

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

MINUTES OF THE BOARD OF DIRECTORS MEETING

Tuesday, July 14, 2009

- 1) **ROLL CALL:** President Mickelsen called the meeting to order at 7:00 p.m. Present at roll call were Directors Ken Coverdell, Bob Feldman, and Everett Ascher. Director Larimer was absent

Also present were: David Dickson, General Manager; Patrick Miyaki, Legal Counsel; Joe Guistino, Superintendent of Operations; Cathleen Brennan, Public Outreach/Program Development /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**

Resolution 2009-04 - A Resolution of the Board of Directors of the Coastside County Water District expressing gratitude to Chris Mickelsen for his leadership and dedicated service in his capacity as a Board member of the Bay Area Supply & Conservation Agency (BAWSCA) and the Bay Area Regional Water Supply Financing Authority (RFA)

President Mickelsen turned the gavel over to Vice-President Feldman for this Special Order of Business agenda item. Vice-President Feldman presented and read the Resolution recognizing President Mickelsen.

Director Coverdell commented that he had recently had the opportunity to meet with Art Jensen, General Manager of BAWSCA, who had

expressed that President Mickelsen had performed an outstanding job and would truly be missed on the BAWSCA and RFA Board of Directors.

Director Ascher thanked President Mickelsen for his service to the District and to the community, noting that he had done a superb job in serving an important role with the BAWSCA and RFA agencies as CCWD's representative and was delighted with this fine tribute recognizing his accomplishments.

ON MOTION by Director Coverdell and seconded by Director Ascher, the Board voted as follows, by roll call vote, to adopt Resolution 2009-04 - A Resolution of the Board of Directors of the Coastside County Water District expressing its gratitude to Chris Mickelsen for his dedicated service and commitment in his capacity as a member of the Board of Directors of the Bay Area Water Supply & Conservation District and the Bay Area Regional Water System Financing Authority:

Director Coverdell	Aye
Vice-President Feldman	Aye
Director Larimer	Absent
Director Ascher	Aye
President Mickelsen	Aye

5) PUBLIC HEARING - PROPOSED RATE INCREASE

- Public Hearing to consider proposed Amendment of Rate and Fee Schedule to increase water rates up to 12%
- Consider Resolution 2009-05- A Resolution of the Board of the Coastside County Water District Amending the Rate and Fee Schedule to Increase Water Rates
- Approval of Fiscal Year 2009-2010 Operations & Maintenance Budget and Capital Improvement Program For Fiscal Years 2009-2010 through 2018-2019

President Mickelsen opened the Public Hearing at 7:09 p.m. Mr. Dickson provided a brief background of the fiscal year 2009-2010 proposed budget and highlights of the proposed increase in water rates. Upon completion of his presentation, President Mickelsen opened the session for public comments.

Paul Perkovic - Montara - commented that even during these difficult economic times, the majority of utility companies in the Bay Area are raising rates. He provided some facts and figures in regards to the Montara Water & Sanitary District's rate increases over the years. He suggested that CCWD possibly look into revising their tier rates, which could possibly provide some financial assistance to customers on a fixed-income. He also suggested that changing rate classifications, from agricultural to visitor serving, could offer some financial assistance to those customers as well.

George Muteff - 408 Redondo Beach Road, Half Moon Bay - suggested that the District cut increases to the employee wage and benefits budget. He also encouraged expansion of the Denniston Reservoir Project and development of a recycled water project.

Dennis Kleinbach - 705 Pilarcitos Avenue, Half Moon Bay - Expressed concern with the rate increase during the current difficult state of the economy and suggested the budget be re-set to a level from a few years ago.

Joe Lanthier - Principle Officer of Teamsters Local Union 856 - Stated that the Local Union 856 has a contract with CCWD and is currently in negotiations again with management for concessions. He also clarified that the District does not pay dues to the Union.

With there being no further comments from the public, President Mickelsen closed the public hearing portion of the meeting at 7:26 p.m.

