be in order.

ON MOTION BY Director Coverdell and seconded by Director Mickelsen, the Board voted as follows, by roll call vote, to accept and approve the Consent Calendar in its entirety:

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

6) MEETINGS ATTENDED / DIRECTOR COMMENTS

Director Coverdell reported on the May 19, 2011 BAWSCA Board of Directors meeting he had attended. Directors Donovan and Mickelsen noted that they had attended a Water Resources Committee meeting where the Urban Water Management Plan was presented for review. President Feldman shared his experience at the Association of California Water Agencies (ACWA) Region 5 event, which included a tour of the recently completed Freeport Regional Water Authority Intake Facility.

7) GENERAL BUSINESS

A. Award of Contract for Construction of Denniston Water Treatment Plant Improvement Project

Mr. Dickson noted that on March 8, 2011 the Board approved the contract documents for this project and authorized staff to advertise for bids. He reported that bids were submitted by six general contractors, opened on May 3, 2011, and ranged from \$4.6 million to \$5.4 million, with Anderson Pacific being the low bidder at \$4,601,861.00. He reviewed details of an \$80,000 error in the bid submitted by Anderson Pacific. There was a discrepancy in their bid between the bid total amount written in words and the total amount written in numbers. The District's bid documents clearly state that the total written in words takes precedence. He informed the Board that staff recommends that, in accordance with the rules established by the bid documents, the contract be awarded at \$4,601,861.

ON MOTION BY Director Coverdell and seconded by Director Mickelsen, the Board voted as follows, by roll call vote, to direct staff to award the construction contract for the Denniston Water Treatment Plant Improvements Project to Anderson Pacific for \$4,601.861:

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

B. Award of Contract for Denniston Water Treatment Plant Improvements Project Construction Management

Mr. Dickson reported that staff had reviewed proposals and conducted interviews with two firms, Kennedy/Jenks and Erler & Kalinowski, Inc. (EKI), both highly qualified to provide construction management services for this project. He advised that although the proposals from both firms were excellent, staff felt that the EKI proposal provided a better value, while meeting all of District's requirements and recommended that the contract be awarded to EKI in the sum of \$396,000.00. Mr. Dickson answered questions from the Board, followed by an introduction to Mr. Stephen Tarantino and Mr. Jeffrey Tarantino from EKI.

ON MOTION BY Director Coverdell and seconded by Vice-President Donovan, the Board voted as follows, by roll call vote, to authorize staff to execute a Professional Services Agreement with Erler & Kalinowski, Inc. for

construction management of the Denniston Water Treatment Plant Improvements Project, at a time and materials cost not to exceed \$396,000:

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

C. Award of Contract to Provide Power to Blending Station Site

Mr. Dickson announced that Joe Guistino, Superintendent of Operations, would be reporting on this project. Mr. Guistino explained the background and benefits of this project, including that a blending station would allow optimal use of the Pilarcitos source by blending it with the Crystal Springs source. He noted that the District has the final plan designed and stamped by Kennedy/Jenks Engineers, and that in order to operate the valve and controls, electrical service needs to be extended to the site. He reported that three bids had been obtained and that staff is recommending that the contract be awarded to low bidder Dal Porto Electric in the sum of \$28,147.00. District staff will trench and install conduit and pull boxes prior to the work by the contractor. The Board's questions about the project were answered by Mr. Guistino and Mr. Dickson.

ON MOTION BY Director Coverdell and seconded by Vice-President Donovan, the Board voted as follows, by roll call vote, to authorize staff to award Dal Porto Electric a contract for \$28,147.00 to bring power to the Stone Dam/Crystal Springs blending station site:

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

D. Adopt Resolution Calling for and Giving Notice of a Regular District Election

Mr. Dickson directed the Board's attention to the staff report and related election materials included for this agenda item.

ON MOTION BY Director Coverdell and seconded by Director Mickelsen, the Board voted as follows, by roll call vote, to adopt Resolution 2011-10 Calling for and Giving Notice of a Regular District Election to be held on Tuesday, November 8, 2011 and Requesting the County Elections Department Conduct the Election:

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

E. Approve Resolution Formalizing Policy for Paying and Reporting the Value of Employer Paid Member Contributions to the California Public Employees' Retirement System (CalPERS)

Mr. Dickson explained that this Resolution will implement a revision to the policy for paying and reporting the value of employer paid member contributions to CalPERS, which has been discussed previously with the Board. He reported that approval of this Resolution will reduce the employer paid member contributions by 1% for all employees and increase the employee contribution from 1% to 2% of salary.

ON MOTION BY Director Coverdell and seconded by Director Larimer, the Board voted as follows, by roll call vote, to adopt Resolution 2011-11 Formalizing Policy for Paying and Reporting the Value of Employer Paid Member Contributions to the California Public Employees' Retirement System:

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

F. Resolution Amending the Coastside County Water District Personnel Manual

Mr. Dickson provided the background for this item, noting that, in accordance with direction received from the Board, this Resolution revises the District's Personnel Manual to remove the limitation on District health benefit payments for employees hired after November 14, 2006, and make

the manual consistent with changes to CalPERS benefit groups and employer paid member contributions.

