

*COASTSIDE COUNTY WATER DISTRICT*

*766 MAIN STREET*

*HALF MOON BAY, CA 94019*

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

**July 12, 2005**

- 1) **ROLL CALL:** President Mickelsen called the meeting to order at 7:32 p.m. Present at roll call were Directors Jim Larimer, Everett Ascher, Ken Coverdell and John Muller.

Also present were Ed Schmidt, General Manager; Jeff Barnes, Legal Counsel; Jim Teter, District Engineer; Judy Nosecchi, Superintendent of Operations; Amanda Cox, Water Conservation Coordinator; JoAnne Whelen, Administrative Assistant/Recording Secretary, and Gina Brazil, Office Manager. The District's CPA, John Parsons, was also present.

- 2) **PLEDGE OF ALLEGIANCE:** Everyone stood for the Pledge of Allegiance.
- 3) **PUBLIC ANNOUNCEMENTS:** There were no public announcements.
- 4) **SPECIAL ORDER OF BUSINESS**

**Recognition of Robert R. Rathborne in appreciation of his twenty-eight years of commitment to the success of the Coastside County Water District. Resolution 2005-10**

President Mickelsen announced that this was an order of business that was long overdue and that he was honored to recognize Mr. Rathborne's many years of service to the Coastside County Water District as a Director and General Manager and his overall contributions to the community.

President Mickelsen then read Resolution 2005-10 expressing Coastside County Water District's gratitude to Robert R. Rathborne for twenty-eight years of dedicated service to the community in his capacity as Director and General Manager.

Following the reading of the Resolution, President Mickelsen called for a roll call vote to adopt Resolution 2005-10:

**The Board voted unanimously to adopt Resolution 2005-10 expressing Coastside County Water District’s gratitude to Robert R. Rathborne for twenty-eight years of dedicated service to the community in his capacity as Director and General Manager:**

<b>Director Larimer</b>	<b>Aye</b>
<b>Director Ascher</b>	<b>Aye</b>
<b>Director Coverdell</b>	<b>Aye</b>
<b>Director Muller</b>	<b>Aye</b>
<b>President Mickelsen</b>	<b>Aye</b>

Following the adoption of the Resolution, President Mickelsen presented a plaque to Mr. Rathborne. Mr. Rathborne made a brief speech, thanking the Board and all of his friends for the recognition, and expressed his best wishes to the Board and staff in their future endeavors to secure and provide water for this community.

Several members of the public expressed their sentiments towards Mr. Rathborne, including Jerry Donovan, former Mayor of the City of Half Moon Bay; Patrick Sweetland, Director of Water and Wastewater Services for the City of Daly City; followed by tributes expressed by each of the Directors.

President Mickelsen then took the opportunity to recognize a newly hired employee, Mr. Jason Weir, Maintenance Worker II, who was introduced by Ms. Judy Nosecchi, Superintendent of Operations.

President Mickelsen also introduced a representative of the District’s Legal Counsel, Mr. Jeff Barnes, who was filling in for Anthony Condotti.

**5) CONSENT CALENDAR**

- A. Requesting the Board to review disbursements for the month ending June 30, 2005 - Claims: \$376,402.50, Payroll: \$49,976.17 for a total of \$426,378.67**
- B. Acceptance of Financial Reports**
- C. Minutes of the June 14, 2005 Board of Directors Meeting**
- D. Minutes of the June 24, 2005 Special Board of Directors Meeting**
- E. Acceptance of the El Granada Pump Station Number 3 Pump, Hydroneumatic Tank and Piping Modifications**
- F. Monthly Water Transfer Report**

**ON MOTION by Director Coverdell and seconded by Director Ascher, the Board voted unanimously to accept the Consent Calendar in its entirety:**

Director Larimer	Aye
Director Ascher	Aye
Director Coverdell	Aye
Director Muller	Aye
President Mickelsen	Aye

**6) WATER CONSERVATION COORDINATOR’S REPORT**

- A. **Water Conservation Report** - Ms. Cox addressed the Board and briefly recapped the activities outlined in the Water Conservation Staff Report.

