

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS

August 8, 2006

- 1) **ROLL CALL:** President Ascher called the meeting to order at 7:01 p.m. Present at roll call were Directors Jim Larimer, Ken Coverdell and Chris Mickelsen.

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) **SPECIAL ORDER OF BUSINESS**

President Ascher announced that the first item under Special Order of Business would be Item B.

- B. **Resolution 2006-16 - A Resolution of the Board of Directors of the Coastside County Water District Expressing Gratitude to John Muller for his Leadership and Dedicated Service**

ON MOTION by Director Coverdell and seconded by Director Larimer, the Board voted as follows to adopt Resolution 2006-16 - A Resolution of the Board of Directors of the Coastside County Water District Expressing Gratitude to John Muller for his Leadership and Dedicated Service:

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

A. Discussion and interview of applicants and possible appointment to fill vacant Board position

Mr. Condotti, District's Legal Counsel provided a brief report on the process and options the Board has available for filling the Board vacancy. Mr. Condotti also reviewed potential points of a conflict of interest associated with one candidate, Mr. Ed Andreini. He reported that he had advised the Board and Mr. Andreini that should Mr. Andreini be appointed to fill the Board Vacancy, that under a provision of the California Government Code (Section 1090), that Mr. Andreini's company would not be able to bid on future Coastside County Water District construction projects.

The Board discussed this issue further, with Mr. Condotti addressing several questions from the Board and explaining the statutes in further detail.

Mr. Andreini asked several questions directed at Mr. Condotti regarding potential conflict of interest issues and discussion ensued among the Board. Mr. Andreini announced that he would very much like to serve on the CCWD Board, but he is not willing to put his company, Andreini Brothers Inc., or the Coastside County Water District at risk over potential conflict of interest issues. Mr. Andreini withdrew his name for consideration to be appointed to serve on the CCWD Board.

George Muteff - 408 Redondo Beach Road, HMB - commended the Board for their accomplishments over the past several years and stated that he felt that this particular Board had transpired the District into the foremost model agency in this town. He expressed his disappointment in losing Mr. Andreini as a Board candidate, but was confident that the Board would make a good appointment. He also stated that he hopes that the Board continues to do the type of work they have been accomplishing, and that hopefully it would rub off on some of the other agencies in town.

Oscar Braun – Higgins Canyon Road, HMB – stated that he was here to give positive praise on two of the candidates, Eddie Andreini and John Plock. He shared a few comments about each of the candidates and also stated that he felt that the CCWD Board was considered to be the best Board on the coastside at this time.

President Ascher then announced that Tim Frahm had withdrawn his request for consideration for the position, stating that he does not have enough time available in his schedule to devote to the duties and commitments of this important position. President Ascher and the Board discussed the process for interviewing the two remaining candidates, Mr. John Plock and Mr. Bob Feldman.

The Board interviewed the following candidates by allowing them to make a brief introduction of their qualifications and experience and then presented questions for their response:

John Plock – P.O. Box 2136, El Granada, CA – stated that he has been a registered voter residing at 923 Francisco Street in El Granada, since 1991 and is a registered civil engineer, semi-retired, and involved in a number of projects, including the San Mateo County Housing and Community Development Committee, the “Save our Foghorn” project and he continues to monitor the local sanitary districts and their plant improvements, regulations, and procedures to reduce the number of sewage spills. Mr. Plock also provided some details of his experience, skills and background.

Mr. Plock then addressed questions from each of the Board members.

Bob Feldman – 390 Burning Tree Court, Half Moon Bay, CA – introduced himself, referenced his submitted letter of interest and highlighted a few details regarding his background, qualifications and experience. Mr. Feldman proceeded to answer questions from each of the Board members.

President Ascher then briefly adjourned the meeting for a break at 8:45 p.m. The meeting was reconvened at 8:52 p.m.

At the Board’s request, Mr. Condotti reviewed the District’s options regarding filling the Board vacancy and the Board shared their thoughts and comments on the interviews and candidates, and the best way to proceed with filling the vacancy.

ON MOTION by President Ascher and seconded by Director Larimer, the Board voted as follows by roll call vote to appoint one of the candidates at this meeting to fill the Board vacancy:

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

ON MOTION by Director Larimer and seconded by Director Coverdell, the Board voted as follows by roll call vote to appoint Mr. Bob Feldman to fill the vacant Board position:

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

President Ascher congratulated Mr. Feldman for his appointment to the CCWD Board, advising him that the oath of office would be administered at the next Board meeting. The Board then briefly discussed the possibility of adjourning the meeting to be continued at another date.