Director Larimer commented that with the high cost and incredible inefficiency in the nation's health care system, he did not agree with changing the District's current health benefit policy. President Feldman stated that the District's Human Resources Committee members have met several times to review this issue and are in support of the decision to revise this portion of the policy. Director Mickelsen urged everyone to stay informed and engaged on health care issues and hopefully a comprehensive solution will eventually be developed to address this situation for the entire country.

ON MOTION BY Director Coverdell and seconded by President Feldman, the Board voted as follows, by roll call vote, to adopt Resolution 2011-12 Amending the Coastside County Water District Personnel Manual:

Director Coverdell	Aye
Vice-President Donovan	Aye
Director Larimer	No
Director Mickelsen	Aye
President Feldman	Aye

G. District Financing Plan

Mr. Dickson presented updates to the District's Financing Plan model, which incorporated revisions based on extensive discussions at the May 10, 2011 and June 7, 2011 Board meetings. He reviewed each of the changes and stated that based on the revised assumptions, the model indicates that a rate increase of 12% in Fiscal Year 2011-2012, followed by rate increases of 12%, 12%, and 9% in Fiscal Years 2013 through 2015 would provide sufficient funding for the District's operating and capital expenses and maintain the required debt service coverage.

Director Coverdell commented that he thought it was a reasonable and favorable approach and supported this proposed financing plan for the District. Director Mickelsen agreed with Director Coverdell's comments and stated that he felt that CCWD was an extremely well run water district.

H. Draft Fiscal Year 2011-2012 Budget and Draft Fiscal Year 2011-2012 to 2020-2021 Capital Improvement Program (CIP)

Mr. Dickson presented the Draft Fiscal Year 2011-2012 Budget and Draft Fiscal Year 2011-2012 to 2020-2021 Capital Improvement Program and reviewed the highlights and revisions since the Board last examined the documents at the June 7, 2011 Special Board Workshop. He reminded the Board that a public hearing on the proposed rate increase will be conducted at the June 28, 2011 Special Board meeting, at which time the Board will have the opportunity to consider approving the operating budget and CIP and adopting the rate increase.

8) GENERAL MANAGER'S REPORT INCLUDING MONTHLY INFORMATIONAL REPORTS

1. Water Day Recognition – Mr. Dickson reported on this successful event and recognized the efforts and enthusiasm of District staff, under the leadership of Cathleen Brennan, Water Resources Analyst.
2. Nurserymen's Exchange Bankruptcy – Mr. Dickson stated that Nurserymen's Exchange, one of the District's largest customers, recently filed a Chapter 11 bankruptcy petition. He explained that Nurserymen's Exchange currently owes the District approximately \$47,000 and that the District will have to file a claim for this amount with the bankruptcy court, for consideration along with the claims of Nurserymen's other unsecured creditors. He further explained the process and advised that Nurserymen's Exchange anticipates continued operation, and that the bankruptcy trustee will make provisions for utility payments necessary to sustain their operation.

A. Operations Report

Mr. Guistino reviewed the highlights of his report, including the Water Day event, the unidirectional flushing program and the Denniston Treatment Plant Improvement Project. He also reported on the improvements to the Nunes Water Treatment Plant access road, the Nunes Filter Surveillance Project, and the favorable report following the Association of California Water Agencies Joint Powers Insurance Authority representative's annual assessment of the District's facilities.

B. Water Resources Report

Ms. Brennan referenced her staff report summarizing the Water Day activities, saying it served as a thank you card to everyone who contributed to this successful event. She relayed a special thank you to Director Coverdell who originated the idea to have this exceptional occasion to celebrate water. She also thanked Director Coverdell, Director Mickelsen and President Feldman for attending and participating in the celebration. Ms. Brennan thanked each and every staff member for their contributions and assistance in planning and hosting this rewarding event. She reported that fifty-three Water Day attendees toured the Nunes Water Treatment Plant, while other attendees enjoyed two different slide shows, displays, and handout materials and that staff felt the event was very successful.

Director Coverdell expressed his appreciation to staff for their hard work and devotion and said he was very pleased with staff's impressive accomplishments in producing this outstanding celebration.

9) DIRECTOR AGENDA ITEMS - REQUESTS FOR FUTURE BOARD MEETINGS

There were no comments or requests from the Board members.

10) ADJOURNMENT

ON MOTION BY Director Coverdell and seconded by Director Larimer, the Board voted as follows, to adjourn the June 14, 2011 meeting of the Coastsides County Water District's Board of Directors:

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

The meeting was adjourned at 8:44 p.m. The next Special Board of Directors meeting is scheduled for Tuesday, June 28, 2011.

Respectfully submitted,

David R. Dickson, General Manager
Secretary of the Board

Robert C. Feldman, President
Board of Directors