**7) REPORT OF THE GENERAL MANAGER**

- A. **Discussion and direction to staff regarding water service agreement for Cortez Avenue, Miramar - APN’s 048-025-180/170 (part) and 048-025-150/160/170 (part) - Shore Acres Partners LLC**

The General Manager introduced this item and referenced the details provided in his staff report.

**ON MOTION by Director Coverdell and seconded by Director Ascher, the Board voted as follows to approve a water service agreement between CCWD and Shore Acre Partners, LLC for construction of a pipeline extension to serve real property at APN’s 048-025-180/170 (part) and 048-025-150/160/170 (part) Cortez Avenue, Miramar:**

Director Larimer	Aye
Director Ascher	Aye
Director Coverdell	Aye
Director Muller	Aye
President Mickelsen	Aye

- B. **Discussion and direction to staff regarding water service agreement for 482 Coronado Avenue - APN 048-025-120/130/140 - Hayes & Bienenstock**

The General Manager explained the nature of this water pipeline extension, providing specific details of the site and circumstances.

The Board asked a few questions of the applicants and briefly discussed the matter and the possibility of looping of the system for circulation and redundancy. The General Manager suggested that a tee-connection could be installed now, allowing for future pipeline development. It was also requested that the District Engineer make notes on his drawings, documenting this, so that the information is available when future lots are developed. Mr. Teter agreed to this, stating that this suggestion was a good idea and could eventually be implemented once easements were obtained and money was provided in the budget for the system loop.

**ON MOTION by Director Ascher and seconded by Director Coverdell, the Board voted as follows, to approve the water service agreement between CCWD and Sheila Hayes and Eric Bienenstock for construction of a pipeline extension to serve real property at APN 048-025-120/130/140, 482 Coronado Avenue:**

<b>Director Larimer</b>	<b>Aye</b>
<b>Director Ascher</b>	<b>Aye</b>
<b>Director Coverdell</b>	<b>Aye</b>
<b>Director Muller</b>	<b>Aye</b>
<b>President Mickelsen</b>	<b>Aye</b>

**C. Update on status of four (4) water connections for failed well owners**

The General Manager opened discussion of this item by reporting that two of the four connections had been installed and that the final two had been scheduled within the next week.

Mr. Schmidt further explained that he and District Counsel, Anthony Condotti were revising their recommendation to the Board, provided at the June Board Meeting, stating that instead of CCWD pursuing the necessary CDP amendments at the City's expense, the recommended direction is simply to pledge CCWD's cooperation with the City in applying for the necessary CDP amendments, with CCWD as "applicant" but with the City having primary responsibility for all necessary submittals, and subject to CCWD's review and approval. The Board agreed with this recommended course of action.

**D. Discussion and direction to staff regarding recruitment for Water Treatment plant Supervisor**

The General Manager introduced this item, referencing the job description that had previously been reviewed by the Human Resources Advisory Committee. He then referred to the three proposals contained in the Board packet, and recommended approval and acceptance of the proposal from Koff & Associates in the sum of \$17,000.00, explaining the advantages in choosing this course of action including expediting the recruitment process quickly, and obtaining a broader reach of possible applicants.

The Board discussed at length, the costs and options associated with the recruitment, emphasizing the advantages and disadvantages of staff performing the recruitment versus utilizing the services of a recruiting agency.