ON MOTION by Director Larimer and seconded by Director Coverdell, the Board agreed by consensus to discuss the following items: Item 7A under the General Manager's Report - "Discussion and direction to staff on the proposed mitigation measures from Coast Range Biological (El Granada Pipeline) and subsequent review by CCWD Biologists (EIP Associates)" and Item 5I under the Consent Calendar - "July 2006 Leak Report", then adjourn to discussion of the Closed Session items. It was also agreed that the remainder of this meeting would be scheduled to reconvene on Wednesday, August 16, 2006 at 7:30 p.m.

5) CONSENT CALENDAR

I. July 2006 Leak Report

Mr. Guistino, Superintendent of Operations, addressed the inquiry regarding the July 17, 2006 leak on Magellan and The Crossways, explaining that the leak occurred on a ten-inch portion of a main pipeline serving the Miramar area. He further explained that it was a serious leak, adjacent to a home, involved removal of a large eucalyptus tree, and required a lot of expertise and equipment.

7) **GENERAL MANAGER'S REPORT**

A. **Discussion and direction to staff on the proposed mitigation measure from Coast Range Biological (El Granada Pipeline) and subsequent review by CCWD Biologists (EIP Associates)**

Mr. Schmidt provided a brief background of this item and introduced the District's consultant, Mr. George Burwasser with EIP Associates.

Mr. Burwasser reported that he, along with a colleague, Demian Ebert, Senior Scientist II, Fish and Wildlife Biologist, had reviewed the report prepared by Coast Range Biological and found it to be overall deficient in many areas, mostly in documentation. He reported that due to the lack of information contained in the report, it was difficult to assess the conditions, and that the mitigation measures placed on the project were excessive and had no basis in science. Mr. Burwasser pointed out that one part of the report outlined several areas identified as possible habitats for various species, and that these specific areas are actually mowed every six months. He also reported that he had a site visit scheduled later in the week with Jim Teter to walk the alignment to establish the locations of the viable, sensitive habitats, which would be incorporated into drawings that would be presented to the City of Half Moon Bay and San Mateo County.

Mr. Burwasser also referenced the letter from the California Coastal Commission, commenting that the majority of their points were not really applicable to this project. He reported that most of the information provided in their letter pertaining to horizontal boring techniques was helpful, but that CCWD had proposed to perform jack and bore techniques, so their information was irrelevant. He did agree that formal wetland delineations were necessary, and would be started immediately. Mr. Burwasser stated that in regards to the various endangered species that they identified, their habitats were going to be avoided, so mitigation measures were not necessary. In conclusion, Mr. Burwasser advised the Board that he did not think that the California Coastal Commission had a good understanding of the project, based on the information provided in the report prepared by Coast Range Biological, LLC.

The Board discussed some of the details of the Coast Range Biological report further. The Board also directed staff to prepare a letter to the City of Half Moon Bay, following the Public Hearing, stating the deficiencies and substandard work of the Coast Range Biotic Assessment, and request that the City reimburse the District for the cost of this report.

President Ascher then announced that the meeting would be adjourned to closed session and continued to August 16, 2006 at 7:30 p.m.

12) CLOSED SESSION

- A. Conference with Real Property Negotiators (Cal. Govt. Code §54956.8(b)): Properties: Carter Hill West Storage Tank Site (APN 056-320-090); 655 Miramar Drive, Half Moon Bay, CA (APN 048-076-070)
Agency Negotiators: General Manager/Legal Counsel
Negotiating Parties: District and Global Signal Acquisitions IV LLC : Subject Matter: Potential sale/lease of portion of District- owned properties for communications tower site
- B. Conference with labor negotiators (Cal Govt. Code §54957.6): Agency Designated Representative: Legal Counsel Unrepresented Employee: General Manager
- C. Conference with Legal Counsel - Anticipated Litigation
Initiation of litigation pursuant to subdivision (b) of
Section 54956.9 - One (1) potential case

See attached Report on Closed Session of August 8, 2006 pursuant to Cal. Gov. Code §54957.1 and addendum to meeting Minutes.