Discussion ensued among the Board members, with each of the Directors making comments about the budget and proposed rate increase. Director Coverdell addressed the public and emphasized that there had been a series of meetings where the budget had been presented and discussed in great detail, including careful evaluation of the funding of the capital improvement program. He commented on several factors involved in arriving at the proposed rate increase, including the rate increase from the San Francisco Public Utilities Commission (SFPUC), and the level of experience, competency, requirements, and qualifications necessary from the staff to operate the District's water system.

Director Ascher thanked the public for their comments, and reiterated that the District had discussed the budget and proposed rate increase at two finance committee meetings and two meetings of the Board of Directors,

all of which were open for attendance by the public. He further commented that, despite difficult economic times, the District must continue to deliver high quality water to the community and that many of the associated costs are at fixed rates, including the rate increases imposed by the SFPUC. He agreed that the proposed rate increase is necessary and reasonable to fulfill the needs and obligations of the community.

Director Feldman expressed concerns with the proposed rate increase and recommended that the Board consider a rate increase of less than 12%.

At this time, Mr. Dickson read a statement submitted by Director Larimer, who was unable to attend the Board meeting. The statement expressed his opposition to a rate increase of 12% and suggested a rate increase not to exceed 7%.

President Mickelsen stated that many good points had been raised by the Board and the public. He referenced the several written protests received and proceeded to address some of the concerns expressed by the public. The Board continued to discuss various rate increase options and scenarios.

ON MOTION by Director Ascher and seconded by Director Coverdell, a rate increase of 9% for Fiscal Year 2009-2010 was proposed, followed by further discussion. An Amendment to limit the amount to be cut from the reserve account to only 1%, with the remaining 2% to be removed from other categories of the budget was proposed by Director Coverdell; however, the Amendment was not accepted. Director Ascher proposed that the Board approve the 9% rate increase for FY 2009-2010, with the proviso that the Board may revisit the possibility of an additional rate increase in approximately six months, if circumstances warrant, which was seconded by Director Feldman. An Amendment to increase the FY 2009-2010 rates by 10% was then proposed by President Mickelsen, which was accepted by Director Ascher. The Board voted as follows, by roll call vote, to adopt Resolution 2009-05 Amending the Rate & Fee Schedule to increase water rates by 10%:

Director Coverdell	Aye
Vice-President Feldman	Aye
Director Larimer	Absent
Director Ascher	Aye
President Mickelsen	Aye

Closing discussion of this matter at 8:32 p.m., President Mickelsen announced that there would be a short recess. The meeting was reconvened at 8:45 p.m., at which time the Board concluded the necessary action to complete agenda item 5.

ON MOTION by President Mickelsen and seconded by Director Feldman, the Board voted, by roll call vote, to approve the Fiscal Year 2009-2010 Operations and Maintenance Budget and Capital Improvement Program for Fiscal Years 2009-2010 through 2018-2019:

Director Coverdell	Aye
Vice-President Feldman	Aye
Director Larimer	Absent
Director Ascher	Aye
President Mickelsen	Aye

6) CONSENT CALENDAR

- A. Requesting the Board to review disbursements for the month Ending June 30, 2009 - Claims: \$406,215.47; Payroll: \$72,960.32 for a total of \$479,175.79
- B. Acceptance of Financial Reports
- C. Minutes of the June 9, 2009 Board of Directors Meeting
- D. Minutes of the June 17, 2009 Special Board of Directors Meeting
- E. Monthly Water Transfer Report
- F. Installed Water Connection Capacity and Water Meters Report
- G. Total CCWD Production Report
- H. CCWD Monthly Sales by Category Report
- I. June 2009 Leak Report
- J. Rainfall Reports
- K. S.F.P.U.C. Hydrological Conditions Report for June 2009
- L. Notice of Completion - Denniston Storage Tank Modification Project

ON MOTION by President Mickelsen and seconded by Vice-President Feldman, the Board voted as follows, by roll call vote, to accept the Consent Calendar in its entirety:

Director Coverdell	Aye
Vice-President Feldman	Aye
Director Larimer	Absent
Director Ascher	Aye
President Mickelsen	Aye

7) MEETINGS ATTENDED / DIRECTOR COMMENTS

Director Ascher advised that he would be attending the upcoming Association of California Water Agencies Joint Powers Commission (ACWA/JPIA) meeting in Roseville. Director Coverdell notified the Board that he would be attending the Hetch Hetchy Tour. President Mickelsen reported that he had recently met with a Director of the Montara Water & Sanitary District Board Recycled Water Subcommittee.