**ON MOTION by Director Ascher and seconded by Director Muller, the Board voted as follows, to approve the proposal in the sum of \$17,000. from Koff & Associates, Inc. to perform a recruitment for the newly created position of Water Treatment Plant Supervisor**

Director Larimer	No
Director Ascher	Aye
Director Coverdell	Aye
Director Muller	Aye
President Mickelsen	Aye

**E. Discussion of revised Coastside County Water District Personnel Manual**

The General Manager presented the approved changes to the District's Personnel Manual, as recommended by the CCWD Human Resources Advisory Committee. Director Ascher, a member of this committee expressed that the goal of the personnel manual revisions was to substitute wording for improved clarity, remove ambiguities, and to present the expectations of employees and management in a clear and concise format for improved operation of the District. On behalf of the committee, Director Ascher also expressed his appreciation and the acknowledged the value of the staff's involvement, including their time, care, and commitment in developing the improvements to the manual.

The General Manager addressed a few brief questions from the Board on the following sections, Section 2.06 - Overtime Pay; Section 3.03 - Leave Policy; Section 4.05 - Medical Insurance; and Section 4.06 - Vision Care Insurance.

Employee Sean Donovan, Water Treatment Plant Operator, addressed the Board and staff, expressing a request from the field staff members who participate in week-end duty, to clarify the revisions made to Section 2.07 - Weekend Duty/Holiday/Standby Pay, specifically the procedure when engaged in a weekend duty shift, how coverage for emergency situations will be handled, when the operator is out of telephone communication range, while working at the water treatment plants.

A brief discussion ensued, followed by a suggestion from Director Muller that this section of the manual be further discussed at a management and staff level, and brought back to the Board if any further revisions are incorporated. The General Manager recommended, in order to provide fair time and consideration of this request, that he and Ms. Nosecchi, Superintendent of Operations, meet with the entire field staff to discuss this issue in further detail.

**ON MOTION by Director Larimer and seconded by Director Ascher, the Board voted as follows, to approve the changes to District Personnel Manual, as recommended by the CCWD Human Resources Advisory Committee by the adoption of Resolution 2005-11, amending the Coastside County Water District Personnel Manual, with the proviso that the General Manager and Superintendent meet with the field staff employees to determine if this concern has substance, and if so, after that discussion, then the issue be presented to the Human Resources Advisory Committee again for discussion, with a report provided at the next Board of Directors meeting, if an amendment to this resolution is required:**

Director Larimer	Aye
Director Ascher	Aye
Director Coverdell	Aye
Director Muller	Aye
President Mickelsen	Aye

F. **Review of CCWD advisory committee memberships, committee classifications, and establishment of a new committee for Water Quality Compliance Committee**

The General Manager reviewed the definitions of the “Standing Committee” and “Ad Hoc Committee” classifications, as determined by the California Open Meeting Law. He then recommended that a new standing committee called Water Quality Compliance be established, explaining that the purpose would be to meet on a regular basis to review monthly and quarterly water quality results in comparison with state and federal regulations.

Mr. Schmidt, also requested that the Board review the list of existing committees to determine the value and need in continuing each the committees.

President Muller suggested that the Transfer Policy Committee be disbanded. Director Larimer also suggested that the Hydraulic Model Committee be eliminated. Director Coverdell recommended that the District Facilities Committee be re-classified from an Ad Hoc to a Standing Committee, emphasizing the need to continue with the implementation of the office improvements, with the addition of incorporating a review of the District’s facilities, including water treatment plants, water tanks and pump stations, etc.

Director Muller stated that he was not interested and comfortable in serving on this committee, as he personally did not feel this was the role of a Board member. Director Larimer agreed with Director Coverdell’s recommendation, stating that he felt the Board’s role did include first-hand witnessing of the District’s system operations, due to the fact that the health and safety of the community was part of the Board’s responsibility.

Director Ascher then suggested that the District combine the duties of the District Facilities and Engineer Advisory Committee into one (Standing) District Facilities Committee, to be served by Directors Larimer and Coverdell. President Mickelsen agreed with the value and importance of the establishment of this Facilities Committee, and stated that he felt that the combining of these committees was a good approach.

President Mickelsen then discussed the importance of establishing the Water Quality Compliance Committee. He recommended that this committee always be served by the current Board president, along with one additional Director. Director Ascher volunteered to be the member of this committee as well. The Board unanimously agreed with the elimination of the three committees, with the addition of the new Water Quality Compliance Committee.