13) RECONVENE OPEN SESSION

See attached Report on Closed Session of August 8, 2006 pursuant to Cal. Gov. Code §54957.1 and addendum to meeting Minutes.

**14) CONSIDERATION OF GENERAL MANAGER PERFORMANCE
BASED COMPENSATION ADJUSTMENT**

See attached Report on Closed Session of August 8, 2006 pursuant to Cal. Gov. Code §54957.1 and addendum to meeting Minutes.

15) ADJOURNMENT

The meeting was adjourned at 9:44 p.m.

MINUTES OF THE AUGUST 8, 2006 COASTSIDE COUNTY WATER DISTRICT MEETING OF THE BOARD OF DIRECTORS - ADJOURNED AND RECONVENED TO AUGUST 16, 2006 AT 7:30 P.M.

The Minutes for the business that was transacted at said adjourned meeting follows and are posted herein. Items that were already considered by the Board on August 8, 2006 are shown in ~~strikeout form~~.

All Directors were present and the meeting began at 7:32 p.m.

President Ascher administered the Oath of Office to Mr. Bob Feldman, who was appointed to fill the Board vacancy on August 8, 2006.

Mr. Feldman thanked the Board and stated that he appreciated their vote of confidence in appointing him to the CCWD Board of Directors. He also stated that he felt that he was joining a top-notch Board of Directors and a winning team and that he planned to perform his role as a Board member with integrity and to exercise good judgment in dealing with the needs of the coastside community.

President Ascher acknowledged the article in the August 16, 2006 edition of the Half Moon Bay Review regarding the appointment of Director Feldman. Each of the Board members welcomed Mr. Feldman to the Board of Directors.

5) CONSENT CALENDAR

- A. Requesting the Board to review disbursements for the month ending July 31, 2006 - Claims: \$416,603.92 Payroll: \$64,853.43 for a total of \$481,457.35**
- B. Acceptance of Financial Reports**
- C. Minutes of the July 11, 2006 Board of Directors Meeting**
- D. Monthly Water Transfer Report**

- E. **General Manager Activities Report**
- F. **Water Service Connections Installed, Priority and Non-Priority Report**
- G. **Total CCWD Production Report**
- H. **CCWD Water Use by Category Report**
- I. ~~July 2006 Leak Report~~
- J. **Rainfall Reports**

ON MOTION by Director Coverdell and seconded by Director Mickelsen, the Board voted as follows to accept the items within the Consent Calendar, with the exception of Item 5I, which was accepted at the August 8, 2006 Board meeting:

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

6) SUPERINTENDENT OF OPERATIONS MONTHLY REPORT

Mr. Guistino referenced his written staff report and proceeded to report on a few highlights over the past month, including, the near completion of the Denniston Filter Media Replacement Project, the plans for the rehabilitation of the Denniston and Pilarcitos wells, and the refurbishing of the Denniston High Lift Pump. Mr. Guistino also reported that the Emergency Generator Project had gone out to bid and that staff was on track with the Department of Health Services Annual Inspection tasks. He also provided updates on the Preventative Maintenance and Inventory Programs.

Mr. Guistino addressed several questions from Board members regarding operations issues, including the rehabilitation of the wells, the monthly large meter reading program and the Highway 92 Automatic Meter Reading Pilot Program.

President Ascher requested that Mr. Guistino provide a monthly update on the progress of the Preventive Maintenance Program, including an evaluation of the cost savings and the life span of the hardware. Director Coverdell complimented Mr. Guistino on the monthly directives tracking report.

7) GENERAL MANAGER'S REPORT

- A. ~~Discussion and direction to staff on the proposed mitigation measures from Coast Range Biological (El Granada Pipeline) and subsequent review by CCWD Biologists (EIP Associates)~~
- B. Discussion and possible approval of a resolution to authorize the Bay Area Water Supply & Conservation Agency (BAWSCA) to represent Coastside County Water District in negotiations on a new Master Water Sales Contract

Mr. Schmidt introduced this item and referenced his written staff report, advising the Board that his recommendation, along with BAWSCA Board Representative Chris Mickelsen, and Anthony Condotti, District Legal Counsel, is to adopt the proposed Resolution, appointing the Bay Area Water Supply & Conservation Agency as CCWD's authorized representative in negotiations for a new Master Water Sales Contract.