8) **GENERAL BUSINESS**

A. **Approval to Award Contract for the Miramar Tank Coating Project**

Mr. Dickson introduced this item, informed the Board that seven bids had been received, all of which were over \$230,000, and stated that Mr. Guistino would be providing further information regarding the project. Mr. Guistino provided details of the background, including the present condition of the tank and elaborated on the required repairs, modifications, and improvements necessary to the Miramar Tank.

ON MOTION by Director Coverdell and seconded by Director Ascher, the Board voted as follows, by roll call vote, to award the contract for the Miramar Tank Coating Project to Crosno Construction Company in the amount of \$232,700:

Director Coverdell	Aye
Vice-President Feldman	Aye
Director Larimer	Absent
Director Ascher	Aye
President Mickelsen	Aye

B. **Consider approval of Resolution 2009-06 Establishing Appropriations Limit Applicable to District during fiscal year 2009-2010**

Mr. Dickson explained the nature of this agenda item and informed the Board that because the appropriations limit is far in excess of the amount of "proceeds of taxes" available to the District, the increase will not have any effect upon the District's budget this year or in the foreseeable future.

ON MOTION by Director Ascher and seconded by President Mickelsen, the Board voted as follows, by roll call vote, to adopt Resolution 2009-06 Establishing Appropriations Limit Applicable to the District during Fiscal Year 2009-2010:

Director Coverdell	Aye
Vice-President Feldman	Aye
Director Larimer	Absent
Director Ascher	Aye
President Mickelsen	Aye

C. Association of California Water Agencies (ACWA) Region 5 Election for 2010-2011 Term

Mr. Dickson advised that this agenda item allows the Board an opportunity to nominate a District Board Member to serve on the ACWA Region 5 Board, noting that Director Ascher has currently been serving this position.

Director Ascher stated that he found this role to be extremely beneficial, had proved to be a wonderful learning opportunity and highly recommended that CCWD continue to have a representative participate and serve on the Region 5 Board.

ON MOTION by President Mickelsen and seconded by Director Coverdell, the Board voted as follows, by roll call vote, to adopt Resolution 2009-07, Placing into Nomination, Robert Feldman, as a Board Member of the Association of California Water Agencies, Region 5:

Director Coverdell	Aye
Vice-President Feldman	Aye
Director Larimer	Absent
Director Ascher	Aye
President Mickelsen	Aye

9) GENERAL MANAGER'S REPORT INCLUDING MONTHLY INFORMATIONAL REPORTS

Mr. Dickson reviewed the highlighted topics in the report; consisting of an update regarding water reclamation, details of recent negotiations with the San Francisco Public Utilities Commission for the new Water Supply Agreement, and an update on the Midcoast Local Coastal Plan.

- A. **Monthly Water Resources Report**
- B. **Water Shortage and Drought Contingency Plan Update**
- C. **Operations Report**

The Board had no questions regarding the monthly water resources report or the water shortage and drought contingency plan update. Mr. Guistino addressed a question from Director Coverdell regarding the Operations Report.

10) DIRECTOR AGENDA ITEMS - REQUESTS FOR FUTURE BOARD MEETINGS

There were no requests for future agenda items.

11) ADJOURNMENT

ON MOTION by Director Ascher and seconded by President Mickelsen, the Board voted unanimously to adjourn the July 14, 2009 meeting of the Coastside County Water District's Board of Directors:

Director Coverdell	Aye
Vice-President Feldman	Aye
Director Larimer	Absent
Director Ascher	Aye
President Mickelsen	Aye

The meeting was adjourned at 9:31 p.m. The next regular meeting of the Coastside County Water District's Board of Directors is scheduled for Tuesday, August 11, 2009.

Respectfully submitted,

David R. Dickson, General Manager
Secretary of the Board

Chris R. Mickelsen, President
Board of Directors
Coastside County Water District