**G. Half Moon Bay Local Coastal Program - General Plan Update**

The General Manager distributed a copy of the City of Half Moon Bay's Responses to Public Comments on Proposed Amendments to the City of Half Moon Bay LCP/GP.

Director Larimer proposed that discussion of this item be tabled for this meeting and that the document be further reviewed by the general manager, legal counsel and the committee that previously participated in this matter and that possibly a Special Board of Directors Meeting be scheduled.

President Mickelsen then briefly adjourned the meeting for a break at 9:10 p.m. The meeting was reconvened at 9:20 p.m.

**H. Discussion and possible direction to staff to set a date for a Public Hearing to amend the existing water rate charges and possible adoption of the proposed CCWD fiscal year 2005-2006 Operation and Maintenance (O&M) Budget and Capital Improvement Program (CIP) Budget for Crystal Springs and Non-Crystal Springs Projects**

The General Manager introduced this item, stating that it was a continuation from the discussion at the June Board meeting. He briefly summarized the previous meetings conducted by the Finance Committee. He also referenced the memorandum from legal counsel, contained in the Board packet, detailing the rate increase procedure recommendations.

Director Larimer suggested that before the Board discussed the budget in detail, he felt that the procedural issues should be resolved first, which was agreed by the Board.

Director Larimer analyzed some options and potential risks in not complying with Proposition 218's procedural requirements and discussion ensued among the Board regarding the recommended rate increase procedure.

The Board then discussed several individual budget accounts, with the Finance Committee Members, Directors Ascher and Coverdell, along with the General Manager and John Parsons, CPA, providing answers and explanations addressing the various questions asked by Board. The Board continued to discuss the budget, including possible uses of the reserve funds, and various rate increase amounts. Director Coverdell suggested that a mid-year budget review, conducted by the Finance Committee would be beneficial.

The Board also directed the General Manager to place the matter of establishing a procedure for selling the District's ten non-priority connections on the August Board agenda for discussion.

President Mickelsen advised the Board that the meeting was extending past 10:30 p.m. and in conformance with Resolution 2001-13, a vote of at least three Directors was necessary in order for the meeting to continue. President Mickelsen received board consensus to continue the meeting.

Director Larimer then proposed that the Board approve the draft budget, including a 20.8% rate increase. Director Coverdell requested that if this rate increase proved to provide too much money, that the \$250,000. being pulled from reserves, be refunded to the reserve account.

Director Coverdell then proposed that the Board adopt a 19.0% increase, as opposed to the 20.8%. Mr. Parsons then reiterated that \$130,000. had been placed in the budget as a salary for the new Water Treatment Plant Supervisor position, and felt that this expenditure would most likely not take place until approximately January of 2006, due to the amount of time it will take to fill the position. The General Manager, stated that his conversations with the recruiting agency had indicated that the process will take approximately three to four months (approximately October or November, 2005) for the recruitment.

Director Larimer and Director Muller accepted Director Coverdell's amendment of a 19.0% rate increase.

**ON MOTION by Director Larimer and seconded by Director Muller, the Board voted as follows, to approve the draft budget recommended by the Finance Committee, with a 19.0% rate increase and direct staff to set a Public Hearing, forty-five (45) days after the Public Hearing notices have been mailed and publish newspaper advertising once each week for two consecutive weeks:**

Director Larimer	Aye
Director Ascher	No
Director Coverdell	Aye
Director Muller	Aye
President Mickelsen	No

**I. Status Report on major Capital Improvement Projects**

The General Manager referenced the staff report on the major Capital Improvement Projects; there were no questions or comments from the Board on this item.

**J. General Manager Activities**

There were no comments or questions on this item.

The General Manager took this opportunity to report on an e-mail he had received shortly before the start of the Board meeting from Mr. Larry Kay. Mr. Schmidt reported that he had provided legal counsel and all Board members with a copy of the e-mail, and that his report was concluded.