Director Mickelsen reported on his meeting earlier in the day with BAWSCA General Manager, Art Jensen, stressing the importance that the twenty-eight agencies remain united in their negotiations with the San Francisco Public Utilities Commission on the new Master Water Sales Contract.

ON MOTION by President Ascher and seconded by Director Larimer, the Board voted as follows to adopt Resolution 2006-17 Appointing the Bay Area Water Supply & Conservation Agency as Authorized Representative of District in Discussions/Negotiations with San Francisco for an Agreement to Provide a Reliable Supply of High Quality Water at a Fair Price:

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

Staff was directed to agendize and include updates on the progress of all future BAWSCA contract negotiation meetings.

**C. Discussion and direction to staff on the Grand Jury Report
“Disaster Preparedness of Special Districts”**

Mr. Schmidt referenced his staff report, directing the Board’s attention to the Grand Jury report on Disaster Preparedness of Special Districts. He reported on CCWD’s progress in this area, including the recent Emergency Communications & Contingency Operation Plan, updated in April 2006. Mr. Schmidt also stated that the Superintendent and Water Treatment Plant Supervisor had recently attended routine emergency planning exercises sponsored by the San Francisco Public Utilities Commission.

Mr. Schmidt also reported on the other recent safety measures, including the security fencing around the water treatment plants, the installation of intrusion alarms and cameras, and the supply and equipment shed located at the District office, containing an extensive supply of emergency provisions.

Mr. Schmidt also advised the Board of his reasons for not agreeing with the recommendation of the Grand Jury, which included joining a membership in the Water/Wastewater Agency Response Network (WARN). He further reported that CCWD is currently a member of the California Utilities Emergency Association, and his preference for this agency due to the fact that the membership includes many police and fire, as well as water and sewer agencies.

The Board accepted Mr. Schmidt’s recommendation and directed Staff to prepare the response to the San Mateo County Grand Jury, agreeing with the Findings and Recommendations of the report, with the exception of the recommendation that CCWD become members of WARN.

The Board also directed staff to assemble emergency provisions to be supplied at each of the water treatment plant locations.

D. Status Report on Capital Improvement Projects

Mr. Schmidt advised the Board that the bid for the Highway 92/Main Street project had been awarded at the Half Moon Bay City Council meeting on August 15, 2006. He informed the Board that a series of pre-construction meetings will be scheduled, which would be attended

by the District's Staff and Engineer, prior to construction, which is expected to begin in September 2006.

Mr. Schmidt also reported that the San Mateo County Public Hearing for the El Granada Pipeline Replacement Project Phase 3 had been postponed until September 13, 2006.

Mr. Schmidt informed the Board of the outcome of this recent meeting with the City of Half Moon Bay staff regarding the El Granada Pipeline Project, Phase 3 and the Board discussed the District's strategy for the upcoming August 24, 2006 City of Half Moon Bay Planning Commission's Public Hearing for the project's coastal development permit. The Board also agreed with Mr. Schmidt about the apparent substandard biotic assessment report prepared by the consultant, Coast Range Biological, selected by the City of Half Moon Bay.

The Board agreed to write a letter to the City of Half Moon Bay, after the August 24, 2006 Public Hearing, stating the District's dissatisfaction with the biotic assessment report, to request that the City reimburse the District for all associated costs, and to request that the City consider readdressing their system for choosing consultants.

E. Discussion and direction to staff regarding a Special Board Meeting/Workshop for the Denniston Restoration Project

Mr. Schmidt reminded the Board that there have been several discussions recently regarding the scheduling of a Special Board Meeting /Workshop for the purpose of obtaining community and regulatory agency support for a Denniston Reservoir Restoration Project. He reported that he envisioned that the event would take place on one morning at the mid to end part of October, with the initial meeting taking place at the Train Station on Higgins Canyon Road, followed by possibly a brown-bag lunch, served at or in route to the actual project site at Denniston Reservoir.

Directors Mickelsen, Coverdell, and Larimer expressed their support for such a workshop, noting that they envision several meetings/workshops, devoted to this subject, and did not feel that a visit to the site was necessary. Staff was directed to prepare for the first of a series of Special Meetings /Workshops involving the community and associated regulatory agencies during the middle to late part of October.

8) **ATTORNEY'S REPORT**

A. **Update on sale of twenty partial non-priority water service connections**

Mr. Condotti provided an update, referencing his staff report. Staff was directed to assign the surplus funds from the sale of these connections (after proper allocation to the Crystal Springs Project accounts) to be placed in the Capital Improvement Project Budget.

B. **Biennial review of conflict of interest code**

Mr. Condotti provided the background of this agenda item, explaining that the conflict of interest code was required to be amended, due to a notice from the San Mateo County Assessor-Clerk-Recorder, stating that their office is required to be the filing officer. Mr. Condotti reported that this is the only substantive change made by the amended code.

ON MOTION by Director Coverdell and seconded by Director Mickelsen, the Board voted as follows to adopt Resolution 2006-18 Adopting an Amended Conflict of Interest Code:

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

9) **ENGINEER'S REPORT**

A. **District Engineer Work Status Report**

Mr. Teter reported to the Board that the District is currently on schedule for the El Granada Transmission Pipeline Replacement Project, referencing the table in his staff report. He informed the Board that one of the next steps in the process is to seek an encroachment permit from the California Department of Transportation. He also informed the Board that he had recently submitted an application for such a permit for the Carter Hill East Pipeline Replacement Project.

Director Coverdell requested that copies be distributed of two recent reports, the draft of the Long Term Plan and Cost/Benefit Analysis Evaluating Repairing the Existing Tank vs. Constructing a New Tank, and the Cost of Water per Supply Source (FY 2004-2005).

10) MEETINGS ATTENDED / SCHEDULED - BOARD OF DIRECTORS

Director Mickelsen reported that he will be attending a BAWSCA meeting on the third Thursday of September and would provide a report to the Board.

President Ascher reported that he would be attending an Association of California Water Agencies Local Legislative Committee in Sacramento on October 13, 2006 and would also provide a report to the Board.

11) AGENDA ITEMS AND DIRECTOR COMMENTS

12) CLOSED SESSION

- ~~A. Conference with Real Property Negotiators (Cal. Govt. Code §54956.8(b)):
Properties: Carter Hill West Storage Tank Site (APN 056-320-090); 655 Miramar Drive, Half Moon Bay, CA (APN 048-076-070)
Agency Negotiators: General Manager/Legal Counsel
Negotiating Parties: District and Global Signal Acquisitions IV LLC
Subject Matter: Potential sale/lease of portion of District-owned properties for communications tower site~~
- ~~B. Conference with labor negotiators (Cal Govt. Code §54957.6):
Agency Designated Representative: Legal Counsel
Unrepresented Employee: General Manager~~
- C. Conference with Legal Counsel - Anticipated Litigation
Initiation of litigation pursuant to subdivision (b) of Section 54956.9 - One (1) potential case

The Closed Session convened at approximately 9:06 p.m. See attached Closed Session Report pursuant to Cal. Gov. Code §54957.1 and addendum to meeting Minutes.

~~13) RECONVENE OPEN SESSION~~

~~14) CONSIDERATION OF GENERAL MANAGER PERFORMANCE-
BASED COMPENSATION ADJUSTMENT~~

15) ADJOURNMENT

The meeting was adjourned at 9:30 p.m. The next meeting of the Coastside County Water District Board of Directors is scheduled for Tuesday, September 12, 2006 at 7:30 p.m.

Respectfully submitted

Ed Schmidt, General Manager

Everett Ascher, President

**Coastside County Water District
Closed Session Report and Addendum To Meeting Minutes**

By: Anthony P. Condotti, District Legal Counsel
Agenda: August 8, 2006 (adjourned to August 16, 2006)

Report

Date: August 17, 2006

Subject: Report on Closed Session of August 16th (adjourned regular meeting of August 8, 2006) pursuant to Cal. Govt. Code §54957.1 and addendum to meeting minutes

Closed Session Report:

12) CLOSED SESSION

- C. Conference with Legal Counsel – Anticipated Litigation
Initiation of litigation pursuant to subdivision (b) of
Section 54956.9 – One (1) potential case

The closed session convened at approximately 9:10 p.m. with Directors Ascher, Mickelsen, Coverdell, Larimer, and Feldman, General Manager Schmidt and Legal Counsel Condotti. The closed session concluded at approximately 9:30 p.m., with no members of the public present. No reportable action was taken.