Mr. Barnes suggested that Agenda item number 3 - Public Announcements be re-opened at this time, to allow for this communication to be discussed.

Director Larimer requested that Mr. Kay received a response from the District.

Director Muller, reported that the issue concerned a possible conflict of interest with Mr. Muller's position on the San Francisco Regional Quality Control Board and serving on the CCWD Board

of Directors. He explained that this issue has been reviewed by legal counsels throughout the state of California, and announced that it has been determined that this particular position is permitted to be served by an individual with a position on an elected official board, and serve on the San Francisco Regional Quality Control Board. Director Muller requested that legal counsel provide that section of the law to Mr. Kay, to address his concerns.

## 8) ATTORNEY'S REPORT

### A. Grand Jury Report – Review of Special Districts

Mr. Barnes summarized the staff report provided by Mr. Condotti, and referred to the draft response prepared for President Mickelsen's signature.

Director Ascher requested that further detail be provided by the District to address the fourth recommendation contained in the Grand Jury Report – “expand financial reporting to include information about reserves. Include a description of why the reserves are maintained, when the accumulated resources can be expected to be expended, what is the estimated total cost of the anticipated expenditures, and why the expenditure is necessary for the accomplishment of the special district's charter”.

Director Ascher explained that CCWD, in staff reports, has characterized the reserves as unrestricted, and in reality, the reserves are not unrestricted. Based on the recent discussion, the 1.9 million dollars that has been characterized as unrestricted reserves, is really a capital budgeted expenditure, expected to be utilized in the years 2006-2007. If that is what the funds are to be used for, than it should be categorized accordingly, and in doing so, would protect from the allegation of having a lot of unrestricted funds. Mr. Ascher expressed the importance in re-characterizing specifically what those funds are to be used for, which would be more responsive to the Grand Jury inquiry. Mr. Barnes accepted these comments.

At this time Mr. Barnes stated that he needed to clarify some advice that he provided earlier in the meeting regarding the District's

response to the City of Half Moon Bay's Local Coastal Program General Plan. He reported that communication among the Directors who do not serve on the committee and legal counsel was a cause for concern and should be avoided. The Board discussed this and it was decided to schedule a Special Board Meeting to properly address the District's response to the City of Half Moon Bay's document.

9) **ENGINEER'S REPORT**

A. **Engineering Projects Received in June, 2005**

The Engineer reported that no new projects were received in June 2005.

B. **District Engineer Work Status Report**

The Engineer reported that all projects are on schedule and that he would begin work on the Capital Improvement Program soon, now that it has been approved.

10) **OPERATIONS REPORT**

A. **Superintendent of Operations Monthly Report**

B. **Water Service Connections Installed, Priority and Non-Priority**

C. **Capital Improvement Program Progress**

D. **Total CCWD Production, Sales by Category, Monthly Leak Report, Rainfall Reports**

E. **San Francisco Public Utilities Commission Hydrological Conditions Report for May 2005**

Ms. Nosecchi greeted the Board, and referred to the operations report. She reported on the progress with the consultants, CDM, with the water treatment plant improvement project.

11) **MEETINGS ATTENDED/SCHEDULED - BOARD OF DIRECTORS**

Director Muller requested that the General Manager keep the Board informed of any scheduled meetings of the Sewer Authority Mid-Coastside in regards to the release of their Water Reclamation Report.

**12) AGENDA ITEMS AND DIRECTOR COMMENTS**

The General Manager provided a reminder that the August Board of Directors meeting had been rescheduled for Tuesday, August 2, 2005 at 7:30 p.m.

**13) ADJOURNMENT**

The meeting was adjourned at 11:21 p.m. The next regular meeting of the Coastside County Water District Board of Directors is scheduled for Tuesday, August 2, 2005, beginning at 7:30 p.m.

**Respectfully submitted,**

---

**Ed Schmidt, General Manager**

---

**Chris Mickelsen, President**